

1<sup>st</sup> November 2013

To whom it may concern

Wedge Holdings Co., Ltd.  
Tatsuya Konoshita,  
Representative Managing Director & CEO  
(Code 2388 TSE JASDAQ Market)  
Contact: Yukihiro Yokoyama, Corporate Officer  
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### **With Regards to the Recommendation of the Securities Exchange Surveillance Commission**

The announcement has been made for the recommendations made by The Securities Exchange Surveillance Commission (SESC) to the Financial Service Agency to impose an Administrative Monetary Penalty of 4,096.05 million yen on an individual, former director of our company and present director of our parent company, Showa Holdings Co., Ltd, in suspicion of Instruments and Exchange Act violations (fraudulent means) for actions such as announcing fictitious transaction to boost stock prices with regards to the underwriting of convertible bonds made by our company in March 2010.

We have received some inquiries from our shareholders and other concerned parties. Therefore, we would like to summarize the answers here as follows.

#### **1 What are your views on the recommendation?**

We have not yet received any contact, notice or investigations from the SESC. We believe that if recommendations like these are made, a hearing with our company is inevitable and we consider that this recommendation made without hearing to be highly deplorable. We believe the content SESC granted in the recommendation is not true as we had actually achieved the business expansion and investment income by the convertible bonds as announced at our business report.

#### **2 Was the underwriting of the bonds legally implemented?**

Yes, the underwriting of the bonds was legally implemented. Quoting from the recommendation, "Acquiring shares by exercising conversion rights and such, .... without expecting to increase investment incomes from interests received and such" stating that the disclosure of our company is untrue. However, we have achieved interest income from the convertible bonds as well as business expansion through acquiring the stakes of a hotel owning company by using a part of redemption capital as announced at our business report. Therefore, the information disclosed has no false content.

Furthermore, business has progressed successfully after the possession of the above mentioned hotel as we have already informed.

<http://www.wedge-hd.com/IR/topics/2013/p20130830e.html>

### 3 Will the Administrative Monetary Penalty be paid by the company?

According to the recommendation, the subject of the Administrative Monetary Penalty Payment Order is made against an individual and our company is not the subject of the Administrative Monetary Penalty Payment Order. In addition, our company will not be paying on behalf of the subjected individual.

We firmly believe that the recommendation itself is groundless and will be ruled out at the hearing procedures of the Financial Service Agency. We will also cooperate with the subjected individual of the Monetary Penalty Payment Order to prove that the transactions we handled are appropriate in the trials held at the Financial Service Agency.

The main points are as informed in the above.

Our only wish is to concentrate on our business as soon as possible.

We will continue to strive to expand our business and improve our corporate values for the realization of our mid-term management plan. Therefore we sincerely ask for the understanding on this matter.

Thank you.