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Toyo Denki Seizo Announces a Change in the Number of Shares per Share Unit, Share Consolidation, and Partial Amendment of the Articles of Incorporation

Tokyo, Japan, July 12, 2016 — Toyo Denki Seizo K.K. (hereinafter “Toyo Denki”) announced that it resolved, at the meeting of the board of directors held today, pursuant to Paragraph 1, Article 195 of Japan’s Companies Act, to make a partial amendment of the Articles of Incorporation to change the number of shares per share unit, and to submit the matter of the share consolidation to the 155th annual general meeting of shareholders scheduled to be convened on August 26, 2016 (hereafter “Annual General Meeting of Shareholders”).

Both the partial amendment of the Articles of Incorporation and the share consolidation are to take effect on December 1, 2016, subject to the approval of the proposal regarding Share Consolidation at the Annual General Meeting of Shareholders.

1. Change to the number of shares per share unit

(1) Reason for the change

All securities exchanges in Japan are promoting an Action Plan for Consolidating Trading Units. Under this action plan, trading units of common shares (number of shares per share unit) for all domestically listed companies are to be uniformly set at 100 shares by October 1, 2018. In light of the intent of this plan, and as a company listed on the Tokyo Stock Exchange, Toyo Denki decided to change the number of shares per share unit from 1,000 to 100 (hereafter “Trading Unit Consolidation”).

(2) Particulars of the change

As of December 1, 2016, the number of common shares per share unit will be changed from 1,000 shares to 100 shares.

(3) Conditions of the change

This proposal is subject to the approval of the Share Consolidation set forth in section 2 below, by the Annual General Meeting of Shareholders.

2. Share consolidation

(1) Reason for consolidation

Toyo Denki has decided to undertake a share consolidation under which every 5 shares will be consolidated into 1 share (hereafter “Share Consolidation”). This is intended to facilitate the change in the number of shares per share unit from 1,000 to 100 described in section 1 above, and also to achieve the desirable share price level quoted by the stock exchanges, namely between 50,000 yen and 500,000 yen, while taking into account medium- and long-term stock price fluctuations. It should be noted that, as of completion of the Trading Unit Consolidation and the Share Consolidation, the investment value (price) of a share unit will be half of the pre-change level.

(2) Particulars of the consolidation

(i) Class of shares to be consolidated Common shares

(ii) Consolidation ratio Shares held by shareholders recorded in the latest register of shareholders as of November 30, 2016 will be consolidated at the ratio of 5 shares to 1 share on December 1, 2016.

(iii) Number of shares reduced through consolidation

Outstanding shares before consolidation (as of May 31, 2016)	48,675,000
Number of shares reduced through consolidation	38,940,000
Outstanding shares after consolidation	9,735,000

Note: The number of shares reduced through consolidation and the outstanding shares after consolidation are theoretical values calculated based on the Share Consolidation ratio and the total outstanding shares before consolidation.

(3) Number of shares reduced through consolidation

If the Share Consolidation is carried out, 163 shareholders who hold fewer than 5 shares each (the total number of shares held by those shareholders is 194), will lose status as shareholders.

In accordance with the provisions of Paragraph 1, Article 192 of the Companies Act, Toyo Denki's Articles of Incorporation (Article 11) and stock handling regulations, these shareholders may request Toyo Denki to purchase any of its shares held in amounts less than one unit, up until the effective date of the Share Consolidation. For information on the specific procedure, please contact your securities dealer or Toyo Denki's shareholder registration agent.

The shareholder composition as of May 31, 2016 is as follows.

Number of shares held	Number of shareholders (percentage of total)	Number of shares held (percentage of total)
Total	6,183 (100.00%)	48,675,000 (100.00%)
Fewer than 5 shares	163 (2.64%)	194 (0.00%)
5 shares or more	6,020 (97.36%)	48,674,806 (100.00%)

(4) Treatment of fractional shares

Pursuant to the provisions of Article 235 of the Companies Act, if any fractional shares arise as a result of the Share Consolidation, Toyo Denki will sell all such fractional shares on behalf of shareholders and distribute the proceeds to shareholders owning fractional shares in proportion to their respective fractions.

(5) Total number of authorized shares after consolidation

Along with the reduction of the total number of outstanding shares as a result of the Share Consolidation, in order to optimize the authorized shares, the total number of authorized shares will be reduced according to the Share Consolidation ratio (1:5), effective the date of Share Consolidation (December 1, 2016).

Total number of authorized shares before consolidation	180,000,000
Total number of authorized shares after consolidation	36,000,000

(6) Conditions for consolidation

This proposal is subject to the approval of the Share Consolidation by the Annual General Meeting of Shareholders.

3. Partial amendment of the Articles of Incorporation

(1) Reason for amendment of the Articles of Incorporation

The Articles of Incorporation will be amended in accordance with the changes described in sections 1 and 2 above. In addition, the Articles of Incorporation amendments will be carried out without appearing on the agenda of the Annual General Meeting of Shareholders, based on the provisions of Paragraph 2, Article 182 and Paragraph 1, Article 195 of the Companies Act.

(2) Particulars of the amendments

Current Articles of Incorporation	Proposed Amendments to the Articles of Incorporation
Article 1–Article 5 (Provisions omitted)	Article 1–Article 5 (Unchanged)
Article 6 (Total number of authorized shares) The total number of shares authorized to be issued by the Company shall be one hundred and eighty million (180,000,000) shares.	Article 6 (Total number of authorized shares) The total number of shares authorized to be issued by the Company shall be thirty six million (36,000,000) shares.
Article 7 (Provisions omitted)	Article 7 (Unchanged)
Article 8 (Number of shares per share unit) The share unit of the Company shall be one thousand (1,000) shares	Article 8 (Number of shares per share unit) The share unit of the Company shall be one hundred (100) shares
Article 9–Article 42 (Provisions omitted)	Article 9–Article 42 (Unchanged)

(3) Conditions for the amendments

This proposal is subject to the approval of the Share Consolidation set forth in section 2 above by the Annual General Meeting of Shareholders.

4. Schedule

(1) Resolution of Annual General Meeting of Shareholders	August 26, 2016 (scheduled)
(2) Last day for trading shares in 1,000-share units	November 25, 2016 (scheduled)
(3) First day for trading shares in 100-share units	November 28, 2016 (scheduled)
(4) Effective change date for the number of shares per unit	December 1, 2016 (scheduled)
(5) Effective date of Share Consolidation	December 1, 2016 (scheduled)
(6) Effective change date for the total number of authorized shares	December 1, 2016 (scheduled)
(7) Payment for compensation for fractional shares	Early February 2017 (scheduled)

Note: As set forth above, the effective date of the Trade Unit Consolidation and Share Consolidation is to be December 1, 2016. However, in relation to book-entry procedures, trades of Toyo Denki shares by shareholders on the Tokyo Stock Exchange, on and after November 28, 2016, will be conducted in the new trading unit of 100 shares.

Attached materials

(Reference) Q&A regarding the Change in the Number of Shares per Share Unit and Share Consolidation

Q&A regarding the Trading Unit Consolidation and Share Consolidation

Q1. What is a change in the number of shares per share unit (trading unit consolidation)?

A1. A change in the number of shares per share unit (trading unit consolidation) is a modification of the share trading unit used at the stock exchange. The share unit also determines the number of voting rights exercised at the general meeting of shareholders. Tokyo Denki will change its share unit from 1,000 to 100 shares, effective December 1, 2016.

Q2. What is a share consolidation?

A2. In a share consolidation, a company combines a certain number of shares into one share, thus reducing the total number of outstanding shares. In December, every five shares that Toyo Denki shareholders own will be consolidated into one share.

Q3. What is the purpose of the Trading Unit Consolidation and Share Consolidation of Toyo Denki?

A3. For the greater convenience of investors and other market participants, all Japanese securities exchanges are promoting a plan under which trading units (the number of shares per share unit) of common shares of domestically listed companies are to be uniformly set at 100 shares, by October 1, 2018. As a company listed on the Tokyo Stock Exchange, Toyo Denki supports this plan and has decided to change the number of shares in its share unit from 1,000 shares to 100 shares (Trading Unit Consolidation) as of December 1, 2016.

Toyo Denki also decided to carry out a Share Consolidation under which every 5 shares will be consolidated into 1 share. The aim of this decision was to achieve the desirable share price level quoted by the stock exchanges, namely between 50,000 yen and 500,000 yen, while taking into account medium and long-term stock price fluctuations.

Q4. How will the number of shares and voting rights be affected?

A4. The number of shares held by each shareholder after the Share Consolidation will be the number of shares obtained by dividing the number of shares recorded in the latest register of shareholders as of November 30, 2016 by five (rounded down to the nearest whole share). The number of voting rights for each shareholder after the Share Consolidation will be 1 vote for every 100 shares.

Specifically, the number of shares held and the number of voting rights before and after the share Consolidation and the Trading Unit Consolidation are as follows:

	Before		After		
	Number of shares held	Number of voting rights	Number of shares held	Number of voting rights	Resulting fractional shares
Example 1	5,000	5	1,000	10	None
Example 2	1,033	1	206	2	0.6
Example 3	500	None	100	1	None
Example 4	109	None	21	None	0.8
Example 5	2	None	None	None	0.4

If any fractional shares arise as a result of the Share Consolidation (as in examples 2, 4, and 5 above), Toyo Denki will sell all such fractional shares on behalf of shareholders and distribute the proceeds to shareholders having fractional shares in proportion to their respective fractions. Payment of fractional share proceeds is scheduled for around February 2017.

Please note that any shareholder who holds fewer than five shares when the Share Consolidation is conducted (example 5 above), will be left with a fractional share after consolidation and will lose shareholder status.

Q5. Is there any way to ensure there are no fractional shares?

A5. By requesting purchase of shares constituting less than one share unit prior to the Share Consolidation coming into effect, it is possible to avoid having fractional shares. For details on the procedure, contact your securities dealer or the registration agent indicated at the end of this document.

Q6. Will the Share Consolidation have any impact on asset value?

A6. Because Toyo Denki's assets and stated capital will remain unchanged after the Share Consolidation, in theory, there will be no change to the asset value of shareholders' shares, aside from the influence of securities market trends and other factors.

This is because, after the Share Consolidation, there will be a fivefold increase in the asset value per share, while the number of shares held by a shareholder will be one-fifth of the original number.

Q7. What will happen with dividends after the Share Consolidation?

A7. Although each shareholder will have one-fifth the number of shares after the Share Consolidation, Toyo Denki plans to set dividends per share based on the total number of new shares after consolidation. Aside from other factors such as performance trends, the Share Consolidation will not change the total amount of dividends paid. However, dividends will not be paid for any fractional shares remaining after the Share Consolidation.

Q8. Are there any procedures that shareholders must take?

A8. No procedures are necessary. If you want to request purchase of shares constituting less than one share unit prior to the Share Consolidation, contact your securities dealer or the registration agent indicated below.

Inquiries

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