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To whom it may concern:

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Announcement of Planned Commencement of Tender Offer for Shares in U-Shin Ltd.
(Securities Code: 6985) for Business Integration with U-Shin Ltd.

MINEBEA MITSUMI Inc. (the “**Offeror**”) hereby announces that it resolved at its board of directors meeting held today to acquire shares of common stock in U-shin Ltd. (Securities Code: 6985, First Section of the Tokyo Stock Exchange; the “**Target Company**”) (such shares, the “**Target Company Shares**”) through a tender offer (meaning a tender offer under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “**Act**”) and related laws and ordinances; the “**Tender Offer**”) for the purpose of business integration with the Target Company with the details as described below.

The implementation of the Tender Offer is subject to the satisfaction of the following conditions (hereinafter collectively referred to as the “**Conditions Precedent for the Tender Offer**”):

- (i) All of the procedures and actions required under domestic and foreign competition laws have been duly and validly completed (including the expiration of the waiting period);
- (ii) The Target Company’s board of directors has duly and validly passed a resolution to declare its support for the Tender Offer and recommended that Target Company’s shareholders accept the Tender Offer, and has not withdrawn that resolution;
- (iii) The third-party committee established at the Target Company in connection with the Tender Offer has made a report to the Target Company’s board of directors stating that the Tender Offer is not disadvantageous to the Target Company’s minority shareholders, and has not withdrawn that report; and
- (iv) No events have occurred that would cause a material adverse effect to the financial condition (meaning the events set out in the proviso of Article 27-11, Paragraph 1 of

the Act based on which a tender offer may be withdrawn or any other events that are similar or equivalent to those events) of the Target Company group (Note).

In the event that one or more of the Conditions Precedent for the Tender Offer is not satisfied, the Offeror may, in its discretion, elect to waive such Conditions Precedent for the Tender Offer, in whole or in part, and proceed to commence with the Tender Offer as intended.

The Tender Offer will be implemented promptly upon the satisfaction (or waiver by the Offeror) of the Conditions Precedent for the Tender Offer, and although the Offeror as of today plans to commence the Tender Offer around later January 2019, it is difficult for the Offeror to accurately estimate the period needed for completing procedures involving domestic and foreign competition authorities and related matters. A detailed schedule of the Tender Offer will therefore be announced once decided.

Note: In addition to the conditions set out in (i) through (iv) above, the implementation of the Tender Offer is subject to the satisfaction of the condition that (v) no petition, litigation or proceeding demanding the prohibition of or limitations on the commencement of the Tender Offer is pending before a judicial or administrative agency, and there is no decision of a judicial or administrative agency that prohibits or limits the commencement of the Tender Offer, and (vi) there is no unpublished material fact (meaning a material fact as prescribed in Article 166, Paragraph 2 of the Act) regarding the Target Company or a fact of tender offer, etc. (meaning a fact as prescribed in Article 167, Paragraph 2 of the Act).

1. Purpose of Tender Offer

(1) Outline of the Tender Offer

The Offeror, by a resolution at its board of directors meeting held today, has resolved to conduct the Tender Offer for all of the issued Target Company Shares (excluding the Target Company Shares held by the Offeror and the Target Company's treasury shares) for the purpose of acquiring the Target Company as a wholly-owned subsidiary of the Offeror, subject to the Conditions Precedent for the Tender Offer being met (or waived by the Offeror). The Offeror holds 100 Target Company Shares as of today.

The Offeror has set 22,079,500 shares (ownership ratio: 66.67%; see Note) as the minimum number of shares to be purchased in the Tender Offer. If the total number of share certificates, etc. tendered in the Tender Offer (the "**Tendered Share Certificates, Etc.**") is less than the minimum number of shares to be purchased, the Offeror will not purchase any of the Tendered Share Certificates, Etc. Conversely, because the Offeror intends to acquire all of the Target Company Shares (excluding the Target Company Shares held by the Offeror and the Target Company's treasury shares) through the Tender Offer, there is no maximum number of shares to be purchased, and if the total number of Tendered Share Certificates, Etc. meets or exceeds the minimum number of shares to be purchased, the Offeror will purchase all of the Tendered Share Certificates, Etc. The minimum number of shares to be purchased (22,079,500 shares) is the product (22,079,500 shares) of the difference (220,795 voting rights) between (i) at least two thirds (220,796 voting rights; rounded up to the nearest unit) of the Target Company's voting rights (331,194 voting rights) pertaining to the difference (33,119,497 shares) between (a) the total number of issued shares of the

Target Company as of September 30, 2018 (33,791,586 shares) stated in the Q3 Financial Statement (Japanese GAAP) (consolidated) for the fiscal period ending December 2018 released by the Target Company on November 7, 2018 (the “**Target Company’s Quarterly Financial Statement**”) and (b) the number of treasury shares held by the Target Company as of September 30, 2018 (672,089 shares) stated in the Target Company’s Quarterly Financial Statement and (ii) the voting rights owned by the Offeror (one voting right), multiplied by the share unit number of the Target Company Shares (100 shares).

Note: “Ownership ratio” means the percentage owned (rounded to two decimal places; the same applies hereinafter to the calculation of the percentage) of the difference (33,119,497 shares) between (i) the total number of issued shares of the Target Company as of September 30, 2018 (33,791,586 shares) stated in the Target Company’s Quarterly Financial Statement and (ii) the number of treasury shares held by the Target Company as of September 30, 2018 (672,089 shares) stated in the Target Company’s Quarterly Financial Statement; the same applies hereinafter.

Because the Offeror’s purpose is to make the Target Company a wholly-owned subsidiary of the Offeror, if the Offeror is unable to acquire all of the issued shares of the Target Company (excluding the Target Company Shares held by the Offeror and the Target Company’s treasury shares) through the Tender Offer, the Offeror will conduct the procedures for making the Offeror a sole shareholder of the Target Company stated in “(4) Policy for organizational restructuring after the Tender Offer (matters relating to the ‘Two-Step Acquisition’)” below (the “**Procedures for Making the Target Company a Wholly-owned Subsidiary**”); collectively with the Tender Offer, the “**Transaction**”) to acquire all of the issued shares of the Target Company (excluding the Target Company Shares held by the Offeror and the Target Company’s treasury shares).

According to the “Announcement of Opinion regarding the Planned Commencement of Tender Offer for the U-Shin Ltd’s Shares By and For Business Integration with Minebea Mitsumi Inc.” issued by the Target Company today (the “**Target Company’s Press Release**”), the Target Company determined at its board of directors meeting held today, that the Target Company’s stance as of today is to express support for the Tender Offer and recommend that its shareholders tender shares in response to the Tender Offer if the Tender Offer is conducted.

However, according to the Target Company, the Tender Offer will commence when the Conditions Precedent for the Tender Offer have been satisfied (or waived by the Offeror), and as of today, the Offeror plans to commence the Tender Offer on later January 2019, but it is difficult to accurately estimate the period needed for completing procedures involving domestic and foreign competition authorities and related matters. Under these circumstances, the Target Company’s board of directors resolved to instruct the third-party committee to consider, at the time of commencement of the Tender Offer, whether there has been any change to its opinion expressed to the Target Company’s board of directors today and to respond either that there has been no change or to give its amended opinion, as stated in “(E) Unanimous Approval of All Disinterested Directors of the Target Company” in “(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below, and in accordance with the opinion

described above, resolved to restate its opinion regarding the Tender Offer upon the commencement of the Tender Offer.

For details of the resolution of the Target Company's board of directors described above, see the Target Company's Press Release and "(E) Unanimous Approval of All Disinterested Directors of the Target Company" in "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below.

(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer

(A) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer

The Offeror was established as Japan's first specialized manufacturer of miniature ball bearings in July 1951, and its shares were approved and listed as over-the-counter stocks of the Tokyo Stock Exchange in August 1961. The shares were listed on the Second Section of the Tokyo Stock Exchange in October 1961, and were assigned to the First Section of the Tokyo Stock Exchange in October 1970.

The Offeror started its business as Minebea Mitsumi Inc. after Minebea Co., Ltd. ("**Minebea**"), which mainly engaged in bearings and other machine components, motors, backlights for liquid crystals, sensors and other electronic devices and components and Mitsumi Electric Co., Ltd. ("**Mitsumi Electric**"), which is a manufacturer of electronic components, implemented a business integration by way of share exchange on January 27, 2017.

Minebea, a predecessor company of the Offeror, was incorporated in 1951 as Japan's first specialized manufacturer of miniature ball bearings as described above, and since then, it has manufactured large numbers of bearings and other high-quality and high-precision components. In recent years, it has also manufactured and sold backlights for liquid crystals employed in smartphones, lighting devices and other products. On the other hand, Mitsumi Electric was established in 1954 as a manufacturer of electronic components, such as coils and transformers. Since then, starting from the introduction of Polyvaricons (variable condenser) to the world in 1955, it has developed world-leading technical capabilities and has offered high-precision, high-quality electronic components with superior performance, excellent reliability and durability for cutting-edge electronic components all over the world during various periods of history. Currently, it manufactures and sells electric equipment and components, such as mechanism components, semiconductor devices, power supply components, high-frequency devices and optical devices, for various electronic devices, such as data communication devices, automobiles, healthcare and consumer electronics and leisure devices. Through the business integration of Minebea and Mitsumi Electric, the Offeror has expanded its hybrid component business that is driven by the combined technological strengths in machined components of Minebea as well as electronic devices and components of Mitsumi Electric. The Offeror group currently supplies its products to a broad range of

industries as a “Mix & Match” manufacturer of precision components that creates synergies in various fields by combining technologies and products.

As of today, the Offeror group is composed of the Offeror and 95 affiliates (including 95 consolidated subsidiaries), and mainly engages in the manufacturing and selling of products pertaining to the following three businesses: (i) the *Machinery Components Business*, whose main products are ball bearings, rod-end bearings, HDD pivot assemblies and other mechanical components, and aircraft screws; (ii) the *Electric Devices and Components Business*, whose main products are electric devices (such as electronic devices represented by backlights for liquid crystals, sensing devices (measuring components) and IoE (Note 1) solution), HDD spindle motors, stepping motors, DC motors, air movers (fan heaters), precision motors and special components; and (iii) the *Mitsumi Business*, whose main products are semiconductor devices, optical devices, mechanism components, high-frequency devices and power components.

Note 1: “IoE” is an abbreviation of “Internet of Everything,” a concept that represents a further phase of IoT (Internet of Things). It refers to having not only “things” connected by the Internet but also people, systems information, public facilities, data, and the like.

The Offeror group has upheld a basic management philosophy based on the following three principles. The first principle is the *transparent management based on the company credo “The Five Principles.”* Under the company credo, it strives to “be a company where our employees are proud to work,” “earn and preserve the trust of our valued customers,” “respond to our shareholders’ expectations,” “work in harmony with the local community” and “promote and contribute to global society.” Based on these company credos, the company’s basic management policy is to fulfill its social responsibility and to sustainably maximize the corporate value for its various stakeholders, such as shareholders, business partners, local communities, global society and employees. Aiming at concentrating its management resources on the fields where it has the collective and comprehensive strengths of the corporate group, the Offeror group has worked proactively on “the development of high-value-added products” and “the advancement of the quality of the products.” In addition, the Offeror group strives to reinforce our corporate management centering on “the strengthening of our financial standing” as well as to implement “the company management having a high-degree of transparency” in a comprehensive manner both internally and externally.

The second principle is the *Create new value through “difference” that transcends conventional wisdom.* While it is required for the manufacturing of the future to deliver new value propositions to society, the Offeror group established the slogan “Passion to Create Value through Difference,” and going forward the Offeror group will continue to pursue a system to create new value through “difference” that transcends conventional wisdom, demonstrating strengths that cannot be found in other companies, and will vigorously push forward under the philosophy that passion is a power, passion realizes speed and passion brings a future.

The third principle is the *Approach manufacturing with an attitude of sincerity*. The Offeror group believes that to share our attitude to manufacturing, how we think about manufacturing, and how the Offeror group pursues best practices for implementing manufacturing across the Offeror group is of the utmost importance. The Offeror group will continue to pursue the thoroughgoing “sincere attitude to manufacturing” that has hitherto, in response to the needs of society, provided better products, more quickly, more inexpensively, in more quantity, and more astutely than before.

The Offeror considers the automotive related business to be a significantly growing domain. Specially, its main products such as ball bearings, backlights for liquid crystals and motors are increasingly used in automobiles.

Under those circumstances, in the automotive industry, although there are trends that the demand in the U.S. and Japanese markets is decreasing, and the growth of the Chinese market is slowing, the demand in the emerging markets continues to expand and the global market continues to expand. In addition, because the automobile industry faces a momentous turning point represented by so-called CASE (Connected, Autonomous, Shared & Services, Electric) in which technical innovations promote changes in the market, the automotive manufacturers and automotive components manufacturers have the challenge to respond to that market innovation and technical innovation as soon as possible. Due to such business environmental change, the Offeror group considers that there is a significant change in the roles played by the automotive manufacturers and automotive components manufacturers in the future. The Offeror group has supplied various products to many automotive components manufacturers as well as automotive manufacturers. In response to the changes described above, however, the Offeror group is required to further strengthen a role in directly offering products and technologies that meet demands from the automotive manufacturers, which are its end customers.

On the other hand, according to the Target Company’s Press Release, the Target Company was founded in July 1926 as Limited Partnership Company YUHSIN-SHOKAI whose business purpose was to import motorcycle components and automotive components, and was changed to YUHSIN-SHOKAI Ltd. in November 1936, after which the Target Company started business activities as a manufacturer by manufacturing automotive components. The Target Company changed its trade name to its present trade name in April 1984. The Target Company’s shares were listed on the Second Section of the Tokyo Stock Exchange in December 1962, and have been listed on the First Section of the Tokyo Stock Exchange since May 1997.

The Target Company’s Press Release states that the Target Company group, as of today, comprises a total of 31 companies—the Target Company, 28 subsidiaries, and 2 affiliates—and its main business is the development, manufacture, and sale of automotive components, industrial machinery, and home security units (such as locks for commercial buildings and residential dwellings).

The Target Company’s Press Release states that in its Automotive Division, which is its largest business division, there has been rapid progress in technological innovation in recent years due to factors such as the introduction of IT systems in

vehicles, high-functionality, and the advent of electromotive technology. The Target Company's Press Release states that in this business environment the Target Company is responding to the needs of its customers, the automotive manufacturers, by developing new technologies in fields such as electronic components, equipment, electronics, and systems, including electric locks that replace traditional locks by ensuring a high level of security that meet the standards of reliability expected by automotive manufacturers. The Target Company's Press Release states that as a result of this, it is engaged in everything from development and design through to manufacture in relation to a wide variety of automotive components, from mechanical design machinery to electronic technology and software, and in recent years it has been developing system-based products such as power closure systems (automatic opening and closing system for the rear gate) and continues proposing solutions to its customers. The Target Company's Press Release also states that it has also been taking the security technology accumulated in its Automotive Division and applying it to its Industrial Equipment Division and Home Security Unit Division to create new products in these business areas, and has been evolving to meet to the constantly changing market needs in such business divisions as well.

The Target Company's Press Release also states that it is also continuing to conduct active overseas expansion in order to provide responsive support to Japanese automotive manufacturers who have manufacturing bases in Japan and overseas, and that the Target Company currently has manufacturing, sales and development bases in 15 countries throughout the world (namely, in Japan, China, Thailand, Malaysia, India, France, Germany, Italy, Spain, Hungary, Slovakia, Russia, the United States, Mexico, and Brazil). The Target Company's Press Release further states that given the expected contraction in the Japanese automotive components market, in 2013 it acquired the access mechanism business (the "UAM Business") (see Note 2) of Valeo, a major French automotive components manufacturer, for approximately JPY 20.2 billion for the purpose of expanding its customer base (in respect of customers such as European automotive manufacturers) and improving its overseas revenue ratio by strengthening its production capacity in Europe.

Note 2: "UAM Business" refers to the business pertaining to the development, manufacture and sale of automotive components such as key sets, latches (that are located on the inside of doors and bonnets and have the function of locking and opening such parts), door handles, and steering locks.

The Target Company's Press Release states that in this way it has engaged in active overseas expansion in the Automotive Division, which is its main segment. The Target Company's Press Release states, however, that although the global automotive market is expected to continue to see increased demand in emerging markets, other trends can be seen such as reduced demand in markets such as the U.S. and Japan and slowed growth in the Chinese market, so the Target Company considers that the future of the automotive market is one that cannot be safely predicted.

The Target Company's Press Release also states that amidst the advance of the rapid technological innovation in the automotive industry in recent years due to the introduction of IT systems, high- functionality, and the advent of

electromotive technology, there has been a rapid increase in demand for products such as (i) those that incorporate more advanced electronic technology or system development, etc. and (ii) products that use new technology that until now had not been used as automotive components such as sensors and telecommunications technology, and that in order to meet such demand from automotive manufacturers it is aware of the necessity for automotive manufacturers to develop frameworks that enable continuous development and expansion of these new technologies and to continue to invest funds into technological development and the like.

The Target Company's Press Release states that, according to its understanding, automotive manufacturers are taking such severe business environment into account and making their selection of automotive parts manufacturers more rigorous. The Target Company's Press Release states that that automotive components manufacturers are experiencing heightened intensification in their competitive environment, with selection and concentration of businesses taking place through active M&A, particularly among the major European manufacturers. The Target Company's Press Release states that, in addition to this, in the post-acquisition UAM Business the Target Company has been unable to produce the results from the acquisition that it had initially expected due to factors such as manufacturing defects occurring in that business subsequent to the acquisition, and as announced in the "Notice of Recording Extraordinary Loss, Partial Reversal of Deferred Tax Assets, Revision of Consolidated Full-Year Forecast, Differences Between Unconsolidated Results and Previous Year Results, Fiscal Year-End Dividend (No Dividend), and Covenants Breach" dated January 10, 2017, this resulted in the Target Company in the fiscal period ended November 2016 recording a one-off impairment of the outstanding balance of goodwill (5,581 million yen) that was recorded at the time of the UAM Business acquisition, as well as implementing a partial impairment of fixed assets (1,121 million yen) related to Brazil and other bases and a partial reversal of deferred tax assets (1,005 million yen), and recording a 9,659 million yen consolidated net loss.

The Target Company Press Release states that in this severe management environment the Target Company group in January 2017 formulated a new medium-term management plan for the fiscal period ended December 2017 to the fiscal period ending December 2021, and is aiming to achieve sustained growth and improve its medium to long-term corporate value by adopting the slogan "Challenge for Turnaround" and taking initiatives such as those focused on (i) firmly establishing competitive products that entail new technological development and (ii) implementing a thoroughgoing turnaround of the UAM Business through measures such as quality improvements, productivity improvements, and strengthened management structures. The Target Company Press Release states that particularly in the automotive industry which is facing a momentous turning point due to technological innovation, in order for the Target Company group to survive into the future it is essential that it take part in global exchanges related to new technology with the various automotive manufacturers (mainly the major European automotive manufacturers), and it believes that from that perspective the UAM Business—whose business activities are mostly centered in Europe—is an extremely important business base for the future

growth of the Target Company. The Target Company Press Release states that for this reason it has positioned the turnaround and growth of the UAM Business as a particularly important task for the sustained growth and improved medium to long-term corporate value of the Target Company and has been taking action on such task.

The Target Company's Press Release states, however, that as set out in "(ii) Selection Process of the Offeror and Proposal, etc. by the Offeror" in "(E) Unanimous Approval of All Disinterested Directors of the Target Company" in "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below, it has been working hard at turning around the UAM Business and has seen some results but is still only part of the way, while at the same time the deterioration in the financial base of the Target Company due to the accounting impairment and other such factors may restrict the medium to long-term investment activities that it needs to undertake in order to respond to the rapid technological innovation and the like in the Automotive Division, and that the Target Company is currently in an ongoing situation of being unable to meet the expectations of the share market. The Target Company's Press Release states that based on such situation it has decided to examine promptly responding to the various tasks contemplated in its medium-term business plan by collaborating with a third party that (i) possesses insight into overseas manufacturing industries, (ii) is able to provide support for stabilizing the financial base of the Target Company, and (iii) possesses technology and knowhow related to IT and the like in automotive components. The Target Company's Press Release states that, specifically, in early August 2018, the Target Company received cooperation from multiple external advisors and compiled a list of multiple candidate partners who possess insight into overseas manufacturing industries, and it comprehensively examined that list from perspectives such as improving the corporate value of the Target Company and the respective candidate partners' financial situations and degree of interest in M&A, and held discussions with a number of those companies, including the Offeror, in order to select a candidate partner. The Target Company's Press Release states that subsequently in mid August 2018 it received, from multiple partner candidates, including the Offeror, explanations outlining the synergies that such candidates expect from business collaboration, and approaches regarding business collaborations with the Target Company.

Since then, the Offeror, as one of the candidates for the Target Company's partners, has continued to discuss with the Target Company a possible collaboration with the Target Company. As a result, under the business environment described above, the Offeror recognizes that the Offeror will be able to have an opportunity to achieve a major business expansion in the vehicle components market by utilizing the Target Company's extensive experience in trading with automotive manufacturers and its wealth of knowledge of design concepts, and the Target Company's business model optimized as a Tier 1 manufacturer (Note 3) for the product development of the Offeror group and proposals to automotive manufacturers which are the end customers. Thereafter, in early September 2018 the Target Company received initial proposals from the

above multiple candidates including the Offeror, comprising more specific terms relating to the above approaches.

Note 3: Tier 1 manufacturer means an automotive components manufacturer which directly supplies components to automotive manufacturers.

According to the Target Company's Press Release, the Target Company comprehensively and multilaterally examined the terms and conditions presented in the above initial proposals from perspectives of improving the Target Company's corporate value, including the implementing a turnaround of the UAM Business, and protecting the interests of existing shareholders, and the Target Company determined to narrow down the candidates to the Offeror and negotiate therewith. Then, from late September 2018, the Offeror and the Target Company commenced discussing and examining the specific terms and conditions of the Tender Offer including a series of the procedures for the Transaction and the price per a share to be offered for the Target Company Shares in the Tender Offer (the "**Tender Offer Price**"). At that time, the Offeror appointed Daiwa Securities Co., Ltd. ("**Daiwa Securities**") as a financial adviser and a third-party appraiser independent from the Offeror and the Target Company, and Mori Hamada & Matsumoto as a legal adviser. The Target Company appointed SMBC Nikko Securities Inc. ("**SMBC Nikko Securities**") as a financial adviser and a third-party appraiser independent from the Offeror and the Target Company, and TMI Associates as a legal adviser, and established the third party committee. In addition, the Offeror conducted due diligence on the Target Company for the period from early October 2018 to late October 2018 to investigate the feasibility of the Transaction and has continued to discuss and negotiate with the Target Company the terms and conditions of the Transaction including the Tender Offer Price. In the middle of October 2018, at the request of the third party committee of the Target Company, the Offeror explained the background and purpose of the Transaction and its thoughts regarding matters such as the synergies expected to arise from the Transaction, the management policy after the Transaction, and the ongoing employment of employees.

Based on these discussions and negotiations, the Offeror decided that making the Target Company a wholly-owned subsidiary through the Transaction would make it possible to seek to make the Offeror's products ones with high added value by utilizing the high level of automobile quality management knowhow of the Target Company, which is a leader in automotive components for its track record of functionality and safety based on international standards, as well as to enable further expansion of the Offeror's product lineup by utilizing the customer base of the Target Company as a Tier 1 manufacturer. Further, the Offeror reached the conclusion that integrating the management of the Offeror and the Target Company and appropriately assigning new roles within the corporate group would be the best measure in order to generate synergies to the maximum extent and in order to contribute to sustained improvement of the corporate value of both companies particularly in the automotive related business.

With respect to the Tender Offer Price, while the Offeror proposed 890 yen per a Target Company Share in late October 2018, as a result of the discussion and negotiation described above taking into consideration the current results and future business plans of the Target Company, the results of the above due

diligence conducted by the Offeror, the trends in the market share price of the Target Company Shares, financial conditions, trends in share markets and other matters, in early November 2018, the Offeror and the Target Company reached an agreement that the Tender Offer will be commenced with the Tender Offer Price being 985yen if the Conditions Precedent for the Tender Offer are satisfied (or if the Offeror waives the Conditions Precedent for the Tender Offer).

As a result, the Offeror, at its Board of Directors meeting held today, resolved to implement the Tender Offer as promptly as practically reasonable if the Conditions Precedent for the Tender Offer are satisfied (or if the Offeror waives the Conditions Precedent for the Tender Offer).

The Offeror expects that due to the Transaction it will specifically be able to expect the following synergy effects.

(i) Strengthening of automotive related business of the Offeror

The Offeror believes that by improving its capacity to propose solutions by utilizing the Target Company's abundant track record of transactions with automotive manufacturers and its extensive insight and the like, and by mastering for itself the knowhow about automotive components quality that the Target Company possesses, the Offeror will be able to more strongly establish a broad range of transactional relationships with automotive manufacturers and automotive components manufacturers, and to become an unrivalled force in the automotive industry, which is currently undergoing great transformation. For example, the Offeror believes that it will become possible to obtain new information about automotive manufacturers with which it has hitherto not directly transacted and to more readily engage in development and proposals of products that meet customer needs.

(ii) Strengthening of the automotive related business of the Target Company

The Offeror believes that the Target Company will be also able to realize various benefits such as commercialization of new product groups that incorporate the unique technologies possessed by the Offeror group (such as ultra-precision machine processing and mass manufacturing) and its high-functionality inhouse manufactured components such as motors and antennas, as well as strengthened product competitiveness and business expansion through improved cost prices made possible by applying the manufacturing knowhow of the Offeror group. The Offeror believes that through the Transaction both companies will become able to aim at firmly establishing themselves as a new role model as a vertically-integrated Tier 1 manufacturer.

(iii) Creation of new solutions in the IoE related business of the Offeror and the Target Company

The evolution of information technology has seen the emergence of the world of IoE, resulting in the generation of new value through services that had not existed until now in areas ranging from industrial equipment and commercial buildings and residential dwellings, to public and social infrastructure, as well as in the medical and healthcare domains. To date,

the Offeror has provided many IoE solutions such as SALIOT (see Note 4), bed sensors, and smart cities. The security related products held by the Target Company are widely used not only in automobiles but also in office buildings, hotels, residential dwellings, and the like, and the Offeror believes that combining these products with the Offeror group's technologies such as high-performance telecommunications and sensors will serve as a new driver for growing the IoE related business.

Note 4: "SALIOT" is an abbreviation of "Smart Adjustable Light for the Internet of Things," which is a new LED lighting product of the Offeror.

(iv) Realization of cross-selling and "time to market" between the Offeror and the Target Company

In terms of product sales, the Offeror believes that creation of new business opportunities will be accelerated by cross-selling activities (see Note 5) between the two companies' sales networks that utilizes their respective characteristics—the wide range of markets and regions covered by the sales network of the Offeror, and the close relationships with automotive manufacturers held by the sales network of the Target Company. In terms of production, the Offeror believes that mutually utilizing existing production bases will enable the development of a supply chain that offers the "time to market" desired by customers. The Offeror believes that these effects will result in its achievement of business expansion and improved presence in the world market.

Note 5: "Cross-selling" refers to companies mutually selling the other company's related products to their own customers.

In order to generate synergies described above to the maximum extent, the Offeror considers that it is necessary not only to establish a strong affiliation relationship but also to mutually utilize the management resources and know-how of the Offeror and the Target Company through making the Target Company a wholly-owned subsidiary and establishing a structure to make prompt decisions. Specially, upon the turnaround of the UAM Business, the Offeror considers that it is necessary to make a drastic change by utilizing the management method, and transferring staff, of the Offeror's foreign group companies. As a result of that, the Offeror determines that in order to implement those measures, it is the best choice to make the Target Company a wholly-owned subsidiary of the Offeror.

(B) Background of and Reasons for Decision-Making of the Target Company

According to the Target Company's Press Release, the background of and reasons for approval of the Tender Offer by the Target Company are as follows.

(i) Measures of the Target Company and Issues Thereof

According to the Target Company's Press Release, as described in "(A) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer" of "(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer" above, under the medium-term

management plan, some improvement effects have been generated by the Target Company (i) replacing management personnel in Europe and promoting changes in manufacturing awareness for improved quality, (ii) implementing major restructuring of a business base in Brazil, and (iii) making efforts to strengthen company-wide management structures.

However, the Target Company's Press Release states that because (I) the Target Company has established a system that enables the Target Company to continuously develop and otherwise expand new technologies for (i) products that incorporate more advanced electronic technology or system development, etc. and (ii) products that use new technologies such as sensors and telecommunication technology, which are all products that are necessary for responding to the rapid progress in technological innovation in the automotive industry, and (II) as announced in "Notice of Recording Extraordinary Loss, Revision of Consolidated Full-Year Forecast, and Previous Year Results, Fiscal Year-End Dividend (No Dividend)" dated February 13, 2018, the high-priority UAM Business remains in a difficult condition after recording an impairment loss (1.444 billion yen) in relation to the Nevers plant in France, and as a result of the deterioration in the financial base due to the accounting impairment, there is a possibility that the Target Company will not be able to sufficiently conduct medium to long-term investment activities and the Target Company is in an ongoing situation of being unable to distribute surplus, the Target Company is unable to meet the expectations of its shareholders and therefore improvement of those issues is an immediate task for the Target Company.

(ii) Selection Process of the Offeror and Proposal, etc. by the Offeror

According to the Target Company's Press Release, as set out in "(A) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer" above it has been working hard at turning around the UAM Business and has seen some results but is still only part of the way, while at the same time the deterioration in the financial base of the Target Company and other such factors may restrict the medium to long-term investment activities that it needs to undertake in order to respond to the rapid technological innovation in the Automotive Division, and that the Target Company is currently in an ongoing situation of being unable to meet the expectations of the share market. The Target Company's Press Release states that based on such situation it has decided to examine promptly responding to the various tasks contemplated in its medium-term business plan by collaborating with a third party that (i) possesses insight into overseas manufacturing industries, (ii) is able to provide support for stabilizing the financial base of the Target Company, and (iii) possesses technology and knowhow related to IT and the like in automotive components. The Target Company's Press Release states that, specifically, in early August 2018, the Target Company received cooperation from multiple external advisors and prepared a list of multiple candidate partners who meets the matters described (i) through (iii) above, and it comprehensively examined that list from perspectives such as improving the corporate value of the Target Company and the respective candidate partners'

financial situations and degree of interest in M&A, and held discussions with a number of those companies, including the Offeror, in order to select a candidate partner. The Target Company's Press Release states that subsequently in mid August 2018 it received, from multiple partner candidates, including the Offeror, explanations outlining the synergies that such candidates expect from business collaboration, and approaches regarding business collaborations with the Target Company.

According to the Target Company, after the receipt of the above approaches, the Target Company continued to discuss with the above multiple candidates including the Offeror a possible collaboration with each of those candidates based on the content of the approaches that the Target Company received. Then, in early September 2018, the Target Company received initial proposals (including an initial proposal for the implementation of the Transaction by the Offeror) from the above multiple candidates including the Offeror, comprising more specific terms relating to the above approaches.

According to the Target Company's Press Release, the Target Company comprehensively and multilaterally examined the terms and conditions presented in the above initial proposals from the above multiple candidates from perspectives of improving the Target Company's corporate value, including the implementing a turnaround of the UAM Business, and protecting the interests of existing shareholders. The Target Company's Press Release states that, as a result of such examination, the Target Company came to think that by making the Offeror a partner and becoming a wholly-owned subsidiary of the Offeror, (I)(i) the management base of foreign group companies of the Target Company such as the UAM Business would be further strengthened by utilizing the management method and personnel of foreign group companies that the Offeror has accumulated, and (ii) the financial base of the Target Company will be able to be stabilized as described in "(iii) Discussion and Negotiation with the Offeror and Examination by the Target Company" below, (II) the business domain will be expanded by utilizing the Offeror group's manufacturing know-how and the Offeror's products, and (III) the vertical integration-type business model may be established by establishing a consistent collaboration relationship with the Offeror at each stage of development, manufacturing and selling of the products. The Target Company's Press Release states that the Target Company also came to think that it would be able to take measures in response to the issues described in "(i) Measures of the Target Company and Issues Thereof" that require timely measures in the rapidly-changing market environments more promptly than the case where the Target Company takes such measures on its own. The Target Company's Press Release states that the Target Company accordingly determined that (i) it is possible to further develop technologies sufficient to respond to the technological innovation in the automotive industry in recent years due to factors such as the introduction of IT systems, increased functionality, and the advent of electromotive technology, and (ii) with respect to the UAM Business, it is possible to improve product quality under appropriate management structures and realize growth strategies by utilizing the competitive

superiority of the UAM Business such as its existing client base, market share and high-level new product development capabilities, and as a result, contribute to the medium to long-term improvement of the corporate value of the Target Company, and in late September 2018, the Target Company determined to narrow down the candidates to the Offeror and negotiate therewith.

(iii) Discussion and Negotiation with the Offeror and Examination by the Target Company

According to the Target Company's Press Release, based on the above initial proposal received from the Offeror, the Target Company appointed SMBC Nikko Securities as its financial advisor and third party appraiser independent from the Offeror and the Target Company, and TMI Associates as its legal advisor independent from the Offeror and the Target Company in order to further consider such proposal and the entire Transaction, and also established a third-party committee on October 1, 2018 as a body with which the Target Company's board of directors consult in order to consider the proposal for the Transaction (please see "(D) Establishment of an Independent Third-Party Committee at the Target Company" under "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below for the details of the third-party committee). It is stated that under the above structure, the Target Company, taking into account the content of a share price valuation report of the Target Company Shares (the "**Target Company Share Price Valuation Report**") obtained from its third-party appraiser SMBC Nikko Securities on November 6, 2018 and the legal advice from its legal advisor TMI Associates, and respecting to a maximum extent the matters stated in the written report (the "**Written Report**") submitted by the third-party committee prudently discussed and examined with the Offeror several times the procedures for the Transaction and the terms and conditions of the Transaction including the Tender Offer Price from the standpoint of enhancing the Target Company's corporate value.

The Target Company's Press Release states that as a result of such discussions and negotiations, it reached the conclusion that by becoming a group company of the Offeror, (i) the management base of foreign group companies of the Target Company such as the UAM Business would be further strengthened by utilizing the management methods and personnel of foreign group companies that the Offeror has accumulated, and (ii) the financial base of the Target Company will be able to be stabilized, and that becoming a group company of the Offeror can be expected to generate the following effects and contribute to the medium to long-term improvement of the corporate value of the Target Company.

(a) Expansion of Business Domain

According to the Target Company, under the rapid progress in technological innovation represented by so-called *CASE* (Connected, Autonomous, Shared & Services, Electric), the Target Company

considers that it is possible to expand its business domain including in the IoE field by applying the manufacturing knowhow of the Offeror group and the Offeror's products, developing new products that incorporate the unique technologies of the Offeror group in the Target Company's existing products and commercializing those new products.

(b) Vertical Integration-type Business Model

According to the Target Company, the Target Company considers that by mutually utilizing the knowhow, knowledge and products of the Target Company and the Offeror at each stage of development, manufacturing and selling of the products and otherwise establishing a consistent collaboration relationship with the Offeror, it will be possible to actually develop, manufacture and sell highly competitive products of the Target Company into which the Offeror's products and the Offeror group's knowhow are integrated.

According to the Target Company, in order to maximize the effects described above, it is necessary for the Target Company to establish a decision-making system to promptly implement various measures for resolving the Target Company's management issues, and if the Target Company does not become a wholly-owned subsidiary of the Offeror, the possibility cannot be denied that because an issue of conflicts of interest with the Target Company's minority shareholders may arise in relation to the transactions between the Offeror and the Target Company, a flexible mutual utilization of the management resources and knowhow between the Offeror and the Target Company may be impaired.

The Target Company Press Release states that, upon the implementation of various measures described above, whereas profits may temporarily deteriorate or the Target Company may not otherwise be able to meet the expectations of the Target Company's existing shareholders who seek a stable increase in profits, or there may be a risk of unstable share price due to lack of sufficient appraisal in the capital market on a short-term basis, the Target Company considers that it is not necessarily appropriate for the Target Company's minority shareholders to bear those risks.

The Target Company Press Release states that, based on the above matters, it considers that becoming a wholly-owned subsidiary of the Offeror through the Transaction and conducting integrated management with the Offeror, (i) will contribute to the solution of management issues that the Target Company recognized, (ii) under the prompt decision-making system which it is difficult for the Target Company to realize as a listed company, the Target Company will be able to take various thoroughgoing measures for mutually utilizing management resources, knowledge, information and knowhow with the Offeror, (iii) the Target Company may deliver to the Target Company's shareholders the amount equal to the market share price plus a certain premium for the time during which it is under financial conditions in which distribution of surplus is difficult, and (iv) the Target Company may establish a system in which the management team and employees of the Target Company may work together under a uniform management policy in which the Target Company's existing shareholders will not bear any risk of

unstable share price due to the possibility of not meeting the expectations of the Target Company's existing shareholders who seek a stable increase in profits or due to a lack of sufficient appraisal in the capital market in the short term.

In addition, the Target Company has determined that the Tender Offer provides its shareholders with an opportunity to sell their shares at a price to which a reasonable premium is added based on the following facts:

- (a) Comparing with the calculation results based on the Target Company Share Price Valuation Report, the Tender Offer Price is above the range of the calculation results based on the market price method and comparable company comparison method, and within the range of the calculation results based on the discounted cash flow analysis (“DCF analysis”);
- (b) The Tender Offer Price is a price inclusive of a premium of (i) 28.26% (to be rounded to two decimal places; the same applies to each percentage of a premium on a share price below) on 768 yen, the closing price of the Target Company Shares quoted on the First Section of the Tokyo Stock Exchange on November 6, 2018, which is the business day before the announcement date of the Tender Offer, (ii) 31.51% on 749 yen, the simple average closing price (to be rounded to the nearest whole yen; the same applies to each simple average closing price below) over the preceding one-month period through November 6, 2018, (iii) 31.16% on 751 yen, the simple average closing price over the preceding three-month period through November 6, 2018, and (iv) 33.11 % on 740 yen, the simple average closing price over the preceding six-month period through November 6, 2018;
- (c) Measures to eliminate conflicts of interest stated in “(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below have been taken and it is determined that consideration is given to minority shareholders' interests; and
- (d) The Tender Offer Price is a price increased from 890 yen per a Target Company Share as the initial price proposed by the Offeror after the discussions and negotiations were continuously conducted in good faith between the Offeror and the Target Company.

Based on the above, the Target Company passed a resolution at the Target Company's board of directors meeting held today to the effect that it will, as the opinion of the Target Company as of today, declare its support for the Tender Offer and recommend that the Target Company's shareholders accept the Tender Offer.

As stated in the section above titled “(1) Outline of the Tender Offer”, while the Offeror will promptly implement the Tender Offer upon the satisfaction (or waiver by the Offeror) of the Conditions Precedent for the Tender Offer, given that it is difficult to accurately estimate the period needed for completing procedures involving domestic and foreign competition authorities and related matters, the Target Company, at the above board of directors meeting, also passed a resolution to the effect that it will instruct the third-party committee established by the Target Company, as of the commencement of the Tender Offer, to consider whether there

has been any change to its opinion expressed by the third-party committee to the Target Company's board of directors today and to respond either that there has been no change or to give its amended opinion, and based on such opinion, restate its opinion regarding the Tender Offer upon the commencement of the Tender Offer.

The resolution of the Target Company's board of directors above has been passed by the method described in "(E) Unanimous Approval of All Disinterested Directors of the Target Company" in "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below.

(C) Management Policy After the Tender Offer

Our current expectation is for the management structure of the Target Company to continue without any material changes and for the Offeror to transfer several directors and other officers to the Target Company after it becomes a wholly-owned subsidiary, but the details will be determined after consultation with the Target Company. At this time, the Offeror does not plan to change the trade name, and it plans to maintain the employment of the Target Company's employees in Japan.

(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest

The Offeror holds only 100 Target Company Shares as of today, and the Tender Offer does not constitute a tender offer by a controlling shareholder. However, given that the Offeror intends to make the Target Company a wholly-owned subsidiary, and it is possible that the Offeror's interests do not necessarily accord with those of the Target Company's minority shareholders, the Offeror and the Target Company took the following measures from the standpoint of ensuring the fairness of the Tender Offer Price as well as eliminating arbitrariness in the decision-making processes for the determination on the implementation of the Tender Offer and avoiding conflicts of interest. The measures taken by the Target Company described below are based on explanations by the Target Company.

(A) Obtainment by the Offeror of a Share Price Valuation Report from a Third-Party Appraiser Independent from the Offeror

In deciding the Tender Offer Price, the Offeror has requested Daiwa Securities, its financial adviser as a third-party appraiser independent from the Offeror and the Target Company, to evaluate the Target Company's share value to ensure the fairness of the Tender Offer Price. Daiwa Securities is not a related party of the Offeror or the Target Company and does not have any material interest in relation to the Transaction.

For the details of the valuation report on the Target Company's share value (the "**Offeror's Valuation Report**") obtained from Daiwa Securities by the Offeror, please see "(A) Basis of Valuation" and "(B) Background of Valuation" under "(4)

Basis of Valuation of Price for Tender Offer” in “2. Outline of the Tender Offer” below.

(B) Obtainment by the Target Company of Share Price Valuation Reports from Independent Third-Party Appraisers

According to the Target Company’s Press Release, the Target Company has, in relation to expressing an opinion on the Tender Offer, requested its financial advisor SMBC Nikko Securities as a third-party appraiser that is independent from the Offeror and the Target Company, to evaluate the share value of the Target Company Shares, to ensure fairness in the decision-making process with respect to the Tender Offer Price proposed by the Offeror, and the Target Company received the Target Company Share Price Valuation Report on November 6, 2018.

SMBC Nikko Securities is not a related party of the Offeror or the Target Company and does not have any material interest in relation to the Transaction.

The Target Company did not receive an opinion on the fairness of the Tender Offer Price (a fairness opinion) from SMBC Nikko Securities.

SMBC Nikko Securities evaluated the Target Company’s share value by using (a) a market price method, as the Target Company Shares are listed on the First Section of the Tokyo Stock Exchange and a market share price exists, (b) a comparable company comparison method, as there are a certain number of listed companies which operate relatively similar businesses and it is possible to draw analogies with the share prices of comparable companies, and (c) a DCF analysis in order to reflect the state of future business operations to the assessment.

The following shows the values per Target Company Share that were calculated by SMBC Nikko Securities by using each calculation method.

Market price method:	From 740 yen to 751 yen
Comparable company comparison method:	From 558 yen to 685 yen
DCF analysis:	From 616 yen to 1,241 yen

For the market price method, the share value range per Target Company Share of 740 yen to 751 yen was derived based on the following figures quoted on the First Section of the Tokyo Stock Exchange as of the reference date of November 6, 2018: 749 yen, which was simple average closing price over the preceding one-month period; 751 yen, which was the simple average closing price over the preceding three-month period; and 740 yen, which was the simple average closing price over the preceding six month period.

For the comparable company comparison method, the value range of 558 yen to 685 yen per Target Company Share was derived by comparing the market share prices and financial indicators such as the profitability of listed companies engaged in relatively similar business to that of the Target Company.

For the DCF analysis, the value range of 616 yen to 1,241 yen per Target Company Share was derived by evaluating the Target Company’s corporate value and share value, calculated by discounting to the present value at a certain discount rate the free cash flow that the Target Company is expected to generate

from the fiscal period ending December 2018 based on the Target Company's business plan for the period from the third quarter of the fiscal period ending December 2018 to the fiscal period ending December 2021, publicly disclosed information, and the like. In the Target Company's business plan used by SMBC Nikko Securities for calculation by DCF analysis, considerable income increases or decreases are not expected. The business plan is not based on the assumption of implementation of the Transaction.

(C) Advice from a Law Firm Independent from the Target Company

According to the Target Company's Press Release, the Target Company appointed TMI Associates as its outside legal adviser in order to ensure the transparency and fairness of decision-making process of the Target Company's board of directors in relation to the Tender Offer and received legal advice from that law firm on the decision-making processes and methods of, and other matters relating to, the Target Company's board of directors in relation to the Transaction.

TMI Associates is not a related party of the Offeror or the Target Company, and does not have any material interest in the Transaction.

(D) Establishment of an Independent Third-Party Committee at the Target Company

According to the Target Company's Press Release, the Target Company established on October 1, 2018 a third-party committee composed of three members who are external experts and independent from the Offeror and the Target Company for the purpose of eliminating arbitrariness in the decision-making processes of the Target Company in relation to the Transaction as well as of ensuring the fairness, transparency and objectivity of the decision-making processes. The members of the third-party committee are: are Mr. Akira Nishida, an attorney-at-law (Nishida-Law-Office), Mr. Yoshihiko Terada, a certified public accountant (Trustees Consulting LLP), and Mr. Douglas K. Freeman, an outside director of the Target Company and attorney-at-law (Law Offices of Douglas K. Freeman).

The Target Company consulted the third-party committee on the following matters (collectively, the "**Consulted Matters**"):

- (a) Whether the purpose of the Transaction is justifiable;
- (b) Whether the fairness of the process of negotiation for the Transaction has been ensured;
- (c) Whether the reasonableness of the consideration to be delivered to the Target Company's minority shareholders as a result of the Transaction has been ensured; and
- (d) Whether the Transaction is disadvantageous to the Target Company's minority shareholders based on the matters set out in (a) through (c).

The third-party committee held its meeting five times in total during the period from October 4, 2018 to November 6, 2018 and they prudently discussed and examined the Consulted Matters. Specifically, based on the materials submitted

by the Target Company, the third-party committee received explanations from the Target Company about matters such as the content of the Offeror's proposal, the purpose of the Transaction, the background to the Transaction, the specific details of the Offeror's enterprise value expected to be improved through the Transaction, the Target Company's business plan, the conditions of the Transaction and the decision-making process for the Transaction, and held question-and-answer sessions regarding these matters. Also, the third-party committee received explanations from the Offeror about matters such as the outline of the Transaction, the background to the Transaction, the purpose of the Transaction, the management policy after the Transaction and the terms and conditions of the Transaction, and held question-and-answer sessions regarding these matters. Further, the third-party committee received explanations from SMBC Nikko Securities about the appraised value of the Target Company Shares, and held question-and-answer sessions. Also, the third-party committee received explanations from TMI Associates about the details of the measures to ensure procedural fairness of the Transaction and measures to avoid conflicts of interest, and held question-and-answer sessions regarding these matters.

The third-party committee prudently discussed and examined the Consulted Matters through the above procedures, and, as a result, submitted to the Target Company's board of directors the Written Report containing the following matters on November 6, 2018 with the unanimous approval of the members.

(a) Appropriateness of Purpose of Transaction

In the Target Company's Automotive Division, which is its largest business division, there has been rapid progress in technological innovation in recent years. Although the global automotive market is expected to continue to see increased demand in emerging markets, other trends can be seen such as reduced demand in markets such as the U.S. and Japan and slowed growth in the Chinese market, so the Target Company considers that the future of the automotive market is one that cannot be safely predicted. In the post-acquisition UAM Business, the Target Company has been unable to produce the results from the acquisition that it had initially expected. Under such a situation, the Target Company has been taking initiatives such as those focused on (i) firmly establishing competitive products that entail new technological development and (ii) implementing a thoroughgoing turnaround of the UAM Business through measures such as quality improvements, productivity improvements, and strengthened management structures. Working hard at turning around the UAM Business has seen some results but is still only part of the way, while at the same time the deterioration in the financial base of the Target Company due to the accounting impairment and other such factors may restrict the medium to long-term investment activities that it needs to undertake in order to respond to the rapid technological innovation and the like in the Automotive Division, and that the Target Company is currently in an ongoing situation of being unable to meet the expectations of the share market. In this situation, becoming a group company of the Offeror can be expected to generate the following effects;

- i. The management base of foreign group companies of the Target Company such as the UAM Business would be further strengthened by utilizing the management method and personnel of foreign group companies that the Offeror has accumulated, and the financial base of the Target Company will be able to be stabilized ;
- ii. The business domain will be expanded by utilizing the Offeror group's manufacturing know-how and the Offeror's products; and,
- iii. The vertical integration-type business model may be established by establishing a consistent collaboration relationship with the Offeror at each stage of development, manufacturing and selling of the products.

Based on the above, the third-party committee considers that by becoming a wholly-owned subsidiary of the Offeror through the Transaction and conducting integrated management with the Offeror, the Target Company (i) will be able to solve its management issues and it will further contribute to the medium- to long-term improvement of its corporate value, (ii) will be able to take various thoroughgoing measures for mutually utilizing management resources, knowledge, information and know-how, under the prompt decision-making system which it is difficult for the Target Company to realize as a listed company, (iii) may offer to the Target Company's shareholders the amount equal to the market share price plus a certain premium for the time during which it is difficult to dividend to the Target Company's shareholders under its financial conditions, and (iv) will be able to build the system that the management team and employees of the Target Company may work together under a uniform management policy in which the Target Company's existing shareholders will not bear any risk of unstable share price due to the possibility of not meeting the expectations of the Target Company's existing shareholders who seek a stable increase in profits or due to a lack of sufficient appraisal in the capital market in the short term.

As stated above, since the significance and purpose of the Transaction may be recognized not unreasonable, and has been lead through reasonable considerations, the Transaction may be deemed to be conducted for the purposes of enhancing the corporate value of the Target Company and the purpose of the Transaction therefore is appropriate.

(b) Fairness of procedures in the Transaction

The negotiation process of the Transaction, including the Tender Offer, is fair, in the light of the facts that (i) the Target Company has carefully examined and discussed the reasonableness of the purchase conditions of the Tender Offer, including the Tender Offer Price, and the fairness of a series of procedures of the Transaction from the standpoint of enhancing the corporate value of the Target Company and of the common interest of shareholders, with the advices and opinions from SMBC Nikko Securities, its third-party appraiser independent of the Target Company and the Offeror, and TMI Associates, its legal advisor, (ii) the Target Company has

held substantial discussions and negotiations with the Offeror on multiple occasions about the Tender Offer Price, and (iii) any of the directors who have examined and negotiated over the Transaction on behalf of the Target Company does not have any special interest in the Transaction, and there is no fact which doubts that the Offeror or any other person who has any special interest in the Transaction has affected the Target Company in an unreasonable manner in the process of discussions, examinations and negotiations relating to the Transaction.

(c) Fairness of the Tender Offer Price

The consideration to be paid to the minority shareholders of the Target Company through the Transaction, including the Tender Offer, is fair, in the light of the facts that (i) it is highly likely that the levels of the Tender Offer Price will be determined as fair considering the court precedents for prior similar going-private transactions in Japan, because the Tender Offer Price exceeds the upper limit of the results of calculation through the market price method and the Comparable company comparison method described in the share valuation report obtained from SMBC Nikko Securities, and which is within the range of the results of calculation through the DCF method, and is a price inclusive of a premium of (i) 28.26% on 768 yen, the closing price of the Target Company Shares quoted on the First Section of the Tokyo Stock Exchange on November 6, 2018, which is the business day before the announcement date of the Tender Offer, (ii) 31.51% on 749 yen, the simple average closing price over the preceding one-month period through November 6, 2018 (from October 9, 2018 to November 6, 2018), (iii) 31.16% on 751 yen, the simple average closing price over the preceding three-month period through November 6, 2018 (from August 7, 2018 to November 6, 2018), and (iv) 33.11 % on 740 yen, the simple average closing price over the preceding six-month period through November 6, 2018 (from May 7, 2018 to November 6, 2018) and the level of such premium is not considered to be an unreasonable in light of the premium level in recent transactions similar to the Transaction such as tender offer transactions aimed at making domestic listed companies a wholly-owned subsidiary, and the calculation and other methods used for the valuation of shares by SMBC Nikko Securities are not particularly unreasonable, (ii) the Tender Offer Price was determined based on the results of negotiations over the Transaction between the parties, and (iii) press releases and other materials clearly state that minority shareholders who do not apply for the Tender Offer will be finally paid money in the procedures to make the Target Company a wholly-owned subsidiary, which will be carried out after the Tender Offer, and that the amount of money to be paid in such procedures will be calculated to be the same as the price obtained by multiplying the Tender Offer Price by the number of the Target Company Shares owned by such shareholders.

- (d) Whether the Transaction is disadvantageous to the minority shareholders of the Target Company

The third-party committee is in the opinion that the Transaction, including the Tender Offer, is not disadvantageous to the Target Company's minority shareholders, considering those facts as set out in items (a) to (c) above and also those fact that (i) the Tender Offer Period (as defined hereunder) of the Tender Offer will be set longer than the shortest period prescribed under the law, and that (ii) the Offeror and the Target Company have not made any agreement to limit the Target Company's contact with a person other than the Offeror, by which the opportunity of a person other than the Offeror to conduct a tender offer or any other transaction will not be limited in an unreasonable manner, whereby the Target Company and the Offeror have carefully ensured the fairness of the Tender Offer by setting the Tender Offer Period as above and providing an opportunity to make a competitive purchase proposal.

- (E) Unanimous Approval of All Disinterested Directors of the Target Company

According to the Target Company's Press Release, the Target Company passed a resolution at the Target Company's board of directors meeting held today by unanimous agreement of all of the directors who attended the meeting (including directors who are audit and supervisory committee members) to the effect that it will, as the opinion of the Target Company as of today, declare its support for the Tender Offer and recommend that Target Company's shareholders accept the Tender Offer if the Tender Offer is commenced in accordance with the grounds and reasons described in "(B) Background of and Reasons for Decision-Making of the Target Company" under (2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer" below.

According to the Target Company, given that while the Tender Offer is subject to the condition that the procedures and actions required under domestic and foreign competition laws have been completed, and the waiting period has expired, it is difficult to accurately estimate the period needed for completing procedures required under domestic and foreign competition laws and related matters, the Target Company's board of directors, at the above board of directors meeting, also passed a resolution to the effect that it will instruct the third-party committee, as of the commencement of the Tender Offer, to consider whether there has been any change to its opinion stated in the Written Report and to respond either that there has been no change or to give its amended opinion, and restate its opinion regarding the Tender Offer upon the commencement of the Tender Offer.

- (F) Measures to Secure an Opportunity for Other Offerors to Carry Out a Tender Offer

While the shortest period of a tender offer under laws and ordinances is 20 business days, the Offeror plans to set the period of the Tender Offer (the "**Tender Offer Period**") to 30 business days. By setting the Tender Offer Period to a

relatively long period, the Offeror intends to ensure that the Target Company's shareholders are provided with an opportunity to make an appropriate decision on whether or not to accept the Tender Offer and parties other than the Offeror are provided with an opportunity to carry out a tender offer, and thereby ensuring the appropriateness of the Target Offer Price.

(4) Policy for organizational restructuring after the Tender Offer (matters relating to the "Two-Step Acquisition")

As stated in the section above titled "(1) Outline of the Tender Offer," the purpose of the Tender Offer is for the Target Company to become a wholly-owned subsidiary of the Offeror, and in the event that the Offeror is unable to obtain all of the issued Target Company Shares after the successful completion of the Tender Offer, the Offeror intends to request the Target Company to implement the following procedures.

Specifically, if the Offeror has acquired at least 90% of the total number of voting rights of all shareholders of the Target Company after the successful completion of the Tender Offer and the Offeror has become able to exercise voting rights as a special controlling shareholder of the Target Company as stipulated in Article 179, Item 1 of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same), the Offeror intends, promptly following the settlement of the Tender Offer, to require all shareholders of the Target Company who did not tender their shares in the Tender Offer (excluding the Offeror and the Target Company; "**Selling Shareholders**") to sell their Target Company Shares to the Offeror (the "**Demand for the Sale of Shares**") under Part II, Chapter 2, Section 4-2 of the Companies Act. In the event of a Demand for the Sale of Shares, each of the Target Company Shares held by Selling Shareholders will be exchanged for cash consideration equal to the Tender Offer Price. In such an event, the Offeror will notify the Target Company of the Demand for the Sale of Shares and seek the Target Company's approval thereof. If the Target Company approves the Demand for the Sale of Shares by a resolution of the board of directors, then, in accordance with the procedures provided for in applicable laws and regulations and without requiring the consent of the individual Selling Shareholders, on the day stipulated by the Demand for the Sale of Shares, the Offeror will acquire all of the issued Target Company Shares held by the Selling Shareholders. The Offeror will deliver an amount of cash consideration per share equal to the Tender Offer Price to the Selling Shareholders in exchange for the Target Company Shares held by the Selling Shareholders. In addition, according to the Target Company's Press Release, if the Target Company receives a notice from the Offeror of its intention to conduct a Demand for the Sale of Shares with respect to matters set out in items under Paragraph 1 of Article 179-2 of the Companies Act, the Target Company's board of directors intends to approve the Offeror's Demand for the Sale of Shares.

Alternatively, if the Offeror is unable to acquire at least 90% of the total number of voting rights of all shareholders of the Target Company after the successful completion of the Tender Offer, the Offeror intends to request the Target Company to hold an extraordinary shareholders' meeting at which the following proposals will be submitted (the "**Extraordinary Shareholders' Meeting**") promptly following the settlement of the Tender Offer: (i) to conduct a consolidation of the Target Company Shares (the "**Share Consolidation**"), and (ii) to make a partial amendment to the

Target Company's Articles of Incorporation that would abolish the share unit number provisions on the condition that the Share Consolidation becomes effective. The Offeror intends to approve proposals described above at the Extraordinary Shareholders' Meeting. If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the shareholders of the Target Company will, on the effective date of the Share Consolidation, hold the number of Target Company Shares proportionate to the ratio of the Share Consolidation that is approved at the Extraordinary Shareholders' Meeting. If, due to the Share Consolidation, the number is a fraction less than one, each shareholder will receive an amount of cash obtained by selling the Target Company Shares equivalent to the total number of shares less than one unit (with such aggregate sum rounded down to the nearest whole number; the same applies hereinafter) to the Offeror or the Target Company as per the procedures specified in Article 235 of the Companies Act and other applicable laws and regulations. The purchase price for the aggregate sum of shares less than one unit in the Target Company will be valued so that the amount of cash received by each shareholder who did not tender its shares in the Tender Offer (excluding the Offeror and the Target Company) as a result of the sale will be equal to the price obtained by multiplying the Tender Offer Price by the number of Target Company Shares owned by each such shareholder. A petition will be filed to the court for permission to purchase such Target Company Shares on this basis. Although the ratio of the Share Consolidation of the Target Company Shares has not been determined as of today, it is intended that shareholders (excluding the Offeror and the Target Company) who held shares in the Target Company and did not tender in the Tender Offer would have their shares classified as shares less than one unit in order for the Offeror to become the owner of all of the Target Company Shares (excluding treasury shares held by the Target Company).

In the interest of protecting the rights of minority shareholders in circumstances involving the above procedures, the Companies Act provides that, if the Demand for the Sale of Shares is made, the Selling Shareholders are able to petition a court to determine the price of the Target Company Shares which held by them in accordance with Article 179-8 of the Companies Act and other applicable laws and regulations. In the event that the petition described above is filed, the purchase price will be finally determined by the court.

Also, the Companies Act provides that if the Share Consolidation occurs and there are shares less than one unit as a result thereof, each shareholder may request that the Target Company purchase all such shares less than one unit at a fair price, and such shareholders may file a petition to the court to determine the price of the Target Company Shares in accordance with Articles 182-4 and 182-5 of the Companies Act and other applicable laws and regulations. As stated above, it is intended that any shareholders of the Target Company who do not tender their Target Company Shares in the Tender Offer (excluding the Offeror and the Target Company) will hold shares less than one unit, and any shareholders of the Target Company who oppose the Share Consolidation will be able to file the petition to determine the price in accordance with Articles 182-4 and 182-5 of the Companies Act and other applicable laws and regulations. In the event that holders of shares less than one unit file the above petition with the court, the acquisition price will be finally determined by the court.

With regard to the above procedure, it is possible that, depending on amendments to, implementation and interpretation of the relevant laws and regulations by authorities, the shareholding percentage of the Offeror after the Tender Offer, and the ownership of Target Company Shares by shareholders other than the Offeror, more time may be required or alternative methods may be utilized to implement the procedure.

However, even in such a case, it is intended that a method will be used whereby the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Offeror and the Target Company) will ultimately receive cash consideration equal to the number of Target Company Shares held by such shareholder multiplied by the Tender Offer Price in exchange for their shares. In such a case, the Target Company, after consulting with the Target Company, will announce specific details and expected timing promptly once determined.

It is further noted that shareholders of the Target Company will not be solicited to agree to the Tender Offer at the Extraordinary Shareholders' Meeting. All shareholders of the Target Company are solely responsible for seeking their own specialist tax and other advice with regard to the tax consequences of receiving money through the Tender Offer or in the procedures outlined above or purchase of shares by the Offeror if a demand for the purchase of shares is made.

(5) Prospects and Reasons for Delisting

The Target Company Shares are currently listed on the First Section of the Tokyo Stock Exchange as of today. However, since the Offeror has not set a maximum limit on the number of shares to be purchased in the Tender Offer, the Target Company Shares may be delisted through prescribed procedures in accordance with the stock delisting criteria set out by the Tokyo Stock Exchange, depending on the results of the Tender Offer. Also, even in the event that the delisting criteria are not met upon completion of the Tender Offer, if the Offeror implements the procedures stated in the section titled “(4) Policy for organizational restructuring after the Tender Offer (matters relating to the ‘Two-Step Acquisition’)” after the successful completion of the Tender Offer, in which case the Target Company Shares will be delisted through the prescribed procedures in accordance with the stock delisting criteria of the Tokyo Stock Exchange. After delisting, the Target Company Shares will no longer be traded on the Tokyo Stock Exchange.

(6) Matters Regarding Material Agreements Between the Offeror and the Target Company's Shareholders in Relation to Tendering Shares for the Tender Offer

Not applicable.

2. Outline of the Tender Offer

(1) Outline of the Target Company

(A) Name	U-shin Ltd.
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(B)	Address	1-1-30 Shibadaimon, Minato-ku, Tokyo, Japan																					
(C)	Title and Name of Representative	Kanae Okabe, President and Representative Director																					
(D)	Description of Business	Developing, manufacturing and selling components for automotive, industrial machinery and home security units																					
(E)	Capital	15,206 million yen																					
(F)	Date of Establishment	July 1, 1926																					
(G)	Major Shareholders and Shareholding Ratios (as of June 30, 2018) (Note)	<table><tr><td>ECM MF Director Hisaaki Satou (Standing proxy: Tachibana Securities Co., Ltd.)</td><td>5.07%</td></tr><tr><td>Phillip Securities Clients (Retail) Loh Hoon Sun (Standing proxy: Phillip Securities Japan, Ltd.)</td><td>4.12%</td></tr><tr><td>Saxo Bank A/S (Client Assets) (Standing proxy: Citibank, N.A., Tokyo Branch)</td><td>3.14%</td></tr><tr><td>Sumitomo Mitsui Banking Corporation</td><td>2.88%</td></tr><tr><td>Japan Trustee Services Bank, Ltd. (Trust Account)</td><td>2.82%</td></tr><tr><td>KGI Asia Limited-Client Account (Standing proxy: Hong Kong and Shanghai Banking Corporation, Tokyo Branch)</td><td>2.75%</td></tr><tr><td>UBS AG London A/C IPB Segregated Client Account (Standing proxy: Citibank, N.A., Tokyo Branch)</td><td>2.57%</td></tr><tr><td>Hisamitsu Pharmaceutical Co., Inc.</td><td>2.44%</td></tr><tr><td>OCBC Securities Private Limited-Client A/C (Standing proxy: Citibank, N.A., Tokyo Branch)</td><td>2.43%</td></tr><tr><td>Meiji Yasuda Life Insurance Company (Standing proxy: Trust &</td><td>2.32%</td></tr></table>		ECM MF Director Hisaaki Satou (Standing proxy: Tachibana Securities Co., Ltd.)	5.07%	Phillip Securities Clients (Retail) Loh Hoon Sun (Standing proxy: Phillip Securities Japan, Ltd.)	4.12%	Saxo Bank A/S (Client Assets) (Standing proxy: Citibank, N.A., Tokyo Branch)	3.14%	Sumitomo Mitsui Banking Corporation	2.88%	Japan Trustee Services Bank, Ltd. (Trust Account)	2.82%	KGI Asia Limited-Client Account (Standing proxy: Hong Kong and Shanghai Banking Corporation, Tokyo Branch)	2.75%	UBS AG London A/C IPB Segregated Client Account (Standing proxy: Citibank, N.A., Tokyo Branch)	2.57%	Hisamitsu Pharmaceutical Co., Inc.	2.44%	OCBC Securities Private Limited-Client A/C (Standing proxy: Citibank, N.A., Tokyo Branch)	2.43%	Meiji Yasuda Life Insurance Company (Standing proxy: Trust &	2.32%
ECM MF Director Hisaaki Satou (Standing proxy: Tachibana Securities Co., Ltd.)	5.07%																						
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OCBC Securities Private Limited-Client A/C (Standing proxy: Citibank, N.A., Tokyo Branch)	2.43%																						
Meiji Yasuda Life Insurance Company (Standing proxy: Trust &	2.32%																						

	Custody Services Bank, Ltd.)
(H) Relationship between Offeror and Target Company	
Capital Relationship	The Offeror owns 100 Target Company Shares.
Personnel Relationship	Not applicable.
Business Relationship	Not applicable.
Status as Related Party	Not applicable.

Note: Shareholding ratios of major shareholders are taken from “Status of the Major Shareholders” in the 117th Q2 Report dated August 10, 2018 (the “**Quarterly Report**”) submitted by the Target Company.

(2) Schedule, etc.

The Tender Offer will commence if the Conditions Precedent for the Tender Offer are satisfied (however, even if all or the part of the Conditions Precedent for the Tender Offer are not satisfied, the Offeror may, at its own discretion, waive those conditions and commence the Tender Offer). If the conditions stated above are satisfied (or if the Offeror waives the Conditions Precedent for the Tender Offer), the Offeror will promptly commence the Tender Offer. While the Offeror currently plans to commence the Tender Offer around later January, 2019, it is difficult for the Offeror to accurately estimate the period needed for completing procedures involving domestic and foreign competition authorities and related matters. A detailed schedule of the Tender Offer will be announced once decided.

The Tender Offer Period for the Tender Offer is planned to be set for 30 business days.

(3) Price of Tender Offer

985 yen per share of common stock

(4) Basis of Valuation of Price for Tender Offer

(A) Basis of Valuation

In deciding the Tender Offer Price, the Offeror has requested its financial adviser Daiwa Securities to evaluate the Target Company’s share value as a third-party appraiser independent from the Offeror and the Target Company to ensure fairness of the Tender Offer Price.

Daiwa Securities evaluated the Target Company’s share value using the market price method and DCF analysis, and the Offeror obtained the Offeror’s Valuation Report from Daiwa Securities on November 6, 2018. The Offeror has not

obtained from Daiwa Securities an opinion letter on the fairness of the Tender Offer Price (a fairness opinion).

The ranges of values per Target Company Share evaluated by Daiwa Securities are as follows:

Market price method: From 740 yen to 768 yen

DCF analysis: From 607 yen to 1,083 yen

For the market price method, the share value range per Target Company Share of 740 yen to 768 yen was derived based on the following figures quoted on the First Section of the Tokyo Stock Exchange as of the reference date of November 6, 2018: 768 yen, which was the closing price as of the reference date; 749 yen (to be rounded to the nearest whole yen; the same applies to each simple average closing price below), which was the simple average closing price over the preceding one-month period; 751 yen, which was the simple average closing price over the preceding three-month period; and 740 yen, which was the simple average closing price over the preceding six-month period.

For the DCF analysis, the value range of 607 yen to 1,083 yen per Target Company Share was derived by evaluating the Target Company's corporate value and share value, calculated by discounting to the present value at a certain discount rate the free cash flow that the Target Company is expected to generate from the third quarter of the fiscal period ending December 2018 based on the Target Company's estimated future earnings and investment plan in the Target Company's business plan (for a period of four years from the fiscal period ending December 2018 to the fiscal period ending December 2021), publicly disclosed information, the results of due diligence on the Target Company conducted by the Offeror, and the like. In the estimated future earnings of the Target Company based on which the Offeror conducted DCF analysis, considerable income increases or decreases are not expected. In addition, the estimated future earnings of the Target Company are not subject to the implementation of the Transaction.

In addition to the evaluation results reported in the Offeror's Valuation Report obtained from Daiwa Securities, the Offeror comprehensively considered the results of due diligence on the Target Company conducted by the Offeror, examples of the premiums paid in tender offers conducted in the past for share certificates etc. by a party other than an issuer for the purpose of making a target company a wholly-owned subsidiary, the possibility of the support for the Tender Offer by the Target Company's board of directors, trends in the market price of Target Company Shares, and the estimated number of shares to be tendered in the Tender Offer, and in light of the results of discussion and negotiation with the Target Company, the Offeror finally decided on the Tender Offer Price of 985 yen by a resolution at the board of directors meeting held today.

The Tender Offer Price of 985 yen per share represents a premium of 28.26% (rounded to two decimal places; the same applies to other percentages in this section) on 768 yen, which was the closing price for the Target Company Shares quoted on the First Section of the Tokyo Stock Exchange on November 6, 2018 (which was the business day immediately preceding the announcement date of the

planned implementation of the Tender Offer); a premium of 31.51% on 749 yen, which was the simple average closing price for the Target Company Shares over the one-month period from October 9, 2018 to November 6, 2018; a premium of 31.16% on 751 yen, which was the simple average closing price for the Target Company Shares over the three-month period from August 7, 2018 to November 6, 2018; and a premium of 33.11% on 740 yen, which was the simple average closing price over the six-month period from May 7, 2018 to November 6, 2018.

(B) Background of Valuation

(Background of the Decisions on the Tender Offer Price)

The Target Company's Press Release states that as set out in "(ii) Selection Process of the Offeror and Proposal, etc. by the Offeror" in "(E) Unanimous Approval of All Disinterested Directors of the Target Company" in "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" in "(1) Outline of the Tender Offer," it has been working hard at turning around the UAM Business and has seen some results but is still only part of the way, while at the same time the deterioration in the financial base of the Target Company due to the accounting impairment and other such factors may restrict the medium to long-term investment activities that it needs to undertake in order to respond to the rapid technological innovation and the like in the Automotive Division, and that the Target Company is currently in an ongoing situation of being unable to meet the expectations of the share market. The Target Company's Press Release states that based on such situation it has decided to examine promptly responding to the various tasks contemplated in its medium-term business plan by collaborating with a third party that (i) possesses insight into overseas manufacturing industries, (ii) is able to provide support for stabilizing the financial base of the Target Company, and (iii) possesses technology and knowhow related to IT and the like in automotive components. The Target Company's Press Release states that, specifically, in early August 2018, the Target Company received cooperation from multiple external advisors and compiled a list of multiple candidate partners who possess insight into overseas manufacturing industries, and it comprehensively examined that list from perspectives such as improving the corporate value of the Target Company and the respective candidate partners' financial situations and degree of interest in M&A, and held discussions with a number of those companies, including the Offeror, in order to select a candidate partner. The Target Company's Press Release states that subsequently in mid August 2018 it received, from multiple partner candidates, including the Offeror, explanations outlining the synergies that such candidates expect from business collaboration, and approaches regarding business collaborations with the Target Company. Since then, the Offeror, as one of the candidates for the Target Company's partners, has continued to discuss with the Target Company a possible collaboration with the Target Company. As a result, under the business environment described above, the Offeror recognizes that the Offeror will be able to have an opportunity to achieve a major business expansion in the vehicle components market by utilizing the Target Company's extensive experience in trading with automotive manufacturers and its wealth of knowledge

of design concepts, and the Target Company's business model optimized as a Tier 1 manufacturer for the product development of the Offeror group and proposals to automotive manufacturers which are the end customers. Thereafter, in early September 2018 the Target Company received initial proposals from the above multiple candidates including the Offeror, comprising more specific terms relating to the above approaches.

According to the Target Company's Press Release, the Target Company comprehensively and multilaterally examined the terms and conditions presented in the above initial proposals from perspectives of improving the Target Company's corporate value, including the implementing a turnaround of the UAM Business, and protecting the interests of existing shareholders, and the Target Company determined to narrow down the candidates to the Offeror and negotiate therewith. Then, from later September 2018, the Offeror and the Target Company commenced discussing and examining the specific terms and conditions of the Tender Offer including the procedures for the Transaction and the Tender Offer Price. At that time, the Offeror appointed Daiwa Securities as a financial adviser and a third-party appraiser independent from the Offeror and the Target Company, and Mori Hamada & Matsumoto as a legal adviser. The Target Company appointed SMBC Nikko Securities as a financial adviser and a third-party appraiser independent from the Offeror and the Target Company, and TMI Associates as a legal adviser, and established the third party committee. The Offeror conducted due diligence on the Target Company for the period from early October 2018 to late October 2018 to investigate the feasibility of the Transaction and has continued to discuss with the Target Company the terms and conditions of the Tender Offer including the Tender Offer Price.

As a result of the discussion and negotiation stated above, the Offeror and the Target Company agreed on terms and conditions of the Tender Offer including Tender Offer Price, therefore the Offeror resolved at its board of directors meeting held today to commence the Tender Offer as soon as reasonably practicable after the Conditions Precedent for the Tender Offer are satisfied (or waived by the Offeror). For details, please refer to "(1) Outline of the Tender Offer" and "(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer" in "1. Purpose of Tender Offer."

The background of the decisions made by the Offeror on the Tender Offer Price is as follows;

(i) Name of Third Party from Whom the Offeror Received Advice upon Valuation

In deciding the Tender Offer Price, the Offeror has requested its financial adviser Daiwa Securities to evaluate the Target Company's share value as a third-party appraiser independent from the Offeror and the Target Company, and the Offeror obtained the Offeror's Valuation Report from Daiwa Securities on November 6, 2018. Daiwa Securities is not a related party of the Offeror or the Target Company and does not have any material interest in relation to the Transaction. The Offeror has not obtained from Daiwa

Securities an opinion on the fairness of the Tender Offer Price (a fairness opinion).

(ii) Outline of Advice from Daiwa Securities

Daiwa Securities evaluated the Target Company's share value using the market price method and DCF analysis, and the Offeror obtained the Offeror's Valuation Report from Daiwa Securities on November 6, 2018. The ranges of values per Target Company Share evaluated by Daiwa Securities are as follows:

Market price method:	From 740 yen to 768 yen
DCF analysis:	From 607 yen to 1,083 yen

(iii) Background of the Decision on the Tender Offer Price upon Consideration of the Advice from Daiwa Securities

In addition to the evaluation results reported in the Offeror's Valuation Report obtained from Daiwa Securities, the Offeror comprehensively considered the results of due diligence on the Target Company conducted from early October 2018 to late October 2018, examples of the premiums paid in tender offers conducted in the past for shares certificates etc. by a party other than an issuer for the purpose of making a target company a wholly-owned subsidiary, the possibility of the support for the Tender Offer by the Target Company's board of directors, trends in the market price of Target Company Shares, and the estimated number of shares to be tendered in the Tender Offer, and in light of the results of discussion and negotiation with the Target Company, the Offeror finally decided on the Tender Offer Price of 985 yen by the resolution of the board of directors meeting held today.

(C) Relationship with Appraiser

The Offeror's financial adviser Daiwa Securities is not a related party of the Offeror and does not have any material interest in relation to the Transaction.

(5) Number of Share Certificates, etc. to be Purchased

Number of share certificates, etc. to be purchased	Minimum number of share certificates, etc. to be purchased	Maximum number of share certificates, etc. to be purchased
33,119,397 shares	22,079,500 shares	— shares

Note 1: If the total number of Tendered Share Certificates, Etc. is less than the minimum number of the share certificates, etc. to be purchased (22,079,500 shares), the Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of Tendered Share Certificates, Etc. is equal to or

more than the minimum number of the share certificates, etc. to be purchased (22,079,500 shares), the Offeror will purchase all of the Tendered Share Certificates, Etc.

Note 2: The number of share certificates, etc. to be purchased is the maximum number of the Target Shares to be acquired by the Offeror. That maximum number (33,119,397 shares) is the difference between (i) the total number of issued shares in the Target Company as of September 30, 2018 (33,791,586 shares) stated in the Target Company's Quarterly Financial Statement and (ii) the total number of treasury shares held by the Target Company as of September 30, 2018 (672,089 shares) stated in the Target Company's Quarterly Financial Statement plus the number of shares of the Target Company held by the Target Company as of today (100 shares). The number of share certificates, etc. to be purchased stated above is temporary and depends on the information as of today, and the actual number of share certificates, etc. to be purchased may differ from the number above due to a change of situation occurring hereafter.

Note 3: Shares less than one unit are also subject to the Tender Offer. If a right to demand purchase of shares less than one unit is exercised by a shareholder in accordance with the Companies Act, the Target Company may purchase its own shares during the Tender Offer Period in accordance with procedures under laws and regulations.

Note 4: The Offeror does not intend to acquire the treasury shares held by the Target Company through the Tender Offer.

(6) Changes in Ownership Ratio of Share Certificates, etc. through the Tender Offer

Number of voting rights represented by share certificates, etc. held by the Offeror before the Tender Offer	1 voting rights	(Ownership ratio of share certificates, etc. before the Tender Offer: 0.00%)
Number of voting rights represented by share certificates, etc. held by special related parties before the Tender Offer	Undecided	(Ownership ratio of share certificates, etc. before the Tender Offer: undecided)
Number of voting rights represented by share certificates, etc. held by the Offeror after the Tender Offer	331,194 voting rights	(Ownership ratio of share certificates, etc. after the Tender Offer: 100.00 %)
Number of voting rights represented by share certificates, etc. held by the special related parties after the Tender Offer	0 voting rights	(Ownership ratio of share certificates, etc. after the Tender Offer: 0.00%)
Number of voting rights of all shareholders of the Target Company	316,204 voting rights	

Note 1: Regarding “Number of voting rights represented by share certificates, etc. held by special related parties before the Tender Offer” and the corresponding “Ownership ratio of share certificates, etc. before the Tender Offer,” the Offeror intends to investigate and disclose these details before the commencement of the Tender Offer. In addition, the share certificates, etc. held by each special related party are also subject to the Tender Offer, therefore “Number of voting rights represented by share certificates, etc. held by the special related parties after the Tender Offer” is zero.

Note 2: “Number of voting rights of all shareholders of the Target Company” is the number of voting rights of all shareholders of the Target Company as of June 30, 2018 stated in the Quarterly Report. However, since shares less than one unit are subject to the Tender Offer, when calculating the “Ownership ratio of share certificates, etc. before the Tender Offer” and “Ownership ratio of share certificates, etc. after the Tender Offer,” the number of voting rights (331,194 voting rights) represented by 33,119,497 shares is used as a denominator. This number of shares (33,119,497 shares) is the all issued shares (33,791,586 shares) of the Target Company as of September 30, 2018 stated in the Target Company’s Quarterly Financial Statement less the number of treasury shares (672,089 shares) held by the Target Company as of September 30, 2018 stated in the Target Company’s Quarterly Financial Statement.

Note 3: “Ownership ratio of share certificates, etc. before the Tender Offer” and “Ownership ratio of share certificates, etc. after the Tender Offer” have been rounded to two decimal places.

(7) Purchase Price

32,622,606,045 yen (not finalized)

Note: The purchase price is the product of the number of share certificates, etc. to be purchased (33,119,397 shares) stated in “(5) Number of Share Certificates, etc. to be Purchased” above multiplied by the Tender Offer Price per share (985 yen). The purchase price is subject to change if the actual number of shares to be purchased is altered due to changes including those in the number of treasury shares hereafter.

(8) Other Conditions and Methods of Purchase

(A) Conditions set forth in each item of Article 27-13, Paragraph 4 of the Act and the details thereof

If the total number of Tendered Share Certificates, Etc. is less than the minimum number of the share certificates, etc. to be purchased (22,079,500 shares), the Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of Tendered Share Certificates, Etc. is equal to or more than the minimum number of the share certificates, etc. to be purchased (22,079,500 shares), the Offeror will purchase all of the Tendered Share Certificates, Etc.

(B) Other Matters

The Offeror will announce the method of settlement, the date of public notice of commencement of the Tender Offer, and other conditions and methods of purchase, etc. as soon these details are determined. The Offeror plans to appoint Daiwa Securities as a tender offer agent.

3. Policies after the Tender Offer and Future Prospects

Please see “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer,” “(4) Policy for organizational restructuring after the Tender Offer (matters relating to the “Two-Step Acquisition”),” and “(5) Prospects and Reasons for Delisting.” in “1. Purpose of Tender Offer” for policies implemented after the Tender Offer and other related matters.

4. Other Matters

(1) Agreements Between the Offeror and the Target Company or its Directors and Details of Those Agreements

The Offeror and the Target Company have entered into an agreement regarding the implementation of the Tender Offer (the “**Agreement**”) today. The Agreement provides for (i) the Offeror’s implementation of the Tender Offer subject to the satisfaction (or waiver by the Offeror) of the Conditions Precedent for the Tender Offer and (ii) the following covenants.

- (i) The Target Company shall pass a resolution (the “**Expression of Planned Endorsement**”) today, that the Target Company’s stance as of today is to support the Tender Offer and recommend that its shareholders tender shares in response to the Tender Offer if the Tender Offer is commenced, and shall announce the content thereof.
- (ii) (i) The Target Company shall maintain, and shall not change or withdraw, the Expression of Planned Endorsement until it passes the Resolution of Expression of Endorsement (meaning a resolution that is to support the Tender Offer and recommend that its shareholders tender shares in response to the Tender Offer; the same applies hereinafter), (ii) if the Offeror resolves to commence the Tender Offer, the Target Company shall pass the Resolution of Expression of Endorsement and announce the content thereof on the same day, (iii) if the Offeror issues a public notice of the commencement of a tender offer and submits a tender offer statement in relation to the Tender Offer, the Target Company shall submit a target company position statement containing the Resolution Expression of Endorsement on the same day, and (iv) the Target Company shall maintain, and shall not change or withdraw, the Expression of Planned Endorsement and the Resolution Expression of Endorsement until the Tender Offer is completed. Provided, however; that if the third-party committee (meaning the third-party committee established by the Target Company in relation to the Tender Offer) changes the content of its report and expresses an opinion not in favor of any of the Consulted Matters, or if it is objectively and reasonably determined that complying with the

provisions of this paragraph would constitute a breach of the duty of care of the directors of the Target Company, the Target Company will not assume the obligations set out in this paragraph.

- (iii) Except for the matters clearly contemplated in the Agreement, the Target Company shall, for the period from today to the completion of the Transaction, cause the Target Company and other group companies of the Target Company to conduct their business and manage and operate their assets substantially in the same manner as those conducted, managed or operated by the Target Company group companies before today and in the ordinary manner with the due care of a prudent manager pursuant to the laws and ordinances, and the articles of incorporation and other internal rules, and to determine the measures to be taken upon consultation with the Offeror if the Target Company or other group companies conduct acts that may be specifically expected to have a material adverse effect on their business, operations, assets, liabilities, financial conditions, operating results, cash flow, or future earnings plan or its prospect for rational reasons.
- (iv) The Target Company shall, for the period from today to the completion of the Transaction, immediately give written notice to the Offeror, and determine the measures to be taken upon consultation with the Offeror, (i) if an event that constitutes a breach of its obligations under this Agreement is discovered, (ii) if an event that has a material adverse effect on the financial conditions or management conditions of the Target Company group companies is discovered, or (iii) if an event that materially interferes with the implementation of the Transaction is discovered.
- (v) If the Tender Offer is completed, the Offeror shall make the Target Company a wholly-owned subsidiary based on a demand for the sale of shares or through stock consolidation, and the Target Company shall hold an extraordinary shareholders' meeting for the approval of the demand for the sale of shares or implementation of stock consolidation, or otherwise provide cooperation for making the Target Company a wholly-owned subsidiary.
- (vi) The Offeror and the Target Company shall make their best efforts to promptly commence the Tender Offer and otherwise promptly complete the procedures for the Offeror's making the Target Company a wholly-owned subsidiary to the extent practically reasonable.

(2) Other Information Required by Investors When Considering Whether to Tender

The Target Company released its Q3 Financial Statement for the fiscal period ending December 2018 (Japanese GAAP) (consolidated) on the Tokyo Stock Exchange today. The details of consolidated profit and loss of the Target Company for the third quarter and other matters are as follows. With respect to that statement, a quarterly review by an audit firm has not been conducted. The numerical information below is an extract from the Target Company's summary of financial results. The Offeror is not in a position to verify the accuracy or validity of the information, and nor has it made such verification. Please refer to announcement concerned for further details.

- (i) Profit and loss (consolidated)

Accounting period	Q3 of the fiscal period ending December 2018 (consolidated)
Net sales	112,057 million yen
Operating profits	4,902 million yen
Ordinary profits	3,545 million yen
Quarterly net income attributable to the shareholders of the parent company	3,443 million yen

(ii) Figures per share (consolidated)

Accounting period	Q3 of the fiscal period ending December 2018 (consolidated)
Quarterly net income per share	107.94 yen
Dividend per share	- yen

End

This press release is to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first read the Tender Offer Explanatory Statement for the Tender Offer and make their own independent decision. This press release does not constitute, nor form part of, any offer to sell, solicitation of a sale of, or any solicitation of any offer to buy, any securities. In addition, neither this press release (or any part of it) nor the fact of its distribution shall form the basis of or be relied on in connection with any agreement thereof.

Although the Tender Offer will be conducted in accordance with the procedures and information disclosure standards prescribed in the Act, these procedures and standards may differ from the procedures and information disclosure standards in the United States. In particular, Sections 13(e) and 14(d) of the U.S. Securities Exchange Act of 1934 (as amended, the "U.S. Securities Exchange Act of 1934"), and the rules prescribed thereunder, do not apply to the Tender Offer, and the Tender Offer does not conform to those procedures and standards. The financial information contained in this press release may not necessarily be comparable to the financial information of U.S. companies. It may be difficult to enforce any right or claim arising under U.S. federal securities laws because the Offeror and the Target are incorporated outside the United States and their directors are non-U.S. residents. Shareholders may not be able to sue a company outside the United States and its directors in a non-U.S. court for violations of the U.S. securities laws. Furthermore, there is no guarantee that shareholders will be able to compel a company outside the United States or its subsidiaries and affiliates to subject themselves to the jurisdiction of a U.S. court.

Unless otherwise specified, all procedures relating to the Tender Offer shall be conducted entirely in Japanese. While some or all of the documentation relating to the Tender Offer will be prepared in English, if there is any inconsistency between the English documentation and the Japanese documentation, the Japanese documentation will prevail.

This press release contains "forward-looking statements" as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934. Known or unknown risks, uncertainties and other factors could cause actual results to differ substantially from the projections and other matters expressly or impliedly set forth herein as "forward-looking statements." Neither the Offeror, the Target Company nor any of their affiliates assures that such express or implied projections set forth herein as "forward-looking statements" will eventually prove to be correct. The "forward-looking statements" contained in this press release have been prepared based on the information held by the Offeror and the Target Company as of the date hereof and, unless otherwise required under applicable laws and regulations, neither the Offeror, the Target Company nor any of their affiliates assumes any obligation to update or revise this press release to reflect any future events or circumstances.

Some countries or regions may impose restrictions on the announcement, issue or distribution of this press release. In such cases, please take note of such restrictions and comply with them. In countries or regions where the implementation of the Tender Offer is illegal, even upon receiving this press release, such receipt shall not constitute a solicitation of an offer to sell or an offer to buy shares relating to the Tender Offer and shall be deemed a distribution of materials for informative purposes only.

The financial adviser (including its affiliates) of the Offeror or the Target Company may purchase the Target Company's shares or otherwise conduct acts for such purchase by a method other than the Tender Offer irrespective of whether before the commencement of the Tender Offer or during the Tender Offer Period at its own account or its clients' account in accordance with the requirements set out in Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934 to the scope of its ordinary business, and to the extent permitted under the rules of the financial instruments exchange related laws of Japan and other applicable laws and ordinances. If the information of such purchase is disclosed in Japan, the disclosure will be made on the English website of the financial adviser that makes such purchase (or by other disclosure method).