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## **SBI HOLDINGS, INC.**

(Incorporated in Japan with limited liability)

(Stock code: 6488)

### **OVERSEAS REGULATORY ANNOUNCEMENT AND INSIDE INFORMATION**

This announcement is made pursuant to Rules 13.09(2)(a) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Please refer to the attached copy of the Announcement.

On behalf of the Board

**SBI Holdings, Inc.**

**Yoshitaka Kitao**

*Representative Director,*

*President & Chief Executive Officer*

Japan, 17 October 2013

*As of the date of this announcement, the executive Directors are Mr Yoshitaka Kitao, Mr Taro Izuchi, Mr Takashi Nakagawa, Mr Tomoya Asakura, Mr Shumpei Morita, Mr Noriaki Maruyama and Mr Peilung Li, the non-executive Directors are Mr Masato Takamura, Mr Hiroshi Tasaka and Mr Teruhide Sato and the independent non-executive Directors are Mr Masaki Yoshida, Mr Kiyoshi Nagano, Mr Keiji Watanabe, Mr Akihiro Tamaki and Mr Masanao Marumono.*

*This announcement shall not constitute an offer to sell or a solicitation of an offer to buy the Bonds or Shares, nor shall there be any sale of these Bonds or Shares in any state of jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under securities law of any such state or jurisdiction.*

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## **Notice Regarding the Issue of Euro Yen Convertible Bonds Due 2017**

SBI Holdings, Inc. (hereinafter “the Company”) hereby announces that it has resolved at the Board of Directors Meeting held on 17 October 2013 to issue Euro Yen Convertible Bonds due 2017 (bonds with stock acquisition rights, *tenkanshasaigata shinkabu yoyakuken tsuki shasai*) (hereinafter the “Bonds with Stock Acquisition Rights”) in the aggregate issue amount of JPY 30.0 billion.

### **Background of the Issuance of the Bonds with Stock Acquisition Rights**

The SBI Group has positioned securities, banking and insurance as its three core businesses in the Financial Services Business and established a unique “Financial Ecosystem” including each group companies that supports those core businesses. By maximally pursuing the group synergies created within, the SBI Group is expanding its Financial Services Business. In July 2013, the SBI Group entered into an agreement to acquire a 100% equity interest in PCA Life Insurance Co., Ltd. (hereinafter “PCA Life Insurance”) which is a Japanese arm of Prudential plc of the U.K., and subject to the authorizations to be granted by the relevant authorities in Japan, will make a full-scale re-entry into the life insurance business. Accordingly the SBI Group will further accelerate to reinforce the insurance business that is one of the three core businesses.

Also, the SBI Group has been jointly establishing and managing various investment funds with local prominent partners to fully enjoy the investment income in emerging countries centered on Asia which show high potential growth. Moreover the Group consolidated Hyundai Swiss Savings Bank (corporate name was changed to SBI Savings Bank in September 2013), the largest savings bank in South Korea, and its subsidiaries in March 2013, and is providing advanced expertise in the field of Internet financial services cultivated in Japan to overseas financial institutions that the Group owns interest in with the view to improve corporate value of those investees.

In the field of biotechnology, the SBI Group regards it as one of the core businesses of the next-generation. In addition to investing in bio-venture companies, the Group is directly engaged in expanding the operations of the biotechnology-related business through its subsidiaries. In particular, the Group positions the business related to 5-aminolevulinic acid (5-ALA; an amino acid existing within a living organism) as its most promising growth area, and is pursuing global business development of 5-ALA in the fields of cosmetics, health foods and drug research and development.

The Group considers the current improvement in market environment as an opportunity and is pursuing aggressive management to accelerate its future growth strategy as mentioned above. Therefore, the

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Company decided upon the issue of the Bonds with Stock Acquisition Rights with the view to ensure long-term and stable funds.

### **Use of Proceeds**

The net proceeds from the issue of Bonds with Stock Acquisition Rights are estimated to amount to approximately JPY 30.0 billion, and are expected to be used by the Company primarily as follows;

- (i) approximately JPY 15.0 billion in Financial Services Business, of which approximately JPY 8.5 billion is expected to be used for the acquisition by the Company of the shares of PCA Life Insurance which is subject to obtaining authorization or permission by the relevant authorities in Japan and announced by the Company on 16 July 2013, approximately JPY 5.0 billion is expected to be used for injection of capital into SBI Insurance Co., Ltd. (hereinafter “SBI Insurance”), and approximately JPY 1.5 billion is expected to be used for investments into and lending to subsidiaries of the Company in the Financial Services Business by the end of March 2015.

If the acquisition by the Company of the shares of PCA Life Insurance does not take place by the end of June 2014 (due to difficulties in obtaining authorization or permission by the relevant authorities in Japan or change in external conditions or otherwise), the Company intends to apply the approximately JPY 8.5 billion of net proceeds mentioned above in redemption of bonds that are due to mature by the end of July 2014;

- (ii) approximately JPY 5.0 billion in Asset Management Business, for principal investments into domestic and overseas investment funds and for investments into and lending to overseas financial services business by the end of March 2015;
- (iii) approximately JPY 2.0 billion for investments into and lending to subsidiaries of the Company in the Biotechnology-related Business by the end of March 2015; and
- (iv) approximately JPY 8.0 billion for redemption of interest-bearing debt (including bonds and loans), of which approximately JPY 5.0 billion is expected to be used for the redemption of bonds by the end of November 2013, and approximately JPY 3.0 billion is expected to be used for the repayment of loans by the end of December 2013.

### **Purpose of the Issue of the Bonds with Stock Acquisition Rights**

Given the fact that the Bonds with Stock Acquisition Rights are Zero Coupon Convertible Bonds, it enables the Company to implement a strategic investment at a low cost since the funding cost is reduced based on no interest payments.

In the future event of conversion of the Bonds with Stock Acquisition Rights into stocks, due to the

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successful implementation of the above-mentioned growth strategy accompanied by the rise in share price surpassing the conversion price, the Company will further reinforce its capital position while avoiding excessive dilution. By including the 120% call option clause, it enables the Company to encourage the bondholders to convert their bonds into stocks when the share price rises to exceed the conversion price in a certain level.

By ensuring long-term funds through the issue of the Bonds with Stock Acquisition Rights, the SBI Group will strive to maintain sustainable growth and further improve corporate value by means of the Group's increased stability of financial base and enforcement of the above-mentioned growth strategy in a prompt and reliable manner.

1. Name of the Bonds SBI Holdings, Inc. Euro Yen Convertible Bonds due 2017 (bonds with stock acquisition rights, *tenkanshasaigata shinkabu yoyakuken tsuki shasai*) (the "Bonds with Stock Acquisition Rights", among which the bonds only shall be referred to as the "Bonds" and the stock acquisition rights only shall be referred to as the "Stock Acquisition Rights" hereinafter)
2. Paid-in amount of each Bond 100.0% of the principal amount of each Bond (principal amount of each Bond: 10,000,000 yen)
3. Amount to be paid in exchange for the Stock Acquisition Rights No cash payments shall be required in exchange for the Stock Acquisition Rights.
4. Payment date and issuance date of the Bonds 5 November 2013 (London time; hereinafter the same unless otherwise specified)
5. Matters regarding offering
  - (1) Method of offering Offering in the overseas market (excluding the United States of America) consisting mainly of Europe through underwriting by purchase by the entire amount of the Managers with Daiwa Capital Markets Europe Limited as the sole Bookrunner and Lead Manager (the "Managers"). However, any application for the purchase shall be submitted no later than 8:00 a.m. (Japan time) on the day following the execution date of the Subscription Agreement.
  - (2) Offer price of the Bonds with Stock Acquisition Rights 102.5% of the principal amount of each Bond

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6. Matters regarding the Stock Acquisition Rights

- (1) Class and number of shares subject to the Stock Acquisition Rights
- The class of shares subject to the Stock Acquisition Rights is shares of common stock of the Company (the “Shares”). Upon the exercise of the Stock Acquisition Rights, the number of the Shares to be issued by the Company or the number of Shares held by the Company to be transferred by it in lieu of such issuance (issuance or transfer of the Shares is hereinafter referred to as the “delivery”) shall be the number to be obtained by dividing the aggregate of the principal amount of the Bonds related to the exercised Stock Acquisition Rights by the conversion price set out in items (4)(B) and (C) below. However, any fraction of a share shall be rounded down and no cash adjustment shall be made. Any issue of shares not comprising a whole unit of shares resulting from the exercise of the Stock Acquisition Rights shall be delivered to the holder of the Bonds with Stock Acquisition Rights (the “Holders of the Bonds with Stock Acquisition Rights”) in the manner similar to those for a unit of shares and no cash settlement shall be made by the Company in respect of such shares not comprising a whole unit of shares.
- (2) Number of Stock Acquisition Rights to be issued
- The aggregate number of 3,000 rights and the number obtained by dividing the aggregate of the principal amount of the Bonds related to the replacement certificates of Bonds with Stock Acquisition Rights (meaning certificates of the Bonds with Stock Acquisition Rights to be issued based on adequate proof and in exchange for consideration in the case of loss, theft or destruction of the Certificates of the Bonds with Stock Acquisition Rights as defined in Section 7 (4) below; hereinafter the same) by 10,000,000 yen.
- (3) Date of allotment of the Stock Acquisition Rights
- 5 November 2013
- (4) Description of the asset to be contributed upon the exercise of the stock acquisition rights and the amount or the calculation method thereof
- (A) Upon the exercise of each Stock Acquisition Right, the Bond related to such Stock Acquisition Right shall be contributed and the value of asset to be contributed upon the exercise of the Stock Acquisition Rights shall be the price equal to the principal amount of each Bond.
- (B) Initially, the conversion price shall, pursuant to the authorization by the board of directors, be determined by a representative director taking into consideration investor demand for the convertible-bonds-type bonds with stock acquisition rights, captured by a book building method pursuant to the market practice in the Euro market and other market trends, and shall not fall below 100% of the closing price of the Shares on the Tokyo

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Stock Exchange, Inc. (the “Tokyo Stock Exchange”) immediately prior to the conclusion of an subscription agreement between the Company and the Managers listed in Section 5 (1) above with respect to the Bonds with Stock Acquisition Rights.

- (C) The conversion price shall be adjusted in accordance with the following formula when the Company issues Shares or disposes of the Shares held by the Company (excluding cases of the exercise of a stock acquisition right or a put option of shares with a put option (*shutokuseikyukentsuki kabushiki*)) at a price less than the Current Market Price per Share (as defined in the Terms and Conditions of the Bonds; hereinafter the same) after the issuance of the Bonds with Stock Acquisition Rights. In the following formula, the “number of already issued shares” means the total number of the Shares issued (excluding the Shares held by the Company).

$$\begin{array}{r}
 \text{Conversion} \\
 \text{price after} \\
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 =
 \begin{array}{r}
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 \text{shares to be} \\
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 \text{Number of already} \\
 \text{issued shares}
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 +
 \begin{array}{r}
 \text{Number of shares to be} \\
 \text{issued or disposed of}
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The conversion price shall also be adjusted from time to time pursuant to the Terms and Conditions of the Bonds on the occurrence of certain events, such as a split (including the allotment of shares without consideration) or consolidation of the Shares, issuance of stock acquisition rights (including those attached to bonds with stock acquisition rights) which enable the holders thereof to make requests for the delivery of the Shares at a price less than the Current Market Price per Share and a dividend payment in excess of a certain limit.

- (5) Matters regarding amount of stated capital and additional paid-in capital to be increased by the issuance of Shares upon the exercise of the Stock Acquisition Rights
- The amount of stated capital to be increased when shares are issued upon the exercise of the Stock Acquisition Rights shall be one-half of the “maximum capital and other increased amount”, as calculated pursuant to Article 17 of the Rules of Account Settlement of Corporations in respect of the exercise of the relevant Stock Acquisition Rights, with any fraction of less than one yen being rounded up. The amount of additional paid-in capital to be increased shall be the amount obtained by deducting from the maximum capital and other increased amount the amount of stated capital so increased.

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- (6) Exercise Period of Stock Acquisition Rights The exercise period shall be from 19 November 2013, to the close of the business of banks on 19 October 2017 (local time at the place where the Stock Acquisition Right is to be exercised); however, (A) in the case of early redemption set forth in Section 7 (3) (B) (i) through (vi) below, then up to the close of the business of banks (local time at the place where a request for the exercise is accepted) on the third Tokyo business day prior to the relevant redemption date (except for the Stock Acquisition Rights relating to the Bonds for which the holder has elected that such Bond shall not be redeemed pursuant to Section 7 (3) (B) (iii)), (B) in the case of purchase and cancellation of the Bonds pursuant to in Section 7 (3) (C) below, then up to the time when such Bond is cancelled by the Company; (C) if the relevant bond shall become due and repayable pursuant to Section 7 (3) (E) below, then up to the time when such Bond becomes due and repayable.

Notwithstanding the foregoing, the Stock Acquisition Right may not be exercised for such period as may be designated by the Company, which may not exceed 30 days, and which period shall end on a date not later 14 days after the Corporate Event Effective Date if the Company reasonably determines that such suspension is necessary in order to consummate the relevant organizational restructuring by the Company.

Notwithstanding the foregoing, the Stock Acquisition Right may not be exercised if a calendar day in Japan on which the exercise of Stock Acquisition Rights becomes effective (or if such calendar day is not a Tokyo business day, the next following Tokyo business day) falls during the period from, and including, two Tokyo business days prior to the record date fixed by the Company or other day specified for determining the shareholders pursuant to Article 151, paragraph 1 of the Law Concerning Book-Entry Transfer of Bonds, Stock, etc. (Law No. 75 of 2001) (together with the record date fixed by the Company, collectively, the “Shareholder Determination Date”) (if a Shareholder Determination Date is not a Tokyo business day, three Tokyo business days prior to such Shareholder Determination Date) to, and including, such Shareholder Determination Date (if a Shareholder Determination Date is not a Tokyo business day, three Tokyo business days prior to such Shareholder Determination Date). If there is a change to a Japanese law and regulation or practice relating to the delivery of shares upon the exercise of stock acquisition rights through the book-entry transfer system established pursuant to the Act on Book-Entry Transfer of Corporate Bonds, Shares, Etc., then the Company may amend the restriction on the exercise period of the Stock Acquisition Rights under this paragraph to reflect such change.

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(7) Other conditions for the No Stock Acquisition Rights may be exercised in part.

Exercise of the Stock  
Acquisition Rights

(8) Reason why no cash  
payment shall be required  
in exchange for the Stock  
Acquisition Rights

The Bonds and the Stock Acquisition Rights are closely connected, i.e., the Stock Acquisition Rights are incorporated in the convertible-bonds-type bonds with stock acquisition rights and may not be transferred separately from the Bonds; the Bonds related to the Stock Acquisition Rights shall be contributed to capital in kind upon the exercise of the relevant Stock Acquisition Rights; and in the case of the early redemption of the Bonds, the exercise period of the Stock Acquisition Rights will expire and the Stock Acquisition Rights will be extinguished accordingly. In addition, the Company has taken into consideration the logical economic value inherent in the Stock Acquisition Rights based on the initial conversion price to be determined pursuant to Section 4 (B) above as well as the result of the incorporation of the Stock Acquisition Rights in the Bonds, the economic value generated to the Company by the terms of issuance of the Bonds, including interest rate of the Bonds and paid-in amount thereof, upon issuance of the Bonds with Stock Acquisition Rights. Hence, the Company has determined that no cash payments be required in exchange for the Stock Acquisition Rights.

(9) Grant of the Stock  
Acquisition Rights by the  
New Obligor in the case  
of the Company's  
Corporate Event

(A) If a Corporate Event occurs and,

- (i) it is legally possible under the then applicable laws (taking into account the then official or judicial interpretation or application of such laws);
- (ii) a practical structure for a proposed transaction has been or can be established; and
- (iii) the Company or the New Obligor (as defined in Section 7 (3) (B) (iv) below) does not incur any costs or expenses (including taxes) which are in the opinion of the Company unreasonable in the context of the entire transaction,

then the Company shall use its best endeavors to cause the New Obligor to succeed to the liabilities under the Bonds with the Stock Acquisition Rights in accordance with the Terms and

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Conditions of the Bonds and the Trust Deed and for the grant of the stock acquisition rights by the New Obligor. Such succession of liabilities under the Bonds with Stock Acquisition Rights in accordance with the Terms and Conditions of the Bonds and the Trust Deed and the grant of the stock acquisition rights by the New Obligor shall take effect on the relevant Corporate Event Effective Date, or, in the case of a merger, a share transfer or corporate split where the new company is established on or immediately after the relevant Corporate Event Effective Date, as soon as practicable on or after, but in any event no later than 14 days after the relevant Corporate Event Effective Date. In connection with the succession by the New Obligor to the Bonds with the Stock Acquisition Rights and the grant of the stock acquisition rights by the New Obligor, the Company shall also use its best endeavors to ensure that the shares of common stock of the New Obligor will be listed on any financial instruments exchange in Japan on the relevant Corporate Event Effective Date.

(B) The following is the substance of the stock acquisition rights of the New Obligor set forth in item (A) above:

(i) Number of the New Obligor's stock acquisition rights to be granted

The number of stock acquisition rights to be granted will be equal to the number of the Stock Acquisition Rights held by the Holders of the Bonds with Stock Acquisition Rights outstanding immediately prior to the relevant Corporate Event Effective Date.

(ii) Class of shares subject to the New Obligor's stock acquisition rights

Common stock of the New Obligor

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- (iii) Number of shares subject to the New Obligor's stock acquisition rights

The number of shares of common stock of the New Obligor to be delivered upon the exercise of the stock acquisition rights of the New Obligor shall be determined by reference to the Terms and Conditions of the Bonds and the following provisions, taking into account the terms of the transaction resulting in the relevant Corporate Event. The conversion price is subject to the adjustment in the manner analogous to those under Section 4 (C) above.

- (I) In the case of a merger, stock exchange or share transfer, the conversion price shall be such that the holder of the stock acquisition rights would, upon its exercise immediately after the relevant Corporate Event Effective Date, receive the number of shares of common stock of the New Obligor to be received under a transaction resulting in such Corporate Event by a holder of the number of Shares which a holder of the Shares would have received had such Stock Acquisition Rights been exercised immediately prior to the Corporate Event Effective Date. If securities (other than shares of common stock of the New Obligor) or other property shall be delivered to such holder upon the Corporate Event taking effect, such number of shares of common stock of the New Obligor shall also be received by the holder as being calculated by dividing the fair market value of such securities or properties by the New Obligor Current Market Price per Share (as defined in the Terms and Conditions of the Bonds), provided that in determining such fair market value, the Company shall, at its own expense, consult with

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an Independent Financial Advisor (as defined in the Terms and Conditions of the Bonds; hereinafter the same as in item (iii) unless otherwise specified applies) and shall take fully into account the advice of the Independent Financial Advisor.

- (II) In the case of any other Corporate Event, the conversion price shall be such that the holder of the stock acquisition rights shall, upon its exercise immediately after the relevant Corporate Event Effective Date, receive an equivalent economic interest which would have been received by a holder of the Bonds with Stock Acquisition Rights had such Stock Acquisition Right been exercised immediately prior to the relevant Corporate Event Effective Date, provided that, in determining such equivalent economic interest, the Company shall consult with an Independent Financial Advisor and shall take fully into account the advice of such Independent Financial Advisor.
- (iv) Description of the asset to be contributed upon the exercise of the stock acquisition rights of the New Obligor and the amount and the calculation method thereof

Upon the exercise of each stock acquisition right of the New Obligor, the transferred Bonds shall be contributed and the value of asset to be contributed upon the exercise of the stock acquisition rights of the New Obligor shall be the price equal to the principal amount of the transferred Bonds.

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- (v) Exercise period of the stock acquisition rights of the New Obligor

The exercise period shall be from the later of the Corporate Event Effective Date or the date of succession set forth in item (A) above up to the last day of the exercise period of the Stock Acquisition Rights specified in Section 6 above.

- (vi) Conditions for the exercise of the stock acquisition rights of the New Obligor

No stock acquisition rights of the New Obligor may be exercised in part.

- (vii) The amount of stated capital to be increased by issuance of shares upon the exercise of the stock acquisition rights of the New Obligor shall be one-half of the maximum capital and any other increased amount as calculated pursuant to Article 17 of the Rules of Account Settlement of Corporations, with any fraction less than one yen being rounded up. The amount of additional paid-in capital to be increased shall be the amount of the maximum capital and any other increased amount after the deduction of the amount of stated capital to be increased.

- (viii) In the case of the occurrence of a Corporate Event

Items (A) and (B) above shall apply *mutatis mutandis*.

- (ix) Others

Any fraction of a share of common stock of the New Obligor resulting from the exercise of the stock acquisition rights of the New Obligor will be rounded down and no cash adjustment will be made in respect

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thereof. Any stock acquisition rights of the New Obligor may not be transferred separately from the Bonds transferred to the New Obligor.

## 7. Matters regarding the Bonds

(1) Aggregate amount of the Bonds      The aggregate principal amount of 30,000,000,000 yen and the aggregate principal amount of the Bonds concerning the replacement certificates of Bonds with Stock Acquisition Rights

(2) Interest rate of the Bonds      The Bonds will accrue no interest. However, default interest may be paid in accordance with Section 7 (3) (E) below.

(3) Redemption method and date of the Bonds      (A) Redemption upon maturity

To be redeemed at 100% of the principal amount of each Bond on 2 November 2017

(B) Early redemption

(i) Redemption by 120% call option clause

If the closing price of the Shares (regular trading) on the Relevant Stock Exchange (as defined below) (the “Closing Price”) is equal to or more than 120% of the conversion price indicated in Section 6 (4) (B) and (C) above that is applicable on each Trading Day for 20 consecutive Trading Days (as defined below), at any time on or after 5 November 2014, the Company may, at its option, having given not less than 30 nor more than 60 days’ prior notice (such notice is irrevocable) to the Trustee and the Principal Agent (excluding the case where it is the same as the Trustee) as well as the Holder of the Bonds with Stock Acquisition Rights within 30 days from the last date of such 20 consecutive Trading Days, redeem all, but not some only, of the Bonds then outstanding at 100% of their principal amount on the date the Company designated as the redemption date in the early redemption notice.

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The “Relevant Stock Exchange” means Tokyo Stock Exchange or, if at the relevant time the Shares are not listed on Tokyo Stock Exchange, the principal stock exchange in Japan on which the Shares are then listed or quoted or ordinarily dealt in.

The “Trading Day” means a day on which the Relevant Stock Exchange is open for business, but does not include a day on which no closing price for the Shares is reported.

However, the Company may not give an early redemption notice in accordance with this item (B)(i) in the case it is obligated to give an early redemption notice pursuant to item (iv) or (vi) below, or events under items (v)(i) through (iv) occur.

(ii) Redemption by Clean-up Clause:

If at any time before the redemption notice under this (ii), the outstanding principal amount of the Bonds is less than 10% of the aggregate principal amount of the Bonds as of the date of issue thereof, the Company may, at its option, having given not less than 30 nor more than 60 days’ prior notice (such notice is irrevocable) to the Trustee and the Principal Agent (excluding the case where it is the same as the Trustee) as well as the Holders of the Bonds with Stock Acquisition Rights, redeem all, but not some only, of the Bonds then outstanding at 100% of their principal amount on the date the Company designated as the redemption date in the early redemption notice.

However, the Company may not give an early redemption notice in accordance with this item (B)(ii) in the case it is obligated to give an early redemption notice pursuant to item (iv) or (vi) below, or events under items (v)(i) through (iv) occur.

(iii) Redemption for Taxation Reasons

If any event occurs such as a change to the Japanese tax system and the Company satisfies the Trustee that the Company has or

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will become obliged to pay additional amounts as provided for in the Special Covenants in Section 8 (A) below regarding the payment related to the Bonds and that such obligation cannot be avoided by the Company taking reasonable means available to it, at any time the Company may, at its option, having given not less than 30 nor more than 60 days' prior notice (such notice is irrevocable) to the Trustee and the Principal Agent (excluding the case where it is the same as the Trustee) as well as the Holders of the Bonds with Stock Acquisition Rights, redeem all, but not some only, of the Bonds then outstanding at 100% of their principal amount on the date the Company designated as the redemption date in the notice of early redemption; provided that no such notice shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional amounts were a payment in respect of the Bonds then due.

Notwithstanding the foregoing, if the outstanding aggregate principal amount of the Bonds at the time when such notice is given is 10% or more of the aggregate principal amount of the Bonds as of the date of issue thereof, each Holder of the Bonds with Stock Acquisition Rights will, having given notice to the Company no later than 20 days prior to the redemption date, have the right to elect that its Bonds should not be redeemed. In such case, the Company shall not be obliged to pay additional amounts as provided for in Section 8 (A) below and the payment in respect of the Bonds after the redemption date shall be made subject to the withholding of, or deduction for or on account of, Japanese taxes, duties, assessments and governmental charges referred to in Section 8 (A) below.

However, the Company may not give an early redemption notice in accordance with this item (B)(iii) in the case it is obligated to give an early redemption notice pursuant to item (iv) or (vi) below, or events under items (v)(i) through (iv) occur.

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*This announcement does not constitute or form a part of any offer of securities for sale in the United States or elsewhere. The Bonds issued by the Company and the Shares into which the Bonds are convertible have not been and will not be, at the time of offering, registered under the U.S. Securities Act of 1933 (the "Securities Act") or any relevant securities law of any state securities law, and may not be offered or sold in the U.S. absent registration under, or an applicable exemption from, the registration requirements of the Securities Act and applicable state securities law. Any public offering of securities to be made in the U.S. will be made by means of a prospectus that may be obtained from the Company and that will contain detailed information about the Company and its management as well as its financial statements.*

(iv) Corporate Event Redemption:

If any of the following conditions is satisfied upon or following the occurrence of a Corporate Event (as defined below): (i) it is not legally possible under the then applicable laws (taking into account the then official or judicial interpretation of such laws) to take steps as provided for in Section 6 (9) (A) above below; or (ii) it is legally possible to take steps as provided for in paragraph 6 (9) (A) above but, despite the Company using its best endeavors, the Company cannot take such steps; or (iii) despite the Company using its best endeavors, on (a) the date of the relevant Corporate Event or (b) the 25th day prior to the effective date of the transaction contemplated by the relevant Corporate Event (“Corporate Event Effective Date”), whichever occurs later, (x) the shares of common stock of the New Obligor (as defined below) set out in paragraph 6 (9) (A) above have not been listed on any financial instruments exchange in Japan, and (y) no confirmation has been obtained by the New Obligor from any financial instruments exchange in Japan or the governing body of any financial instruments market in Japan that such listing will be obtained on or prior to such Corporate Event Effective Date; or (iv) before the above Corporate Event Effective Date, the Company delivers to the Trustee a certificate stating that it does not anticipate that the shares of common stock of the New Obligor would be listed on any financial instruments exchange in Japan on the relevant Corporate Event Effective Date (the reason therefor to be provided in the certificate), then the Company shall, having given not less than fourteen Tokyo business days’ prior notice (such notice is irrevocable) to the Trustee and the Principal Agent (excluding the case where it is the same as the Trustee) as well as the Holders of the Bonds with Stock Acquisition Rights (in principle, such notice shall be given as soon as practicable after the date of the relevant Corporate Event Date), redeem all, but not some only, of the Bonds then outstanding at a redemption price set out below on the date specified for redemption in such notice of redemption (in principle, such redemption date shall be a date falling on or prior

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to the relevant Corporate Event Effective Date).

The redemption price applicable to the above redemption shall be calculated in accordance with a certain formula based on the redemption date and parity of the Bonds with Stock Acquisition Rights, so that it reflects the value of the Bonds with Stock Acquisition Rights at the time of the relevant redemption in light of the interest rate, share price of the Shares, volatility and other market trends at the time of the determination of the conversion price in Section 6 (4) (B) above. The minimum redemption price so calculated shall be 100% of the principal amount of the Bonds, and the maximum price shall be 190% of the principal amount of the Bonds; provided, that the redemption price shall be 100% of the principal amount of the Bonds where the redemption date falls between 20 October 2017 and 1 November of the same year. Details of the formula shall be determined by the Company's representative director at the time of the determination of the conversion price in Section 6 (4) (B) above pursuant to the authorization by the board of directors of the Company.

“Corporate Event” shall mean the passing of a resolution at a general meeting of shareholders of the Company (or, where a resolution of a general meeting of shareholders is not necessary, at a meeting of the Board of Directors of the Company; hereinafter the same) for (i) any consolidation or amalgamation (*shinsetsu gappei*) of the Company with, or merger (*kyushu gappei*) of the Company into, any other corporation (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation; the same applies hereinafter), (ii) the sale or transfer of all or substantially all of the assets of the Company to another corporation, pursuant to the terms of which the Company's obligations under the Bonds with Stock Acquisition Rights are to be transferred to or assumed by the asset transferee; hereinafter the same, (iii) any corporate split (*shinsetsu bunkatsu* or *kyushu bunkatsu*) in which the Company's obligations under the Bonds with Stock Acquisition

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Rights are to be transferred to or assumed by the corporation which is the counterparty to such corporate split, (iv) the Company to become a wholly-owned subsidiary of another corporation by way of share exchange (*kabushiki-kokan*) or share transfer (*kabushiki-iten*); hereinafter the same or (v) any other corporate reorganization procedure then provided for under Japanese law pursuant to which the Company's obligations under the Bonds and/or the Stock Acquisition Rights are proposed to be transferred to or assumed by the New Obligor.

“New Obligor” means collectively, the corporation continuing or established due to the merger, the corporation by which the Company's assets will be assumed by the asset transfer, such other corporation by which the Company's obligations under the Bonds with Stock Acquisition Rights are assumed by the corporate split, the corporation that will become the Company's parent company by the share exchange or share transfer, and other corporation to or by which the obligations of the Company under the Bonds and/or the Stock Acquisition Rights are to be assumed due to any other corporate reorganization procedure then provided for under Japanese law.

(v) Redemption on delisting of the Shares

If (i) any offer is made by a party or parties (the “Offeror”) other than the Company in accordance with the Financial Instruments and Exchange Law to acquire all or a portion of the Shares, (ii) the Company expresses its opinion to support such offer in accordance with the Financial Instruments and Exchange Law, (iii) the Company or the Offeror states in the relevant tender offer registration statement or any amendment thereto, or otherwise publicly announces or admits, that the Shares may cease to be listed on the Relevant Stock Exchange or may be disqualified from such listing, quotation or dealing, as a result of the acquisition of the Shares pursuant to the offer (unless the Company or the Offeror publicly expresses its intention to use its best endeavors to continue such listing, quotation or dealing in

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Japan after such acquisition) and (iv) the Offeror acquires any Shares pursuant to the offer, then the Company shall, having given a notice as soon as practicable (but within fourteen days since the acquisition of the Shares by the relevant tender offer) to the Trustee and the Principal Agent (excluding the case where it is the same as the Trustee) as well as the Holders of the Bonds with Stock Acquisition Rights, redeem all, but not some only, of the Bonds then outstanding at the redemption price calculated by mutatis mutandis application of item (iv) above (the minimum redemption price so calculated shall be 100% of the principal amount of the Bonds, and the maximum price shall be 190% of the principal amount of the Bonds; provided, that the redemption price shall be 100% of the principal amount of the Bonds where the redemption date falls between 20 October 2017 and 1 November of the same year.) on the date specified for redemption thereof in such notice of redemption (which shall be a day falling between the 14th to 30th Tokyo business day after the relevant notice).

Notwithstanding the foregoing, if the Company or the Offeror states in the relevant tender offer registration statement or any amendment thereto, or otherwise publicly announces, that it intends to effect a Corporate Event after the date of acquisition of any Shares pursuant to the offer, then the redemption obligation under this item (v) shall not apply unless such Corporate Event does not occur within 60 days after the relevant acquisition date, in which case the Company shall, having given a notice as soon as practicable (but within fourteen days from the last date of the 60-day period) to the Holders of the Bonds with Stock Acquisition Rights, redeem all, but not some only, of the Bonds then outstanding at the above redemption price on the date specified for redemption thereof in such notice of redemption (which shall be a day falling between the 14th to 30th Tokyo business day after the relevant notice).

If the Company becomes entitled to redeem the Bonds pursuant to both item (v) above and either item (iv) above or item (vi)

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below, the procedure pursuant to item (iv) above or item (vi) below, as the case may be, shall apply.

(vi) Squeeze-out Redemption

If any Squeeze-out Event (defined below) occurs, then the Company may, having given a notice as soon as practicable (but within fourteen days since the occurrence of the relevant Squeeze-out Event) to the Trustee and the Principal Agent (excluding the case where it is the same as the Trustee) as well as the Holders of the Bonds with Stock Acquisition Rights, redeem all, but not some only, of the Bonds then outstanding at the redemption price calculated by mutatis mutandis application of item (iv) above (the minimum redemption price so calculated shall be 100% of the principal amount of the Bonds, and the maximum price shall be 190% of the principal amount of the Bonds; provided that the redemption price shall be 100% of the principal amount of the Bonds where the redemption date falls between 20 October 2017 and 1 November 2017 of the same year.) on the date specified for redemption thereof in such notice of redemption (which shall be before the acquisition of the Shares due to the Squeeze-out Event and a day falling between the 14th to 30th Tokyo business day after the relevant notice).

“Squeeze-out Event” means the passing of a resolution at a general meeting of shareholders of the Company approving its acquisition of all of the outstanding Shares in exchange for appropriate consideration, following the outstanding Shares being transformed into callable shares (*zenbushutokujoko tsuki shuruikabushiki*) by way of an amendment to the Articles of Incorporation.

(C) Purchase and cancellation

Subject to compliance with the terms of the financial instruments exchange on which the Bonds are listed, the Company and its Subsidiary (defined in the Terms and Conditions of the Bonds;

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*This announcement does not constitute or form a part of any offer of securities for sale in the United States or elsewhere. The Bonds issued by the Company and the Shares into which the Bonds are convertible have not been and will not be, at the time of offering, registered under the U.S. Securities Act of 1933 (the “Securities Act”) or any relevant securities law of any state securities law, and may not be offered or sold in the U.S. absent registration under, or an applicable exemption from, the registration requirements of the Securities Act and applicable state securities law. Any public offering of securities to be made in the U.S. will be made by means of a prospectus that may be obtained from the Company and that will contain detailed information about the Company and its management as well as its financial statements.*

hereinafter the same in this item (C) may purchase the Bonds with Stock Acquisition Rights on the market or otherwise from time to time.

Where the Company or its Subsidiary purchases the Bonds with Stock Acquisition Rights, the Company may, at its option (where the Subsidiary made the purchase, after receiving delivery of the Bonds with Stock Acquisition Rights for cancellation at the Subsidiary's option), cancel the Bonds concerning the Bonds with Stock Acquisition Rights, and the Stock Acquisition Rights on the Bonds with Stock Acquisition Rights shall diminish as being not exercisable under Section 6 (6) above at the time of the cancellation.

(D) Place of redemption

The place of redemption shall be the specified office outside of Japan of the Principal Agent of the Bonds set out in Section 7 (6) below or the Registrar of the Bonds set out in Section 7 (7) below.

(E) Acceleration

If, upon the occurrence of any default by the Company in the performance of any obligation under the Trust Deed or the Bonds or the occurrence of any of the events specified in the Terms and Conditions of the Bonds, the Trustee gives the Company notice declaring that the Bonds to be due and repayable pursuant to the provisions of the Terms and Conditions of the Bonds, the Company will lose the benefit of time for the Bonds and must immediately redeem all of the Bonds then outstanding at 100% of the principal amount of the Bonds, together with default interest as provided for in the Terms and Conditions of the Bonds.

- (4) Certificate of bonds with Stock Acquisition Rights      Certificates of the Bonds with Stock Acquisition Rights shall be issued in a registered form representing the Bonds with Stock Acquisition Rights.

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- (5) Restriction on request for conversion into the Bonds with Stock Acquisition Rights in bearer form No request for conversion of the Bonds with Stock Acquisition Rights into a bearer form may be made.
- (6) Principal/Conversion Agent of the Bonds with Stock Acquisition Rights Mizuho Trust & Banking (Luxembourg) S.A.
- (7) Registrar of the Bonds with Stock Acquisition Rights Mizuho Trust & Banking (Luxembourg) S.A.
- (8) Security or guarantee of the Bonds The Bonds will be issued with no security or guarantee.

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## 8. Special covenants

### (A) Additional Payments

If any withholding of, or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Japan, or any authority thereof or therein having power to tax from any payment in respect of the Bonds is required by law, the Company will, subject to certain exceptions, pay such additional amounts as may be necessary in order that the net amounts received by the Holders of the Bonds with Stock Acquisition Rights after such withholding or deduction shall equal the amounts which would have been received in respect of the Bonds in the absence of such withholding or deduction, pursuant to the Terms and Conditions of the Bonds.

### (B) Negative Pledge

So long as any of the Bonds with Stock Acquisition Rights remain outstanding, the Company will not, and will procure that none of its Principal Subsidiaries (as defined in the Terms and Conditions of the Bonds; hereinafter the same unless otherwise specified) will, create or permit to subsist any mortgage, charge, pledge or other security interest for the benefit of the holders of any Relevant Debt (as defined below) (other than any Permitted Indebtedness) upon the whole or any part of the Company's or such Principal Subsidiary's property or assets, present or future, to secure (A) payment of any sum due in respect of any Relevant Debt (other than any Permitted Indebtedness) or (B) any payment under any guarantee of any Relevant Debt (other than any Permitted Indebtedness) or (C) any payment under any indemnity or other like obligation in respect of any Relevant Debt (other than any Permitted Indebtedness), without in any such case, at the same time, according or procuring to be accorded to the Bonds, (x) to the satisfaction of the Trustee or as shall be approved by an extraordinary resolution of a meeting of the Holders of the Bonds with the Stock Acquisition Rights, the same security as is granted to or subsists in respect of such Relevant Debt (other than any Permitted Indebtedness) or such guarantee, indemnity or other like obligation or (y) such other security or guarantee as the Trustee may in its absolute discretion deem to be not materially less beneficial to the interests of the holders of the Bonds with Stock Acquisition Rights or as shall be approved by an extraordinary resolution of a meeting of the Holders of the Bonds with the Stock Acquisition Rights.

“Relevant Debt” means any present or future indebtedness represented by bonds, debentures, notes or other similar securities

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(limited to those with a stated maturity of more than one year from the creation thereof) and which:

- (a) either are by their terms payable, or confer a right to receive payment, in any currency other than yen, or are denominated in yen and for more than 50 per cent of the aggregate principal amount thereof is initially offered outside Japan by or with the authorization of the Company or the relevant Principal Subsidiary; and
- (b) are for the time being, or are intended to be, quoted, listed, ordinarily dealt in or traded on any financial instruments exchange or over-the-counter or other similar securities market outside Japan.

“Permitted Indebtedness” means, for so long as SBI Mortgage Co., Ltd. (or any successor thereto, such company or successor being “SBI Mortgage”) is a Principal Subsidiary, the following:

- (i) any Relevant Debt of SBI Mortgage or SBI Lease Co., Ltd. (or any successor thereto, such company or successor being “SBI Lease”) issued in the ordinary course of their respective businesses, which has as its underlying security (secured by way of mortgage, charge, pledge or other security interest) any property or assets of SBI Mortgage or SBI Lease;
- (ii) any Relevant Debt of any special purpose vehicles, issued in the ordinary course of business of SBI Mortgage or SBI Lease, which has as its underlying security (secured by way of mortgage, charge, pledge or other security interest) any housing loans which have been extended by SBI Mortgage (or beneficial interests therein) or any lease receivables, installment receivables or similar receivables held by SBI Lease; or
- (iii) any Relevant Debt comprising beneficial interests in trust assets created in the ordinary course of business of SBI Mortgage or SBI Lease, where such trust assets comprise housing loans which have been extended by SBI Mortgage or any lease receivables, installment receivables or similar receivables held by SBI Lease.

SBI Lease is a subsidiary of SBI Mortgage.

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(Reference)

## **1. USE OF PROCEEDS**

### **(1) Use of proceeds from the issue of the bonds**

The net proceeds from the issue of the Bonds are estimated to amount to approximately ¥30.0 billion, and are expected to be used by the Company primarily as follows:

- (i) approximately ¥15.0 billion in the Financial Services Business, of which approximately ¥8.5 billion is expected to be used for the acquisition by the Company of the shares of PCA Life Insurance which is subject to obtaining authorization or permission by the relevant authorities in Japan and announced by the Company on 16 June 2013, approximately ¥5.0 billion is expected to be used for injection of capital into SBI Insurance, and approximately ¥1.5 billion is expected to be used for investments into and lending to subsidiaries of the Company in the Financial Services Business by the end of March 2015. If the acquisition by the Company of the shares of PCA Life Insurance does not take place by the end of June 2014 (due to difficulties in obtaining authorization or permission by the relevant authorities in Japan or changes in external conditions or otherwise), the Company intends to apply the approximately ¥8.5 billion of net proceeds mentioned above in redemption of bonds that are due to mature by the end of July 2014;
- (ii) approximately ¥5.0 billion in the Asset Management Business, for principal investments into domestic and overseas funds and for investments into and lending to overseas financial services businesses by the end of March 2015;
- (iii) approximately ¥2.0 billion for investments into and lending to subsidiaries of the Company in the Biotechnology-related Business by the end of March 2015; and
- (iv) approximately ¥8.0 billion for redemption of interest-bearing debt (including bonds and loans), of which approximately ¥5.0 billion is expected to be used for the redemption of bonds by the end of November 2013, approximately ¥3.0 billion is expected to be used for the repayment of loans by the end of December 2013.

### **(2) Change of use of the former proceeds**

There are no relevant items.

### **(3) Financial effects of the issue of the bonds**

While the Company will issue the Bonds as zero coupon convertible bonds, the Bonds and the Stock Acquisition Rights (equity) are required to be booked separately under IFRS. At the time of issuance, the

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Bonds are recognized at a discounted fair value which applies the general market interest rate of similar debts without stock acquisition rights, and until the redemption date the discounted amount will be recognized as interest costs under the effective interest method. However, effects on the Group's results will not be material, as partial proceeds from the issue of the bonds will be used for redemption or repayment of interest-bearing debt (including bonds and loans).

## 2. DIVIDENDS

### (1) Basic profit distribution policy

The basic profit distribution policy of the Company is to target a payout of a minimum of ¥10 per share as annual year-end dividend. By comprehensively considering the adequacy of retained earnings for sustainable growth and its business forecasts, the Company shall strive to increase the payout amount in the future. The Company adopts a policy to pay dividend, as a general rule, once-a-year at the year-end and not to pay interim dividends.

### (2) Decision about the amount of dividends

See the above "Basic profit distribution policy".

### (3) Use of surplus funds

The surplus funds will be primarily used for the expansion of the Group's businesses in the future.

### (4) Dividends and other financial data for the past three fiscal years

< JGAAP >

	Fiscal Year Ended 31 March 2011	Fiscal Year Ended 31 March 2012
Consolidated net income per share (Yen)	236.09	14.56
Dividend per share (of which interim dividend per share) (Yen)	120 (-)	100 (-)
Consolidated dividend ratio (%)	50.8%	68.7%
Consolidated return on equity (%)	1.2%	0.8%
Ratio of dividend to consolidated net assets (%)	0.6%	0.5%

Note:

- (i) The above financial figures are based on JGAAP.
- (ii) Consolidated net income per share is calculated based on the weighted average number of shares during each period.
- (iii) Consolidated dividend ratio is calculated by dividing dividend per share by consolidated net income per share.

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- (iv) Consolidated return on equity is calculated by dividing consolidated net income for the fiscal year by equity capital, which is the average of net assets after deduction of stock acquisition rights and minority interests at the beginning of the fiscal year and that at the end of the fiscal year.
- (v) Ratio of dividend to consolidated net assets is calculated by dividing dividend per share by consolidated net assets per share, which is the average of consolidated net assets per share at the beginning of the fiscal year and that at the end of the fiscal year.
- (vi) The Company conducted a 10 for 1 stock split, effective on 1 October 2012. The calculations of consolidated net income per share, consolidated dividend ratio and ratio of dividend to consolidated net assets for the fiscal year ended 31 March 2012 are based on the number of shares retrospectively adjusted, assuming that the stock split was conducted at the beginning of the fiscal year ended 31 March 2012. However, the dividend per share for the fiscal year ended 31 March 2012 is not retrospectively adjusted by the stock split.
- (vii) Dividend for the fiscal year ended 31 March 2011 includes a dividend of 20 yen commemorating the listing on the Main Board of the Hong Kong Stock Exchange.

< IFRS >

	Fiscal Year Ended 31 March 2012	Fiscal Year Ended 31 March 2013
Basic earnings per share attributable to owners of the Company (Yen)	1.38	14.75
Dividend per share (of which interim dividend per share) (Yen)	100 (-)	10 (-)
Consolidated dividend ratio (%)	724.6%	67.8%
Ratio of profit to equity attributable to owners of the Company (%)	0.1%	1.1%
Ratio of dividend to equity attributable to owners of the Company (%)	0.7%	0.7%

Note:

- (i) The above financial figures are based on IFRS.
- (ii) Basic earnings per share attributable to owners of the Company is calculated based on the weighted average number of shares during each period.
- (iii) The Company conducted a 10 for 1 stock split, effective on 1 October 2012. The calculations of basic earnings per share attributable to owners of the Company, consolidated dividend ratio and Ratio of dividend to equity attributable to owners of the Company for the fiscal year ended 31 March 2012 are based on the number of shares retrospectively adjusted, assuming that the stock split was conducted at the beginning of the fiscal year ended 31 March 2012. However, the dividend per share for the fiscal year ended 31 March 2012 is not retrospectively adjusted by the stock split.

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- (iv) Consolidated dividend ratio is calculated by dividing dividend per share by basic earnings per share attributable to owners of the Company.
- (v) Ratio of profit to equity attributable to owners of the Company is calculated by dividing profit attributable to owners of the Company at the end of the fiscal year by equity attributable to owners of the Company, which is the average of equity attributable to owners of the Company at the beginning of the fiscal year and that at the end of the fiscal year.
- (vi) Ratio of dividend to equity attributable to owners of the Company is calculated by dividing dividend per share by equity attributable to owners of the Company per share, which is the average of equity attributable to owners of the Company at the beginning of the fiscal year and that at the end of the fiscal year.

### 3. OTHERS

#### (1) Designated allotment

There are no relevant items.

#### (2) Dilution due to dilutive shares

As the conversion price is not yet determined, related figures on a diluted basis are not calculated. After the conversion price has been determined, the Company will announce details in terms of the dilution.

#### (3) Equity finance for the past three fiscal years

##### (1) Equity finances

Date	Increase in Total Equity Due to Equity Finance (Millions of yen)	Capital Stock after Equity Finance (Millions of yen)	Capital Surplus after Equity Finance (Millions of yen)
12 April 2011	14,816	80,644	122,124
9 May 2011	2,040	81,664	123,144

Note: The above equity finances were allocation to third party.

##### (2) Price range of the shares for the past three fiscal years and as of the immediate preceding trading day

	Fiscal Year Ended 31 March 2011	Fiscal Year Ended 31 March 2012	Fiscal Year Ended 31 March 2013	Fiscal Year Ending 31 March 2014
Opening Price (Yen)	18,550	10,480	7,900	832
Highest Price (Yen)	21,150	10,480	8,100 *869	1,990

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Lowest Price (Yen)	7,550	5,240	4,555 *475	758
Closing Price (Yen)	10,470	7,810	831	1,279
(Consolidated) Price earnings ratio (Times)	44.35	565.94	56.34	—

Note:

- (i) The price per share is quoted on the First Section of the Tokyo Stock Exchange.
- (ii) The price per share for the fiscal year ending 31 March 2014 represents the price per share as at 16 October 2013.
- (iii) The Company conducted a 10 for 1 stock split, effective on 1 October 2012. The marked figures (\*) represent ex-rights price due to the stock split.
- (iv) Price earnings ratio for the fiscal year ended 31 March 2011 is based on JGAAP and that for the fiscal year ended 31 March 2012 and 2013 are based on IFRS. The price earnings ratio for the fiscal year ended 31 March 2011 is calculated by dividing price per share (closing price) by consolidated net income per share for the fiscal year. The price earnings ratio for the fiscal year ended 31 March 2012 and 2013 are calculated by dividing price per share (closing price) (the price per share at the end of the fiscal year ended 31 March 2012 is ¥781, assuming that the stock split was conducted at the beginning of the period) by basic earnings per share attributable to owners of the Company for the fiscal year. The price earnings ratio for the fiscal year ending 31 March 2014 is not calculated, as the fiscal year has not yet ended.

(3) Lock-up

In connection with the issue and offering of the Bonds, the Company has agreed that it will not, and will procure that none of its directors or officers or any person acting on the direction of the Company will, (among other things) issue Shares or any securities convertible into or exercisable or exchangeable for, or that constitutes the right to receive, Shares (excluding the issue by the Company of the Bonds or the issue or transfer of the Shares upon exercise of the Stock Acquisition Rights, the issue or transfer of Shares by the Company upon exercise of any stock acquisition rights outstanding as of the date of the subscription agreement, the sale of Shares by the Company to any holder of Shares constituting less than one unit upon such holder's request, the grant of stock options to employees and directors of the Company or employees and directors of any of its subsidiaries and associates and the issue or transfer of the Shares upon exercise of such stock options, the issue of the Shares by the Company as a result of any stock split and any other issue or sale of Shares required by the Japanese laws and regulations etc.) for a period beginning on the date of the subscription agreement and ending on the date 180 calendar days after the closing date without the prior written consent of Daiwa Capital Markets Europe Limited on behalf of the managers.

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