

(Translation)
November 5, 2010

Name of company: Asahi Tec Corporation
Representative: Shoichiro Irimajiri (President, Representative Executive Officer)
Code Number: 5606 (Tokyo Stock Exchange 1st Section)
Contact: Keisuke Furuhashi (Controller)
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Announcement of completion of conversion of Class C Preferred Stocks into Common Stocks.

Asahi Tec Corporation announces Class C Preferred Stocks which had been issues on January 11th, 2007 have been all converted into Common Stocks as of November 4th as described below.

This has been done along with “Announcement of Agreement regarding conversion of Class C Preferred Stocks with the shareholder of Class C Preferred Stocks”(see attached) which had been previously announced on June 3rd, 2010.

Details

(1) Status of Conversion into Common Stocks (November 4th, 2010)

1. Stocks	Class C preferred Stock
2. Number of stocks converted (total)	82,081 stocks
3. Number of Common stocks increased	
With the conversion (total)	49,295,356 stocks
4. Number of Total Common stocks issued	
After the conversion	486,741,519 stocks

(2) Disposal of Own Stocks

1. Stocks	Class C preferred Stock
2. Number of stocks converted (total)	82,081 stocks
3. Date of Disposal	November 4th, 2010

- End

(Translation)

June 3, 2010

Attachment

Name of company: Asahi Tec Corporation
Representative: Shoichiro Irimajiri (President, Representative Executive Officer)
Code Number: 5606 (Tokyo Stock Exchange 1st Section)
Contact: Yoshio Koyano (Controller)
(Phone: +81-537-36-3103)

Announcement of Agreement regarding conversion of Class C Preferred Stocks with the shareholder of Class C Preferred Stocks

Asahi Tec Corporation (the "Company") reached to an agreement with Masco Corporation ("Masco") on the changes of contract terms of the Class C Preferred Stocks owned by Masco, and will now be able to move further on to its capital restructuring. Please note, however, that it will be subject to the Majority Lenders' consents under the Company's Loan Agreements as well as resolution by Annual General Meeting of Shareholders and each Class Shareholders Meeting due to the change to the Company's Articles of Incorporation concerning to Class C Preferred Stocks.

Details

Agreement with Masco

The Company reached to an agreement with Masco, the sole shareholder of the Class C Preferred Stocks of the Company, that Masco shall exercise its right to convert all of such Class C Preferred Stocks into Common Stocks by February 28th, 2011, and otherwise all such shares shall automatically be converted into Common Stocks on February 28th, 2011, on the condition that the Company would reduce the Conversion Price from the currently applicable ¥473 per share to ¥180 per share.

The Company determined that the conversion of Class C Preferred Stock into Common Stocks by Masco would be beneficial for both the Company and other shareholders of the Company, and entered into such agreement with Masco.

- 1) Aggregate amount of Liquidation Preference and Accrued and Unpaid Dividends concerning Class C Preferred Stocks ("Potential Liabilities of Class C Preferred Stocks") is approximately 8.9 billion yen as of March 31st, 2010. The Company is obligated to buy back Class C Preferred Stocks at the aggregate price equivalent to the Potential Liabilities of Class C Preferred Stocks out of legally available funds in case Masco demands its redemption in the future (after 2014). However the Company will no longer have such potential liability after the conversion of all of Class C Preferred Stock into Common Stocks.
And also, after such conversion, the Company will no longer be liable for dividends which would otherwise continue to be accrued for the future (Dividends to be accrued: 172 million yen/year for FY2010), and those benefits will make the Company improve its financial position.

2) Since Potential Liabilities of Class C Preferred Stocks will be cleared away, net asset per Common Stock will also increase, and the Company would gain the possibility on dividend payment to shareholders other than Class C Preferred Stocks.

*Net asset per share: ¥2.85 to ¥20.81 (as of March 31st, 2010)

3) It is expected that the dilutive effect on the existing Common Stocks as the result of the conversion of Class C Preferred Stocks at the proposed Conversion Price would increase by approximately 7%, compared to the current Conversion Price of ¥473. The Company considers that, even taking into account this expected increase of the dilutive effect, the proposed reduction of the Conversion Price should improve the position of the existing Common Shareholders due to the above mentioned benefits in 1) and 2).

*Forecasted total number of Common Stock issued and existing after such conversion

If converted by ¥473: 457 million shares

If converted by ¥180: 488 million shares

(Aggregate of 437 million shares as of March 31, 2010 and the shares to be issued upon the conversion to occur by the end of February 2011)

*There is no change to forecast on dividend payment previously released on May 20, 2010.

In order to make this agreement with Masco become effective, a partial amendment to the Company's Articles of Incorporation will be submitted to Annual General Meeting of Shareholders held on June 25, 2010. Please refer to "Announcement on Partial Amendment to the Company's Articles of Incorporation" released along with this announcement.

< Reference >

About Class C Preferred Stock

*For details of issuance of Class C Preferred Stocks, please refer to “Announcement of issuance of Stock (Common Stock and Class C Preferred Stock) by means of third party Allotment” dated September 1, 2006.

1. Shareholder:

Masco Corporation

Address	21001 Van Born Road Taylor, MI 48180 (MI US)
Business	Production and sales for the home improvement and new home construction markets
Sales	US\$7,792million (FY2009)

2. Number of shares owned: 82,081 stocks

3. Date of issuance: January 2007

4. Dividends: Liquidation Preference x 1.75%/year + Accrued and Unpaid Dividends +
Accrued and Unpaid Dividends x 3.75%/year

5. Liquidation Preference: 100,000 yen/share (Total: 8,208million yen) and Accrued and Unpaid Dividends

6. Order of priority on Dividends and Liquidation Preference:

Ranking prior to Common Stocks, Class A Preferred Stocks and Class B Preferred Stocks.

7. Voting Right: None

8. Conversion into Common Stocks / Redemption by cash:

Shareholder of Class C Preferred Stocks has a right of conversion into Common Stocks at 473 yen per share at any time.

Shareholder of Class C Preferred Stocks has a right to demand redemption for the aggregate of Liquidation Preference and Accrued and Unpaid dividends by cash after January 2014 (out of legally available funds as long as the Company has such available funds)

9. Background of issuance: Class C Preferred Stocks has been issued to Masco (82,081 shares) and Chrysler L.L.C*. (97,098 shares), when the Company acquired Metaldyne Corporation in January 2007. 97,098 issued to Chrysler L.L.C. has been transferred back to the Company for free in November, 2008 and disposed later. Masco is now a sole shareholder of Class C Preferred Stock.

*Daimler Chrysler Corporation at the time of Issuance

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