

May 7, 2014

To whom it may concern

Company name: DAINIPPON SCREEN MFG. CO., LTD
Representative: Eiji Kakiuchi, President
(Code Number: 7735, First Section of Tokyo Stock Exchange)
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Notice of Organizational Reform: Change to Holding Company Structure
Regarding Establishment of Preparatory Companies
and Execution of Agreement on Absorption-Type Company Split
and Amendments to Articles of Incorporation (Changes of Trade Name and Business Purposes) in
Connection with Change to Holding Company Structure

In order to change to a holding company structure as of October 1, 2014 (scheduled date) through a demerger by absorption-type company split under the Companies Act of Japan (the “Company Split”), the Board of Directors of DAINIPPON SCREEN MFG. CO., LTD (the “Company” or “Screen”) resolved at its meeting held on May 7, 2014 to execute an absorption-type company split agreement with SOKUDO Co., Ltd., a wholly owned subsidiary of the Company (“SOKUDO”), for the purpose of carrying out the Company Split, whereby SOKUDO will take over the Semiconductor production equipment business of the Company. In addition, the Company hereby announces that Screen’s Board of Directors also resolved today to establish four new wholly owned subsidiaries of the Company as preparatory companies for the Company Split and to execute absorption-type company split agreements with such preparatory companies in order to carry out the Company Splits for the purpose of demerging the Company’s FPD production equipment business, Media and precision technology business (printing and PCB production equipment related business), manufacturing support and manufacturing contracting operations, and shared services operations respectively to the four newly established preparatory companies (collectively, together with SOKUDO, the “Successor Companies”).

Upon the completion of these Company Splits, the Company is scheduled to become a holding company as of October 1, 2014, change its trade name to “SCREEN Holdings Co., Ltd.”, and also change its business purposes in alignment with the businesses to be assumed upon changing to the holding company structure.

These Company Splits and the amendments to the Company’s Articles of Incorporation (changes of the trade name and business purposes) are subject to the related agenda items being approved at the Company’s ordinary general meeting of shareholders scheduled to be held on June 26, 2014.

Although the Company plans to change to a holding company structure after these Company Splits, the Company is schedule to remain a publicly listed company.

In addition, as these Company Splits are absorption-type company splits with wholly owned subsidiaries of the Company, a portion of disclosure items are omitted from the following disclosures.

1. Purpose of Change to Holding Company Structure

The Screen Group's management principle is the "Shi Kou Ten Kai (the pursuit of new ideas and development and opening of new businesses, products and markets)" which is to always challenge for creation of a new business, technology, and product based upon the core technology. The idea is advocated now with "Shi Kou Ten Kai (the implementation of reform with a strong will)" and leading not only to cultivation of the Company's core technology but also to a driving force to positively develop open innovation to supplement and further activate the Company's core technology.

With regard to the market domains of the three businesses that support the Screen Group, we believe that many growth opportunities exist, as the trend toward new technologies is unceasing. However, we must continue to exercise speedy management and possess a strong corporate structure in order to grow at a steady pace.

In this environment, the Screen Group initiated "Challenge2016", a new medium-term three-year management plan, in April 2014. Under this medium-term three-year management plan, we will endeavor to further promote reform of the earnings structure, shift to a high earnings structure, and rapidly commercialize new business domains.

In order to achieve the goal of this "Challenge2016", we have decided to change to a pure holding company structure so as to grant clear responsibility and authority to each business and to enable flexible and bold management decisions under the strong control of the holding company.

The Company aims to maximize the corporate value of the Screen Group. As a holding company, we will do this by performing such functions as formulating integrated and flexible strategies for the entire group, optimally allocating management resources, and monitoring the status of business execution at subsidiaries while maintaining and developing the core technologies that are the source of our corporate group value, as well as by developing a strategic and clear management organization.

Furthermore, to facilitate procedures to acquire approval and authorization that will be required when changing to a pure holding company structure, we have decided to establish preparatory companies for the Company Splits in advance of such change.

2. Summary of the Company Splits

(1) Schedule

Establishment of preparatory subsidiaries (registration of incorporation)	May 7, 2014 (Wed)
Resolution of Board of Directors (approval of split agreements)	May 7, 2014 (Wed)
Execution of absorption-type company split agreements	May 7, 2014 (Wed)
Date of ordinary general meeting of shareholders	June 26, 2014 (Thu)
Scheduled date of the Company Splits (effective date)	October 1, 2014 (Wed)

(2) Method

The method employed will be an absorption-type company split, whereby with SOKUDO and the four preparatory companies for the Company Splits as the successor companies, the Company respectively demerges the rights and obligations in relation to the Company's Semiconductor production equipment business, FPD production equipment business, Media and precision technology business, manufacturing support and manufacturing contracting operations, and shared services operations to each Successor Company.

(3) Allocation of Shares

SOKUDO Co., Ltd., SCREEN FE Company Split Preparation Co., Ltd., SCREEN MP Company Split Preparation Co., Ltd., SCREEN Manufacturing Company Split Preparation Co., Ltd., and SCREEN Business Service Company Split Preparation Co., Ltd., which are the Successor Companies, will each issue common shares as of the effective date of the Company Splits, and will allocate all such shares to the Company, the splitting company.

(4) Treatment of Share Acquisition Rights and Bonds with Subscription Rights to Shares Associated with Applicable Reorganization

The Company does not issue share acquisition rights or bonds with subscription rights to shares.

(5) Decrease in Capital, etc. due to Company Split

Capital, etc. will not decrease due to the Company Split.

(6) Rights and Obligations to be Assumed by the Successor Companies

The Successor Companies will respectively assumed the assets, obligations and incidental rights and obligations related to the Company's Semiconductor production equipment business, FPD production equipment business, Media and precision technology business, manufacturing support and manufacturing contracting operations, and shared services

operations as a result of these Company Splits. However, some rights and obligations, including contracts which are difficult to assume due to their nature or provisions, will be excluded.

(7) Expectation of Fulfillment of Obligations

As a result of these Company Splits, the Company expects that there will be no problems relating to the fulfillment of relevant obligations either for the Company or the Successor Companies. In addition, the liabilities to be assumed by the Successor Companies shall be jointly and severally assumed by the Company as well.

3. Overview of the Splitting Company

- (1) Trade Name: DAINIPPON SCREEN MFG. CO., LTD.
- (2) Location of Head Office: Tenjinkita-machi 1-1, Teranouchi-agaru 4-chome, Horikawa-dori, Kamigyo-ku, Kyoto
- (3) Name and Position of Representative: Eiji Kakiuchi, President
- (4) Business Activities: Manufacture and sale of Semiconductor production equipment, FPD production equipment, Media and precision technology (printing and PCB production equipment)
- (5) Capital: 54 billion Yen
- (6) Date of Establishment: October 11, 1943
- (7) Number of Issued Shares: 253,974,333 shares
- (8) Fiscal Year-End: March 31st
- (9) Major Shareholders and Shareholding Ratio:

The Master Trust Bank of Japan, Ltd. (Accounting in trust)	10.95%
Japan Trustee Services Bank, Ltd. (Accounting in trust)	7.91%
Nippon Life Insurance Company	4.07%
The Bank of Kyoto, Ltd.	2.84%
Resona Bank, Limited	1.92%
Dainippon Screen's Business Partners Shareholders' Association Synchronize	1.92%
The Shiga Bank Ltd.	1.79%
Dainippon Screen's Employees Shareholders' Association	1.78%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1.65%
BNP Paribas Securities (Japan) Limited	1.52%

(10) Previous Fiscal Year's Financial Position and Operating Results (consolidated)

Fiscal Year	Year ended March 31, 2014
Consolidated Net Assets	87,097 million Yen
Consolidated Total Assets	232,376 million Yen
Consolidated Net Assets Per Share	364.23 Yen
Consolidated Sales	235,946 million Yen
Consolidated Operating Income	8,902 million Yen
Consolidated Ordinary Income	8,394 million Yen
Consolidated Net Income	5,418 million Yen
Consolidated Net Income Per Share	22.83 Yen

4. Overview of Successor Companies

	Successor Company	Successor Company	Successor Company	Successor Company	Successor Company
(1) Trade Name	SOKUDO Co., Ltd.	SCREEN FE Company Split Preparation Co., Ltd.	SCREEN MP Company Split Preparation Co., Ltd.	SCREEN Manufacturing Company Split Preparation Co., Ltd.	SCREEN Business Service Company Split Preparation Co., Ltd.
(2) Business Activities	Semiconductor production equipment development, manufacturing, sales and maintenance services	Necessary preparatory operations to assume business due to Company Split from the Company	Necessary preparatory operations to assume business due to Company Split from the Company	Necessary preparatory operations to assume business due to Company Split from the Company	Necessary preparatory operations to assume business due to Company Split from the Company
(3) Date of Establishment	July 2006	May 2014	May 2014	May 2014	May 2014
(4) Location of Head Office	Tenjinkita-machi, 1-1, Teranouchi-agaru 4-chome, Horikawa-dori, Kamigyo-ku, Kyoto	Tenjinkita-machi, 1-1, Teranouchi-agaru 4-chome, Horikawa-dori, Kamigyo-ku, Kyoto	Tenjinkita-machi, 1-1, Teranouchi-agaru 4-chome, Horikawa-dori, Kamigyo-ku, Kyoto	Tenjinkita-machi, 1-1, Teranouchi-agaru 4-chome, Horikawa-dori, Kamigyo-ku, Kyoto	Tenjinkita-machi, 1-1, Teranouchi-agaru 4-chome, Horikawa-dori, Kamigyo-ku, Kyoto
(5) Name and Position of Representative	Tadahiro Suhara, Representative Director, President	Eiji Kakiuchi, Representative Director, President	Eiji Kakiuchi, Representative Director, President	Eiji Kakiuchi, Representative Director, President	Eiji Kakiuchi, Representative Director, President
(6) Capital	90 million Yen	10 million Yen	10 million Yen	10 million Yen	10 million Yen
(7) Number of Issued Shares	1,400	200	200	200	200
(8) Fiscal Year-End	March 31 st	March 31 st	March 31 st	March 31 st	March 31 st

(9) Major Shareholders and Shareholding Ratio	DAINIPPON SCREEN MFG. CO., LTD 100%	
(10) Relationship, etc. between Listed Company and Successor Companies		
Capital Relationship	The Successor Companies will be wholly owned subsidiaries of the Company	
Personal Relationships	One Director of the splitting company will concurrently serve as a Corporate Auditor of the Successor Company.	One Director of the splitting company will concurrently serve as a Director of the Successor Companies.
Trading Relationships	The Successor Company has consigned production of Semiconductor production equipment to the Company.	As the Successor Companies have not commenced trading, there is no trading relationship.
Applicable Status in Relation to Related Parties	They are consolidated subsidiaries of the Company.	
(11) Previous Fiscal Year's Financial Position and Operating Results		
Fiscal Year	Year ended March 31, 2014	As the companies will be established on May 7, 2014, there are no matters that should be disclosed.
Net Assets	-2,366 million Yen	
Total Assets	5,815 million Yen	
Sales	19,478 million Yen	
Operating Income	85 million Yen	
Ordinary Income	19 million Yen	
Net Income	10 million Yen	

5. Overview of Business Divisions to be Demerged

(1) Business Activities of Divisions to be Demerged

Successor Company	Business Activities of Divisions to be Demerged
SOKUDO Co., Ltd.	Semiconductor production equipment business and measurement system related equipment business
SCREEN FE Company Split Preparation Co., Ltd.	FPD production equipment business and other equipment related business
SCREEN MP Company Split Preparation Co., Ltd.	Media and precision technology business
SCREEN Manufacturing Company Split Preparation Co., Ltd.	Manufacturing support and manufacturing contracting operations
SCREEN Business Service Company Split Preparation Co., Ltd.	Shared services operations

(2) Operating Results of Divisions to be Demerged (fiscal year ended March 31, 2014)

Successor Company	Sales
Semiconductor production equipment business	147,060 million Yen
FPD production equipment business	16,865 million Yen
Media and precision technology business	27,239 million Yen
Manufacturing support and manufacturing contracting operations	There are no matters that should be disclosed.
Shared services operations	There are no matters that should be disclosed.

(3) Items and Amounts of Assets and Liabilities to be Demerged (as of March 31, 2014)

(i) Semiconductor production equipment business

Assets		Liabilities	
Item	Book Value	Item	Book Value
Current Assets	67,396 million Yen	Current Liabilities	60,730 million Yen
Noncurrent Assets	12,759 million Yen	Noncurrent Liabilities	11 million Yen
Total	80,155 million Yen	Total	60,741 million Yen

(ii) FPD production equipment business

Assets		Liabilities	
Item	Book Value	Item	Book Value
Current Assets	9,577 million Yen	Current liabilities	7,718 million Yen
Noncurrent Assets	412 million Yen	Noncurrent liabilities	120 million Yen
Total	9,989 million Yen	Total	7,838 million Yen

(iii) Media and precision technology business

Assets		Liabilities	
Item	Book Value	Item	Book Value
Current assets	16,769 million Yen	Current Liabilities	8,185 million Yen
Fixed assets	8,254 million Yen	Long-term Liabilities	52 million Yen
Total	25,022 million Yen	Total	8,238 million Yen

Note 1: As the above amounts were calculated based on the balance sheet as of March 31, 2014, the amounts that will actually be split off and succeeded will be different from the above amounts.

Note 2: As the amounts of assets and liabilities to be split off in the manufacturing support and manufacturing contracting operations and the shared services operations are small, they have not been disclosed.

6. Amendments to Articles of Incorporation

(1) Purpose

Pursuant to the shift to a holding company structure, the trade name of the Company will be changed to “SCREEN Holdings Co., Ltd.” and the management of group companies, etc. will be added to the business purposes of the Company.

(2) Details of Amendments

For details of the amendments, please refer to the comparative table in the Attachment hereto, which contains both the new and previous language.

(3) Schedule

Date of Ordinary General Meeting of Shareholders: June 26, 2014

Effective Date: October 1, 2014

We will provide further notification of the “Status after the Company Split” together with the “Future Outlook” once the details have been decided.

-End-

Attachment

Details of Amendments to the Articles of Incorporation

The proposed amendments to the Articles of Incorporation are as follows.

(Underline indicates amended portions)

Current	Proposed revisions
<p>(Trade Name)</p> <p>Article 1</p> <p>1. The name of the Company shall be <u>大日本スクリーン製造株式会社</u>.</p> <p>2. The English name shall be <u>DAINIPPON SCREEN MFG. CO., LTD</u></p> <p>(Purpose)</p> <p>Article 2</p> <p>The purpose of the Company shall be to <u>conduct the following businesses</u>.</p> <p>(1) The manufacture and sale of prepress/ printing equipment, instruments, parts, pharmaceuticals and other materials</p> <p>(2) The manufacture and sales of equipment, instruments, and parts etc for the use of information and image processing</p> <p>(3) The development and sales of software</p> <p>(4) Information service businesses such as information processing and information provision through multimedia</p> <p>(5) The manufacture and sales of equipment for electronics application, instruments, and precision components as well as pharmaceuticals and other materials</p> <p>(6) The manufacture and sales of medical equipment and medical implements</p> <p>(7) Design, supervision, contracting and construction related to telecommunication</p>	<p>(Trade Name)</p> <p>Article 1</p> <p>1. The name of the Company shall be 株式会社 SCREENホールディングス.</p> <p>2. The English name shall be <u>SCREEN Holdings Co., Ltd</u>.</p> <p>(Purpose)</p> <p>Article 2</p> <p>1. The purpose of the Company shall be <u>to control and manage the business activities of applicable companies, etc. by holding shares or interests in companies (including foreign companies), partnerships (including those equivalent to partnerships in foreign countries), and other equivalent business entities that conduct business in each of the following areas</u>.</p> <p>(1)</p> <p>(2)</p> <p>(3)</p> <p>(4)</p> <p>(5)</p> <p>(6)</p> <p>(7)</p> <p align="center">Same as previous</p>

work, electrical work and instruments installation work		
(8) Leasing and rental of various kinds of movables such as equipment and instruments ancillary to or related to each of the preceding items	(8)	
(9) Trading, leasing and management of real estate	(9)	
(10) Education, the provision of information and technical guidance related to environmental protection by international standards etc, quality guarantee and management system on industrial safety and hygiene	(10)	
(11) Research, planning, design, supervision, consulting and the sale of technology and know-how ancillary to or related to each of the preceding items	(11)	Same as at previous
(12) Factoring operations	(12)	
(13) Publication and sale of books and magazines, etc.	(13)	
(14) Nonlife insurance agency operations	(14)	
(15) Worker dispatch business	(15)	
(16) Freight transportation and warehousing	(16)	
(17) All businesses ancillary to or related to each of the preceding items	(17)	
(Newly established)		2. <u>The Company may conduct all of the businesses in each of the preceding items as well as any businesses ancillary or related to such items.</u>
(Newly established)		<u>(Supplementary Provision) The amendments to the provisions of Article 1 (Trade Name) and Article 2 (Purpose) shall become effective as of October, 1, 2014. In addition, this supplementary provision shall be deleted after the above become effective.</u>