

## Notice of Concluding of Absorption-type Company Split Contract due to Transition to Holding Company Structure and Partial Amendments to the Articles of Incorporation (Such as Changes to Trade Name, Location of Head Office and Parts of Business Purposes)

SENKO Co., Ltd. (the “Company”) has already announced in the “Notice of Transition to Holding Company Structure” dated as of March 18, 2016 that it will make a transition to a holding company structure by April 1, 2017.

The Company hereby announces that it adopted a resolution at the meeting of the Board of Directors held today, to approve the concluding of an absorption-type company split contract with its wholly-owned subsidiary (the absorption-type company split pursuant to such contract is hereinafter referred to as the “Company Split”) and to propose to the 99<sup>th</sup> Ordinary General Shareholders’ Meeting of the Company to be held on June 28, 2016, to amend parts of the Articles of Incorporation, as described below.

After the Company Split, the Company will change its trade name to “SENKO Group Holdings Co., Ltd.” on April 1, 2017 (planned), relocate its head office to Koto-ku, Tokyo, and change its business purposes according to the business conducted after the transition to a holding company structure. In addition, the Company will implement the Company Split and the amendments to the Articles of Incorporation (changes to the trade name, location of the head office and parts of the business purposes) on the condition that the Company discusses with the labor union and obtains an approval by a resolution of the Ordinary General Shareholders’ Meeting of the Company to be held on June 28, 2016 and, as necessary, permits, licenses or the like from competent government agencies.

Since the Company Split is made such that the Company will become the splitting company and its wholly-owned subsidiary will become the succeeding company, matters and details to be disclosed are partially omitted.



## **I. Transition to a holding company structure through company split**

### 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) Schedule of the Company Split

Meeting of the Board of Directors adopting a resolution to start preparations for transition to a holding company structure

March 18, 2016

Establishment of split preparation company April 15, 2016

Meeting of the Board of Directors approving the absorption-type company split contract

May 13, 2016

Concluding of the absorption-type company split contract

May 13, 2016

Ordinary General Shareholders' Meeting to approve the absorption-type company split contract

June 28, 2016 (planned)

Effective date of the absorption-type company split

April 1, 2017 (planned)

#### (2) Method of the Company Split

The Company Split is implemented by the method of spin-off and absorption-type company split in which the Company will become the splitting company (the "Splitting Company") and its wholly-owned preparatory company will become the successor company (the "Successor Company").



(3) Details of allocation related to the Company Split

In line with the Company Split, SENKO Split Preparation Co., Ltd. (the Successor Company) will issue 200 common shares and allocate and deliver the shares to the Company (the Splitting Company) in their entirety.

(4) Handling of new stock acquisition rights and bonds with new stock acquisition rights in relation to the Company Split

The Company Split will have no effect on the handling of stock acquisition rights and bonds with stock acquisition rights issued by the Company.

(5) Capital stock or other items increased or decreased due to the Company Split

The Company Split will have no effect on the capital stock of the Company.

(6) Rights and obligations succeeded by the Successor Company

Unless otherwise set forth in the absorption-type company split contract executed between the Successor Company and the Company on May 13, 2016, the Successor Company shall, on the date of the Company Split, succeed to assets, liabilities and any receivables and payables, employment contracts and any and all other rights and obligations related to the businesses subject to the Company Split that are operated by the Company as of the effective date.

Note that the “cumulative assumption of obligations (*chojo-teki saimu hikiuke*)” method shall apply to the succession of obligations.

(7) Prospect of performance of obligations

After the Company Split, the amount of assets of the Company and the Successor Company is expected to exceed the amount of their liabilities, and with respect to the prospect of revenues after the Company Split, no events that could be detrimental to the performance of obligations to be assumed by the Company and the Successor Company are expected at this point.

Based on the above, the Company judges that obligations to be assumed by the Company and the Successor Company after the Company Split can be fulfilled.



### 3. Overview of companies involved in the Company Split

	Splitting Company As of March 31, 2016	Successor Company At the time of establishment on April 15, 2016
(1) Name	SENKO Co., Ltd.	SENKO Split Preparation Co., Ltd.
(2) Address	1-1-30-1500, Oyodo Naka, Kita-ku, Osaka, 531-6115, Japan	1-1-30-1500, Oyodo Naka, Kita-ku, Osaka, 531-6115, Japan
(3) Representative and title	Yasuhisa Fukuda, Representative Director and President	Yasuhisa Fukuda, Representative Director and President
(4) Detailed business	Distribution business, trading & commerce business and other businesses	Distribution business, trading & commerce business and other businesses
(5) Capital stock	24,011 million yen	10 million yen
(6) Date of establishment	July 20, 1946	April 15, 2016
(7) Shares outstanding	144,834,000 shares	200 shares
(8) Fiscal year end	March 31	March 31
(9) Number of employees	2,800 (non-consolidated) 11,992 (consolidated)	0
(10) Major customers/business partners	Asahi Kasei Corporation Sekisui House, Ltd. AEON Co., Ltd.	Not applicable because of the establishment in April 2016.
(11) Major banks	Mitsubishi UFJ Trust and Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
(12) Major shareholders and shareholding ratios	Japan Trustee Services Bank, Ltd. (trust account): 14.16% Asahi Kasei Corporation: 8.06% The Master Trust Bank of Japan, Ltd. (trust account):	SENKO Co., Ltd.: 100%

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	5.73% NORTHERNTRUSTCO. (AVFC): 4.75% Sekisui Chemical Co., Ltd.: 4.69%			
(13) Relationship between companies involved, and other matters	Capital relationship	The Splitting Company holds 100% of shares issued and outstanding in the Successor Company.		
	Personal relationship	The Splitting Company dispatches its directors to the Successor Company.		
	Business relationship	Since the Successor Company has not started operating, it has no business relationship with the Splitting Company.		
(14) Business performance and financial standing for the last three fiscal years (Units: millions of yen, except where indicated otherwise)				
	SENKO Co., Ltd. (consolidated)			SENKO Split Preparation Co., Ltd. (non-consolidated)
Fiscal year	Term ended March 2014	Term ended March 2015	Term ended March 2016	As of April 15, 2016
Consolidated net assets	72,302	92,743	100,009	10
Consolidated total assets	243,570	285,309	269,461	10
Consolidated net assets per share (Yen)	539.52	581.46	613.71	50,000.00
Consolidated operating revenue	333,883	398,447	434,000	
Consolidated operating income	12,122	13,649	17,497	
Consolidated ordinary income	11,305	13,234	17,178	
Consolidated net income	6,503	7,073	8,542	
Consolidated net income per share (Yen)	51.89	55.06	60.43	

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Fiscal year	Term ended March 2014	Term ended March 2015	Term ended March 2016	As of April 15, 2016
Dividend per share ( Yen )	16.00	17.00	—	

(Note 1) The Splitting Company plans to change its trade name to “SENKO Group Holdings Co., Ltd.” on April 1, 2017.

(Note 2) The Successor Company plans to change its trade name to “SENKO Co., Ltd.” on April 1, 2017.

(Note 3) Since there is no previous fiscal year for the Successor Company, only matters stated in its balance sheet as of the date of its establishment are shown in the above table.

#### 4. Overview of business units to be split

##### (1) Business lines of business units to be split

Distribution business, trading & commerce business and other businesses (excluding businesses related to management of business activities of companies whose shares the Company holds, and businesses related to management of the Group).

##### (2) Business performance of business units to be split

(for the fiscal year ended March 2016)

(Unit: millions of yen)

	Actual results of business units to be split (a)	Actual non-consolidated results of the Company (b)	Ratio (a ÷ b)
Operating revenue	204,374	204,374	100 %

##### (3) Items of assets and liabilities to be split and amounts (as of March 31, 2016)

(Unit: millions of yen)

Assets		Liabilities	
Account title	Book value	Account title	Book value
Current assets	34,359	Current liabilities	36,158
Non-current assets	111,660	Non-current liabilities	8,980
Total	146,019	Total	45,139



(Note) Since the above amounts were calculated with reference to the balance sheet dated as of March 31, 2016, actual amounts to be succeeded are obtained after adjusting the above amounts based on an increase or decrease in them that occurs by the effective date of the Company Split.

#### 5. Situation after the Company Split (as of April 1, 2017 [planned])

	Splitting Company	Successor Company
(1) Name	SENKO Group Holdings Co., Ltd. (The trade name is scheduled to change from "SENKO Co., Ltd." as of April 1, 2017)	SENKO Co., Ltd. (The trade name is scheduled to change from "SENKO Split Preparation Co., Ltd." as of April 1, 2017)
(2) Address	2-8-10, Shiomi, Koto-ku, Tokyo, 135-0052, Japan (The address is scheduled to change from "1-1-30-1500, Oyodo Naka, Kita-ku, Osaka, 531-6115, Japan" as of April 1, 2017)	1-1-30-1500, Oyodo Naka, Kita-ku, Osaka, 531-6115, Japan
(3) Representative and title	Yasuhisa Fukuda, Representative Director and President	To be decided
(4) Business lines	Businesses such as management of operation of Group companies	Distribution business, trading & commerce business and other businesses
(5) Capital stock	24,011 million yen	10,000 million yen
(6) Fiscal year end	March 31	March 31

#### 6. Overview of the accounting treatment

Plans are in place to account for the Company Split as a transaction between parties under common control.

#### 7. Future prospects

Since the Successor Company is a wholly-owned subsidiary of the Company, the impact of this Company Split on the consolidated business results of the Company will be negligible. In addition, the Company will become a holding company after the Company Split, and therefore the Company's

non-consolidated revenues will mainly come from dividends from its associated companies, real estate rents, interest receipts and business management fees. Further, expenses are expected to mainly consist of those related to functions performed by the Company as a holding company to manage the operation of the Group companies.

## II. Amendments to Articles of Incorporation

### 1. Reason for amendments to the Articles of Incorporation

Accompanying the transition to a holding company structure, to change the Company's trade name to "SENKO Group Holdings Kabushiki Kaisha" and "SENKO Group Holdings Co., Ltd." in English, change the purpose of the Company to business management as a holding company, and change the location of the head office of the Company to Koto-ku, Tokyo.

### 2. Details of amendments to the Articles of Incorporation

The details of the amendments are as described below.

Current Articles of Incorporation	Proposed amendments
<p>(Trade name) Article 1 The Company shall be called "<u>SENKO KABUSHIKI KAISHA</u>" and "<u>SENKO Co., Ltd.</u>" in English.</p>	<p>(Trade name) Article 1 The Company shall be called "<u>SENKO Group Holdings Kabushiki Kaisha</u>" and "<u>SENKO Group Holdings Co., Ltd.</u>" in English.</p>
<p>(Purpose) Article 2 The purpose of the Company shall be to engage in following businesses:  (1) Transportation by its own trucks; (2) Transportation by contracted trucks and mediation of such transportation;</p>	<p>(Purpose) Article 2 <u>1. The purpose of the Company shall be, by owning shares or equities in companies engaged in the following businesses or in foreign companies engaged in businesses similar to the following, to manage the business activities of such companies, etc.:</u>  } (Same as the present)</p>



- (3) Transportation by contracted rail carriers and mediation of such transportation;
- (4) Warehousing;
- (5) Maritime transportation;
- (6) Coastal transportation of domestic cargoes;
- (7) Coastal transportation of domestic cargoes by contracted vessels and mediation of such transportation;
- (8) International maritime transportation by contracted vessels and mediation of such transportation;
- (9) Port and harbor transportation;
- (10) Transportation by contracted air carriers and mediation of such transportation;
- (11) Air transportation agency services;
- (12) Aircraft fueling;
- (13) Cargo handling in a plant and other workplaces;
- (14) Packing and packaging as well as assembly and disassembly of machinery, equipment, devices, etc.;
- (15) Transportation, mounting and installation of heavy objects and businesses incidental thereto;
- (16) Customs clearance services;
- (17) Consulting;
- (18) Purchase, sale, lease, brokerage and management of real estate;
- (19) Civil engineering, building construction, work by carpenters, steeplejacks or construction workers, interior finishing, and machinery and equipment installation work;
- (20) Import, export and sale of the following goods:

(Same as the present)

<p>(a) Petroleum and other fuels, petroleum products, chemical products, synthetic resins, electronic materials, synthetic fibers, fiber materials and paints;</p> <p>(b) Construction materials, steel materials, packaging materials, transportation materials, plywood, paper materials, and raw materials for paper production;</p> <p>(c) Foods, liquors, drinking water, clothing, everyday goods, Western miscellaneous goods, beds and beddings, office supplies, fire prevention equipment, precious metals and furniture;</p> <p>(d) Automobiles, automotive parts, industrial transportation vehicles, materials handling and transporting equipment, electronic equipment, telecommunications equipment, automatic vending machines, household electric appliances, air conditioning equipment;</p> <p>(21) Purchase and sale of antiques;</p> <p>(22) Disassembly and maintenance of automobiles;</p> <p>(23) Lease of general items;</p> <p>(24) Damage insurance agency services;</p> <p>(25) Insurance agency services based on the Automobile Liability Security Act;</p> <p>(26) Operations related to proposing and mediating life insurance contracts;</p> <p>(27) Information processing by computers and development and sale of software, provision of information communications services;</p> <p>(28) Worker dispatching;</p>	<p>(Same as the present)</p>
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<p>(29) Management and lease of cultural facilities, sporting facilities, restaurants, cafés and accommodation facilities;</p> <p>(30) Industrial waste treatment;</p> <p>(31) Management of vocational education and training facilities;</p> <p>(32) Businesses related to power generation and sale of electricity;</p> <p>(33) Acquisition, possession and disposal of securities and other instruments;</p> <p>(34) Investment management;</p> <p>(35) Investment in a specific purpose company, special purpose company (companies defined in the Ordinance on Terminology, Forms and Preparation Methods of Financial Statements, etc.) and real estate investment trust, and purchase, sale, brokerage and management of equity interests;</p> <p>(36) Any and all operations related to any of the preceding items and investments in businesses necessary to perform such operations.</p>	<p>(Same as the present)</p>
<p><u>(Newly established)</u></p>	<p><u>2. The purpose of the Company shall be to engage in the businesses listed in the items of the preceding paragraph, and any and all other businesses incidental or related thereto.</u></p>
<p>(Location of head office)</p>	<p>(Location of head office)</p>
<p>Article 3 The head office of the Company shall be in <u>Osaka-shi</u>.</p>	<p>Article 3 The head office of the Company shall be in <u>Koto-ku, Tokyo</u>.</p>
<p>Article 4 to Article 41 (Omitted)</p>	<p>Article 4 to Article 41 (Same as the present)</p>

<p><u>(Newly established)</u></p>	<p><u>(Supplementary provisions)</u></p> <p><u>Article 1</u></p> <p><u>The amendments to Article 1 (Trade name), Article 2 (Purpose) and Article 3 (Location of head office) shall be effective on and from April 1, 2017.</u></p>
<p><u>(Newly established)</u></p>	<p><u>Article 2</u></p> <p><u>The preceding article and this article shall be deleted as of April 1, 2017.</u></p>

3. Schedule of amendments to the Articles of Incorporation

Ordinary General Shareholders' Meeting to amend the Articles of Incorporation

June 28, 2016 (planned)

Effective date of amendments to the Articles of Incorporation

April 1, 2017 (planned)

End