



JASDAQ

May 12, 2015

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Notice concerning Reduction of Capital Reserve

At the meeting of the board of directors of the Company convened on May 12, 2015, it was resolved to submit a proposal to the 47th Annual General Meeting scheduled for June 26, 2015, for a reduction of the capital reserve, and subject to the said reduction taking effect, to pay out a dividend of surplus funded with other capital surplus. Details are described below.

Notably, concerning the dividend of surplus, today's concurrent release "Notice concerning Dividend Payment" should be referenced.

1. Purpose of reduction of capital reserve

In order to preserve the flexibility and mobility of the capital policy measures and the principle of shareholder dividends, based on the provisions of Article 448(1) of the Companies Act, Tamagawa Holdings proposes a reduction of its capital reserve with a transfer of the reduction amount to other capital surplus, and payment of a year-end dividend funded out of other capital surplus.

2. Outline of reduction of capital reserve

Based on the provisions of Article 448(1) of the Companies Act, it is proposed to partially reduce the capital reserve and to transfer the reduction amount to other capital surplus.

(1) Amount of reduction of capital reserve

Capital reserve: 200,000 thousand yen

(2) Amount of addition to other capital surplus

Other capital surplus: 200,000 thousand yen

3. Implementation schedule (prospective)

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| Date of resolution by board of directors meeting | May 12, 2015 |
| Date of public notice for the filing of objections of creditors | May 19, 2015 (prospective) |
| Expiration date of the period for the filing of objections of creditors | June 22, 2015 (prospective) |
| Date of resolution by shareholders meeting | June 26, 2015 (prospective) |
| Effective date | June 29, 2015 (prospective) |

4. 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. The content of the foregoing is contingent on the approval of the proposed reduction of the capital reserve at the 47th Annual General Meeting scheduled for June 26, 2015, and on the completion of procedures for the protection of creditors.