

( Translation)  
June 3, 2010

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 on Partial Amendment to the Company's Articles of Incorporation**

The Company hereby announces that by the written resolution of the Board of Directors of the Company, the Board of Directors of the Company resolved today to bring a proposal for approval of the partial amendment to the Company's Articles of Incorporation before the Company's Annual General Meeting of Shareholders to be held on June 25, 2010. However, The resolution by the Board of Directors for this partial amendment to the Articles of Incorporation shall be subject to the Majority Lenders' consent under the Company's Loan Agreement.

### Details

#### 1. Purpose of the Amendment to Articles of Incorporation

##### (1) Change to Method of Public Notice

While the Company adopts the "electronic" public notice method, i.e., public notice on the Company's website, the Company also adopts the publication on Japan Economic Journal (*Nihon Keizai Shinbun*) as a supplementary method in case of accident or other unavoidable event where electronic public notice is not available. As such public notice by way of daily newspaper is a supplemental method, taking into account of the balance between the benefit and the cost, we would like to change the newspaper to Business & Technology Daily News (*Nikkan Kogyo Shimbun*).

##### (2) Reduction of Conversion Price for Class C Preferred Stock and Establishment of Mandatory Conversion Provision

The Company reached to an agreement with Masco Corporation ("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, on the condition that the Company would reduce the Conversion Price from the currently applicable ¥473 per share to ¥180 per share. In order to consummate this agreement with Masco, we propose to amend our Articles of Incorporation and reduce the Conversion Price as stated. We also propose to newly establish the Company's right of mandatory conversion of all outstanding Class C Preferred Stocks in exchange for Common Stocks, in order to convert Class C Preferred Stocks at the amended Conversion Price, even in case

that Masco fails to exercise its conversion right in accordance with this agreement above.

We concluded this agreement with Masco because we considered it beneficial for the Company and its shareholders as a whole if Masco converts all Class C Preferred Stocks into Common Stocks, taking into account the following reasons;

(a) the conversion of Class C Preferred Stocks would improve the Company's financial positions;

(b) a net asset value per one share of Common Stock would increase and the Company's possibility to make dividends to shareholders other than those of Class C Preferred Stock (i.e., Common Stock and Class A and Class B Preferred Stock) in the future would be improved; and

(c) 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.

### Comparison Table for Articles of Incorporation

Amendment is as follows.

This amendment will become effective after approval at general meeting of Shareholders and each class shareholders meeting on June 25.

(Amended portions underscored)

Currently in Effect	Proposed Amendment
<b>CHAPTER I. General</b>	<b>CHAPTER I. General</b>
<p>Article 5. (Method of Public Notice)</p> <p>The public notices by the Company shall be made electronically. Provided, however, if the Company is unable to make any electronic public notice due to an accident or other unavoidable reason, the notice shall be published in <u>Japan Economic Journal (Nihon Keizai Shinbun)</u>.</p>	<p>Article 5. (Method of Public Notice)</p> <p>The public notices by the Company shall be made electronically. Provided, however, if the Company is unable to make any electronic public notice due to an accident or other unavoidable reason, the notice shall be published in <u>Business &amp; Technology Daily News (Nikkan Kogyo Shinbun)</u>.</p>
<b>CHAPTER II-II. Class C Preferred Stock</b>	<b>CHAPTER II-II. Class C Preferred Stock</b>

Currently in Effect	Proposed Amendment
<p>Article 10-21 (Redemption)</p> <p>(1) Mandatory Redemption in Exchange for Cash</p> <p>(Description omitted)</p> <p>(2) Optional Redemption in Exchange for Cash</p> <p>(Description omitted)</p> <p>(3) Selection of Shares to be Redeemed.</p> <p>(Description omitted)</p> <p>(Newly established)</p>	<p>Article 10-21 (Redemption)</p> <p>(No change)</p> <p>(No change)</p> <p>(No change)</p> <p><u>(4) Mandatory Conversion in Exchange for Common Stock.</u>  <u>Notwithstanding foregoing provisions, the Company shall acquire, on February 28, 2011 (the "Mandatory Conversion Date") all of the then-outstanding shares of Class C Preferred Stock in exchange for the Company's delivery of the number of shares of Common Stock equal to (a) the sum of (i) the Liquidation Preference and (ii) any accrued and unpaid dividends (including Additional Dividends) as of the Mandatory Conversion Date, divided by (b) the Conversion Price (as defined in Paragraph 3 of the following Article) effective as of the Mandatory Conversion Date. For the purpose of calculating the number of shares of Common Stock to be delivered as set forth in the immediately preceding sentence, if there arises in the number of shaers to be delivered to the same holder of Class C Preferred Stock any fractional share less than one whole share, it shall be rounded down to the next whole share.</u></p>
<p>Article 10-22. (Conversion at the option of the holder)</p> <p>(1) (Description omitted)</p>	<p>Article 10-22. (Conversion at the option of the holder)</p> <p>(1) (No change)</p>

Currently in Effect	Proposed Amendment
<p>(2) (Description omitted)</p> <p>(3) The "Conversion Price" means the conversion price for the conversion of Class C Preferred Stock in exchange for Common Stock based on the option of the holders of Class C Preferred Stock. It shall be <u>150% (rounded down to the nearest yen) of the average closing sale price of Common Stock on the Tokyo Stock Exchange for the ten consecutive Business Day period ending on the last Business Day prior to the date of the first issuance of Class C Preferred Stock ("Issue Date")</u> and subject to the anti-dilution adjustment stipulated in the following Article.</p> <p>(4) (Description omitted)</p> <p>(Newly established)</p>	<p>(2) (No change)</p> <p>(3) The "Conversion Price" means the conversion price for the conversion of Class C Preferred Stock in exchange for Common Stock based on the option of the holders of Class C Preferred Stock. It shall be <u>180 yen</u>, subject to the anti-dilution adjustment stipulated in the following Article.</p> <p>(4) (No change)</p> <p>(5) <u>The conversion right as referred to in Paragraph 1. above shall be exercisable at any time prior to February 28, 2011.</u></p>

- End