

**JASDAQ**

May 29, 2014

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### Notice concerning Partial Payment and Partial Cancellation of Stock Warrants Issued for Private Placement

In connection with the series-5 stock warrants issued for private placement (the "Private Placement") pursuant to resolution of the board of directors' meeting convened on May 8, 2014, as announced in the press release "Tamagawa Holdings Co., Ltd. Announces Conclusion of Business and Capital Alliance Agreement and Issuance of Stock Warrants for Private Placement" (the "Press Release"), Tamagawa Holdings gives notice that on the payment due date (the date of this notice), payment by the two prospective subscribers was effected by Mr. Yukihiro Akimoto but was not effected by Mr. Hikonobu Ise, resulting in the partial cancellation of the stock warrants.

Tamagawa Holdings will enter into consultations for further review with the parties concerned regarding the business and capital alliance under the Business and Capital Alliance Agreement (the "Agreement") announced in the Press Release and the acquisition of shares in ISE Power (to be treated as an equity method affiliate) announced on May 8, 2014 in the press release headed "Notice concerning the Acquisition of ISE Power as an Equity-Method Affiliate." Steps to be taken will be announced upon finalization.

Tamagawa Holdings extend their sincere apologies for any inconvenience caused to shareholders and market participants in connection with this private placement.

#### 1. Partial payment and partial cancellation of the stock options for private placement

##### (1) Outline of the private placement

(1) Payment due date and allotment date	May 29, 2014 (Thursday)		
(2) Total number of warrants	14,439 warrants (underlying shares per warrant: 1,000 shares)		
(3) Issue price	¥7,918 per warrant (¥114,328,002 in total)		
(4) Number of dilutive shares issued	14,439,000 shares		
(5) Amount of cash raised	¥4,648,174,002 (net cash: ¥4,622,174,002) Breakdown Cash raised from warrant issuance: ¥114,328,002 Cash raised from warrant exercise: ¥4,533,846,000		
(6) Exercise price	¥314 per share		
(7) Offering or allotment method (Prospective subscribers)	Private placement (Prospective subscribers)	Hikonobu Ise Yukihiro Akimoto	12,377 warrants 2,062 warrants

(2) Partial payment and partial cancellation of the stock options for private placement

With respect to 2,062 stock warrants (14.28% out of a total number of 14,439 stock options) allotted to Mr. Yukihiro Akimoto ("Mr. Akimoto") among the prospective subscribers stated in Item (1) above, receipt of payment of the amount of ¥16,326,916 was confirmed with the payment handling financial institution.

With regard to Mr. Hikonobu Ise ("Mr. Ise"), as stated in Item 6 (4) of the Press Release, Tamagawa Holdings had previously obtained transcripts, etc., of deposit account bank passbooks of Mr. Ise, on the basis of which the ability to pay was found to be present and payment to be expected. However, with respect to the 12,377 stock warrants allotted to Mr. Ise, payment by the payment due date on May 29, 2014, could not be confirmed with the payment handling financial institution.

2. Steps to be taken

As described in Item 1. (2) above, payment for the stock warrants was made by Mr. Akimoto but not by Mr. Ise. In light of these circumstances, Tamagawa Holdings will enter into consultations with the parties concerned to review the background to the cancellation of the stock warrants to be allotted to Mr. Ise and to review the Agreement and the acquisition of shares in ISE Power (to be treated as an equity method affiliate). Steps to be taken will be announced upon finalization.