

Translation

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March 9, 2017

Company name: YAMAZEN CORPORATION  
Representative: Meguru NAKATA  
President & CEO  
(Code No.8051; The first section of Tokyo Stock Exchange)  
Inquiries: Manager, IR & PR Dept. Yoshihiro OZAKI  
TEL 06-6534-3095

**Notice Regarding Acquisition of 100% Ownership of  
TOHO INDUSTRIAL CO., LTD. through Simplified Share Exchange**

YAMAZEN CORPORATION (“the Company”) hereby announces that the Board of Directors meeting held today has passed the resolution to carry out a share exchange involving the Company as the wholly owning parent company and TOHO INDUSTRIAL CO., LTD. (hereinafter, “TOHO INDUSTRIAL”) as the wholly owned subsidiary (hereinafter, “this Share Exchange”), and a share exchange agreement has been concluded between the two companies, as described below.

This Share Exchange is planned to be executed as a simplified share exchange pursuant to Article 796, paragraph 2 of the Companies Act, and it does not require approval at the general meeting of shareholders of the Company.

In this Share Exchange, as the value of the total assets of TOHO INDUSTRIAL, which will become a wholly owned subsidiary, as of the end of the most recent fiscal year is less than 10% of the value of the net assets of the Company, which will become the wholly owning parent company, and the net sales of TOHO INDUSTRIAL is less than 3% of the net sales of the Company, this disclosure makes partial omission of the items and details of disclosure.

1. Purpose of this Share Exchange

The YAMAZEN Group is developing its business under the vision of improving corporate value as a trading company that supports manufacturing and creates comfortable living space in response to changing industrial structures. This year, the 70th anniversary year since foundation, the Company is working to further improve corporate value by creating new growth strategies based on the policies of the new three-year medium-term management plan **ONEXT YAMAZEN 2018**.

TOHO INDUSTRIAL, meanwhile, was founded 67 years ago, and over that time it has acquired high standards and technological prowess in manufacturing. As a machinery maker in the field of Robotic System Integration that handles the entire process from concept design to manufacture, TOHO INDUSTRIAL has been providing products and services that contribute to the automation and energy-saving needs of customers of diverse industries, such as automobiles, housing, food, and medical devices.

The Company has agreed to making TOHO INDUSTRIAL a wholly owned subsidiary because it intends to further enhance its system integration function, which contributes to improving the competitiveness of its customers by responding to the automation and energy-saving needs of manufacturing plants, and it also wishes to train the personnel who will contribute to these objectives.

2. Overview of this Share Exchange

(1) Schedule of this Share Exchange

Date of board resolution (TOHO INDUSTRIAL)	March 6, 2017
Date of board resolution (the Company)	March 9, 2017
Date of conclusion of share exchange agreement (TOHO INDUSTRIAL and the Company)	March 9, 2017
Date of shareholders’ meeting resolution (TOHO INDUSTRIAL)	March 28, 2017 (Planned)
Date of execution of share exchange (effective date)	April 11, 2017 (Planned)

Note: The Company plans to conduct a simplified share exchange pursuant to Article 796, paragraph 2 of the Companies Act, which does not require approval at the general meeting of shareholders of the Company.

(2) Method of this Share Exchange

This Share Exchange will involve the Company as the wholly owning parent company and TOHO INDUSTRIAL as the wholly owned subsidiary. This Share Exchange does not require approval at the general meeting of shareholders of the Company as it is planned to be executed using the simplified share exchange procedure pursuant to Article 796, paragraph 2 of the Companies Act, and it is planned to be executed subject to approval at an extraordinary general meeting of shareholders of TOHO INDUSTRIAL, scheduled to be held on March 28, 2017.

(3) Allocation of shares in connection with this Share Exchange

	YAMAZEN CORPORATION (wholly owning parent company)	TOHO INDUSTRIAL CO., LTD. (wholly owned subsidiary)
Allocation ratio for this Share Exchange	1	3,907
Number of shares to be delivered under this Share Exchange	The Company's common shares: 1,465,125 shares (Planned)	

Profiles of the companies involved in this Share Exchange

	The Company (wholly owning parent company)	TOHO INDUSTRIAL (wholly owned subsidiary)
(1) Company name	YAMAZEN CORPORATION	TOHO INDUSTRIAL CO., LTD.
(2) Location	2-3-16 Itachibori, Nishi-ku, Osaka	6861-9 Oaza Imuro, Asacho, Asakita-ku, Hiroshima
(3) Representative	Meguru Nakata, President & CEO	Yoko Kamikawa, Representative Director
(4) Summary of business	Trading company specializing in manufacturing equipment (machines, tools) and consumer goods (housing equipment, domestic equipment)	Design and manufacture of industrial equipment for automation and energy saving
(5) Paid-in capital	¥7,909 million	¥25 million
(6) Establishment date	May 30, 1947	February 25, 1985
(7) Number of shares issued	93,840,310 shares	375 shares
(8) Book closing date	March 31	December 31
(9) Number of employees	2,771 (Consolidated) (as of September 30, 2016)	45 (as of December 31, 2016)
(10) Major business partners	Brother Industries, Ltd. Daikin Industries, Ltd. DMG MORI Co., Ltd. Okuma Corporation Panasonic Corporation	Mazda Motor Corporation Toyo Seat Co., Ltd. Horkos Corp
(11) Main banks	Mizuho Bank, Ltd. Resona Bank, Limited Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Trust & Banking Co., Ltd.	The Hiroshima Bank, Ltd. The Yamaguchi Bank, Ltd. Momiji Bank, Ltd. Sumitomo Mitsui Banking Corporation

(12) Major shareholders and shareholding ratio	Yamazen Business Partners Shareholders' Association	9.1%	8 individual shareholders	100.0%		
	Tokyo Yamazen Business Partners Shareholders' Association	6.1%				
	DMG MORI Co., Ltd.	3.7%				
	Mizuho Bank, Ltd.	3.4%				
	The Master Trust Bank of Japan, Ltd. (Trust Account)	3.3%				
	Resona Bank, Limited	3.2%				
	Yamazen Employees' Investment Association	2.8%				
	Nagoya Yamazen Business Partners Shareholders' Association	2.5%				
	Japan Trustee Services Bank, Ltd. (Trust Account)	2.0%				
	Hiroshima Yamazen Business Partners Shareholders' Association	1.4%				
	(as of September 30, 2016)				(as of March 9, 2017)	
	(13) Relationships of interest between parties					
Capital relationship	None					
Human relationship	None					
Business relationship	None					
Status as related party	None					
(14) Financial position as of end of most recent fiscal year and operating results for most recent fiscal year (¥ million except per share amounts)						
Fiscal year	Fiscal year ended March 31, 2016 (Consolidated)	Fiscal Year ended December 31, 2016 (Non-consolidated)				
(Consolidated) Net assets	67,518	887				
(Consolidated) Total assets	208,404	1,341				
(Consolidated) Net assets per share (¥)	717.25	2,366,677				
(Consolidated) Net sales	447,774	832				
(Consolidated) Operating income	13,258	85				
(Consolidated) Ordinary income	13,503	104				
Profit (attributable to owners of parent)	9,192	57				
(Consolidated) Earnings per share (¥)	98.01	152,494				
Dividends per share (¥)	30.00	10,000				