

November 14, 2012

To our Shareholders

Company: Hikari Tsushin, Inc.
Representative: Takeshi Tamamura, President and COO
(Code 9435; First Section of Tokyo Stock Exchange)
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Notice regarding a Consolidated Subsidiary became a Wholly-Owned Subsidiary through Simple Share Exchange

Hikari Tsushin, Inc. (Hikari Tsushin) has conducted an agreement on a Share Exchange (the Share Exchange) to make consolidated subsidiary All Japan Solution, Inc. (AJS) a wholly owned subsidiary as outlined below.

Since the Share Exchange will take the form of a simple share exchange converting a consolidated subsidiary into a wholly-owned subsidiary, the following outline omits a certain content.

1. Purpose of making AJS a Wholly-Owned Subsidiary through the Share exchange

AJS offers a variety of equipment such as OA equipment, mobiles, and Internet communication services for corporate customers. After AJS becomes a wholly-owned subsidiary, the operation of management and human resources becomes more efficient in the field of office solution services which is one of the main business segments of Hikari Tsushin. Consequently, this contributes to the enhancement of services in office solution services which results in the increase of operating results for Hikari Tsushin group as a whole.

2. Overview of the Share Exchange

(1) Schedule of the Share Exchange

Board of Directors Meeting for Resolution for the Share Exchange (Hikari Tsushin and AJS)	November 14, 2012
Execution of the Share Exchange Agreement (Hikari Tsushin and AJS)	November 14, 2012
Record Date of Shareholder's Meeting (AJS)	December 11, 2012 (tentative)
Scheduled Share Exchange Date (effective date)	February 1, 2013 (tentative)

(Note 1) Hikari Tsushin plans on conducting the Share Exchange without obtaining approval by a resolution of its general meeting of shareholders through procedures for a simplified share exchange pursuant to provisions of Article 796, paragraph 3 of the Companies Act.

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(2) Method of the Share Exchange

In the Share Exchange, Hikari Tsushin will become the sole parent company of AJS and AJS will become a wholly-owned subsidiary of Hikari Tsushin.

(3) Details of Allocations pertaining to the Share Exchange

	Hikari Tsushin, Inc (Parent Company)	All Japan Solution, inc (Wholly- owned Subsidiary)
Exchange Rate	1	12.122

(Note 1) Exchange Rate

Hikari Tsushin plans on delivering, in accordance with the Share Exchange Agreement, funds to the shareholders of AJS (except for Hikari Tsushin) at the exchange rate shown above.

(Note 2) Shares issued for the Share Exchange

Hikari Tsushin will not issue new shares for the Share Exchange. Hikari Tsushin expects to use its treasury shares for the Share Exchange.

(4) Handling of Share Options and Bonds with Share Options of the Wholly-Owned Subsidiary

Not applicable

3. Details of Allocations pertaining to the Share Exchange

In order to ensure the fairness and appropriateness of the funds to be delivered upon the Share Exchange, Hikari Tsushin and AJS have each individually requested an appraisal of the share price of AJS by a third- party appraiser that is independent from Hikari Tsushin and AJS. The third-party appraisers has conducted its appraisal of the shares of Hikari Tsushin using the average market share price method (in light of conditions, the closing share price on the First Section of the Tokyo Stock Exchange for Hikari Tsushin on November 13, 2012 , which is the appraisal date, and the average closing share price for each trading day during the period of the most recent one month and the most recent three months) because Hikari Tsushin is listed on a financial instruments exchange and a market share price exists with respect to the shares of Hikari Tsushin. On the other hand, the third-party appraisers has conducted its appraisal of the shares of AJS using both net asset approach and the discount cash flow method (the "DCF Method") considering the fact that AJS is not listed on a financial instruments exchange. AJS is not expecting a drastic performance fluctuation from the next year.

Hikari Tsushin and AJS have conducted repeated negotiations and discussions with respect to the valuation of the shares of AJS in reference to the appraisal results of the share price submitted by the above third-party appraisers appointed by each party.

Consequently, Hikari Tsushin and AJS decided to conduct the Share Exchange for the funds to be delivered under section 2(3) above (Details of Allocations pertaining to the Share Exchange).

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4. Overview of the Companies conducting the Share Exchange

As of November 13, 2012

	Hikari Tsushin, Inc	All Japan Solution, Inc
(1) Name	Hikari Tsushin, Inc	All Japan Solution, Inc
(2) Location	1-4-10, Nishi-Ikebukuro, Toshima-ku, Tokyo	4-2-6, Kohinata, Bunkyo-ku, Tokyo
(3) Representative	Takeshi Tamamura, President and COO	Hiroshi, Ohnishi, President and COO
(4) Business	Sales of Office automation equipment, telecommunications line services	Sales of Office automation equipment, Sales of mobiles for corporate customers
(5) Stated Capital	54,259 million yen	923 million yen
(6) Date of Establishment	February 5, 1988	July 28, 2008
(7) Total Number of Issued shares	58,349,642shares	29,330shares
(8) Fiscal period	March 31	March 31
(9) Total Number of Employees	8,570 (consolidated)	133
(10) Major Shareholders and shareholding ratios	Hikari power, Ltd 34.88% Yasumitsu Shigeta 13.39% Tetsu, Ltd 1.89% Masa, Ltd 1.89% Mitsu, Ltd 1.89%	Hikari Tsushin, Inc 59.09% SBI Investment Co., Ltd 20.46%
(11) Operation Results and Financial Status for the latest fiscal year		
Fiscal Period (million yen)	Hikari Tsushin, Inc (consolidated)	All Japan Solution, Inc
	Period ending March 2012	Period ending March 2012
Consolidated net assets	106,167	354
Consolidated assets	231,097	987
Consolidated net assets per share (yen)	1,924.65	12,095.36
Consolidated net sales	499,305	3,618
Consolidated operating income	18,371	119
Consolidated ordinary income	17,627	139
Consolidated current net	7,828	(196)

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income (net loss)		
Consolidated net income per share (yen)	149.58	(7,574.36)

5. Status after the Share Exchange

The company names, addresses, name and position of representative, main lines of business, capital stock, and account closing dates of the Company will not be changed due to the Share Exchange.

6. Future Outlook

The effects of the Share Exchange on Hikari Tsushin's consolidated business performance in the fiscal year ending March 31, 2013 will be negligible.

(Reference) Consolidated Performance Forecasts for the Current Term and Consolidated Performance for the Previous Term

Hikari Tsushin, Inc (Consolidated Performance Forecasts for the Current term released on November 13, 2012)

(million yen)	Consolidated net sales	Consolidated operating income	Consolidated ordinary income	Consolidated current net income
Consolidated Performance Forecasts for the year ending March 31, 2013	510,000	24,000	23,000	13,000
Consolidated Performance for the Previous Term (Fiscal year ended March 31, 2012)	499,305	18,371	17,627	7,828

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