



Company name: Tamagawa Holdings Co., Ltd.
Representative: Toru Masuzawa, President
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Notice concerning Reduction of Capital Reserve and Appropriation of Surplus

This is to give notice that the board of directors of the Company convened on May 23, 2014, and resolved to submit a proposal on reduction of capital reserve and appropriation of surplus to the 46th Annual General Meeting of Shareholders scheduled to be held on June 27, 2014.

1. Purpose of reduction of capital reserve and appropriation of surplus

- (1) To secure the amount of dividend payable at an early stage for realization of dividend distribution.
- (2) To compensate for the amount of loss arising from past losses.
- (3) To ensure flexibility and maneuverability for future capital policy.

2. Outline of reduction of capital reserve

In accordance with the provisions of Article 448, paragraph (1) of the Companies Act, the capital reserve would be reduced by 573,047 thousand yen and this amount would be transferred to other capital surplus as set forth below.

- (1) Amount of reduction of capital reserve
Capital reserve 573,047 thousand yen
- (2) Amount of addition to other capital surplus
Other capital surplus 573,047 thousand yen
- (3) Date on which the reduction of capital reserve would become effective
June 27, 2014

3. Outline of appropriation of surplus

In accordance with Article 452 of the Companies Act, other capital surplus would be reduced 573,047 thousand yen after the transfer described in 2. above becomes effective, and this amount would be transferred to accumulated profit brought forward and compensate for the amount of loss.

- (1) Category and corresponding amount for reduction of surplus
Other capital surplus 573,047 thousand yen
- (2) Category and corresponding amount for addition of surplus
Accumulated profit brought forward 573,047 thousand yen

4. Key dates

Date of resolution by board of directors meeting	May 23, 2014
Date of resolution by shareholders meeting	June 27, 2014 (prospective)
Effective date	June 27, 2014 (prospective)

Because the reduction of capital reserve in this matter is performed in accordance with Article 449, paragraph (1) of the Companies Act, the procedure for creditors to make objections will not be performed.

5. Outlook

This matter will not cause any modification to the valuations presented in the net assets section of the Company's balance sheets, will not cause any change to the Company's profit and loss or net assets, and will have no effect on earnings. Also, the details described above are premised on the passage of the resolution at the 46th Annual General Meeting of Shareholders on June 27, 2014 (prospective).