[Translation]
October 30, 2019

To: Shareholders of Honda Motor Co., Ltd.
From: Honda Motor Co., Ltd.
1-1, Minami-Aoyama 2-chome,
Minato-ku, Tokyo, 107-8556
Takahiro Hachigo
President and Representative Director

Notice regarding the Scheduled Commencement of the Tender Offer to Make Keihin Corporation (Securities Code: 7251) a Wholly-Owned Subsidiary in connection with the Management Integration of Hitachi Automotive Systems, Ltd., Keihin Corporation, Showa Corporation (Securities Code: 7274), and Nissin Kogyo Co., Ltd. (Securities Code: 7230)

Honda Motor Co., Ltd. ("Honda" or the "Tender Offeror") hereby announces that as part of a series of transactions for management integration (the "Integration") stated in the "Notice regarding the Management Integration of Hitachi Automotive Systems, Ltd., Keihin Corporation, Showa Corporation, and Nissin Kogyo Co., Ltd." (the "Press Release regarding the Integration") announced by Hitachi Automotive Systems, Ltd. ("Hitachi Automotive Systems"), Keihin Corporation (First Section of the Tokyo Stock Exchange (the "TSE 1st Section"), securities code: 7251, "Keihin" or the "Target Company"), Showa Corporation (TSE 1st Section, securities code: 7274, "Showa"), Nissin Kogyo Co., Ltd. (TSE 1st Section, securities code: 7230, "Nissin"; collectively with the Target Company and Showa, the "Three Target Companies"), Hitachi, Ltd. (TSE 1st Section, securities code: 6501, "Hitachi") and the Tender Offeror dated today, at the board of directors meeting held today, that the Tender Offeror has decided to acquire the shares of the Target Company's common stock (the "Target Company Shares") through a tender offer (the "Tender Offer") pursuant to the basic contract (the "Basic Contract") regarding management integration entered into today among the above six companies to make the Target Company a wholly-owned subsidiary of the Tender Offeror. Similar to the Tender Offer, pursuant to the Basic Contract, as part of a series of transactions for the Integration, a tender offer of Showa's common stock by the Tender Offeror to make Showa its wholly-owned subsidiary, and a tender offer of Nissin's common stock by the Tender Offeror to make Nissin its wholly-owned subsidiary (collectively with the Tender Offer, the "Three Target Companies Tender Offer") are scheduled to be conducted. For respective details, please see "Notice regarding the Scheduled Commencement of the Tender Offer to Make Showa Corporation (Securities Code: 7274) a Wholly-Owned Subsidiary in connection with the Management Integration of Hitachi Automotive Systems, Ltd., Keihin Corporation (Securities Code: 7251), Showa Corporation, and Nissin Kogyo Co., Ltd. (Securities Code: 7230)" and "Notice regarding the Scheduled Commencement of the Tender Offer to Make Nissin Kogyo Co., Ltd. (Securities Code: 7230) a Wholly-Owned Subsidiary in connection with the Management Integration of Hitachi Automotive Systems, Ltd., Keihin Corporation (Securities Code: 7251), Showa Corporation (Securities Code: 7274), and Nissin Kogyo Co., Ltd." announced by the Tender Offeror dated today(collectively, the "Other Press Releases by Two Target Companies").

The Tender Offer is scheduled to be conducted pursuant to the Basic Contract, after satisfaction of certain conditions precedent such as (I) obtaining permits and licenses, etc. from the respective countries' relevant authorities including notifications or approvals for business combination to or by the respective countries' competition authorities and (II) the Target Company having resolved to support the Tender Offer and to recommend to its shareholders to tender in the Tender Offer, having published the resolution, and not having changed the resolution or passed a contradictory resolution by its board of directors during the period from the date on which the Basic Contract is concluded to the date on which the Tender Offeror decides to commence the Tender Offer (the "Tender Offer Commencement Determination Date") (for details, please see "(3) Material agreements regarding the Tender Offer" of "1. Purpose, etc. of the purchase" below; the

"Conditions Precedent"). Even though the Tender Offer is scheduled to be commenced promptly when the Conditions Precedent are satisfied, it is difficult to accurately anticipate the amount of time necessary to obtain permits and licenses, etc. from the respective countries' relevant authorities, including notifications or approvals for business combination to or by the respective countries' competition authorities. Accordingly, it is difficult to predict the exact schedule of the Tender Offer and therefore it is not yet determined as of today. The Tender Offeror will announce the schedule promptly once it has been determined.

1. Purpose, etc. of the purchase

(1) Overview of the Tender Offer

As of today, the Tender Offeror owns 30,581,115 shares (ownership ratio (Note) 41.35%) of the Target Company Shares listed on the TSE 1st Section, and the Target Company is a Tender Offeror equity-method affiliate.

As announced in the Press Release regarding the Integration, the Tender Offeror, Hitachi Automotive Systems, the Target Company, Showa, Nissin and Hitachi entered into the Basic Contract dated today, to conduct the Integration through implementation of the absorption-type merger in which Hitachi Automotive Systems (a wholly-owned subsidiary of Hitachi) will be the surviving company, and the Three Target Companies will be the disappearing companies (the "Absorption-type Merger") after making the Three Target Companies wholly-owned subsidiaries of the Tender Offeror. For details of the Basic Contract, please see "(3) Material agreements regarding the Tender Offer" below.

At the board of directors meeting held today, the Tender Offeror has determined to conduct the Tender Offer with the Target Company Shares being the target, where the Conditions Precedent are satisfied, to obtain all of the Target Company Shares (excluding, however, the Target Company Shares owned by the Tender Offeror and treasury shares owned by the Target Company; hereinafter the same shall apply), and to make the Target Company a wholly-owned subsidiary of the Tender Offeror, as part of the series of transactions for the Integration, pursuant to the Basic Contract.

As announced in the Other Press Releases by Two Target Companies, the Tender Offeror has also determined at the board of directors meeting held today that similar to the Tender Offer, and pursuant to the Basic Contract, as part of a series of transactions for the Integration, respective common stocks of Showa and Nissin are to be obtained through the tender offer to make Showa and Nissin wholly-owned subsidiaries of the Tender Offeror. Such tender offer is also scheduled to be conducted after satisfaction of certain conditions precedent such as obtaining permits and licenses, etc. from the respective countries' relevant authorities including notifications or approvals for business combination to or by the respective countries' competition authorities (for details, please see the Other Press Releases by Two Target Companies).

The Tender Offeror has set the minimum number of shares to be purchased as 18,724,185 shares (ownership ratio 25.32%) in the Tender Offer; and if the total of the Target Company Shares tendered for the Tender Offer (the "Tendered Shares") falls short of the minimum number of shares to be purchased, the Tender Offeror will purchase none of the Tendered Shares. On the other hand, as the Tender Offeror purports to make the Target Company its wholly-owned subsidiary through the Tender Offer, the maximum number of shares to be purchased has not been set; and if the total number of the Tendered Shares is the same as or more than the minimum number of shares to be purchased, purchase of all of the Tendered Shares will be conducted. The minimum number of shares to be purchased (18,724,185 shares) is set as the number obtained by the following formula: first, subtract from (a) the total number of issued shares as of September 30, 2019, stated in the "2nd Quarter Financial Summary IFRS (Consolidated) for year ending March 2020" (the "Target Company's Financial Summary") announced by the Target Company today (73,985,246 shares), (b) the number of treasury shares owned by the Target Company as of the same date (27,332 shares). This amounts to 73,957,914 shares, and the number of voting rights pertaining to such number of shares above (739,579 voting rights), is then multiplied by 2/3 (493,053 voting rights) (rounded up to the nearest whole number). Based on the number obtained by multiplying by 100 shares the share unit number of the Target Company, deduct the number of the Target Company Shares owned by the Tender Offeror today

(30,581,115 shares).

(Note) "Ownership ratio" as of today is stated as the ratio against the number of shares (73,957,914 shares) obtained by deduction of the number of treasury shares owned by the Target Company as of September 30, 2019 (27,332 shares) out of the total number of issued shares as of September 30, 2019, stated in the Target Company's Financial Summary (73,985,246 shares) (any fraction is rounded off to two decimal places; hereinafter the same shall apply in the calculation of ownership ratio). Please note that the ownership ratio may be changed at the commencement of the Tender Offer; hereinafter the same shall apply.

As the Tender Offeror purports to make the Target Company its wholly-owned subsidiary, if the Tender Offeror cannot obtain all of the Target Company Shares through the Tender Offer after the completion of the Tender Offer, the Tender Offeror schedules to implement a series of procedures to make the Tender Offeror the sole shareholder of the Target Company (the "Transaction to Make the Target Company a Wholly-Owned Subsidiary"; collectively with the Tender Offer, the "Transactions"). For details, please see "(5) Policies regarding reorganization, among others, after the Tender Offer (Matters regarding the so-called two-stage purchase)" below.

On the other hand, according to the "Notice of Position Statement regarding the Scheduled Commencement of the Tender Offer by Honda Motor Co., Ltd., an Affiliate, for the Management Integration of Hitachi Automotive Systems, Ltd., Keihin Corporation, Showa Corporation (Securities Code: 7274), and Nissin Kogyo Co., Ltd. (Securities Code: 7230)" (the "Press Release by the Target Company") dated today announced by the Target Company, at the meeting of the board of directors of the Target Company held today, the Target Company expressed its opinion to support the Tender Offer regarding commencement of the Tender Offer and resolved to support the Tender Offer when the Tender Offer commences, and to recommend to the Target Company's shareholders to tender in the Tender Offer, as the Target Company's current opinion as of today regarding the Tender Offer. According to the Target Company, the Target Company's board of directors resolved to: (a) examine whether there are any changes in the opinions expressed by special committee established by the Target Company upon commencement of the Tender Offer to the Target Company's board of directors as of today, and (b) if there are no changes, ask the special committee to state that there are no changes, and if there are any changes to state their opinions after the changes, and, in consideration of such opinion, (c) express an opinion regarding the Tender Offer again, pursuant to the Basic Contract, as of the commencement of the Tender Offer. Please note that as described in "(3) Material agreements regarding the Tender Offer" below, where it is reasonably determined that resolving to support the Tender Offer and to recommend to tender in the Tender Offer violates the Target Company's directors' duty of due care of a prudent manager, the Target Company will not be obligated to pass these resolutions even if the Conditions Precedent are satisfied.

The resolution by the Target Company's board of directors referenced above was made on the precondition that the purpose of the Tender Offeror is to make the Target Company its wholly-owned subsidiary through the Tender Offer and a series of transaction thereafter, and that the Target Company Shares will be delisted.

(2) Background to, the purpose of, and decision-making process of, the resolution to conduct the Tender Offer, and the management policy after the Tender Offer

(I) Background to, the purpose of, and decision-making process of, the resolution to conduct the Tender Offer

The Tender Offeror Group consists of the Tender Offeror, 364 consolidated subsidiaries and 71 equity-method affiliates including the Three Target Companies (collectively with the Tender Offeror, the "Tender Offeror Group") as of March 31, 2019, and by business category, the Tender Offeror's businesses consist of motorcycle business, automobile business, financial service business, life creation (Note 1) and other businesses. The Tender Offeror began with the opening of Honda Technical Research Institute in Hamamatsu-city, Shizuoka Prefecture by Mr. Soichiro Honda in October 1946, and it was established as Honda Motor Co., Ltd. by succession of Honda Technical Research Institute in September 1948. Then, the Tender Offeror was listed on the Tokyo Stock Exchange in December 1957, and it is listed on the TSE 1st

Section as of today.

(Note 1) Business to provide power products, including power generators, lawn mowers, and general-purpose engines, and to engage in energy business.

The Tender Offeror Group has fundamental beliefs of “Respect for the Individual” and “The Three Joys” (The Joy of Buying, The Joy of Selling, The Joy of Creating). Based on these fundamental beliefs, the company principle of “Maintaining a global viewpoint, we are dedicated to supplying products of the highest quality yet at a reasonable price for worldwide customer satisfaction.” is established and these are shared by each and every employees working at the Tender Offeror Group as “Honda Philosophy.” Moreover, the Tender Offeror Group practices daily corporate activities with Honda Philosophy being the standard for the conduct and decision-making, share joys with all people including shareholders, and strive for enhancement of corporate value.

Also, in the “2030 Vision” established in June 2017, vision statement of “serve people worldwide with the ‘joy of expanding their life’s potential’” and “lead the advancement of mobility and people’s daily lives,” was established. In order to realize this statement, direction of initiatives with three viewpoints of “creating value for ‘mobility’ and ‘daily lives’,” “accommodate the different characteristics of people and society,” and “toward a clean and safe/secure society” have been set.

On the other hand, according to the Target Company, as of today, the Target Company Group consists of 30 consolidated subsidiaries (together with the Target Company, the “Target Company Group”), and its main businesses are the manufacture and sale of components for motorcycles and automobiles. Also, according to the Target Company, the Target Company sells products to the Tender Offeror, and the Target Company and the Tender Offeror are in a continuous and close business relationship. The Target Company was established in Kawasaki-city, Kanagawa Prefecture in December 1956, and was listed on the Second Section of the Tokyo Stock Exchange in December 1964. Furthermore, it was designated to the TSE 1st Section in September 1994. Then, in April 1997, the Target Company merged with Hadsys Co., Ltd. and e-Giken Co., Ltd., and changed its corporate name to Keihin Corporation and now exists as such.

According to the Target Company, the Target Company Group has the fundamental beliefs of “Respect for the Individuals” (the belief that the most important asset of the company is its “people” and each individual shining forth will be the source of its power) and “The Five Joys” (The Joy of Sharing with Society by being a model corporate citizen, The Joy of Sharing with customers by using our advanced skills and close interaction, The Joy of Sharing with Suppliers by ensuring that each party prospers in a relationship of mutual creativity, The Joy of Sharing with Shareholders by always maintaining our appeal as a company, and The Joy of Sharing among Ourselves by gaining the empathy and trust of all(the belief of how joy is shared with each individual involved in corporate activities of the Target Company Group, based on the “Respect for the Individuals”, is the outcome of activities). The Target Company Group had created numerous products for “driving” cars and motorcycles for over 60 years since its foundation, to make more convenient and enrich the lives of people globally and for a mobility (Note 2) society with less impact on the earth’s environment.

On the other hand, according to the Target Company Group, in the business environment surrounding the Target Company Group, global environmental regulations are expected to be strengthened further for both motorcycles and automobiles. Particularly, concerning motorcycles, as well as the expansion of changes to FI (electrically-controlled fuel injection system) (Note 3) since 2020, progress of measures toward electrification mainly in Japan and Asia in the future; furthermore, concerning automobiles, further acceleration of measures for electrification mainly in advanced countries, and the rapid expansion of sales of electric vehicles particularly in China are expected. Thus, in addition to furthering electrification in connection with various stricter world-wide environmental regulations, activation of measures for safety enhancement and computerization utilizing data collected from automobiles, such as vehicle body control, in accordance with the surrounding circumstances as recognized by in-vehicle sensors and cameras, etc., and road infrastructure and communications with surrounding moving vehicles and diversification of market needs, etc. are intertwined in complex ways; and the industry itself is undergoing significant change.

(Note 2) General term for moving functions including motorcycles and automobiles.
(Note 3) Device to measure the volume of air entering the engine by sensors, and inject the necessary fuel based on computer calculation.

Under such circumstances, according to the Target Company Group, the Target Company Group formulated the 13th Midterm Global Policy, a three-year plan from 2017 to 2019; and particularly in 2019 (which is the final year), the Target Company Group has engaged in the following agenda toward "Realization of forging a strong, good and praiseworthy company," which is the global policy under the above midterm global policy.

(i) Motorcycles environmental response
In India, the world's largest motorcycles market to start changes to fuel injection following Thailand, Indonesia and China, employees of five plants in India including a newly completed plant, and business affiliates start simultaneous production on a scale of approximately 10,000,000 units of each of the four products of the FI system and securely implement this in an integrated manner, and secure motorcycles and power products businesses.

(ii) Automobiles electrification response
According to the Target Company Group, the Target Company Group will commence a next-generation power control unit (Note 4), which is a core product that controls the driving as the heart of electric vehicles, in Japan to respond to rapid expansion of sales of electric vehicles such as electric cars and hybrid cars, and further proceed with preparation toward commencement of local production in China where electrification expands quickly. Toward automobile electrification that is expected to further expand globally in the future, concentrate management resources in both aspects of development and production and proceed with preparation.

(iii) Strengthening of business foundation
Proceed with process rationalization and facility automation at production bases in and outside Japan, and enhance the cost competitiveness of products. Also, in order to develop next-generation model electric vehicle products and competitive products for gasoline engines matching customers' needs, as well as strengthening research and development, globally developed sales and development engage in proposal and support activities in an integrated manner toward expansion of new customers, and aim for sustainable growth.

(iv) Measures toward reduction in environmental burden
As well as proceeding with product development to realize environmentally friendly mobility, by also strengthening measures toward a reduction in the environmental burden in business activities such as production, purchase and logistics, take measures so that the Target Company Group evolves to become a company gaining empathy and trust from stakeholders
(Note 4) A unit that controls an electricity-generating motor and driving motor when a hybrid car or electric car starts moving, accelerates, or slows down.

However, under such circumstances, according to the Target Company Group, while the Target Company Group proceeds with the responses toward electrification such as starting the production of power control units, there are issues such as the need for a large amount of capital investment, and securing engineers engaged in software development, and modularization (Note 5) of areas of products for electric vehicles, and catching up with trends for systemization.

Also, in order to respond to enhanced needs for cost reduction at automobile manufacturers and shift to overseas local production, automobile component manufacturers are required to reduce costs due to the effects of a merit of scale in connection with the increase in production volume, and construction of a timely supply system in global locations. In response, in recent years, mega suppliers (Note 6) have expanded their sales volumes, and further intensification of competition is expected, such as harsher competition with mega suppliers in the areas of products in which the Target Company Group was competitive.

(Note 5) Standardized parts configurations that can be applied to other models when developing new cars.

(Note 6) Common name for large-scale companies that globally supply parts to major automobile manufacturers.

For the relationship between the Tender Offeror and the Target Company, both companies started transactions in carburetors for motorcycles in 1957, and in 1965, the Tender Offeror acquired 35,200 shares of the Target Company Shares (shareholding ratio at the time (ratio to the total number of issued shares, including treasury shares, rounded off to two decimal places; hereinafter the same shall apply in this paragraph): 11.73%). In 1969 and 1971, through shareholder allocation, the Tender Offeror acquired 35,200 shares and 35,200 shares, respectively, and the Target Company Shares owned by the Tender Offeror became 105,600 shares (shareholding ratio at the time: 11.73%). Thereafter, the Tender Offeror acquired 314,900 shares of the Target Company Shares by third-party allotment in 1972, 57,400 shares in 1973, and 26,500 shares in 1974, and the Target Company Shares owned by the Tender Offeror became 504,400 shares (shareholding ratio at the time: 45.85%). In 1978, 30,000 shares were disposed of, and the Target Company Shares owned by the Tender Offeror became 474,400 shares (shareholding ratio at the time: 43.13%). Further, in 1980, the Tender Offeror acquired 32,200 shares of the Target Company through an offer for public subscription, etc. and acquired 132,420 shares in 1981 and 95,200 shares in 1982, respectively, by granting shares without consideration, and the number of the Target Company Shares owned by the Tender Offeror became 734,220 shares (shareholding ratio at the time: 40.79%). Due to a change in par value in 1983, the Target Company Shares owned by the Tender Offeror became 7,342,200 shares (shareholding ratio at the time: 40.79%). The Tender Offeror acquired 65,000 shares in 1985, 1,035,000 shares through an offer for public subscription in 1986 and 844,220 shares, 464,321 shares, and 292,522 shares by granting shares without consideration in 1987, 1988 and 1989, respectively. Further, in 1990, the Tender Offeror acquired 1,448,000 shares through an offer for public subscription, and the Target Company Shares owned by the Tender Offeror became 11,491,263 shares (shareholding ratio at the time: 34.82%). Due to the merger with Hadsys Co., Ltd. and e-Giken Co., Ltd., in April 1997, the Tender Offeror acquired 15,993,000 shares, in 2000, the Tender Offeror disposed of 2,000,000 shares, and in 2001, the Tender Offeror acquired 5,096,852 shares through a share split. Since 2001, the Tender Offeror has owned 30,581,115 Target Company Shares, which results in the current ownership ratio (41.35%). The Target Company has become an equity-method affiliate of the Tender Offeror. In terms of businesses, as the engine management system engaged in by the Target Company is a primary component in motorcycles and automobiles, which are the primary products of the Tender Offeror, the Tender Offeror and the Target Company have built a close relationship as mutually important business partners, from times past. In addition, 13 employees of the Tender Offeror have been assigned on secondment to the Target Company as of March 31, 2019. No officers of the Target Company are on secondment from the Tender Offeror.

In recent years, various stricter world-wide environmental regulations including CO2 (carbon dioxide) emission regulations, activation of measures for safety enhancement and computerization to utilize data collected from automobiles, such as vehicle body control, in accordance with the surrounding environment as recognized by in-vehicle sensors and cameras, etc., and road infrastructure and communications with surrounding travelling vehicles and diversification of market needs, etc. are intertwined in complex ways; and global mobility industry centered on automobiles itself is undergoing significant change. In order to respond to changes in the external environment, domestic and foreign automobile components manufacturers proceed with alliances through business alliance, capital alliance and business acquisition, etc., and it is expected that the competition environment among the companies in the mobility industry will intensify further in the future.

In response to stricter environmental regulations, activation of measures for safety enhancement and computerization and diversification of market needs such as the above, the Tender Offeror focuses on responses to environment, safety, and computerization as duties of a mobility manufacturer, and aims to realize a carbon-free society and collision-free society, as well as actively engaging with the most important items, namely, the "introduction of electrification technology" and the "introduction of advanced safety technology". However, next-generation technologies required for development of automobiles such as electrification technology to realize electric vehicles such as hybrid cars and electric vehicles, and advanced safety technology to realize a driving safety support system and automated driving system (Note 7) are undergoing sophistication, complexity, and diversification. The Tender Offeror believes that measures will be required which significantly exceed speed and management resources of technology development and product development previously dealt with by automobile manufacturers alone. Also, as new technologies not fully utilized in previous motorcycles and automobiles including information and system technology will be required in such next-generation technology areas, other competing companies are accelerating their efforts, such as entries into the market by various companies in different industries. Under such circumstances, in order to establish a superior position in advance of other companies, the Tender Offeror believes that the Tender Offeror Group is required to distribute management resources into relevant areas in a mobile, concentrated, and efficient manner.

(Note 7) Definition of Driving Safety Support System and Automated Driving System (source: December 7, 2016 "Trend Regarding Definition of Levels of Automated Driving and Future Responses (Draft)" National Strategy Office of Information and Communication Technology, Cabinet Secretariat)

<table>
<tr><th colspan="2">Category</th><th>Outline</th><th>System to realize the item on the left</th></tr>
<tr><td colspan="2">Information provision-type</td><td>Alert to drivers, etc.</td><td rowspan="2">"Driving Safety Support System"</td></tr>
<tr><td rowspan="4">Automatic control utilizing-type</td><td>Level 1:
Single-type</td><td>Status where system operates either acceleration, steering or control</td></tr>
<tr><td>Level 2:
System combination</td><td>Status where system simultaneously conducts multiple operations of acceleration, steering or control</td><td rowspan="3">"Automated Driving System"</td></tr>
<tr><td>Level 3:
System sophistication</td><td>Status where acceleration, steering and control are all conducted by the system, and drivers respond only when the system requests them to do so</td></tr>
<tr><td>Level 4:
Fully automated driving</td><td>Status where acceleration, steering and control are all conducted by the system, and drivers are not involved</td></tr>
</table>

In order to survive global competition, it is becoming increasingly important for automobile manufacturers to provide products at low cost; therefore, there is an urgent need to collaborate with automobile parts manufacturers and to strengthen measures toward modularization of the development system and standardization of chassis and parts among several car models. Under such circumstances, in order to respond to increased needs for cost reduction and shift to overseas local production, etc. by automobile manufacturers, automobile parts manufacturers are required to lower costs through an economy of scale in connection with the increase in production volume, and construction of a timely supply system at global locations. In recent years, mega suppliers are expanding their sales volume. The Tender Offeror Group aimed for an optimal product supply system in conformity with market needs upon developing automobiles, and close collaboration took place among the Tender Offeror and parts manufacturers including the Three Target Companies for each area of individual parts. However, under the above circumstances, the Tender Offeror believes that in order to further develop a joint development system among the Tender Offeror and the parts manufacturers within the Tender Offeror Group, and to respond to modularization and parts standardization, it is necessary, in addition to structuring a comprehensive development system with the suppliers owning a vast array of technologies from conventional technology (Note 8) such as machinery and parts to electrification and information technology, to establish an optimal supply chain for the entire Tender Offeror Group. Also, in order to realize a reduction in procurement and production costs in connection with the increase in parts production volume, the Tender Offeror Group believes it is an issue for the Three Target Companies to further strengthen the sales to automobile manufacturers other than the Tender Offeror.

(Note 8) Technology used for existing components

Further, in the growing markets in Asia and other emerging countries, which are future growth markets for the mobility industry, the mobility industry expects to continue to see a solid demand for motorcycles, and automobile ownership is becoming widespread mainly among entry-level car owners. As such, competition will inevitably be aggravated due to the market and trade liberalization, increased presence of overseas automobile manufacturers, and the rise of local emerging manufacturers. To survive global competition in those growing markets, automobile manufacturers are required to swiftly cater to diversified market needs and offer highly cost-competitive products in a timely manner. Also, the recent global economy is exposed to growing uncertainties due to trade frictions between China and the United States, Britain's exit from the EU, and other factors, which make it difficult to forecast market trends. In order to flexibly and swiftly respond to the diversified and complex market environment, the Tender Offeror Group recognizes the necessity to further reinforce its global supply chain by accelerating cooperation and coordination with regional bases and suppliers in each area of development, procurement, production, and sales.

Under these business conditions, the Tender Offeror has sought a cooperative business relationship with Hitachi Automotive Systems, a wholly-owned subsidiary of Hitachi that provides motors for electric vehicles to domestic and foreign automobile manufacturers, for which it promotes miniaturizing, weight saving, and higher output. More specifically, the Tender Offeror entered into a joint venture agreement with Hitachi Automotive Systems on March 24, 2017, and established Hitachi Automotive Electric Motor Systems, Ltd., whose business is development, manufacture, and sale of motors for electric vehicles, on July 3, 2017 as a joint venture. The Tender Offeror aims to establish systems that can respond to a globally expanding demand for motors for electric vehicles by each automobile manufacturer, by drawing together the technologies of Hitachi Automotive Systems and the Tender Offeror and proceeding with joint research and development of motors that are core parts for electric vehicles at the joint venture. In addition, while the Tender Offeror is currently engaged in joint research and development with the Three Target Companies and Hitachi Automotive Systems in next-generation technology areas, such as electrification technology and advanced safety systems, it sees the necessity to extend such joint development further in order for the Tender Offeror Group to acquire a dominant position before other companies in those areas where competitors are making large and speedy research and development investments. Particularly, the motorcycle business is also anticipated to require developing next-generation technologies such as electrification technology to realize electric vehicles such as hybrid cars and electric vehicles, and advanced safety technology to realize a driving safety support system and automated driving system. The Tender Offeror therefore expects to be able to acquire a dominant position before other companies and realize superior competitiveness as a motorcycle parts manufacturer if the Three Target Companies utilize, for motorcycle development, Hitachi Automotive Systems' next-generation technologies, such as electrification technology and advanced safety systems for automobiles.

As the business environment evolves drastically, the Tender Offeror has come to believe that it is necessary to realize supplying high value-added and cost-competitive products to ensure sustainable growth and enhance the profitability of the Tender Offeror Group, including the Three Target Companies. This will be attained by: promptly establishing competitive technologies (a winning edge) that may be difficult for the Tender Offeror Group (including the Three Target Companies) to obtain alone in next-generation technology areas (such as electrification and automatic driving) by drawing together the technologies of the Tender Offeror, the Target Company (which possesses superior powertrain technology), Showa (which possesses superior suspension and steering technology), Nissin (which possesses superior brake system technology), and Hitachi Automotive Systems (which possesses superior technology in each of powertrain, chassis, and safety systems), and by building a robust joint research and development structure; and creating an efficient development and production structure in conventional technology areas.

On the other hand, next generation technology areas such as electrification technology and advanced safety systems, are new areas that have not been fully addressed to date by the mobility industry and entail risks that are higher than in the conventional mobility business, such as requiring large-scale and timely investments, and involving uncertainties in future market trends and in the technologies required. This may adversely affect the market stock prices of the Three Target Companies, depending on short-term performance fluctuations and evaluation by the stock market. Accordingly, in swiftly executing management initiatives that are likely required to boost the medium- to long-term competitiveness of the Tender Offeror Group, including the Target Company, the Tender Offeror decided that it would be in the interest of the minority shareholders of the Three Target Companies to provide their general shareholders with a reasonable opportunity to sell shares without exposing them to the risk of drastic change of share prices as a result of executing the management initiatives in the future.

Considering the above factors, the Tender Offeror appointed Nomura Securities Co., Ltd. ("Nomura Securities") as a financial advisor and third-party valuation organization independent of the Tender Offeror, Three Target Companies, Hitachi Automotive Systems, and Hitachi, and Nishimura & Asahi as a legal advisor independent of the Tender Offeror, Three Target Companies, Hitachi Automotive Systems, and Hitachi, and started initial consideration and discussions regarding the Integration, including the Tender Offer, with Hitachi Automotive Systems and Hitachi. Thereafter, based on the results of the considerations and discussions, the Tender Offeror concluded in late May 2019 that it would be the best option for the Tender Offeror Group to implement the Absorption-type Merger in which Hitachi Automotive Systems will be the surviving company, with the purpose of building a structure where management initiatives that are likely required to boost the medium- to long-term competitiveness of the Tender Offeror Group, including the Target Company, can be swiftly executed, after making the Three Target Companies, including the Target Company, wholly-owned subsidiaries of the Tender Offeror by obtaining all shares of common stock of the Three Target Companies (the "Three Target Company Shares") (excluding, however, the Three Target Company Shares owned by the Tender Offeror and treasury shares owned by the Three Target Companies; hereinafter the same shall apply). In early June 2019, the Tender Offeror, Hitachi Automotive Systems, and Hitachi made an initial proposal for the Integration (the "Proposal") to the Target Company. The Proposal states that the Tender Offeror would acquire the Three Target Company Shares through procedures such as a tender offer and make the Three Target Companies its wholly-owned subsidiaries; thereafter, Hitachi Automotive Systems and the Three Target Companies would integrate through an absorption-type merger in which Hitachi Automotive Systems would be the surviving company, or through other methods, and as a result of the integration, the surviving company after Absorption-type Merger (the "Integrated Company") would become a consolidated subsidiary of Hitachi that holds 66.6% of its voting rights and an equity-method affiliate of the Tender Offeror that holds 33.4% of its voting rights.

On the other hand, upon receipt of the Proposal from the Tender Offeror in early June 2019, the Target Company appointed Industrial Growth Platform, Inc. ("Industrial Growth Platform") as a financial advisor and third-party valuation organization independent of the Tender Offeror, Three Target Companies, Hitachi Automotive Systems, and Hitachi, and TMI Associates as a legal advisor independent of the Tender Offeror, Three Target Companies, Hitachi Automotive Systems, and Hitachi, in order to ensure the fairness of the purchase price in the Tender Offer (the "Tender Offer Price") and other terms of the Transactions, including the Tender Offer. The Target Company also established a special committee on July 30, 2019, as an advisory body for its board of directors to consider the Proposal (for details of the special committee, please see "(III) Independent special committee established by the Target Company" of "(4) Measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, and measures to ensure the fairness of the Tender Offer" below).

Then, the Tender Offeror, with the approval of the Target Company, conducted due diligence on the Target Company from the middle of July 2019 to early September 2019. The Tender Offeror and the Target Company continued discussions regarding, among other matters, the purpose of the Integration, including the Tender Offer, management structures and policies after the Integration, and various conditions of the Integration, with the aim of further enhancing their respective enterprise value. Furthermore, from early October 2019, the Tender Offeror held discussions and negotiations with the Target Company on several occasions regarding the Tender Offer Price. Thereafter, in late October 2019, the Tender Offeror made the final proposal regarding various conditions of the Tender Offer, including prices, to the Target Company and held discussions and negotiations with the Target Company.

Consequently, in late October 2019, the Tender Offeror and the Target Company agreed that conducting the Integration by making the Three Target Companies including the Target Company wholly-owned subsidiaries and then implementing the Absorption-type Merger in which Hitachi Automotive Systems would be the surviving company would be the best measure to allow the Tender Offeror Group to respond to changes in the business environment surrounding the Tender Offeror Group and contribute to enhancing the enterprise value of the whole Tender Offeror Group including the Target Company. Accordingly, as of today, the Tender Offeror determined to conduct the Tender Offer for the Target Company Shares as part of a series of transactions for the Integration based on the Basic Contract, on condition that the Conditions Precedent are satisfied.

As announced in the Other Press Releases by Two Target Companies, the Tender Offeror also discussed and negotiated the implementation of the Integration with Showa and Nissin on several occasions; as a result, it has also determined at the board of directors meeting held today that as part of a series of transactions for the Integration, respective common stocks of Showa and Nissin are to be obtained through tender offer. As stated in “(1) Overview of the Tender Offer” above, such tender offer is also scheduled to be conducted after satisfaction of certain conditions precedent such as obtaining permits and licenses, etc. from the respective countries’ relevant authorities including notifications or approvals for business combination to or by the respective countries’ competition authorities.

Specific synergy effects of the Integration that are expected to occur in the Tender Offeror Group including the Target Company are as stated below.

(i) Streamlining development and production structure and enhancing development of the next-generation technology

The alliance between the Three Target Companies and Hitachi Automotive Systems will enable them to enhance their development structure in next-generation technology areas expected to see growing demands in the future, such as electrification technologies, advanced safety technologies and vehicle control technologies. Simultaneously, it will also enable the Tender Offeror Group to obtain Hitachi Automotive Systems’ technologies in the system and IT field, which the Tender Offeror Group had to develop alone previously, and thereby to achieve selected and concentrated development investment. The Tender Offeror expects that this will realize the optimal allocation of business resources for the Tender Offeror Group as a whole. In addition, by accelerating mutual complementation between technology areas and regional bases in development and production fields of the Integrated Company, the Integrated Company will be able to supply more high value-added and cost-competitive products and to establish a supply structure to swiftly and flexibly respond to changes in demands of automobile manufacturers including the Tender Offeror.

(ii) Reducing procurement and production costs through increased component sales to automobile manufacturers other than the Tender Offeror

Based on the industry’s latest technologies in a wide range of areas from conventional technologies such as machine components to electrification and information technologies, the Integrated Company will be able to establish a comprehensive development structure with automobile manufacturers and, as one of the global mega suppliers, to expand its sales to automobile manufacturers other than the Tender Offeror. With the increase in component production resulting from the above, the Integrated Company will be able to reduce procurement and production costs through the scale effect and thus expects to realize excellent profitability and competitiveness based on the international competitive advantage.

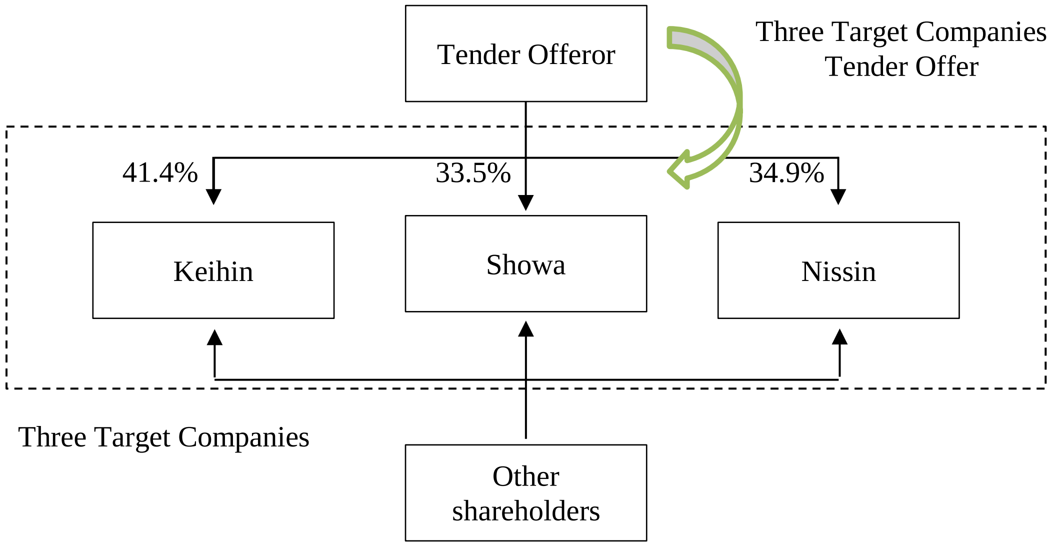
(II) Structure of the Integration

The structure of the Integration is as stated below.

(i) Implementation of the Three Target Companies Tender Offer

Subject to the Conditions Precedent to the commencement that certain matters such as obtaining permits and licenses, etc. from the respective countries’ relevant authorities, such as notifications or approvals for business combination to or by the respective countries’ competition authorities (for details, please see the Other Press Releases by Two Target Companies), are satisfied, the Tender

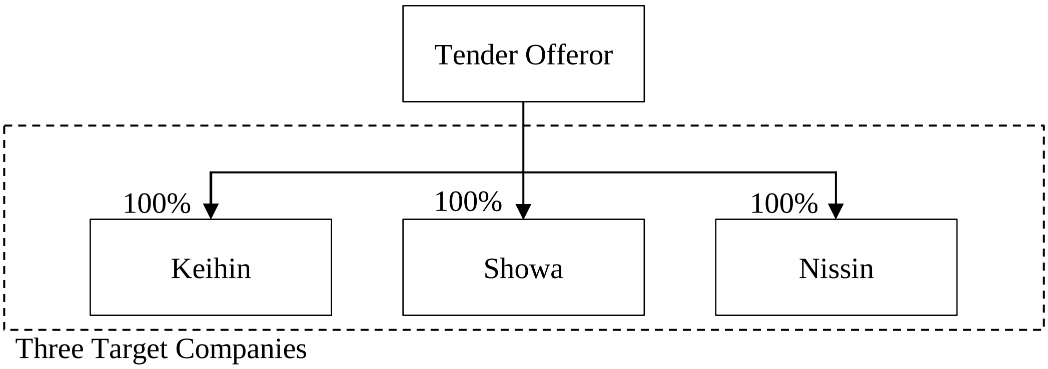
Offeror will implement the Three Target Companies Tender Offer, respectively.



(Note) Percentage (%) in the above chart indicates the ratio of voting rights held by the relevant shareholders to voting rights held by all shareholders; the same shall apply in this section.

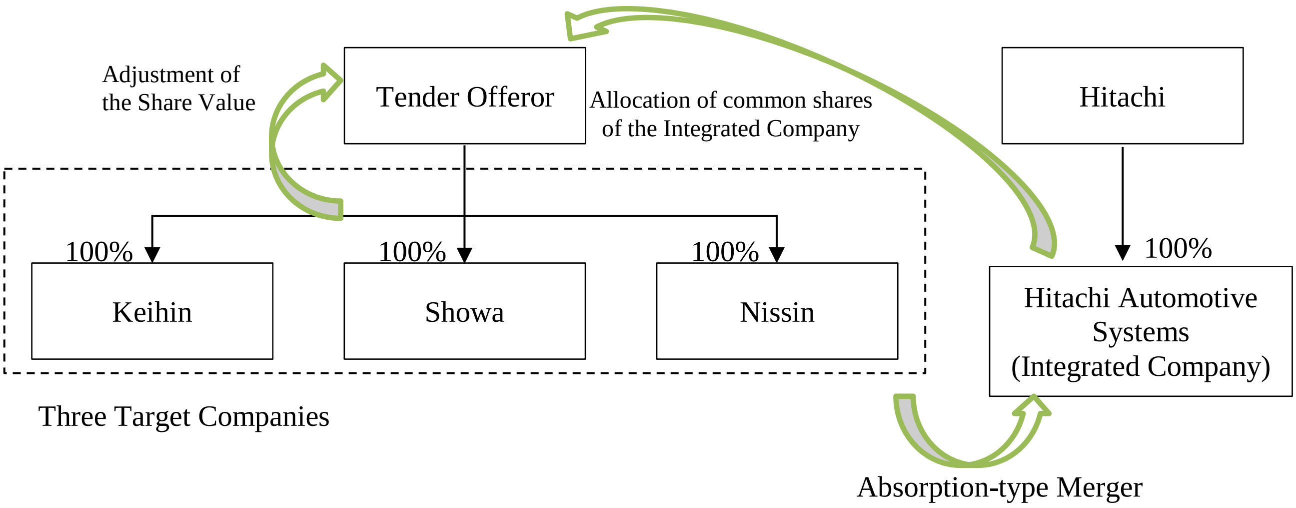
(ii) Implementation of the Transactions to Make the Three Target Companies Wholly-Owned Subsidiaries

If the respective Three Target Companies Tender Offer is successfully completed, and the Tender Offeror fails to acquire all of the common shares of the Three Target Companies for which the Three Target Companies Tender Offer is successfully completed, a series of procedures to make the Tender Offeror the only shareholder of the Three Target Companies will be implemented. For details of the Transaction to Make the Target Company a Wholly-Owned Subsidiary, please see "(5) Policies regarding reorganization, among others, after the Tender Offer (matters regarding the so-called two-stage purchase)" below. For Showa and Nissin, a series of procedures will be also implemented to make them wholly-owned subsidiaries of the Tender Offeror through the same method as in the Transaction to Make the Target Company a Wholly-Owned Subsidiary (collectively with the Transaction to Make the Target Company a Wholly-Owned Subsidiary, the "Transactions to Make the Three Target Companies Wholly-Owned Subsidiaries").



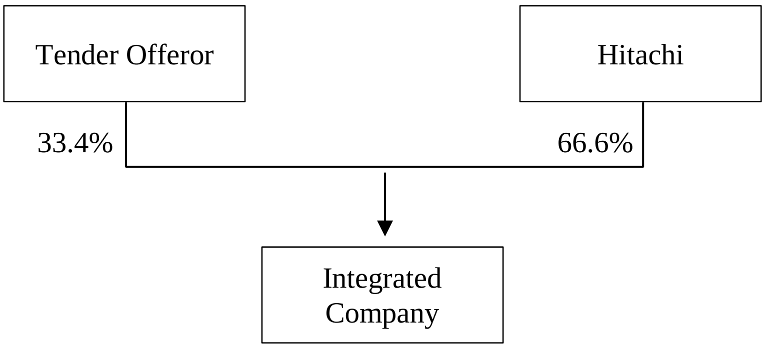
(iii) Implementation of the Absorption-type Merger

After the completion of the Three Target Companies Tender Offer stated in (i) above and the Transactions to Make the Three Target Companies Wholly-Owned Subsidiaries stated in (ii) above, the Absorption-type Merger between Hitachi Automotive Systems (a wholly-owned subsidiary of Hitachi) as the surviving company, and the Three Target Companies as the disappearing companies will be implemented. As stated in "(3) Material agreements regarding the Tender Offer" below, the Tender Offeror and Hitachi have agreed in the Basic Contract that in the Absorption-type Merger, common shares of the Integrated Company will be allotted to the Tender Offeror as the consideration for merger, in a merger ratio where the number of voting rights of the Integrated Company held by the Tender Offeror will account for 33.4% of the number of the voting rights held by all shareholders of the Integrated Company. If any of the tender offers targeting the Three Target Companies is not successfully completed, of if a substantial delay is expected in making any one or two companies among the Three Target Companies wholly-owned subsidiaries, Hitachi and the Tender Offeror is planning to conduct the Absorption-type Merger between Hitachi Automotive Systems and the company(ies) among the Three Target Companies that has successfully become wholly-owned subsidiary(ies) of the Tender Offeror. Furthermore, the ratio of the total share value of the Three Target Companies as of the effective time of the Absorption-type Merger to Hitachi Automotive Systems' share value does not necessarily correspond to the above merger ratio. Given the above, sometime between completion of the Transactions to Make the Three Target Companies Wholly-Owned Subsidiaries and the effective time of the Absorption-type Merger, in order to have the ratio of the total share value of the Three Target Companies to Hitachi Automotive Systems' share value correspond to the above merger ratio, adjustment of the Three Target Companies' share value by the Three Target Companies obtaining treasury shares(the "Adjustment of the Share Value") will be implemented.



(iv) After Completion of the Integration

After completion of the Integration, the ownership ratio of the voting rights in the Integrated Company held by the Tender Offeror will be 33.4% and the Integrated Company will become an equity-method affiliate of the Tender Offeror. The Tender Offeror considers the Integrated Company its important supplier even after the completion of the Integration and plans to continue the business transactional relationship.



(III) Business restructuring associated with the Integration

According to the Target Company, its air conditioning business differs from the type of business operated by the Integrated Company, the air conditioning business will be transferred to a third party by the effective time of the Absorption-type Merger; and to date, neither the transferee nor the consideration has been determined. Regarding this transfer, please refer to the "Notice Concerning Scheduled Transfer of Air Conditioning Business" announced today by the Target Company.
When considering the Tender Offer Price, the Target Company considered that the transfer of the air conditioning business would cause the Target Company to cease its air conditioning business and be paid cash as consideration for the transfer. When considering the Tender Offer Price, the Tender Offeror considered that the transfer of the air conditioning business would cause the Target Company to cease its air conditioning business and be paid cash as consideration for the share transfer.

According to Showa, since its car dealer business operated through its wholly-owned subsidiary Honda Cars SAITAMAKITA Co. Ltd. ("Honda Cars SAITAMAKITA") differs from the type of business operated by the Integrated Company, it will transfer Honda Cars SAITAMAKITA's shares to a third party before the effective date of the Absorption-type Merger; and at this moment, neither the transferee nor the consideration has been determined.

In addition, as announced in the "Notice Regarding Dissolution and Share Acquisition of Joint Ventures (Equity Method Affiliates) (Making Them Subsidiaries)" by Nissin dated today, the Tender Offeror and Nissin have entered into a share purchase agreement with Veoneer AB (a wholly-owned subsidiary of Veoneer, Inc. (the joint venture partner of Nissin; "Veoneer")) where the Tender Offeror and Nissin will jointly acquire all shares of Veoneer Nissin Brake Systems Japan Co., Ltd. ("VNBJ") and Veoneer Nissin Brake Systems (Zhongshan) Co., Ltd. ("VNBZ") which are Nissin's equity-method affiliates held by Veoneer AB. In response to strict environmental regulations on exhaust gas and fuel efficiency in recent years and increasing demands for electric vehicles and hybrid cars that can operate over long distances, the market size of regenerative brakes, which is the primary product of VNBJ and VNBZ, is expected to continue to expand in the future. After the Tender Offeror and Nissin performed repeated, careful examinations from the perspective of enhancing the enterprise value of the Tender Offeror Group as a whole, including Nissin, they determined that it is appropriate for them to jointly acquire all shares of VNBJ and VNBZ.

(IV) Management policies after the Tender Offer

As stated in "(II) Structure of the Integration" above, after the Three Target Companies become wholly-owned subsidiaries of the Tender Offeror through the Transactions to Make the Three Target Companies Wholly-Owned Subsidiaries, the Absorption-type Merger between Hitachi Automotive Systems as the surviving company and the Three Target Companies as the disappearing companies will be implemented. After completion of the Integration including the above series of transactions, while respecting the Three Target Companies' corporate cultures, the Tender Offeror will proceed with the unification with Hitachi Automotive Systems and realize sustainable growth and maximization of the enterprise value of the Tender Offeror Group as a whole.

Details of specific management policies of the Integrated Company after the Integration are yet to be decided as of today. The Tender Offeror, the Three Target Companies, Hitachi Automotive Systems and Hitachi will discuss them, aiming to establish a structure maximizing the synergy effect as the Tender Offeror Group through the Integration.

(V) Process of and reasons for decision-making by the Target Company

According to the Press Release by the Target Company, the Target Company received the Proposal from the Tender Offeror in early June 2019 and established an internal system and preliminarily considered the Proposal, as set forth in "(I) Background to, the purpose of, and decision-making process of, the resolution to conduct the Tender Offer" above. The Target Company also appointed

Industrial Growth Platform as a financial advisor and third-party valuation organization independent of the Tender Offeror, Three Target Companies, Hitachi Automotive Systems, and Hitachi, and TMI Associates as a legal advisor, in order to ensure the fairness of the Tender Offer Price and the Transactions, including the Tender Offer, as stated in "(4) Measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, and measures to ensure the fairness of the Tender Offer" below. Then, the Target Company established a special committee on July 30, 2019, as its advisory body to consider the Proposal, and continued discussions and consideration with the Tender Offeror regarding, among other matters, the purpose of the Transactions, management structures and policies after the Transactions, and various conditions of the Transactions.

As a result, the Target Company concluded that the Integration would be an extremely effective means to enhance the enterprise value of the Target Company Group, as follows: (i)(a) the alliance between the Three Target Companies and Hitachi Automotive Systems will enable them to enhance their development structure in next-generation technology areas expected to see growing demands in the future, such as electrification technologies and advanced safety technologies; (b) simultaneously, it will also enable the Tender Offeror Group to obtain Hitachi Automotive Systems' technologies in the system and IT field, which the Target Company Group had to develop alone without choice, and thereby to achieve selected and concentrated development investment; and (c) the Target Company expects that this will realize the optimal allocation of business resources for the Tender Offeror Group, as a whole;(ii) by accelerating mutual complementation between technology areas and regional bases in the Integrated Company's development and production fields, the Integrated Company will be able to supply more high value-added and cost-competitive products and to establish a supply structure to swiftly and flexibly respond to changes in demands of automobile manufacturers including the Tender Offeror; and (iii) based on the industry's latest technologies in a wide range of areas from conventional technologies such as machine components to electrification and information technologies, the Integrated Company will be able to establish a comprehensive development structure with automobile manufacturers and, as one of the global mega suppliers, to expand its sales to automobile manufacturers other than the Tender Offeror, and with the increase in component production resulting from the above, the Integrated Company expects to reduce procurement and production costs through the scale effect and thus to realize excellent profitability and competitiveness based on the international competitive advantage.

Therefore, the Target Company has concluded that given the Target Company Group's business environment and management issues, it is necessary to realize supplying high value-added and cost-competitive products in order to maximize the Target Company Group's enterprise value and to secure the medium- to long-term interests of its stakeholders (such as employees, business partners, and minority shareholders) by acquiring a dominant position before other companies and seeking to realize superior competitiveness as an automobile parts manufacture. This will be attained by: promptly establishing competitive technologies (a winning edge) that may be difficult for the Target Company to obtain alone in next-generation technology areas (such as electrification and automatic driving) by drawing together the technologies of the Tender Offeror, the Three Target Companies, and Hitachi Automotive Systems and Hitachi, and by building a robust joint research and development structure; and creating an efficient development and production structure in conventional technology areas. On the other hand, executing proactive measures under such a structure (e.g., research and development in next-generation technology areas (such as electrification and automatic driving)) will require large-scale and timely investments, and will entail risks that are higher than in the Target Company Group's conventional business, such as greater uncertainties in future market trends and in the technologies required. This may adversely affect the market stock prices of the Target Company, depending on short-term performance fluctuations and evaluation by the stock market. Accordingly, the Target Company considered that it should not expose its minority shareholders to those short-term risks, and has decided that it would be in the interest of its minority shareholders to provide them with a reasonable opportunity to sell shares without exposing them to the risk of share prices falling as a result of executing the management initiatives in the future.

In terms of the Tender Offer Price, the board of directors of the Target Company held today has decided that the Tender Offer will provide its shareholders with a reasonable opportunity to sell their

Target Company Shares at a price including an appropriate premium, due to factors including the following: (a) among the calculation results of the value of Target Company Shares by Industrial Growth Platform as set forth in "(II) Valuation report obtained by the Target Company from an independent third-party valuation organization" of "(4) Measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, and measures to ensure the fairness of the Tender Offer", the Tender Offer Price is above the scope of results of calculation by the market share price analysis and the comparable company analysis is within the scope of results of calculation by discounted cash flow analysis (the "DCF Analysis"); (b) the Tender Offer Price is considered to include an appropriate premium in comparison with the level of premiums in other tender offer cases that are aimed to make an entity a wholly-owned subsidiary, as the Tender Offer Price is the amount obtained by respectively adding a premium of 36.99% to 1,898 Japanese yen, which is the closing price of the Target Company Shares on the TSE 1st Section on October 29, 2019 (the business day before the announcement of the Tender Offer) (any fraction is rounded off to the nearest Japanese yen; hereinafter in this paragraph the same shall apply in the calculation of premiums), 53.30% to 1,696 Japanese yen, which is the simple average of the closing prices in the one month before that date (from September 30, 2019 to October 29, 2019) (any fraction is rounded off to the nearest Japanese yen; hereinafter in this paragraph the same shall apply in the calculation of a simple average of the closing prices), 67.74% to 1,550 Japanese yen, which is the simple average of the closing prices in the three months before that date (from July 30, 2019 to October 29, 2019), and 69.16% to 1,537 Japanese yen, which is the simple average of the closing prices in the six months before that date (from May 7, 2019 to October 29, 2019); (c) the Target Company considers that the interests of its minority shareholders have been sufficiently considered, as it has taken the measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest set forth in "(4) Measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, and measures to ensure the fairness of the Tender Offer" below in deciding the Tender Offer Price; and (iv) the Tender Offer Price has been proposed after the measures to be taken to avoid conflicts of interest were taken, and as a result of the Tender Offeror and the Target Company having discussions and negotiations comparable to those that are conducted in an arm's-length transaction (or more specifically, sincere and continued discussions and negotiations taking into account the calculation results of the value of Target Company Shares by Industrial Growth Platform, and discussions with the special committee).

Accordingly, the Target Company passed a resolution at the meeting of its board of directors held today to express its current opinion that it would support the Tender Offer, and to recommend that its shareholders tender in the Tender Offer when the Tender Offer commences.

(3) Material agreements regarding the Tender Offer

The Tender Offeror, the Three Target Companies, Hitachi Automotive Systems, and Hitachi have concluded the Basic Contract as of today (in this paragraph, the "Basic Contract Conclusion Date"), as outlined below.

(I) The Tender Offer conducted by the Tender Offeror

The Tender Offeror shall conduct the Tender Offer, on condition that all conditions set forth in the following items have been satisfied:

(a) The Target Company has resolved to support the Tender Offer and to recommend to its shareholders to tender in the Tender Offer, has published the resolution, and has not changed the resolution or passed a contradictory resolution by its board of directors during the period from the Basic Contract Conclusion Date to the Tender Offer Commencement Determination Date;

(b) The Target Company has obtained a third party's opinion (Note 1) that a tender offer for its shares is not disadvantageous to its minority shareholders, and the opinion has been upheld;

(Note 1) A third party's opinion means an opinion of the special committee established by the Target Company; hereinafter the same shall apply.

(c) The Target Company's representations and warranties pursuant to the Basic Contract are true and correct in material respects;

(d) All obligations due to be performed or complied with by Hitachi, Hitachi Automotive Systems and the Target Company under the Basic Contract have been performed or complied with in material respects;

(e) The Japan Fair Trade Commission has issued a notice regarding the Transactions that it will not issue a notice under Article 50, paragraph (1) of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade;

(f) Notification to any foreign competition law authority has been completed, or the waiting period after the notification has matured or terminated early; or an approval has been obtained from, and other procedures have been completed with, any foreign competition law authority, as required for the Transactions under any competition law of a non-Japanese jurisdiction agreed to between the Tender Offeror, the Three Target Companies, Hitachi Automotive Systems, and Hitachi ("All Parties");

(g) There are no laws or regulations, or decisions by any competent authority, that limit or prohibit any of the Transactions;

(h) No cause or event has occurred that has a material adverse effect on the Target Company's or Hitachi Automotive Systems' business, assets, liabilities, financial status, business performance, cash flow or future profit plan on a consolidated basis; and no other event has occurred to any company in the Target Company Group or any of Hitachi Automotive Systems and its subsidiaries and affiliates (collectively with Hitachi Automotive Systems, the "Hitachi Automotive Systems Group")' group companies that materially affects the decision to conduct the Tender Offer;

(i) There has been no impact of any natural disaster or other cause not attributable to the Tender Offeror where it is impossible to commence the Tender Offer in light of socially accepted norms;

(j) There are no material non-public information related to the Target Company or any of its subsidiaries;

(k) The Target Company has submitted to the Tender Offeror a letter of confirmation of material information (a letter that represents and warrants that there are no material non-public information related to the Target Company or any of its subsidiaries as of the Tender Offer Commencement Determination Date);

(l) The conditions to the Tender Offeror commencing tender offers against Showa and Nissin are reasonably anticipated to be satisfied or waived;

(m) The "Basic Agreement for Subsidiaries' Management Integration" dated Octorber 30, 2019, concluded between Hitachi and the Tender Offeror is continuing in effect; and

(n) Hitachi has not issued a notice to the Tender Offeror requesting not to commence the Tender Offer, or the conditions contained in such notice, if made, by Hitachi to the Tender Offeror have been satisfied or waived.

(II) The Target Company's support for the Tender Offer

The Target Company shall resolve that it will support the Tender Offer and will recommend to its shareholders to tender in the Tender Offer, on condition that all conditions set forth in the following items have been satisfied, except where it is reasonably determined that passing these resolutions violates the Target Company's directors' duty of due care of a prudent manager:

(a) The Target Company has obtained a third party's opinion that the Tender Offer is not disadvantageous to its minority shareholders, and the opinion has been upheld;

(b) The key terms of the Tender Offer are in line with the terms and conditions agreed pursuant to the Basic Contract;

(c) Tender offers by the Tender Offeror against Showa and Nissin are reasonably anticipated to be commenced;

(d) Hitachi's, Hitachi Automotive Systems' and the Tender Offeror's representations and warranties pursuant to the Basic Contract are true and correct in material respects;

(e) All obligations due to be performed or complied with by Hitachi, Hitachi Automotive Systems and the Tender Offeror under the Basic Contract have been performed or complied with in material respects;

(f) The Japan Fair Trade Commission has issued a notice regarding the Transactions that it will not issue a notice under Article 50, paragraph (1) of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade;

(g) By the Tender Offer Commencement Determination Date, notification to any foreign competition law authority has been completed, or the waiting period after the notification has matured or terminated early; or an approval has been obtained from, and other procedures have been completed with, any foreign competition law authority, as required for the Transactions under any competition law of a non-Japanese jurisdiction agreed to between All Parties;

(h) There are no laws or regulations, or decisions by any competent authority, that limit or prohibit the Tender Offer; and

(i) No cause or event has occurred that has a material adverse effect on Hitachi Automotive Systems' business, assets, liabilities, financial status, business performance, cash flow or future profit plan on a consolidated basis; and no other event has occurred to any of Hitachi Automotive Systems Group that materially affects the Target Company's decision to pass a resolution to support the Tender Offer and to recommend to its shareholders to tender in the Tender Offer.

(III) Making the Target Company a wholly-owned subsidiary

When the Tender Offer is completed, if the Tender Offeror has not succeeded in acquiring all the shares of the Target Company through the Tender Offer, then the Tender Offeror will take measures necessary to make the Target Company its wholly-owned subsidiary by means of demand for cash-out or share consolidation.

(IV) Absorption-type merger

Promptly after the Tender Offeror makes the Target Company, Showa, and Nissin its wholly-owned subsidiaries, Hitachi shall cause Hitachi Automotive Systems, and the Tender Offeror shall cause the Target Company, Showa, and Nissin, to implement a series of absorption-type merger in which Hitachi Automotive Systems will be the ultimate surviving company, and the Target Company, Showa, and Nissin will be the ultimate disappearing companies.

If any of the tender offers targeting the Target Company, Showa, or Nissin is not successfully completed, or if a substantial delay is expected in making any one or two companies among the Target Company, Showa, and Nissin the Tender Offeror's wholly-owned subsidiaries, then Hitachi and the Tender Offeror shall implement the Absorption-type Merger between Hitachi Automotive Systems and the company(ies) from among the Target Company, Showa, and Nissin that has successfully become wholly-owned subsidiary(ies) of the Tender Offeror. Conditions of the absorption-type merger between Hitachi Automotive Systems and such wholly-owned subsidiary(ies) shall be determined upon good-faith consultation based on the enterprise values of Hitachi Automotive Systems, the Target Company, Showa, and Nissin agreed upon with Hitachi and the Tender Offeror.

(4) Measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, and measures to ensure the fairness of the Tender Offer

Given that the Target Company is not a subsidiary of the Tender Offeror as of today, the Tender Offer does not constitute a tender offer by a controlling shareholder. However, the Tender Offeror is the Target Company's largest shareholder among its major shareholders, and is its other associated company as defined in the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements, and owns 30,581,115 shares (ownership ratio: 41.35%) of the Target Company Shares as of today. The Tender Offeror aims to make the Target Company its wholly-owned subsidiary. By considering the above and other relevant factors, the Tender Offeror and the Target Company have taken the measures described below to ensure the fairness of the Tender Offer Price, eliminate any arbitrariness in the decision-making process to decide to implement the Tender Offer, and avoid any conflicts of interest.

Even though the Tender Offeror has not had the successful completion of the Tender Offer conditioned on the tender by the so-called "majority of the minority" in the Tender Offer, the Tender Offeror believes that the interests of the Target Company's minority shareholders have been sufficiently considered by taking the measures (I) to (VI) below.

(I) Valuation report obtained by the Tender Offeror from an independent third-party valuation organization

With the aim of ensuring the fairness of the Tender Offer Price, the Tender Offeror asked a financial advisor, Nomura Securities, to calculate the value of the Target Company Shares as a third-party valuation organization independent of the Tender Offeror, Three Target Companies, Hitachi Automotive Systems, and Hitachi, in determining the Tender Offer Price. Nomura Securities is neither a related party of the Tender Offeror, Three Target Companies, Hitachi Automotive Systems or Hitachi, nor is it materially interested with respect to the Integration, including the Tender Offer.

Based on the determination that it is appropriate to evaluate the Target Company Shares multilaterally after reviewing the calculation method to be adopted in calculating the value of the Target Company Shares amongst multiple share valuation methods, and on the assumption that the Target Company will continue its operations, Nomura Securities calculated the value of the Target Company Shares using the following methods: the market share price analysis (because the Target Company Shares are listed on the TSE 1st Section); the comparable company analysis (because it is possible to infer the value of the Target Company Shares through comparisons with listed companies comparable to the Target Company); and the DCF Analysis (in order to reflect the status of future business activities in the calculation). On October 29, 2019, the Tender Offeror obtained a report on valuation of the shares (the "Valuation Report") from Nomura Securities. The Tender Offeror has not obtained any evaluation regarding the fairness of the Tender Offer Price (i.e., a fairness opinion).

For an overview of the Valuation Report obtained by the Tender Offeror from Nomura Securities, please see "(4) Basis for the calculation of the purchase price" of "2. Overview of the purchase" below.

(II) Valuation report obtained by the Target Company from an independent third-party valuation organization

(i) Name of the valuation organization, and its relationship with the Tender Offeror, the Three Target

Companies, Hitachi Automotive Systems, and Hitachi

According to the Press Release by the Target Company, the Target Company asked a financial advisor, Industrial Growth Platform, to calculate the value of the Target Company Shares as a third-party valuation organization independent of the Tender Offeror, Three Target Companies, Hitachi Automotive Systems, and Hitachi, in expressing its opinion to support the Tender Offer, in order to ensure the fairness in the decision-making process regarding the Tender Offer Price proposed by the Tender Offeror, and the Target Company received a valuation report for the Target Company Shares on October 29, 2019. Industrial Growth Platform is neither a related party of the Tender Offeror, Three Target Companies, Hitachi Automotive Systems, or Hitachi, nor is it materially interested with respect to the Integration, including the Tender Offer. The Target Company has not obtained any opinion regarding the fairness of the Tender Offer Price (i.e., a fairness opinion) from Industrial Growth Platform.

(ii) Overview of calculation

Industrial Growth Platform calculated the value of the Target Company Shares using the following methods: the market share price analysis (because there are market share prices as the Target Company Shares are listed on the TSE 1st Section); the comparable company analysis (because it is possible to infer the value of the Target Company Shares through comparisons with listed companies that engage in businesses relatively similar to those of the Target Company); and the DCF Analysis (in order to reflect the status of future business activities in the evaluation).

The per-share value of the Target Company Shares calculated by Industrial Growth Platform using those methods are as follows:

Market share price analysis:	1,537 Japanese yen to 1,898 Japanese yen
Comparable company analysis:	1,974 Japanese yen to 2,515 Japanese yen
DCF Analysis:	2,157 Japanese yen to 2,787 Japanese yen

Under the market share price analysis, where October 29, 2019 was the reference date, the per-share value of the Target Company Shares was calculated to range from 1,537 Japanese yen to 1,898 Japanese yen, based on the following prices of Target Company Shares on the TSE 1st Section: the closing price on the reference date (1,898 Japanese yen); the simple average of the closing price for the one month immediately preceding the reference date (1,696 Japanese yen) (any fraction is rounded off to the nearest Japanese yen; hereinafter in this paragraph the same shall apply in the calculation of a simple average of the closing prices); the simple average of the closing price for the three months immediately preceding the reference date (1,550 Japanese yen); and the simple average of the closing price for the six months immediately preceding the reference date (1,537 Japanese yen).

Under the comparable company analysis, the value of the Target Company Shares was calculated through comparison with the market share price and financial statements showing profitability of listed companies that engage in businesses relatively similar to those of the Target Company, and then the per-share value of the Target Company Shares was calculated to range from 1,974 Japanese yen to 2,515 Japanese yen.

Under the DCF Analysis, the Target Company's enterprise value and share value were calculated by discounting the free cash flow that is expected to be generated by the Target Company in and after the 2nd quarter of the fiscal year ending in March 2020 at a certain discount rate to the present value, based on the Target Company's business plan for the fiscal year ending in March 2020 through the fiscal year ending in March 2025, publicly available information and a variety of other factors. Using this methodology, the per-share value of the Target Company Shares was calculated to range from 2,157 Japanese yen to 2,787 Japanese yen. In the Target Company's business plan used by Industrial Growth Platform for the calculation by the DCF Analysis, income before taxes is 20,413 million Japanese yen (35.9% increase compared to year ending March 2021), and current net income is 13,819 million Japanese yen (47.9% increase compared to year ending March 2021) for the year ending March

2022, and both increase significantly; furthermore, it is expected that the current net income for the year ending March 2024 will be 17,931 million Japanese yen (32.8% increase compared to year ending March 2023) and increase significantly. The reasons for the foregoing are due to business growth and production optimization due to expansion of production of fuel injectors for motorcycles responding to the enhanced environmental regulations and production of PCUs for automobiles responding to electrification. The synergistic effects expected to be achieved by implementing the Integration, including the Tender Offer, have not been counted. This is because at present it is difficult to specifically estimate the impact on earnings.

(III) Independent special committee established by the Target Company

According to the Press Release by the Target Company, the Target Company established on July 30, 2019, a special committee comprised of the following four members in order to exercise caution in the Target Company's decision-making regarding the Transactions, eliminate any potential arbitrariness or conflict of interest in, and secure the fairness of, the decision-making process of its board of directors, and to verify that the decision-making by its board of directors is not disadvantageous to its minority shareholders: Mr. Kotaro Yamamoto (outside director and independent officer of the Target Company, and attorney-at-law), Ms. Chiaki Tsuji (outside director and independent officer of the Target Company, and attorney-at-law), Mr. Taro Mizuno (former outside director of the Target Company, and President of FCOM SERVICES CO., LTD.), and Mr. Masato Kasahara (certified public accountant, Kasahara Certified Public Accountants Office), who are all independent of the Tender Offeror, the Three Target Companies (including the Target Company), Hitachi Automotive Systems, and Hitachi.

The Target Company consulted the special committee on the following matters (collectively, the "Matters of Inquiry"): (a) whether the purpose of the Transactions is reasonable; (b) whether the fairness of the terms of purchase under the Transactions (including the tender offer price) has been secured; (c) whether the interests of the Target Company's shareholders have been sufficiently considered through fair procedures in the Transactions; and (d) whether the Transactions are disadvantageous to the Target Company's minority shareholders in light of (a) through (c) above or any other matters.

The special committee met 11 times in total between August 22, 2019 and October 30, 2019 to carefully discuss and consider the Matters of Inquiry. Specifically, the special committee confirmed the absence of issues in the independence or expertise of the third-party valuation organization or legal advisor appointed by the Target Company and approved them as the Target Company's third-party valuation organization and legal advisor, respectively. While the Target Company and its advisor engaged in direct discussions and negotiations with the Tender Offeror, the special committee confirmed that it may be substantially involved in the terms of the Transactions, such as by receiving timely status reports from the Target Company, offering opinions as necessary, and issuing instructions and requests. The special committee also received information on the matters including the following from the Target Company based on the materials provided by the Target Company, and conducted a question-and-answer session regarding these matters: the terms of the Tender Offeror's proposal; the purpose of the Transactions; the circumstances that led to the Transactions; the specific details of the Target Company's enterprise value expected to be increased by the Transactions; the Target Company's business plan; and the terms of the Transactions and the decision-making process therefor. Then, the special committee received information on the following matters from the Tender Offeror and conducted a question-and-answer session regarding these matters: an overview of the Transactions; the circumstances that led to the Transactions; the purpose of the Transactions; the management policy after the Transactions; and the terms of the Transactions. Further, the special committee received information on the results of evaluation of the value of the Target Company Shares by Industrial Growth Platform, and conducted a question-and-answer session regarding the results. In addition, the special committee received information from TMI Associates on the measures to ensure the fairness of the procedures of the Transactions and to avoid conflicts of interest, and conducted a question-and-answer session also regarding this matter.

After repeating careful discussions and consideration over the Matters of Inquiry through the above procedure, the special committee provided the board of directors of the Target Company with a written report largely as outlined below (the "Written Report") on October 30, 2019, upon unanimous resolution by all committee members.

(i) Purpose of the Transactions

With the business environment surrounding the mobility industry having changed and companies in the industry having tried to realize electrification and automatic driving, competition in the industry has become intense and companies are faced with the need for technological and organizational reforms. The Target Company too, with its degree of dependence to the Tender Offeror being high, has limits to its technologies and characteristic problems, such as how the Target Company secures the resource necessary for research and development, especially for strategic investment in Asia. Under such business environment, the following effects are expected for the Target Company from the Transactions:

(a) Effects with respect to technologies – Streamlining development and production structure and enhancing development of next-generation technology

While it has become necessary to strengthen advanced technology for automobile electrification, it will become possible to enhance the development structure in next-generation technology areas expected to see growing demands in the future, such as electrification technologies and advanced safety technologies. Simultaneously, it will also become possible to achieve selected and concentrated development investment as the Tender Offeror Group including the Target Company by obtaining technologies of the Integrated Company, which is an affiliate of Hitachi, as well as technologies in the system and IT field in general, which the Tender Offeror Group has until now had to develop alone without choice, and it will thereby be possible to achieve the optimal allocation of business resources for the Tender Offeror Group, including the Target Company, as a whole.
In addition, by accelerating the mutual complementation between technology areas and regional bases in development and production fields of the Integrated Company, it will become possible to supply higher value-added and cost-competitive products and to establish a supply structure to swiftly and flexibly respond to changes in demands of automobile manufacturers including the Tender Offeror. That is to say, it will become possible to establish a mega supplier, including the Company's motorcycle business, which will lead the industry with competitive technologies (a winning edges) in electrification, chassis control and automatic driving, and to generate comprehensive synergy among parties including the Three Target Companies, the Tender Offeror, the Integrated Company and Hitachi, and to thereby stabilize competitiveness.

(b) Effects with respect to sales
It is expected that the Integrated Company will allow for the reduction of procurement and production costs due to increasing sales of automobile parts to automobile manufacturers other than the Tender Offeror. The Integrated Company will be able to establish a comprehensive development structure with automobile manufacturers based on the latest technologies in the industry across a wide range of areas, from conventional technologies such as machine components to electrification and information technologies and to expand sales, as a mega supplier, to automobile manufacturers other than the Tender Offeror. With the increase in production volume through these means, the Integrated Company will be able to reduce procurement and production costs due to the benefits of increasing scale and thereby expects to realize excellent profitability and competitiveness based on its international competitive advantage.

(c) Merits of integration by the Integrated Company
The Target Company, by being integrated into the Integrated Company, will be able to

stabilize its management, with the aim of achieving medium- to long-term growth without being subject to short-term profitability based on business plans of the Integrated Company, whose shareholders are the Tender Offeror and Hitachi. Moreover, the Target Company will be able to simplify its organizational structure and thereby make decisions swiftly without being subject to an external environment. This will allow the Target Company's decision-makers to carry out bold capital investment plans at the most optimal timing, making it more likely that the enhancement of business fundamentals can be achieved. Establishing such a structure will contribute to an increase in the Company's enterprise value. Furthermore, while the Target Company will be able to reduce costs coming from being a listed company, there is a concern that the Target Company's minority shareholders may lose their opportunities to receive a positive return on their investment if the Target Company carries out aggressive business plans while continuing to be listed in spite of the risk of share prices falling.

While there are other modes of conducting business alliances which do not entail delisting of the Target Company, integration by the proposed Transactions is more effective than other business alliances for the Target Company in order to remove the brand image as an automobile parts manufacturer in the Tender Offeror Group and instead become a mega supplier. Although there are concerns, such as effects on employees, the decline in the Tender Offeror's influence over the Target Company, financing, and effects on the minority shareholders, the Transactions are believed to be able to contribute to increasing the Target Company's enterprise value as stated above. Therefore, the purpose of the Transactions is reasonable.

(ii) Fairness of terms and conditions of purchase in the Transactions, including the Tender Offer

The Tender Offer Price is deemed to be reasonable and fair, considering facts that (i) the Company has retained Industrial Growth Platform as financial advisor and third-party valuation organization which has no material relationship of interest with the Tender Offeror, and the Target Company is able to negotiate on terms and conditions, including the Tender Offer Price, considering the objective valuation by Industrial Growth Platform, (ii) the valuated price per Shares is within the scopes from 1,537 JPY to 1,898 JPY by Market share price analysis, from 1,974 JPY to 2,515 JPY by Comparable company analysis and from 2,157 JPY to 2,787 JPY by DCF Analysis, according to Industrial Growth Platform as the Target Company's financial advisor, and (iii) Industrial Growth Platform made inquiries on the contents of the proposal of the Tender Offer Price by the Tender Offeror and confirmed it, and the Target Company negotiated on the Tender Offer Price with the Tender Offeror, and (iv) that the Tender Offeror announced that the consideration in squeeze-out at the second stage will be the same price as the Tender Offer Price, etc.

(iii) Consideration for shareholders through the fair procedures of the Transactions, including the Tender Offer

Considering the facts that (i) the Company has established a special committee made up of four (4) independent members in order to exercise diligence, and in order to eliminate the arbitrariness in the decision-making process of the board of directors meeting, as well as to ensure fairness, with the purpose of examining whether or not the decision of board of directors meeting is disadvantageous to minority shareholders, (ii) the valuation of the Shares was conducted by Industrial Growth Platform as an third-party valuation organization which has no material relationship of interest with the Tender Offeror, (iii) the Company has obtained advice from TMI Associates, its independent outside legal advisor, (iv) the Company has ensured proper opportunities to determine on whether to tender for the Shares by making the Tender Offer period relatively long, and (v) the Company has negotiated based on advice from TMI Associates as its legal advisor, etc., as long as those procedures above are conducted, the procedures of the Transactions shall be deemed to be fair and appropriate.

(iv) Disadvantageousness to minority shareholders

As set forth above, the special committee has concluded that the Transactions should not be deemed to be disadvantageous to minority shareholders, considering that each of the purposes of the Transactions, the Tender Offer Price, and other terms and conditions are appropriate, that fairness of procedures of the Transactions was ensured and that the scheme of the Transactions is deemed to be appropriate.

(IV) Advice from independent law firm to the Target Company

According to the Press Release by the Target Company, the Target Company appointed TMI Associates as its outside legal advisor, in order to ensure the transparency and fairness of the decision-making process by the Target Company's board of directors for the Tender Offer and has received therefrom legal advice on the decision-making process and methods by the Target Company's board of directors, and other matters to note concerning the Tender Offer. TMI Associates is not a related party to the Tender Offeror, Three Target Companies (including the Target Company), Hitachi, or Hitachi Automotive Systems, and does not have any significant interest in the Transactions including the Tender Offer.

(V) Approval of all directors of the Target Company with no interest in the Transactions, and no objection from all company auditors of the Target Company with no interest in the Transactions

According to the Press Release by the Target Company, its board of directors unanimously passed a resolution that the board of directors would support the Tender Offer, and that it would recommend that the shareholders of the Target Company tender the Target Company Shares for the Tender Offer if it were commenced, under the grounds and reasons described in "(V) Process of and reasons for decision-making by the Target Company" in "(2) Background to the resolution to conduct the Tender Offer, the purpose, the decision-making process and the management policy after the Tender Offer" above, at the board of directors meeting held today where all of the 11 directors (excluding Mr. Keiichi Aida, President and Representative Director ("Mr. Aida")) attended and participated in the deliberation and resolution.

The board of directors meeting was attended by all three company auditors of the Target Company, who all expressed an opinion that they would not object to the board of directors of the Target Company passing the resolution.

The Target Company also resolved at the above board of directors meeting that: (i) before the Tender Offer is commenced, it would request that the special committee (a) consider whether there are any changes to the opinion in the Written Report, and (b) if there are no changes, notify the Target Company's board of directors accordingly, or if there are changes, express its opinion reflecting the changes; and (ii) when the Tender Offer is commenced, it would express its opinion again concerning the Tender Offer.

Among the Target Company's directors, Mr. Aida, who was involved in considering the Integration when he belonged to the Tender Offeror, neither participated in deliberating on any of the agenda regarding the consideration of the Transactions, including the Tender Offer, at any of the board of directors meetings of the Target Company, nor in considering the Integration or discussing or negotiating, with the Tender Offer, the Integration, as an officer of the Target Company, in order to avoid conflicts of interest and ensure the fairness of the Transactions, including the Tender Offer.

On the other hand, other than Mr. Aida, among the Target Company directors, Mr. Tomoya Abe, Mr. Yasutoshi Ito, Mr. Yosuke Takayama, and Mr. Masashi Suzuki, and among the Target Company's company auditors, Mr. Naoyoshi Uchida are all from the Tender Offeror. However, considerable time has passed since they transferred to the Target Company. In addition, there is nothing to indicate that any of them were involved in the examination of the Integration when they enrolled at the Tender Offeror, nor are they in a position to be involved. Therefore, they attend, as either a director or a company auditor of the Target Company, the deliberation in the agenda regarding the examination of the Transactions including the Tender Offer at the Target Company's board of directors.

(VI) Measures to ensure opportunities for other purchasers to purchase

The Tender Offeror contemplates setting a 30 business-day purchase period in the Tender Offer (the "Tender Offer Period"), which is longer than the shortest period of 20 business days provided by laws and regulations, in order to: provide the shareholders of the Target Company with an appropriate opportunity to consider whether to tender their shares in the Tender Offer; ensure that a potential purchaser other than the Tender Offeror would have an opportunity to make a competing purchase under a tender offer for the Target Company Shares; and secure the appropriateness of the Tender Offer Price.

In addition, the Target Company has not concluded any agreement with the Tender Offeror that includes deal protection provisions to prohibit the Target Company from having contact with a competing offeror or that otherwise limits the opportunity for the Target Company to have contact with the competing offeror.

(5) Policies regarding reorganization, among others, after the Tender Offer (matters regarding the so-called two-stage purchase)

As stated in "(1) Overview of the Tender Offer" above, the Tender Offeror plans to make the Target Company its wholly-owned subsidiary. If the Tender Offer is successfully completed, and the Tender Offeror has not succeeded in acquiring all of the Target Company Shares, then the Tender Offeror intends to take procedures to make the Tender Offeror the sole shareholder of the Target Company by the methods described below.

More specifically, after the successful completion of the Tender Offer, if the total number of voting rights owned by the Tender Offeror in the Target Company is equal to or exceeds 90% of the number of voting rights of all shareholders of the Target Company, and the Tender Offeror is thus a Special Controlling Shareholder as defined in Article 179, paragraph (1) of the Companies Act, then promptly after the completion of settlement for the Tender Offer, the Tender Offeror intends to demand that all the shareholders of the Target Company (excluding the Tender Offeror and the Target Company) who did not tender Target Company Shares in the Tender Offer ("Shareholders Subject to Cash-Out") sell all of their Target Company Shares pursuant to the provisions in Section 4-2, Chapter II, Part II of the Companies Act ("Demand for Cash-Out").

In the Demand for Cash-Out, the Tender Offeror intends to decide on delivering, as the per-share value of Target Company Shares, the same amount of money as the Tender Offer Price to the Shareholders Subject to Cash-Out. In this case, the Tender Offeror will provide the Target Company with notice to that effect and seek approval of the Target Company for the Demand for Cash-Out. If the Target Company approves the Demand for Cash-Out by resolution of its board of directors, the Tender Offeror will, in accordance with the procedures prescribed in the relevant laws and regulations, acquire all the Target Company Shares owned by the Shareholders Subject to Cash-Out on the acquisition date determined for the Demand for Cash-Out, without the need to obtain individual approval from the Shareholders Subject to Cash-Out. The Tender Offeror intends to deliver to the Shareholders Subject to Cash-Out, as the per-share value of the Target Company Shares that they owned, the same amount of money as the Tender Offer Price for each Target Company Share. According to the Target Company, if it is notified by the Tender Offeror of the matters under each item of Article 179-2, paragraph (1) of the Companies Act in connection with the Tender Offeror's intention to make a Demand for Cash-Out, the Target Company's board of directors intends to approve the Demand for Cash-Out by the Tender Offeror.

According to the provisions of the Companies Act that aim to protect the rights of minority shareholders to which the Demand for Cash-Out relates, the Shareholders Subject to Cash-Out may file a petition with a court to determine the sales price of their Target Company Shares in accordance with Article 179-8 of the Companies Act and other relevant laws and regulations. If the petition mentioned above is filed, the sales price of Target Company Shares will be finally determined by the court.

On the other hand, after the successful completion of the Tender Offer, if the total number of voting rights owned by the Tender Offeror in the Target Company is less than 90% of the number of voting rights of all shareholders of the Target Company, the Tender Offeror intends to request, promptly after the completion of settlement for the Tender Offer, that the Target Company hold an extraordinary shareholders meeting (the "Extraordinary Shareholders Meeting") that includes the following proposals in its agenda: (i) a proposal to consolidate the Target Company Shares pursuant to Article 180 of the Companies Act (the "Share Consolidation"); and (ii) a proposal to partially amend the Articles of Incorporation, including abolishing the unit share clause, on condition that the Share Consolidation becomes effective. The Tender Offeror intends to agree to each of those proposals at the Extraordinary Shareholders Meeting. If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders Meeting, the Target Company's shareholders will own the number of Target Company Shares reflecting the share consolidation ratio that was approved at the Extraordinary Shareholders Meeting, on the day when the Share Consolidation takes effect. If fractions less than one share are included in the number of shares as a result of the Share Consolidation, then pursuant to the procedures provided in Article 235 of the Companies Act and other relevant laws and regulations, the amount of money obtained by the sale of the Target Company Shares corresponding to the total of such fractions (any fraction of less than one share in the total number shall be rounded off; hereinafter the same shall apply) to the Target Company or the Tender Offeror will be delivered to each shareholder of the Target Company (excluding the Tender Offeror) having such fractional Target Company Shares. The Tender Offeror intends to request that the Target Company (a) calculate the sales price of the Target Company Shares corresponding to the total of such fractions so that the amount of money to be delivered, as a result of the sale, to each shareholder of the Target Company (excluding the Tender Offeror and the Target Company) who did not tender Target Company Shares in the Tender Offer equals the Tender Offer Price multiplied by the number of Target Company Shares owned by each such shareholder, and (b) file a petition with a court to permit such voluntary sale. The Share Consolidation ratio has not been determined as of today; however, it will be determined in such a way that the number of Target Company Shares owned by the Target Company's shareholders (excluding the Tender Offeror and the Target Company) who did not tender Target Company Shares in the Tender Offer will be a fraction of less than one share and the Tender Offeror will solely own all the Target Company Shares.

According to the provisions of the Companies Act that aim to protect the rights of minority shareholders to which the Share Consolidation relates, if fractions less than one share are included in the number of shares as a result of the Share Consolidation, the Target Company's shareholders (excluding the Tender Offeror and the Target Company) will be entitled, in accordance with Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations, to (a) demand that the Target Company purchase, at a fair price, all of the fractions of less than one share from among shares of common stock that they hold and (b) file a petition with a court to determine the sales price for their Target Company Shares. As stated above, in the Share Consolidation, the number of Target Company Shares owned by the Target Company's shareholders (excluding the Tender Offeror and the Target Company) who did not tender Target Company Shares in the Tender Offer will be a fraction of less than one share. Thus, the Target Company's shareholders (excluding the Tender Offeror and the Target Company) who dissent from the Share Consolidation will be able to file a petition to determine the sales price. If the petition mentioned above is filed, the purchase price will be finally determined by the court.

With respect to the procedures of the Demand for Cash-Out and the Share Consolidation mentioned above, it may take time to implement those procedures; and those procedures may be replaced by other methods having almost the same effect as those procedures, depending on various factors such as the state of amendments, enforcement, the authorities' interpretations, etc. of the relevant laws and regulations. However, in that case, a method is scheduled to be adopted where monies will be ultimately delivered to each shareholder of the Target Company (excluding the Tender Offeror and the Target Company) who did not tender Target Company Shares in the Tender Offer. It is also planned that the amount of money to be delivered to each shareholder under such method will be calculated so that it is equal to the Tender Offer Price multiplied by the number of Target Company Shares owned by each such shareholder. The Tender Offeror will discuss the specific procedures, time of implementation of those procedures, and other matters concerning the above, with the Target Company and will promptly announce those matters as soon as they are determined.

We note that the Tender Offer does not solicit the Target Company's shareholders to agree to proposals at the Extraordinary Shareholders Meeting. Each shareholder of the Target Company should confirm with a tax accountant or other specialist, at its own responsibility, how tendering into the Tender Offer or participating in the procedures described above are treated under relevant tax laws.

(6) Likelihood of delisting and reasons therefor

As of today, the Target Company Shares are listed on the TSE 1st Section. However, since the Tender 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 delisting criteria of the Tokyo Stock Exchange, depending on the results of the Tender Offer. Additionally, even if the delisting criteria are not met upon the completion of the Tender Offer, the Tender Offeror intends to conduct transactions pursuant to the applicable laws and regulations in order to acquire all Target Company Shares as stated in "(5) Policies regarding reorganization, among others, after the Tender Offer (matters regarding the so-called two-stage purchase)" above after the successful completion of the Tender Offer. In such a case, the Target Company Shares will be delisted through the prescribed procedures in accordance with the delisting criteria of the Tokyo Stock Exchange. After delisting, the Target Company Shares will no longer be traded on the Tokyo Stock Exchange.

2. Overview of the purchase

(1) Overview of the Target Company

(i)	Name	Keihin Corporation	
(ii)	Location	1-26-2, Nishishinjuku, Shinjuku-ku, Tokyo	
(iii)	Name and Title of Representative	Keiichi Aida, Representative Director and President	
(iv)	Description of Business Activities	Manufacturing and sales of components for motorcycles and automobiles	
(v)	Capital	6,932 million Japanese yen (as of September 30, 2019)	
(vi)	Date of Establishment	December 19, 1956	
(vii)	Major Shareholders and Ownership Percentage (as of September 30, 2019)	Honda Motor Co., Ltd.	41.35%
		Japan Trustee Services Bank, Ltd. (Trust Account)	3.66%
		The Master Trust Bank of Japan, Ltd. (Trust Account)	3.33%
		MUFG Bank, Ltd.	2.62%
		Japan Trustee Services Bank, Ltd. (Trust Account 9)	1.88%
		Matsui Securities Co., Ltd.	1.87%
		The Nomura Trust and Banking Co., Ltd.(Incestment Trust)	1.86%
		SSBTC CLIENT OMNIBUS ACCOUNT (standing agency: Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	1.75%
		DFA INTL SMALL CAP VALUE PORTFOLIO (standing agency: Tokyo Branch, Citibank, N.A.)	1.54%
		State Street Bank and Trust Company 505103 (standing agency: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1.37%
(viii)	Relationship between the Tender Offeror and Target Company		
	Capital Relationship	The Tender Offeror owns 30,581,115 Target Company Shares (ownership ratio 41.35%).	
	Personnel Relationship	13 employees of the Tender Offeror, have been on loan to the Target Company.	

	Business Relationship	The Target Company sells automotive components to the Tender Offeror.
	Status as Related Parties	The Target Company is an equity-method affiliate of the Tender Offeror and thus is a related party.

(2) Schedule, etc.

With respect to the commencement of the Tender Offer, there are certain conditions precedent, such as obtaining permits and licenses, etc. from the respective countries' relevant authorities including notifications or approvals for business combination to or by the respective countries' competition authorities. The Tender Offeror intends to promptly commence the Tender Offer with such a schedule that the Tender Offer Period is 30 business days, when the Conditions Precedent are satisfied. The Tender Offeror will announce the schedule as soon as it is fixed.

(3) Purchase price

2,600 Japanese yen per share of common stock

(4) Basis for the calculation of the purchase price

(I) Basis for the calculation

With the aim of ensuring the fairness of the Tender Offer Price, the Tender Offeror asked a financial advisor, Nomura Securities, to calculate the value of the Target Company Shares as a third-party valuation organization independent of the Tender Offeror, Three Target Companies, Hitachi Automotive Systems, and Hitachi, in determining the Tender Offer Price. Nomura Securities is neither a related party of the Tender Offeror, Three Target Companies, Hitachi Automotive Systems or Hitachi, nor is it materially interested with respect to the Integration, including the Tender Offer.

Based on the determination that it is appropriate to evaluate the value of the Target Company Shares multilaterally after reviewing the calculation method to be adopted in calculating the value of the Target Company Shares from amongst multiple share valuation methods, and on the assumption that the Target Company is a going concern, Nomura Securities calculated the value of the Target Company Shares by using the following methods: the market share price analysis (because the Target Company Shares are listed on the TSE 1st Section); the comparable company analysis (because it is possible to infer the value of the Target Company Shares through comparisons with listed companies comparable to the Target Company); and the DCF Analysis (in order to reflect the status of future business activities in the calculation). The Tender Offeror obtained the Valuation Report dated October 29, 2019, from Nomura Securities. The Tender Offeror has not obtained any evaluation regarding the fairness of the Tender Offer Price (i.e., a fairness opinion).

The results of calculation by Nomura Securities of the per-share value of the Target Company Shares are as follows:

Market share price analysis:	1,537 Japanese yen to 1,898 Japanese yen
Comparable company analysis:	1,326 Japanese yen to 1,893 Japanese yen
DCF Analysis:	1,803 Japanese yen to 3,235 Japanese yen

Under the market share price analysis, where October 29, 2019 was the reference date, the per-share value of the Target Company Shares was calculated to range from 1,537 Japanese yen to 1,898 Japanese yen, based on the following prices of Target Company Shares on the TSE 1st Section: the closing price on the reference date (1,898 Japanese yen); the simple average of the closing price for the five business days immediately preceding the reference date (1,834 Japanese yen) (rounded to the nearest Japanese yen; the same method was applied to the calculation of the simple average of the closing price in Section (I)); the simple average of the closing price for the one month immediately preceding the reference date (1,696 Japanese yen); the simple average of the closing price for the three months immediately preceding the reference date (1,550 Japanese yen); and the simple average of the closing price for the six months immediately preceding the reference date (1,537 Japanese yen).

Under the comparable company analysis, the value of the Target Company Shares was calculated through comparison with the market share price and financial indicators (e.g., profitability, etc.) of listed companies that engage in businesses comparatively similar to those of the Target Company. Using this methodology, the per-share value of the Target Company Shares was calculated to range from 1,326 Japanese yen to 1,893 Japanese yen.

Under the DCF Analysis, the Target Company's enterprise value and share value were calculated by discounting the free cash flow that is expected to be generated in the future by the Target Company in and after the fiscal year ending in March 2020 at a certain discount rate to the present value, based on the relevant factors including the profitability and investment plans in the Target Company's business plan for 7 fiscal years from the fiscal year ending in March 2020 to the fiscal year ending in March 2026 as well as other publicly available information. Using this methodology, the per-share value of the Target Company Shares was calculated to range from 1,803 Japanese yen to 3,235 Japanese yen. In the business plan which served as a basis for the DCF Analysis, no significant increases or decreases in profits are expected. The synergistic effects expected to be achieved by implementing the Integration, including the Tender Offer, have not been counted. This is because at present it is difficult to specifically estimate the impact on earnings.

By a resolution at the board of directors' meeting held today, the Tender Offeror ultimately determined that the Tender Offer Price would be 2,600 Japanese yen per share, comprehensively taking into account: (i) the valuation results in the Valuation Report obtained from Nomura Securities; (ii) the results of the due diligence on the Target Company by the Tender Offeror; (iii) real-world examples of premiums granted when the purchase price was determined in the case of previous tender offers for shares (the case of tender offers to make target companies wholly-owned subsidiaries) by persons other than issuers similar to the Tender Offer; (iv) whether the board of directors of the Target Company would support the Tender Offer; (v) fluctuations in the market price of the Target Company Shares; and (vi) anticipated levels of tendering in the Tender Offer, and based on the results of discussions and negotiations with the Target Company.

The Tender Offer Price of 2,600 Japanese yen per share represents the following premiums: 36.99% (rounded off to two decimal places; the same method was applied to the calculation of premiums (%) in Section (I)) on the closing price of the Target Company Shares of 1,898 Japanese yen on the TSE 1st Section as of October 29, 2019, which is the business day immediately preceding the date of announcement of the Tender Offer; 53.30% on the simple average of the closing price of 1,696 Japanese yen for the one month immediately preceding October 29, 2019; 67.74% on the simple average of the closing price of 1,550 Japanese yen for the three months immediately preceding October 29, 2019; and 69.16% on the simple average of the closing price of 1,537 Japanese yen for the six months immediately preceding October 29, 2019.

(Note) In calculating the Target Company's share value, Nomura Securities has assumed that all public information and information provided to it are accurate and complete, and it has not independently verified the accuracy or completeness thereof. Also, Nomura Securities neither has independently evaluated, appraised or assessed, nor has requested that any third-party organization appraise or assess, any assets or liabilities (including financial derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of the Target Company or its associate companies (including analyzing and evaluating their individual assets and liabilities). The Target Company's financial forecast (including profit plans and other information) is assumed to have been reasonably examined or prepared based on the best, bona-fide forecast and decision-making that are presently available to the Target Company's management. Calculations by Nomura Securities reflect the information obtained and economic conditions learned by Nomura Securities up to and including October 29, 2019. Calculations by Nomura Securities are solely for reference purposes for the Tender Offeror's board of directors to consider the Target Company's share value.

(II) Background of the calculation

(Background leading to the determination of the Tender Offer Price)
The Tender Offeror started considering the Integration in the middle of February 2018. It appointed Nomura Securities as its financial advisor and third-party valuation organization independent of the Tender Offeror, Three Target Companies, Hitachi Automotive Systems, and Hitachi, and appointed Nishimura & Asahi as its legal advisor. The Tender Offeror started initial consideration and discussions regarding the Integration, including the Tender Offer, and in early June 2019, made the Proposal to the Target Company.

According to the Target Company, in response to the Proposal made by the Tender Offeror in early June 2019, the Target Company appointed Industrial Growth Platform, Inc. as its financial advisor and third-party valuation organization independent of the Tender Offeror, Three Target Companies, Hitachi Automotive Systems, and Hitachi, and appointed TMI Associates as its legal advisor independent of the Tender Offeror, Three Target Companies, Hitachi Automotive Systems, and Hitachi, in order to ensure the fairness of the Tender Offer Price and other aspects of the Transactions. According to the Target Company, on July 30, 2019, it established a special committee as an advisory body for the Target Company's board of directors to consider the Proposal.

Thereafter, the Tender Offeror, with the approval of the Target Company, conducted due diligence on the Target Company from the middle of July 2019 to early September 2019. The Tender Offeror and the Target Company continued discussions regarding, among other matters, the purpose of the Integration, including the Tender Offer, management structures and policies after the Integration, and various conditions of the Integration, with the aim of further enhancing their respective enterprise value. Furthermore, from early October 2019, the Tender Offeror held discussions and negotiations with the Target Company on several occasions regarding the Tender Offer Price. Thereafter, in late October 2019, the Tender Offeror made the final proposal of the Tender Offer to the Target Company and held discussions and negotiations with the Target Company.

Consequently, as of today, the Tender Offeror determined to conduct the Tender Offer for the Target Company Shares as part of the Transactions if the Conditions Precedent are satisfied. The Tender Offeror also determined the Tender Offer Price against the background described below. For details of the background that led to the Tender Offeror's determination to conduct the Tender Offer, please see "(2) Background to, the purpose of, and decision-making process of, the resolution to conduct the Tender Offer, and the management policy after the Tender Offer" of "1. Purpose, etc. of the purchase" above.

(i) Name of the third party from whom the Tender Offeror obtained opinions in calculation

In determining the Tender Offer Price, the Tender Offeror asked Nomura Securities, a financial advisor and third-party valuation organization independent of the Tender Offeror, Three Target Companies, Hitachi Automotive Systems, and Hitachi, to calculate the value of the Target Company Shares. The Tender Offeror obtained the Valuation Report dated October 29, 2019, from Nomura Securities. Nomura Securities is neither a related party of the Tender Offeror, Three Target Companies, Hitachi Automotive Systems or Hitachi, nor is it materially interested with respect to the Integration, including the Tender Offer.

(ii) Overview of the opinions

According to the Valuation Report, the methods adopted and the ranges of per-share value of the Target Company Shares calculated by using those methods are as follows:

Market share price analysis:	1,537 Japanese yen to 1,898 Japanese yen
Comparable company analysis:	1,326 Japanese yen to 1,893 Japanese yen
DCF Analysis:	1,803 Japanese yen to 3,235 Japanese yen

(iii) Background leading to the determination of the Tender Offer Price taking into consideration the opinions

By a resolution at the board of directors' meeting held today, the Tender Offeror ultimately determined that the Tender Offer Price would be 2,600 Japanese yen per share, comprehensively taking into account: (i) the valuation results in the Valuation Report obtained from Nomura Securities; (ii) the results of the due diligence on the Target Company by the Tender Offeror; (iii) real-world examples of premiums granted when the purchase price was determined in the case of previous tender offers for shares (the case of tender offers to make target companies wholly-owned subsidiaries) by persons other than issuers similar to the Tender Offer; (iv) whether the board of directors of the Target Company would support the Tender Offer; (v) fluctuations in the market price of the Target Company Shares; and (vi) anticipated levels of tendering in the Tender Offer, and based on the results of discussions and negotiations with the Target Company.

(III) Relationship with the valuation organization

Nomura Securities, which is the Tender Offeror's financial advisor and third-party valuation organization, is neither a related party of the Tender Offeror, Three Target Companies, Hitachi Automotive Systems or Hitachi, nor is it materially interested with respect to the Integration, including the Tender Offer.

(5) Number of shares to be purchased

Number of Shares to be Purchased	Minimum Number of Shares to be Purchased	Maximum Number of Shares to be Purchased
43,376,799 shares	18,724,185 shares	— shares

(Note 1) Since the Tender Offeror intends to make the Target Company a wholly-owned subsidiary, if the aggregate number of the Tendered Shares does not reach the minimum number of shares to be purchased (18,724,185 shares), none of the Tendered Shares will be purchased. If the aggregate number of the Tendered Shares is equal to or exceeds the minimum number of shares to be purchased (18,724,185 shares), all the Tendered Shares will be purchased.

(Note 2) Shares in quantities of less than one unit are also subject to the Tender Offer. If a right to demand the purchase of shares in quantities of less than one unit is exercised by a shareholder pursuant to the Companies Act, the Target Company may purchase those shares during the tender offer period in accordance with the procedures under the laws and regulations.

(Note 3) The Tender Offeror does not intend to acquire treasury shares owned by the Target Company through the Tender Offer.

(Note 4) Because no upper limit has been set for the number of shares to be purchased in the Tender Offer, the "Number of Shares to be Purchased" is the possible maximum number of Target Company Shares (43,376,799 shares) to be obtained by the Tender Offeror through the Tender Offer. This maximum number of shares (43,376,799 shares) is obtained by deducting (a) from (b), wherein (a) is the number of Target Company Shares owned by the Tender Offeror as of September 30, 2019 (30,581,115 shares), and the number of treasury shares owned by the Target Company as of the same date (27,332 shares), and (b) is the total number of issued shares as of the same date, as stated in the Target Company's Financial Summary (73,985,246 shares).

(6) Changes in the ownership ratio of shares as a result of the purchase

Number of voting rights pertaining to shares owned by the Tender Offeror before the purchase	305,811 voting rights	(Ownership ratio of shares before the purchase: 41.35%)

Number of voting rights pertaining to shares owned by specially related parties before the purchase	To be determined.	(Ownership ratio of shares before the purchase: to be determined)
Number of voting rights pertaining to shares owned by the Tender Offeror after the purchase	739,579 voting rights	(Ownership ratio of shares after the purchase: 100.00%)
Number of voting rights pertaining to shares owned by specially related parties after the purchase	0	(Ownership ratio of shares after the purchase: to be determined)
Number of voting rights of all shareholders of the Target Company	739,317 voting rights	

(Note 1) The "number of voting rights pertaining to shares owned by the Tender Offeror before the purchase" is the number of voting rights (305,811 voting rights) pertaining to shares owned by the Tender Offeror as of today (30,581,115 shares).

(Note 2) The "number of voting rights pertaining to shares owned by specially related parties before the purchase," and the "ownership ratio of shares before the purchase" related thereto have not been determined as of today. They will be investigated and disclosed before the commencement of the Tender Offer. The "number of voting rights pertaining to shares owned by specially related parties after the purchase" is stated as zero, because the shares owned by specially related parties are also subject to the Tender Offer.

(Note 3) The "number of voting rights of all shareholders of the Target Company" is the number of the voting rights of all shareholders as of March 31, 2019, as stated in the Annual Securities Report for the 78th Fiscal Year submitted by the Target Company on June 21, 2019 (one unit of shares is stated to consist of 100 shares). However, since all of the Target Company Shares issued by the Target Company, including shares in quantities of less than one unit, are subject to the Tender Offer, for the purpose of calculating the "ownership ratio of shares before the purchase" and the "ownership ratio of shares after the purchase," the number of voting rights (739,579 voting rights) pertaining to the number of shares (73,957,914 shares) obtained by deducting (a) from (b) was used as the denominator, wherein (a) is the number of treasury shares owned by the Target Company as of September 30, 2019 (27,332 shares), and (b) is the total number of issued shares as of the same date, as stated in the Target Company's Financial Summary (73,985,246 shares).

(Note 4) With regard to the "ownership ratio of shares before the purchase" and the "ownership ratio of shares after the purchase," any fraction is rounded off to two decimal places.

(7) Purchase price

112,779,677,400 Japanese yen

(Note) "Purchase price" is the amount obtained by multiplying the number of shares to be purchased through the Tender Offer (43,376,799 shares) by the Tender Offer Price (2,600 yen).

(8) Settlement method, date of public notice of commencement of the Tender Offer, and other conditions and method of purchase

The Tender Offeror will announce the settlement method for the Tender Offer, date of public notice of commencement of the Tender Offer, and other conditions and method of purchase as soon as they are determined. Nomura Securities will be appointed as the tender offer agent.

3. Policies after the Tender Offer and future prospects

(1) Policies after the Tender Offer

For the policies after the Tender Offer, please see "(2) Background to, the purpose of, and decision-making process of, the resolution to conduct the Tender Offer, and the management policy after the Tender Offer," "(5) Policies regarding reorganization, among others, after the Tender Offer (matters regarding the so-called two-stage purchase)," and "(6) Likelihood of delisting and reasons therefor" under "1. Purpose, etc. of the purchase" above.

(2) Future prospects

The impact of the Integration, including the Tender Offer, on the business results of the Tender Offeror is being examined. If the necessity to revise the financial forecast or any fact to be announced arises, we will promptly announce it.

4. Others

(1) Agreement between the Tender Offeror and the Target Company or its officers, and the details thereof

(I) Expressing support for the Tender Offer and recommendation to tender

According to the Press Release by the Target Company, at the meeting of the Target Company's board of directors held today, the Target Company adopted a resolution to express an opinion in support of the Tender Offer and to recommend that its shareholders tender Target Company Shares for the Tender Offer when the Tender Offer commences, as the Target Company's opinion as of today. For details, please see "(V) Approval of all directors of the Target Company with no interest in the Transactions, and no objection from all company auditors of the Target Company with no interest in the Transactions" under "(4) Measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, and measures to ensure the fairness of the Tender Offer" under "1. Purpose, etc. of the purchase" above.

(II) Execution of the Basic Contract

The Tender Offeror, Three Target Companies, Hitachi Automotive Systems, and Hitachi have entered into the Basic Contract as of today concerning the structure of the Integration and other related matters. For an overview of the Basic Contract, please see "(3) Material agreements regarding the Tender Offer" under "1. Purpose, etc. of the purchase" above.

(2) Other information that is considered to be necessary when investors determine whether to tender shares in an offer to purchase

(I) Announcement of the "Summary of Financial Results for the Second Quarter of the FY Ending in March 2020 (IFRS) (consolidated)"

The Target Company announced the Target Company's Financial Summary as of today. An outline of the Target Company's Financial Summary is set forth below. According to the Target Company, the content thereof has not undergone a quarterly review by an auditing firm pursuant to Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act. In addition, the outline of the announcement below is a partial extract of the content announced by the Target Company. For details, please see the content of the announcement.

(i) Profit and loss (consolidated)

Accounting Period	Accumulated Total for Second Quarter of FY Ending in March 2020

Sales Revenue	164,127 million Japanese yen
Cost of Sales	△140,949 million Japanese yen
Selling, General and Administrative Expenses	△16,646 million Japanese yen
Other Income	300 million Japanese yen
Other Expenses	△234 million Japanese yen
Financial Income	1,518 million Japanese yen
Financial Expenses	△2,524 million Japanese yen
Profit (Loss) for the Quarter	2,974 million Japanese yen

(ii) Profit and loss per share (consolidated)

Accounting Period	Accumulated Total for Second Quarter of FY Ending in March 2020
Basic Net Income per Share for the Quarter	24.20 Japanese yen
Dividend per Share	23 Japanese yen

(II) Year-end dividends for the FY ending in March 2020

According to the Target Company, at the meeting of the Target Company's board of directors held today, it adopted a resolution not to pay year-end dividends for the FY ending in March 2020. For details, please see the "Announcement Regarding Revision to the Dividend Forecast for the FY Ending in March 2020" dated today announced by the Target Company.

End

[Restriction on Solicitation]
This press release is a news statement intended for announcement of the Tender Offer to the general public, and was not prepared for the purpose of soliciting an offer to sell the shares in connection with the Tender Offer. If you intend to make an offer to sell shares in the Tender Offer, please refer to the tender offer explanatory document regarding the Tender Offer in advance, and make your own independent decision. This press release is not an offer to purchase securities or a solicitation of an offer to sell securities, and does not constitute any such part. In addition, this press release (or any part of it) or any distribution hereof will not be the basis for any agreement concerning the Tender Offer, nor will it be relied upon when executing any such agreement.

[Prediction of the Future]
This press release may include expressions concerning future prospects such as “expect,” “forecast,” “intend,” “plan,” “be convinced,” and “estimate,” including those concerning the future business of the Tender Offeror and other companies and entities. These expressions are based on the current business prospects of the Tender Offeror and may change depending on future situations. The Tender Offeror shall not be obligated to update the expressions concerning future prospects to reflect the actual business results, various situations, changes to conditions, or other related factors.

This press release includes “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 (as amended; the “U.S. Securities Exchange Act of 1934”). The actual results may be significantly different from the predictions expressly or impliedly indicated in the forward-looking statements, due to known or unknown risks, uncertainty, or other factors. The Tender Offeror or its affiliates do not guarantee that the predictions expressly or impliedly indicated as the forward-looking statements will turn out to be correct. The forward-looking statements included in this press release were prepared based on the information held by the Tender Offeror as of the date hereof, and unless obligated by laws or regulations or the rules of a financial instruments exchange, the Tender Offeror or its affiliates shall not be obligated to update or revise the statements to reflect future incidents or situations.

[U.S. Regulations]
The Tender Offer will be conducted in compliance with the procedures and information disclosure standards provided under the Financial Instruments and Exchange Act of Japan, and those procedures and standards are not always the same as those applicable in the United States. In particular, neither Section 13(e) nor Section 14(d) of the U.S. Securities Exchange Act of 1934 or the rules under these sections apply to the Tender Offer; therefore, the Tender Offer is not conducted in accordance with those procedures or standards. The financial information included in this press release is based on International Financial Reporting Standards (IFRS), not on the U.S. accounting standards; therefore, the financial information included in this press release may not necessarily be comparable to the financial information prepares based on the U.S. accounting standards. Also, because the Tender Offeror and the Target Company are corporations incorporated outside the U.S. and their directors are non U.S. residents, it may be difficult to exercise rights or demands against them that can be claimed based on U.S. securities laws. In addition, you may not be permitted to commence any legal procedures in courts outside the U.S. against non-U.S. corporations or their directors based on a breach of U.S. securities laws. Furthermore, U.S. courts are not necessarily granted jurisdiction over non-U.S. corporations or their directors.

All procedures regarding the Tender Offer will be conducted in Japanese unless specifically set forth otherwise. All or part of the documents regarding the Tender Offer will be prepared in English; however, if there is any discrepancy between the documents in English and those in Japanese, the documents in Japanese shall prevail.

[Other Countries]
Depending on the country or region, there may be legal restrictions on the release, issuance, or distribution of this press release. In such cases, you are required to be aware of such restrictions and comply with them. This press release does not constitute a solicitation of an offer to sell or an offer to purchase shares related to the Tender Offer and is simply deemed a distribution of materials for informative purposes only.