

## Notice of Transition to Holding Company Structure through Company Split and Establishment of Subsidiary (Split Preparation Company)

As announced in the “Notice of Transition to Holding Company Structure” dated as of March 18, 2016, SENKO Co., Ltd. (the “Company”) has started preparations for a transition to a holding company structure. In addition, the Company hereby announces that it adopted a resolution at the meeting of the Board of Directors held today, to transition to a holding company structure by the company split method with the effective date scheduled for April 1, 2017 (planned), and to establish its wholly-owned subsidiary as a split preparation company (“Split Preparation Company”) on April 15, 2016.

### 1. Purpose of transition to a holding company structure

To date, the SENKO Group has operated with the Company acting as an operating holding company. However, based on the decision made recently to make a transition to a pure holding company structure, the Group will strive: 1) to strengthen the governance framework; 2) to clarify responsibilities and authority of each operating company; and 3) to expedite decision-making and thus aims to further strengthen the Group structure and enhance corporate value.

- 1) The new pure holding company will devise strategy and allocate resources from a medium- to long-term perspective and support the growth and expansion of the operating companies. It will also develop new businesses and handle M&A activity.
- 2) The operating companies will respond appropriately to changes in the business environment and seek growth in their own business areas.

### 2. Summary of transition to a holding company structure

#### (1) Transition method

The Company plans to implement a company split (of absorption-type) in which the Company will become the splitting company, and thereby to have its business units succeeded by the Split Preparation Company.



(2) Schedule of company split

Meeting of the Board of Directors approving the establishment of the Split Preparation Company	April 15, 2016
Establishment of the Split Preparation Company	April 15, 2016
Meeting of the Board of Directors to approve the absorption-type company split contract	May 13, 2016 (planned)
Concluding of the absorption-type company split contract	May 13, 2016 (planned)
Ordinary General Shareholders' Meeting to approve the absorption-type company split contract	Late June, 2016 (planned)
Effective date of the absorption-type company split	April 1, 2017 (planned)

3. Overview of the Split Preparation Company

(1) Name	SENKO Split Preparation Co., Ltd.	
(2) Address	1-1-30-1500, Oyodo Naka, Kita-ku, Osaka, 531-6115, Japan	
(3) Representative	Yasuhisa Fukuda	
(4) Detailed business	Distribution and other businesses	
(5) Capital stock	10 million yen	
(6) Date of establishment	April 15, 2016	
(7) Shares outstanding	200 shares	
(8) Closing date	March 31	
(9) Major shareholders and shareholding ratios	SENKO Co., Ltd.: 100%	
(10) Relationship between the listed company and the company outlined in this table	Capital relationship	The Split Preparation Company is established as a wholly-owned subsidiary of the Company.
	Personal relationship	The Company dispatches its directors to the Split Preparation Company.
	Business relationship	Since the Split Preparation Company has not started operating, it has no business relationship with the Company.



#### 4. Other

The projects described in this notice require discussion between the Company and its labor union as a precondition and may be discontinued unless an agreement is reached through the discussion. Likewise, the projects are based on the assumption that the Company obtains an approval of related proposals at the Ordinary General Shareholders' Meeting of the Company to be held in late June, 2016 and, as necessary, permits and licenses from competent government agencies or other organizations.

The Company plans to conduct operations such as formulating, promoting and managing strategies for the Group as a whole, and to continuously maintain its status as a public company while acting as the holding company of the operating subsidiaries.

The Company will announce the details of the company split method and the Group structure as soon as they are fixed.

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