

March 25, 2016

To whom it may concern

Company Name: SCREEN HOLDINGS. CO., LTD
Representative: Eiji Kakiuchi, President
(Securities code: 7735, First Section, Tokyo Stock Exchange)
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Notice Concerning Establishment of Preparatory Companies and
Execution of Agreement on Absorption-Type Company Split

This is to notify the public that the Board of Directors of SCREEN Holdings Co., Ltd. (the “Company”) resolved at its meeting held on March 25, 2016 to today establish two new wholly owned subsidiaries as preparatory successor companies (the “Successors”) for absorption-type company splits and also to execute the absorption-type company split agreements with the Successors for the purpose of demerging the Company’s software development-related business and the intellectual property service-related operations respectively (the “Company Splits”). It is expected that the Company Splits will enter into effect on October 1, 2016. In addition, as these Company Splits are absorption-type company splits with wholly owned subsidiaries of the Company, a portion of the disclosure items are omitted from the following disclosures.

1. Purpose of Company Splits

In 2014, the Company executed an absorption-type company split with regard to three industrial business units, specifically, the Semiconductor Production Equipment business, the Media and Precision Technology business, and the FPD Production Equipment business, and in addition, two service business units, specifically, the Manufacturing Support/Contracting operations and the Shared Services operations, and then changed into a holding company. It is the Company’s continuous duty to propel forward the management-execution dichotomy in order to pursue further efficiency within the Company organization and also the clarification of the power and responsibility therein so that the Company group can maintain continuous growth and improvement of the Company’s value.

Based upon the foregoing, the Company has decided to execute the Company Splits as to the software development-related business for the purpose of acceleration of the expansion of our new solutions business utilizing IoT, big data, analysis, AI and imaging processing, and intellectual property service-related operations in order to build an effective, speedy, and more highly specialized organization in the field of intellectual property, which field has undergone rapid changes on a worldwide basis in recent times.

2. Summary of Company Splits

(1) Schedule

| | |
|---|-----------------------|
| Establishment of Subsidiaries (Registration of Incorporation) | March 25, 2016 (Fri) |
| Resolution of Board of Directors (Approval of Split Agreements) | March 25, 2016 (Fri) |
| Execution of Absorption-Type Company Split Agreements | March 25, 2016 (Fri) |
| Scheduled Date of the Company Splits (Effective Date) | October 1, 2016 (Sat) |

Note: No approval resolution by the Company's shareholder's meeting for the Company Splits is required due to the rules regarding the *simplified company split procedure* under Japan's Corporate Act § 784②.

(2) Method

The method employed will be an absorption-type company split, whereby two preparatory companies for the Company Splits will act as successor companies, and the Company will respectively demerge the rights and obligations in relation to the Company's software development-related business and intellectual property service-related operations.

(3) Allocation of Shares

SCREEN Software Company Split Preparation Co., Ltd., and SCREEN IP Company Split Preparation Co., Ltd., which are the Successors, will each issue common shares as of the effective date of the Company Splits, and will allocate all such shares to the Company, which is the splitting company.

(4) Treatment of Share Acquisition Rights and Bonds with Subscription Rights to Shares Associated with Reorganization

The Company will not issue share acquisition rights or bonds with subscriptions rights to shares.

(5) Decrease in Capital, etc. due to Company Splits

Capital, etc. will not decrease due to the Company Splits.

(6) Rights and Obligations to be Assumed by the Successors

The Successors will respectively assumed the assets, obligations and incidental rights and obligations related to the Company's software development-related business and intellectual property service-related operations. However, certain rights and obligations, including contracts which are difficult to assume due to their nature or provisions will be excluded.

(7) Expectation of Fulfillment of Obligations

As the result of the Company Splits, the Company expects that there will be no problems relating to the fulfillment of relevant obligations either for the Company or the Successors. In addition, the

liabilities to be assumed by the Successors shall be jointly and severally assumed by the Company as well.

3. Overview of Splitting Company (as of March 31,2015)

- (1) Name: SCREEN HOLDINGS. CO., LTD.
- (2) Location of head office: Tenjinkita-machi 1-1, Teranouchi-agaru 4-chome, Horikawa-dori, Kamigyo-ku, Kyoto
- (3) Name and Position of Representative: Eiji Kakiuchi, President
- (4) Business Activities: Management of group companies, etc. as a holding company
- (5) Capital: 54 billion Yen
- (6) Date of Establishment: October 11, 1943
- (7) Number of Issued Shares: 253,974,333 shares
- (8) Fiscal Year-End: March 31
- (9) Major Shareholders and Shareholding Ratio:

| | |
|--|-------|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 9.15% |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 6.41% |
| Nippon Life Insurance Company | 3.60% |
| The Bank of Kyoto, Ltd. | 2.65% |
| SCREEN's Business Partners Shareholders' Association Synchronize | 1.83% |
| Resona Bank, Limited | 1.79% |
| The Shiga Bank Ltd. | 1.67% |
| State Street Bank and Trust Company 505223 | 1.65% |
| State Street Bank and Trust Company 505001 | 1.60% |
| SCREEN's Employees Shareholders' Association | 1.55% |

(10) Previous Fiscal Year's Financial Position and Operating Results (Consolidated)

| Fiscal Year | Year Ended March 31, 2015 |
|-----------------------------------|---------------------------|
| Consolidated Net Assets | 111,513 million Yen |
| Consolidated Total Assets | 249,516 million Yen |
| Consolidated Net Assets Per Share | 467.13 Yen |
| Consolidated Sales | 237,645 million Yen |
| Consolidated Operating Income | 17,167 million Yen |
| Consolidated Ordinary Income | 16,096 million Yen |
| Consolidated Net Income | 12,122 million Yen |
| Consolidated Net Income Per Share | 51.07 Yen |

4. Overview of the Successors

| | | |
|---|--|--|
| | Successor | Successor |
| (1) Name | SCREEN Software Company Split Preparation Co., Ltd. | SCREEN IP Company Split Preparation Co., Ltd. |
| (2) Business Activities | Necessary preparatory operations to succeed business due to company split from the Company | Necessary preparatory operations to succeed business due to company split from the Company |
| (3) Date of Establishment | March 25,2016 | March 25,2016 |
| (4) Location of Head Office | 1-1, Tenjin Kitamachi, Teranouchi-agaru 4-chome, Horikawa-dori, Kamigyo-ku, Kyoto | 1-1, Tenjin Kitamachi, Teranouchi-agaru 4-chome, Horikawa-dori, Kamigyo-ku, Kyoto |
| (5) Name and Position of Representative | Eiji Kakiuchi, Representative Director, President | Eiji Kakiuchi, Representative Director, President |
| (6) Capital | 10 million Yen | 10 million Yen |
| (7) Number of Issued Shares | 200 | 200 |
| (8) Fiscal Year-End | March 31 | March 31 |
| (9) Major Shareholders and Shareholding Ratio | SCREEN HOLDINGS. CO., LTD 100% | |
| (10) Relationship, etc. Between Listed Company and Applicable Company | | |
| Capital Relationship | The Successors will be wholly owned subsidiaries of the Company | |
| Personal Relationships | One Director of the splitting company will concurrently serve as a Director of the Successors. | |
| Trading Relationships | As the Successors have not commenced trading, there is no trading relationship. | |
| Applicable Status in Relation to Related Parties | They are consolidated subsidiaries of the Company. | |
| (11) Previous Fiscal Year’s Financial Position and Operating Results | | |
| Fiscal Year | As the companies will be established on March 25, 2016, there are no matters that should be disclosed. | |
| Net Assets | | |
| Total Assets | | |
| Sales | | |
| Operating Income | | |
| Ordinary Income | | |
| Net Income | | |

5. Overview of Business Divisions to be Demerged

(1) Business Activities of Divisions to be Demerged

| Successor | Business Activities of Divisions to be Demerged |
|---|--|
| SCREEN Software Company Split Preparation Co., Ltd. | Software development-related business |
| SCREEN IP Company Split Preparation Co., Ltd. | Intellectual property service-related operations |

(2) Operating Results of Divisions to be Demerged (Projections for Fiscal Year Ending March 31, 2016)

| Division to be Demerged | Sales |
|--|-----------------|
| Software development- related business | 715 million yen |
| Intellectual property service-related operations | 847 million yen |

Note: The above amounts are the internal transaction value between the Group companies

(3) Items and Amounts of Assets and Liabilities to be Demerged (as of December 31, 2015)

(i) Software Development- Related Business

| Assets | | Liabilities | |
|-------------------|-----------------|------------------------|-----------------|
| Item | Book Value | Item | Book Value |
| Current Assets | 106 million Yen | Current Liabilities | 63 million Yen |
| Noncurrent Assets | 300 million Yen | Noncurrent Liabilities | 67 million Yen |
| Total | 406 million Yen | Total | 130 million Yen |

(ii) Intellectual Property Service-Related Operations

| Assets | | Liabilities | |
|-------------------|-----------------|------------------------|-----------------|
| Item | Book Value | Item | Book Value |
| Current Assets | 127 million Yen | Current Liabilities | 100 million Yen |
| Noncurrent Assets | 146 million Yen | Noncurrent Liabilities | 40 million Yen |
| Total | 273 million Yen | Total | 140 million Yen |

Note: As the above amounts were calculated based on the balance sheet as of December 31, 2015, the amounts that will actually be split off and succeeded will be different from the above amounts.

(4) Status after the Company Splits

The Company's name, location of head office, name and position of representative, business activities, capital, and fiscal year-end shall remain the same.

(5) Future Outlook

The above Company Splits will have no effect on the outlook of the Group's consolidated performance for the fiscal year ending March 31, 2016.

We will notify the "State after the Company Splits" for the Successors once the details have been decided.

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