

May 10, 2017

Company name: Kanematsu Corporation  
Representative's name: Masayuki Shimojima, President  
(Code number:8020 First Section of the Tokyo Stock Exchange)  
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Notice of Consolidation of Shares, Revision of the Number of Shares Constituting One Unit and  
Revision of the Total Number of Issuable Shares

Kanematsu Corporation (the "Company") announces that the Board of Directors of the Company resolved at its meeting held on May 10, 2017 to submit proposals relating to the consolidation of shares (5-to-1 share consolidation), the revision of the number of shares constituting one unit (revision from 1,000 shares to 100 shares) and the revision of the total number of issuable shares (revision from 1,016,653,604 shares to 200,000,000 shares) to the 123rd Ordinary General Meeting of Shareholders scheduled to take place on June 23, 2017.

1. Consolidation of Shares

(1) Reason for the Consolidation

Securities exchanges nationwide are aiming to unify trading units for the common shares of listed companies in Japan (the numbers of shares constituting one unit) to 100 shares based on the Action Plan for Unifying Trading Units that they announced.

Respecting the goal of this Plan as a company listed on the Tokyo Stock Exchange, the Company will consolidate its shares to realize a level of investment unit considered to be desirable by securities exchanges nationwide (50,000 yen or more and 499,999 yen or less) after the revision of the number of shares constituting one unit, in addition to changing the trading unit for its common shares from 1,000 shares to 100 shares.

(2) Details of Shares To Be Consolidated

(i) Type of shares to be consolidated: common shares

(ii) Method and ratio of the consolidation:

The Company will consolidate its common shares at the ratio of 5 to 1 on Sunday, October 1, 2017 based on the number of shares owned by shareholders stated on the final list of its shareholders as of Saturday, September 30, 2017.

(iii) Number of shares to be lost through the consolidation (as of March 31, 2017)

Total number of outstanding shares before the consolidation of shares	422,501,010 shares
Number of shares to be lost through the consolidation of shares	338,000,808 shares
Total number of outstanding shares after the consolidation of shares	84,500,202 shares

Note: The number of shares to be lost through the consolidation of shares and the total number of outstanding shares after the consolidation of shares are theoretical values calculated on the basis of the total number of outstanding shares before the consolidation of shares and the share consolidation ratio.

For your information, the Company does not issue share acquisition rights.

### (3) Number of Shareholders To Be Lost Through the Consolidation

Two hundred thirty-two shareholders owning less than 5 shares each (a total of 312 shares in their possession) will lose their status as shareholders when the Company consolidates its shares. These shareholders can ask the Company to sell shares that comprise one unit when added to shares in their possession of less than one unit pursuant to the provisions of Paragraph 1, Article 194 of the Companies Act and Article 9 of the Articles of Incorporation of the Company. In addition, they can request that the Company buy their owned shares of less than one unit pursuant to the provisions of Paragraph 1, Article 192 of the same Act.

<Composition of Shareholders>

(as of March 31, 2017)

Total number of shares owned	Numbers of shareholders (their ratios)	Numbers of shares owned (their ratios)
All shareholders	24,306 (100.00%)	422,501,010 shares (100.00000%)
Shareholders owning less than 5 shares	232 (0.95%)	312 shares (0.00007%)
Shareholders owning 5 or more shares	24,074 (99.05%)	422,500,698 shares (99.99993%)

### (4) Handling in Cases Where Fractions of Less Than 1 Share Emerge

The Company will dispose of fractions of less than 1 share en bloc by sale pursuant to the provisions of Article 235 of the Companies Act in cases where such fractions emerge as a result of the consolidation of shares. The Company will pay the proceeds from their sale to shareholders with emerged fractions according to their ratios.

### (5) Conditions for the Consolidation

The consolidation of shares will be subject to the approval of proposals relating to the consolidation of shares, the revision of the number of shares constituting one unit and the revision of the total number of issuable shares at the 123rd Ordinary General Meeting of Shareholders scheduled to take place on June 23, 2017.

## 2. Revision of the Number of Shares Constituting One Unit

### (1) Reason for Revising the Number of Shares Constituting One Unit

Respecting the goal of the Action Plan for Unifying Trading Units announced by securities exchanges nationwide, the Company will change the number of shares constituting one unit from 1,000 shares to 100 shares as stated in (1) Reason for the Consolidation in section 1 above, Consolidation of Shares.

### (2) Details of the Revision

The Company will change the number of shares constituting one unit from 1,000 shares to 100 shares effective as of Sunday, October 1, 2017.

Note: With the change stated above, the consolidation of shares and the revision of the number of shares constituting one unit will take effect on October 1, 2017. However, the date on which the trading unit for the Company's shares changes from 1,000 shares to 100 shares at the Tokyo Stock Exchange will be September 27, 2017 owing to transfer procedures that follow the purchase and sale of shares.

### (3) Conditions for the Revision

The revision of the number of shares constituting one unit will be subject to the approval of proposals relating to the consolidation of shares, the revision of the number of shares constituting one unit and the revision of the total number of issuable shares at the 123rd Ordinary General Meeting of Shareholders scheduled to take place on June 23, 2017.

### 3. Revision of the Total Number of Issuable Shares

#### (1) Reason for Revising the Total Number of Issuable Shares

The Company will revise the total number of issuable shares according to the ratio of share consolidation because the total number of its outstanding shares will decrease to one-fifth as a result of the consolidation of shares stated in section 1 above, Consolidation of Shares.

#### (2) Details of the Revision

The Company will change the total number of issuable shares from 1,016,653,604 shares to 200,000,000 shares effective as of Sunday, October 1, 2017.

#### (3) Conditions for the Revision

The revision of the total number of issuable shares will be subject to the approval of proposals relating to the consolidation of shares, the revision of the number of shares constituting one unit and the revision of the total number of issuable shares at the 123rd Ordinary General Meeting of Shareholders scheduled to take place on June 23, 2017.

### 4. Future Schedule

- Board of Directors meeting: May 10, 2017
- Ordinary General Meeting of Shareholders: June 23, 2017 (plan)
- Effectuation date for the consolidation of shares: October 1, 2017 (plan)
- Effectuation date for the revision of the number of shares constituting one unit: October 1, 2017 (plan)
- Effectuation date for the revision of the total number of issuable shares: October 1, 2017 (plan)
- Notice of the allotment of consolidated shares to shareholders: early November 2017 (plan)
- Start of the payment of proceeds from share disposal: early December 2017 (plan)

Note: As stated above, the consolidation of shares and the revision of the number of shares constituting one unit will take effect on October 1, 2017. However, the date on which the trading unit for the Company's shares changes from 1,000 shares to 100 shares at the Tokyo Stock Exchange will be September 27, 2017 owing to the transfer procedures that follow the purchase and sale of shares.

Annex: Reference: Questions and Answers Relating to the Revision of the Number of Shares Constituting One Unit and the Consolidation of Shares

Reference: Questions and Answers Relating to the Revision of the Number of Shares Constituting One Unit and the Consolidation of Shares

**Q1: What does the revision of the number of shares constituting one unit mean?**

The revision of the number of shares constituting one unit means changing the number of shares that is the unit for voting rights at General Meetings of Shareholders and the trading unit at securities exchanges. The Company will change the number of shares constituting one unit from 1,000 shares to 100 shares on this occasion.

**Q2: What does the consolidation of shares mean?**

The consolidation of shares means combining multiple shares to decrease the number of shares. The Company will combine its shares at the ratio of 5 to 1 on this occasion.

**Q3. What are the objectives of the revision of the number of shares constituting one unit and the consolidation of shares?**

Securities exchanges nationwide are aiming to unify the trading units for the common shares of listed companies in Japan to 100 shares based on the Action Plan for Unifying Trading Units that they announced. Respecting the goal of this Plan as a company listed on the Tokyo Stock Exchange, the Company decided to revise the number of shares constituting one unit from 1,000 shares at present to 100 shares in order to change the trading unit for its shares to 100 shares. In line with this step, the Company decided to consolidate its shares to adjust the investment unit to an appropriate level, taking factors such as medium-and long-term fluctuations in share prices into consideration.

**Q4: What will happen to the numbers of shares owned by shareholders and their voting rights?**

The numbers of shares owned by shareholders after the consolidation of shares will be the numbers calculated by multiplying the numbers of shares owned by shareholders stated in the final list of the Company's shareholders as of September 30, 2017 by one-fifth. (Fractions of less than 1 share will be discarded where they emerge as a result of the calculation.) The number of voting rights will be 1 right for each 100 shares owned after the consolidation of shares. Specifically, the numbers of owned shares and the numbers of voting rights will change as follows before and after the effectuation of the revision of the number of shares constituting one unit and the consolidation of shares.

	Before effectuation		After effectuation		
	Numbers of owned shares	Numbers of voting rights	Numbers of owned shares	Numbers of voting rights	Number of fractional shares
Case 1	2,000 shares	2 voting rights	400 shares	4 voting rights	None
Case 2	1,050 shares	1 voting right	210 shares	2 voting rights	None
Case 3	1,003 shares	1 voting right	200 shares	2 voting rights	0.6 shares
Case 4	400 shares	No voting right	80 shares	No voting right	None
Case 5	147 shares	No voting right	29 shares	No voting right	0.4 shares
Case 6	3 shares	No voting right	None	No voting right	0.6 shares

- There are no special procedures for shareholders who correspond to Case 1.
- Shareholders may use the system for the purchase of shares of less than one unit or the system for the additional purchase of shares of less than one unit at their request regarding shares of less than one unit that emerge in Cases 2, 4 and 5 (totaling 10 shares in Case 2, 80 shares in Case 4 and 29 shares in Case 5).
- The Company will dispose of all fractional shares that emerge in Cases 3, 5 and 6 en bloc by sale, and distribute the proceeds from their sale to shareholders with emerged fractions according to the ratios of fractions. Amounts to be

paid with the disposal of the fractions will be distributed to the shareholders in early December 2017 or thereabouts.

- Owners of less than 5 shares before effectuation (in Case 6) will lose their chance to own shares in the Company because all shares in their possession will become fractional shares as a result of the consolidation of shares.
- Shareholders may prevent the application of disposition for fractional shares by using the system for the purchase of shares of less than one unit or the system for the additional purchase of shares of less than one unit before the consolidation of shares takes effect. Please make inquiries with a securities company with a business connection or the administrator of the list of shareholders of the Company regarding the concrete procedures.

**Q5: The number of owned shares will decrease as a result of the consolidation of shares. Will this decrease have any impact on asset values?**

The number of shares owned by shareholders will become one-fifth as a result of the consolidation of shares. However, the value of assets per share will increase by five times because the assets of the Company and the conditions of its capital will be the same before and after the consolidation of shares.

Accordingly, the consolidation of shares will have no impact on the asset value of shares owned by shareholders except factors such as changes in share market conditions. Theoretically, the Company's share price after the consolidation of shares will also be the same as its price before the consolidation.

**Q6: The number of owned shares will decrease as a result of the consolidation of shares. Will this decrease have any impact on the dividends to be received?**

The number of shares owned by shareholders will become one-fifth as a result of the consolidation of shares. However, the consolidation of shares will have no impact on the total amount of dividends to be received by shareholders except factors such as its linkage with operating results, because the Company plans to set its dividends per share after the effectuation of the consolidation of shares, taking consolidation ratios into consideration. However, no dividend will be paid for fractional shares that emerge as a result of the consolidation.

**Q7: Can you provide us with the future schedule in concrete terms?**

The concrete future schedule will be as follows:

May 10, 2017: Resolutions by the Board of Directors

June 23, 2017 (plan): Resolutions at the Ordinary General Meeting of Shareholders

September 26, 2017 (plan): Final date for trading in units of 1,000 shares

September 27, 2017 (plan): First date for trading in units of 100 shares

October 1, 2017 (plan): Effectuation date for the revision of the number of shares constituting one unit, the consolidation of shares and the revision of the total number of issuable shares

Early December 2017 (plan): Payment of proceeds from the disposal of fractional shares by sale

**Q8: Are there any procedures that must be undertaken by shareholders?**

There are no special procedures that must be undertaken by shareholders.

[Contact for inquiries]

Please make inquiries with a securities company with a business connection or the administrator of the list of shareholders of the Company stated below regarding any unclear points in connection with the consolidation of shares and the revision of the number of shares constituting one unit.

Stock Transfer Agency Business Planning Department

Sumitomo Mitsui Trust Bank, Limited

2-8-4 Izumi, Suginami-ku, Tokyo 168-0063

Telephone number: 0120-782-031 (toll-free)

Service hours: 9 a.m. to 5 p.m. on weekdays (no service on Saturdays, Sundays,

Japanese national holidays and other business holidays)