

**To whom it may concern:**

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**Notice Regarding the Consolidation of Shares, Change in the Number of Shares per Share Unit and Partial Amendment of the Articles of Incorporation**

SCREEN Holdings Co., Ltd. (hereinafter the “Company”) hereby announces a resolution passed at the Board of Directors meeting held on May 10, 2016, to submit proposals for a reverse share split and related partial amendment of its Articles of Incorporation entailing a change in the number of shares per share unit, to the 75th Ordinary General Meeting of Shareholders scheduled for June 28, 2016. Details follow.

**1. Reverse share split**

(1) Purpose of reverse share split

The Japanese stock exchanges collectively announced the “Action Plan for Consolidating Trading Units,” which aims to standardize the trading units for common stock issued by all listed domestic corporations at 100 shares, with the plan’s transition period being set to expire on October 1, 2018.

As a corporation listed on the Tokyo Stock Exchange, the Company respects the objectives of the plan and has thus decided to change the number of shares per share unit, or trading unit, for its stock, from 1,000 shares to 100 shares. In addition, the Company will execute a reverse share split, with an eye to realizing the level of investment unit (50,000 yen or more and less than 500,000 yen) that is considered desirable by the stock exchange.

(2) Details of reverse share split

(i) Class of shares subject to reverse share split  
 Common stock

(ii) Method and consolidation ratio of reverse share split  
 Based on the number of shares held by shareholders listed in the final shareholders’ register as of September 30, 2016, every five shares will be consolidated into one share. The reverse share split will be effective on October 1, 2016.

(iii) Decrease in number of shares due to reverse share split

Total number of outstanding shares before reverse share split (as of March 31, 2016)	253,974,333
Decrease in number of shares due to reverse share split	203,179,467
Total number of outstanding shares after reverse share split	50,794,866

Note: “Decrease in number of shares due to reverse share split” and “Total number of outstanding shares after reverse share split” are based on theoretical figures calculated using “Total number of outstanding shares before reverse share split” and the consolidation ratio described in the preceding note (ii).

(3) Impact of reverse share split

The reverse share split will decrease the total number of outstanding shares to one-fifth of the current number. However, as the Company’s net asset and other value will remain unchanged, the value of net assets per share

will increase by the same proportion. Therefore, the asset value of the Company's shares will not change, unless such value is exposed to changes in stock market conditions or other factors.

(4) Decrease in number of shareholders due to reverse share split

The Company's shareholder composition based on the shareholders' register as of March 31, 2016 is as follows.

	Number of shareholders (%)	Number of shares held (%)
Total	10,833 (100%)	253,974,333 (100%)
Fewer than 5 shares	147 (1.36%)	218 (0.00%)
5 shares or more	10,686 (98.64%)	253,974,115 (100.00%)

Note: If a reverse share split is carried out based on the composition presented above, 147 shareholders holding fewer than five shares (the total number of shares held by such shareholders is 218) will lose their status as shareholders. However, such shareholders may apply either to purchase additional shares in order to expand their holdings to at least one share unit or to sell their holdings to the Company. For details regarding these procedures, please direct your inquiries to the securities brokerage firm with which you deal. If you do not have an account with such a firm, please direct your inquiry to the administrator of the shareholders' register designated by the Company. The administrator's contact details are presented at the end of this document.

(5) Handling of fractional shares of less than one share

In cases where fractional shares of less than one share are created through the reverse share split, the Company will dispose of all such shares in accordance with the Japanese Company Law and will reimburse the proceeds therefrom to the former holders of such fractional shares in amounts proportional to the former holdings of said shareholders.

(6) Total number of authorized shares as of the effective date for reverse share split

As the total number of outstanding shares is expected to decrease due to the reverse share split, the Company will optimize the total number of authorized shares by proportionally decreasing the number of such shares (one share to five shares) in conjunction with the effective date of reverse share split (October 1, 2016).

Total number of authorized shares prior to change	Total number of authorized shares after change (as of October 1, 2016)
900,000,000	180,000,000

(7) Conditions for reverse share split

The reverse share split will be executed based on the presumption of approval of two proposals, the first regarding the reverse share split itself and the second a partial amendment of the Company's Articles of Incorporation entailing a change in the number of shares per share unit, by the 75th Ordinary General Meeting of Shareholders scheduled for June 28, 2016.

**2. Change in the number of shares per share unit**

(1) Reasons for change in the number of shares per share unit

The Company aims to conform to the "Action Plan for Consolidating Trading Units" as stated in above 1. (1) "Purpose of reverse share split."

(2) Details of change in the number of shares per share unit

The Company will change the number of shares per share unit for common stock from 1,000 to 100.

(3) Scheduled date of change

October 1, 2016

- (4) Conditions pertaining to change in the number of shares per share unit  
 The change in the number of shares per share unit will be executed based on the presumption of approval of two proposals, the first regarding the reverse share split and the second a partial amendment of the Company's Articles of Incorporation entailing a change in the number of shares per share unit, by the 75th Ordinary General Meeting of Shareholders scheduled for June 28, 2016.

**3. Partial amendment of the Company's Articles of Incorporation**

(1) Reasons for the partial amendment of the Articles of Incorporation

(i) To decrease the total number of authorized shares by the same ratio used for the reverse share split, the Company will change Article 6 of the current Articles of Incorporation while amending Article 8 to change the number of shares per share unit from 1,000 to 100. These changes will be executed based on the presumption of approval of the proposal regarding the reverse share split by the 75th Ordinary General Meeting of Shareholders scheduled for June 28, 2016.

(ii) In line with the Law for Partial Amendment to the Company Law (Act No. 90 of 2014), which came into effect on May 1, 2015, the parameters defining Directors and Corporate Auditors eligible to sign an agreement limiting their personal liability has been revised. In response, the Company will amend the relevant provision of its Articles of Incorporation.

In addition, the Company has obtained approval from each Corporate Auditor for the proposed change in Article 29 of the Articles of Incorporation.

(iii) The changes described in (i) above will entail the addition of a supplemental provision to the Articles of Incorporation stating that the new provisions will come into effect on October 1, 2016, in conjunction with the effective date of the reverse share split as stated in the proposal.

Said supplemental provision will be deleted when the changes described in (1) come into force.

(2) Details of the partial amendment of the Articles of Incorporation

The details of the amendment are as follows.

(Text subject to amendment is underlined)

Current Articles of Incorporation	Proposed Amendment
Article 1 } ~ } (Text omitted) Article 5 }  (Total number of authorized shares) Article 6 The total number of authorized shares to be issued by the Company shall be <u>900,000,000</u> .  Article 7 (Text omitted)	Article 1 } ~ } (Same as present text) Article 5 }  (Total number of authorized shares) Article 6 The total number of authorized shares to be issued by the Company shall be <u>180,000,000</u> .  Article 7 (Same as present text)
(Number of shares in each share unit) Article 8 The number of shares in each share unit shall be <u>1,000</u> .  Article 9 } ~ } (Text omitted) Article 28 }	(Number of shares in each share unit) Article 8 The number of shares in each share unit shall be <u>100</u> .  Article 9 } ~ } (Same as present text) Article 28 }

Current Articles of Incorporation	Proposed Amendment
<p>(Agreements with <u>Outside Directors</u> with Respect to Limitation of Liability)</p> <p>Article 29 Pursuant to the provisions of Article 427, Paragraph 1 of the Company Law, the Company may execute agreements with <u>Outside Directors</u> that limit their liabilities for damages as set forth in Article 423, Paragraph 1 of the Company Law; provided, however, that the limit of the liabilities for damages under such agreements shall be the amount prescribed in laws or regulations.</p> <p>Article 30 }  ~ } (Text omitted)  Article 37 }</p>	<p>(Agreements with <u>Directors</u> with Respect to Limitation of Liability)</p> <p>Article 29 Pursuant to the provisions of Article 427, Paragraph 1 of the Company Law, the Company may execute agreements with <u>Directors (excluding Executive Directors, etc.)</u> that limit their liabilities for damages as set forth in Article 423, Paragraph 1 of the Company Law; provided, however, that the limit of the liabilities for damages under such agreements shall be the amount prescribed in laws or regulations</p> <p>Article 30 }  ~ } (Same as present text)  Article 37 }</p>
<p>(Agreements with <u>Outside Corporate Auditors</u> with Respect to Limitation of Liability)</p> <p>Article 38 Pursuant to the provisions of Article 427, Paragraph 1 of the Company Law, the Company may execute agreements with <u>Outside Corporate Auditors</u> that limit their liabilities for damages as set forth in Article 423, Paragraph 1 of the Company Law; provided, however, that the limit of the liabilities for damages under such agreements shall be the amount prescribed in laws or regulations.</p> <p>Article 39 }  ~ } (Text omitted)  Article 42 }</p>	<p>(Agreements with <u>Corporate Auditors</u> with Respect to Limitation of Liability)</p> <p>Article 38 Pursuant to the provisions of Article 427, Paragraph 1 of the Company Law, the Company may execute agreements with <u>Corporate Auditors</u> that limit their liabilities for damages as set forth in Article 423, Paragraph 1 of the Company Law; provided, however, that the limit of the liabilities for damages under such agreements shall be the amount prescribed in laws or regulations.</p> <p>Article 39 }  ~ } (Same as present text)  Article 42 }</p>
<p>(Newly established)</p>	<p><u>Supplementary Provision</u></p> <p><u>Article 1 Changes in provisions of Article 6 (Total number of authorized shares) and Article 8 (Number of shares in each share unit) shall be effective on October 1, 2016. In addition, this supplementary provision shall be deleted when the aforementioned changes came into effect.</u></p>

(3) Conditions for the partial amendment of the Articles of Incorporation

The partial amendment of the Company's Articles of Incorporation takes effect based on the presumption of approval of two proposals, the first regarding the reverse share split and the second a partial amendment of the Company's Articles of Incorporation entailing a change in the number of shares per share unit, by the 75th Ordinary General Meeting of Shareholders scheduled for June 28, 2016.

#### 4. Schedule

Date of the Board of Directors' resolution:	May 10, 2016
Date of Ordinary General Meeting of Shareholders:	June 28, 2016 (scheduled)
Effective date of reverse share split:	October 1, 2016 (scheduled)
Effective date of change in the total number of authorized shares:	October 1, 2016 (scheduled)
Effective date of change in the number of shares per share unit:	October 1, 2016 (scheduled)

Note: Although the above table presents the effective date of the reverse share split and change in the number of shares per share unit as October 1, 2016, the trading unit used by Tokyo Stock Exchange, Inc. for the transaction of the Company's stock shall not be changed from 1,000 to 100 until September 28, 2016, due to the time required to complete procedures for bank transfers associated with the sale and purchase of said stock.

(Attached material)

Reference: Q&A about Reverse Share Split and Change in the Number of Shares per Share Unit

## **Reference: Q&A about Reverse Share Split and Change in the Number of Shares per Share Unit**

### Q1. What is a “reverse share split?”

A. A reverse share split refers to a procedure wherein multiple shares are consolidated to create a smaller number of shares. In this case, the Company will consolidate every five shares into one share.

### Q2. What is “change in the number of shares per share unit” all about?

A. The change in the number of shares per share unit involves altering the number of shares defined as a minimum unit for the exercise of voting rights at the General Meeting of Shareholders and for trading via stock exchanges. The Company will change the number of shares per share unit from 1,000 to 100.

### Q3. Please explain the purposes of the reverse share split and change in the number of shares per share unit.

A. The Japanese stock exchanges collectively announced the “Action Plan for Consolidating Trading Units,” which aims to standardize the trading units for common stock issued by all listed domestic corporations at 100 shares, with the plan’s transition period being set to expire on October 1, 2018.

As a corporation listed on the Tokyo Stock Exchange, the Company respects the objectives of the plan and has thus decided to change the number of shares per share unit, or trading unit, for its stock, from 1,000 shares to 100 shares. In addition, the Company will execute a reverse share split, with an eye to realizing the level of investment unit (50,000 yen or more and less than 500,000 yen) that is considered desirable by the stock exchange.

### Q4. The reverse share split decreases the number of shares held by shareholders. Won’t there be an impact on the asset value of these shares?

A. The execution of reverse share split will not change the value of assets and capital held by the Company. Therefore, the asset value of the Company’s shares held by its shareholders will not be affected, unless such value is exposed to changes in stock market conditions or other factors. In fact, although the number of Company shares held by shareholders will decrease to one-fifth of the current number, net assets per share will inversely rise five times with the reverse share split.

Moreover, the theoretical stock price per share will increase five times with the reverse share split.

### Q5. What will be the impact on the amount of cash dividends per share?

A. With the number of shares held by our shareholders decreasing to one-fifth of the current number through the execution of reverse share split, the Company plans to factor the ratio of the reverse share split (every five shares consolidated into one share) into the calculation of cash dividends per share. Accordingly, the total amount of cash dividends paid to each shareholder will not be affected, unless the Company’s business results fluctuate due to external factors. However, fractional shares of less than one share created through the reverse share split will not be subject to the payment of cash dividends.

### Q6. Can you provide details regarding the number of shares and voting rights held by shareholders?

A. Following the execution of the reverse share split, the number of the Company’s shares held by its shareholders will decrease to one-fifth of the number presented in the final shareholders’ register as of September 30, 2016. (Fractional holdings of less than one share will be cut off.) Also, the number of voting rights held by shareholders will be one for every 100 shares following the reverse share split.

Examples of the number of the Company’s shares and voting rights held by its shareholders before and after the effective date of the reverse share split and change in the number of shares per share unit are presented on the table below.

	Before effective date		After effective date		
	Number of shares held by shareholders	Number of voting rights	Number of shares held by shareholders	Number of voting rights	Number of fractional shares
Case (1)	2,000	2	400	4	None
Case (2)	1,263	1	252	2	0.6
Case (3)	1,000	1	200	2	None
Case (4)	665	None	133	1	None
Case (5)	337	None	67	0	0.4
Case (6)	4	None	0	0	0.8

In cases where fractional shares of less than one share are created through the reverse share split (as in the case (2), (5) and (6) above), the Company will dispose of all such shares and reimburse their proceeds therefrom to the former holders of such fractional shares in amounts proportional to the former holdings of said shareholders. The Company plans to pay these proceeds to shareholders around December 2016.

As for shareholders who have only four shares (as in the case (6) above) prior to the effective date of reverse share split, their shares will be lost after the reverse share split, as fractional shares are disposed of by the Company. Therefore, those who have four shares or fewer prior to the effective date will lose their status as shareholders. The Company sincerely requests the understanding of such shareholders with regard to this change.

Q7. Is there a way to avoid the creation of fractional shares?

A. The disposal of fractional shares can be avoided by selling any holdings that could generate fractional shares to the Company or by purchasing additional shares prior to the reverse share split.

For details regarding these procedures, please inquire your servicing securities firm or the administrator of shareholders' register designated by the Company.

Q8. In addition to my shares that correspond to the newly defined number of shares per share unit, I may end up having shares of less than one share unit after the reverse share split. Will the Company purchase such shares or allow me to purchase additional shares to supplement shortfalls?

A. Even after the execution of reverse share split, shareholders may apply to have such shares purchased by the Company or for the additional purchase of shares to expand their holdings to at least one share unit.

For details regarding these procedures, please direct your inquiries to the securities brokerage firm with which you deal or the administrator of the shareholders' register designated by the Company.

Q9. Are there any other procedures that shareholders must go through?

A. Shareholders are not required to go through any other procedures.

For inquiries:

Designated Administrator of the Shareholders' Register

Sumitomo Mitsui Trust Bank, Limited

Address:

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

Stock Transfer Agency Business Planning Dept.

Sumitomo Mitsui Trust Bank, Limited