

May 24, 2018

Company Name: Fuji Electric Co., Ltd.

Representative: Michihiro Kitazawa, President and Chairman of the Board of Directors

Code Number: 6504, listed on the first sections of TSE and NSE; and on FSE

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## **Notice Regarding Change in Share Trading Unit, Reverse Stock Split, and Partial Amendment of Articles of Incorporation**

At a meeting of the Board of Directors of Fuji Electric Co., Ltd., convened today, a resolution was passed to institute a partial amendment to the portion of the Company's articles of incorporation pertaining to the share trading unit based on the provisions stipulated in Article 195, Paragraph 1 of the Companies Act of Japan. In addition, it was resolved that the Company will submit a proposal for approval regarding a reverse stock split to the 142nd General Meeting of Shareholders, which is scheduled to be held on June 26, 2018. Details are as follows.

Both the partial amendment to the articles of incorporation and the reverse stock split will be instituted effective October 1, 2018, on the condition that the proposal for the reverse stock split is approved at the 142nd General Meeting of Shareholders.

### **1. Change in Share Trading Unit**

#### (1) Reason for Change

Nationwide stock exchanges have announced the "Action Plan for Consolidating Trading Units," which states that all domestic listed companies should consolidate the trading unit for their shares of common stock to 100 shares by October 1, 2018. Fuji Electric is listed on the Tokyo Stock Exchange, the Nagoya Stock Exchange, and the Fukuoka Stock Exchange, and therefore plans to respect the intent of this action plan by changing the trading unit for its shares of common stock from the current 1,000 shares to 100 shares.

#### (2) Details of Change

The trading unit for shares of common stock will be changed from 1,000 shares to 100 shares.

#### (3) Date of Change

October 1, 2018

#### (4) Conditions for Change

The change in trading unit will be instituted on the condition that the proposal described in "2. Reverse Stock Split" below is approved at the 142nd General Meeting of Shareholders.

### **2. Reverse Stock Split**

#### (1) Reason for Reverse Stock Split

As described in "1. Change in Share Trading Unit" above, the Company has resolved to change its share trading unit. In conjunction with this change, the Company has also resolved to conduct a 5-for-1 reverse stock split in order to adjust the unit of investment in the Company to the level deemed desirable by the relevant stock exchanges (above ¥50,000 and below ¥500,000).

#### (2) Details of Reverse Stock Split

##### A. Class of shares

Common stock

## B. Method and Ratio

Effective October 1, 2018, the Company will perform a 5-for-1 reverse stock split based on the number of shares held by shareholders listed on the final shareholder registry on September 30, 2018.

## C. Decrease in Number of Shares Following Reverse Stock Split

Total number of issued and outstanding shares prior to reverse stock split (as of March 31, 2018)	746,484,957
Decrease in shares following reverse stock split	597,187,966
Total number of issued and outstanding shares after reverse stock split	149,296,991

The figures for “decrease in shares following reverse stock split” and “total number of issued and outstanding shares after reverse stock split” are provisional figures calculated by adjusting the total number of issued and outstanding shares prior to reverse stock split based on the ratio of the split.

### (3) Impact of Reverse Share Split

The total number of issued and outstanding shares will decrease to one-fifth as a result of the reverse share split. However, as the amount of total net assets will remain the same, net assets per share will increase fivefold and, barring any changes in market value or other factors, the asset value of the Company’s stock will not change.

### (4) Decrease in Number of Shareholders Following Reverse Stock Split

The composition of the shareholders based on the shareholder registry as of March 31, 2018, is as follows.

	Number of shareholders (% of total)	Number of shares held (% of total)
Less than five shares held	2,983 (7.2%)	3,525 (0.0%)
More than five shares held	38,556 (92.8%)	746,481,432 (100.0%)
All shareholders	41,539 (100.0%)	746,484,957 (100.0%)

Note: Shareholders possessing less than five shares of the Company’s stock prior to the reverse stock split will lose their position as shareholders of the Company following the reverse stock split. Shareholders possessing odd-lot shares are entitled to request to purchase shares from the Company that, when added to their odd-lot shares, will make for a whole trading unit, as stipulated in Article 194, Paragraph 1 of the Companies Act and Article 9 of Fuji Electric’s articles of incorporation, up to and including September 30, 2018, the day prior to the effective date of the reverse stock split. In addition, such shareholders may also request that the Company purchase said odd-lot shares from the shareholder, as stipulated in Article 192, Paragraph 1 of the Companies Act. For information on the specific procedures for issuing such requests, please contact the securities company through which you have purchased the Company’s stock or the administrator of the Company’s shareholder registry.

### (5) Treatment of Share Fractions Resulting from Reverse Stock Split

In the event that the reverse stock split results in fractions of shares, all of these share fractions will be cancelled, as stipulated in Article 235 of the Companies Act, and the holders of these share fractions will be compensated in accordance with the fractions of shares held.

### (6) Number of Issuable Shares on Effective Date of Reverse Stock Split

In reflection of the decline in the total number of issued and outstanding shares to result from the reverse stock split, the number of issuable shares will be reduced by the same ratio as the reverse stock split (5-for-1) on the effective date of the reverse stock split (October 1, 2018).

Number of issuable shares prior to reverse stock split	Number of issuable shares after reverse stock split (effective October 1, 2018)
1,600,000,000	320,000,000

### (7) Conditions for the Reverse Stock Split

The reverse stock split will be instituted on the condition that the related proposal is approved at the 142nd General Meeting of Shareholders.

### 3. Partial Amendment of Articles of Incorporation

#### (1) Reason for Partial Amendment

As described in “1. Change in Share Trading Unit” above, the Company has resolved to change its share trading unit from 1,000 shares to 100 shares. To reflect this change, the Company has also resolved to amend Article 7 (Trading Unit) of its articles of incorporation. In addition, Article 6 (Total Number of Issuable Shares) will be amended to reflect the decrease in the number of issuable shares to be instituted in reflection of the reverse stock split described in “2. Reverse Stock Split” above.

#### (2) Details of Partial Amendment

The following amendments to the Company’s articles of incorporation will be instituted effective October 1, 2018.

(Changes are indicated with underlines.)

Current Articles of Incorporation	Proposed Changes
Section 2 Shares (Total Number of Issuable Shares) Article 6: The total number of shares that may be issued by the Company shall be <u>1.6 billion</u> . (Trading Unit) Article 7: The Company’s trading unit shall be <u>1,000 shares</u> .	Section 2 Shares (Total Number of Issuable Shares) Article 6: The total number of shares that may be issued by the Company shall be <u>320 million</u> . (Trading Unit) Article 7: The Company’s trading unit shall be <u>100 shares</u> .

#### (3) Conditions for Partial Amendment

The aforementioned amendments to the articles of incorporation will be instituted, as stipulated in Article 182, Paragraph 2 and Article 195, Paragraph 1 of the Companies Act, on the condition that the proposal pertaining to the reverse stock split is approved at the 142nd General Meeting of Shareholders.

### 4. Schedule for Change in Share Trading Unit, Reverse Stock Split, and Partial Amendment of Articles of Incorporation

Date of resolution by Board of Directors	May 24, 2018
Date of approval at General Meeting of Shareholders	June 26, 2018 (tentative)
Effective date of change in share trading unit	October 1, 2018 (tentative)
Effective date of reverse stock split	October 1, 2018 (tentative)
Effective date of partial amendment of articles of incorporation	October 1, 2018 (tentative)

#### Note:

As stated above, the effective dates for the change in share trading unit and the reverse stock split are scheduled to be October 1, 2018. However, the Company’s share trading unit on the Tokyo Stock Exchange, the Nagoya Stock Exchange, and the Fukuoka Stock Exchange will be changed from 1,000 shares to 100 shares effective September 26, 2018, as necessitated by procedures relating to post-transaction transfers of shares.

#### Supplementary Materials

(Reference) Questions and Answers Regarding the Change in Share Trading Unit and Reverse Stock Split

**(Reference) Questions and Answers Regarding the Change in Share Trading Unit and Reverse Stock Split**

Q1. What is a change in share trading unit?

A change in share trading unit is a change in the unit of shares constituting one voting right at the General Meeting of Shareholders and the unit of shares that can be purchased or sold on stock exchanges. Fuji Electric has resolved to change its share trading unit from 1,000 shares to 100 shares.

Q2. What is a reverse stock split?

A reverse stock split is when several shares of stock are combined into one in order to reduce the overall number of shares. Fuji Electric has resolved to conduct a 5-for-1 reverse stock split.

Q3. What is the purpose of the change in share trading unit and the reverse stock split to be conducted by Fuji Electric?

Nationwide stock exchanges have announced the “Action Plan for Consolidating Trading Units,” which states that domestic companies listed on all Japanese stock exchanges should consolidate the trading unit for their shares of common stock to 100 shares. Fuji Electric is listed on the Tokyo Stock Exchange, among other Japanese stock exchanges, and therefore plans to respect the intent of this action plan by changing the trading unit for its shares of common stock from the current 1,000 shares to 100 shares. In conjunction with this change, the Company has also resolved to conduct a reverse stock split in order to adjust the unit of investment in the Company to the level deemed desirable by the relevant stock exchanges.

Q4. How will the change in share trading unit and the reverse stock split affect the numbers of shares and voting rights held by shareholders?

The number of shares held by shareholders after the reverse stock split will be one-fifth the number listed on the final shareholder registry on September 30, 2018 (resulting fractions of shares will be truncated). Furthermore, after the reverse stock split, 100 shares of stock will constitute one voting right. Examples of changes in the numbers of shares and voting rights held by shareholders before and after the effective date of the change in share trading unit and the reverse stock split are as follows.

	Before effective date		After effective date		
	Number of shares held	Number of voting rights	Number of shares held	Number of voting rights	Share fractions
Example 1	2,000	2	400	4	None
Example 2	1,050	1	210	2	None
Example 3	1,003	1	200	2	0.6 of a share
Example 4	400	None	80	None	None
Example 5	147	None	29	None	0.4 of a share
Example 6	3	None	None	None	0.6 of a share

- Shareholders applicable under Example 1 do not need to take any special actions.
- Shareholders applicable under Example 2, Example 4, or Example 5 may request that the Company purchase the number of shares that are in excess of a trading unit (10 shares for Example 2, 80 shares for Example 4, and 29 shares for Example 5) or request to purchase the number of shares necessary to complete an additional trading unit from the Company.
- All of the share fractions that will be produced in Example 3, Example 5, and Example 6, will be disposed of by the Company, and the holders of these share fractions will be compensated in accordance with the fractions of shares held. Payments of compensation for cancelled share fractions are scheduled to be issued in early December 2018.

- Shareholders possessing less than five shares prior to the effective date of the reverse stock split (Example 6) will lose their position as shareholders of the Company as all of their shares will be converted into share fractions as a result of the reverse stock split.

Shareholders may avoid being subject to the cancellation of share fractions by requesting that the Company purchase odd-lot shares or sell shares to complete trading units prior to the effective date of the reverse stock split. For information on the specific procedures for issuing such requests, please contact the securities company through which you have purchased the Company's stock or the administrator of the Company's shareholder registry.

Q5. Given that the reverse stock split will result in a decline in the numbers of shares held, what impact will the reverse stock split have on asset value?

The reverse stock split will not impact the amounts of assets or capital of the Company. Accordingly, there will be no change in the asset value associated with shares of stock held in the Company. In addition, although the number of shares held after the reverse stock split will be one-fifth the number held prior to the split, the asset value per one share will increase by fivefold. Barring any changes in market value or other factors, the Company's stock price after the split should theoretically be five times higher than before the split.

Q6. Given that the reverse stock split will result in a decline in the numbers of shares held, what impact will the reverse stock split have on dividends?

Although the number of shares held after the reverse stock split will be one-fifth the number held prior to the split, the Company intends to determine amounts of dividends after the effective date of the reverse stock split based on consideration of the ratio of the split. Barring any changes in performance or other factors, the total dividend payments to which a shareholder is entitled should not change as a result of the reverse stock split. However, dividends will not be paid with regard to share fractions produced as a result of the reverse stock split.

Q7. What is the specific schedule for the change in share trading unit and the reverse stock split?

The schedule is as follows.

May 24, 2018: Date of resolution by Board of Directors

June 26, 2018 (tentative): Date of approval at General Meeting of Shareholders

September 25, 2018 (tentative): Final day on which shares can be traded in units of 1,000

September 26, 2018 (tentative): First day on which shares can be traded in units of 100

October 1, 2018 (tentative): Effective date of change in share trading unit, reverse stock split, and change in number of issuable shares

Early December 2018 (tentative): Payment of compensation for cancelled share fractions

Q8. What actions must be taken by shareholders?

Shareholders will not be required to take any special actions.

Contact

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