[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 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)

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"), Showa Corporation (TSE 1st Section, securities code: 7274, "Showa" or the "Target Company"), Nissin Kogyo Co., Ltd. (TSE 1st Section, securities code: 7230, "Nissin"; collectively with the Target Company and Keihin, 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 Keihin's common stock by the Tender Offeror to make Keihin 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 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) " 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 (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 25,447,856 shares (ownership ratio (Note) 33.50%) 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, Keihin, the Target Company, 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 Keihin and Nissin are to be obtained through the tender offer to make Keihin 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 25,195,944 shares (ownership ratio 33.17 %) 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 (25,195,944 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 (76,020,019 shares), (b) the number of treasury shares owned by the Target Company as of the same date (54,408 shares). This amounts to 75,965,611 shares, and the number of voting rights pertaining to such number of shares above (759,656 voting rights), is then multiplied by 2/3 (506,438 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 (25,447,856 shares).

(Note) "Ownership ratio" as of today is stated as the ratio against the number of shares (75,965,611 shares) obtained by deduction of the number of treasury shares owned by the Target Company as of September 30, 2019 (54,408 shares) out of the total number of issued shares as of September 30, 2019, stated in the Target Company's Financial Summary (76,020,019 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 regarding Expressing Opinion to Support the Scheduled Tender Offer for the Company's Shares by Honda Motor Co., Ltd. (Securities Code: 7267) and Recommendation of the Tender thereto" (the "Press Release by the Target Company") dated today announced by the Target Company, at the meeting of the board of directors held today, the Target Company resolved to support the Tender Offer at the commencement of the Tender Offer, and to recommend to the Target Company's shareholders to tender in the Tender Offer, as the Target Company's current opinion regarding the Tender Offer. According to the Target Company, the Target Company's board of directors intends to: (a) ask the special committee to examine whether there are any changes in the opinions expressed by special committee established by the Target Company at the commencement of the Tender Offer to the Target Company's board of directors as of October 30th, 2019, and (b) if there are no changes, ask the special committee to state that there are no changes, and if there are any changes, ask them to state their opinions after the changes, and, (c) in consideration of such opinion, resolve to express another opinion regarding the Tender Offer, 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 of the Target Company's board of directors above, as described in the Press Release regarding the Integration, was made on the precondition that the Integration is scheduled to be conducted through implementation of the Absorption-type Merger (as a result of the Absorption-type Merger, Hitachi Automotive Systems' voting rights ratio will be 33.4% for the Tender Offeror and 66.6% for Hitachi) by the Three Target Companies and Hitachi Automotive Systems, that following a series of subsequent procedures the Target Company will be a wholly-owned subsidiary of the Tender Offeror, that the Target Company Shares are scheduled to be delisted, and that the Tender Offeror will make Keihin and Nissin to be its wholly-owned subsidiaries.

(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, the Target Company was established in October 1938 as Showa Aircraft Precision Works Ltd.; it changed its corporate name to Showa Manufacturing Co., Ltd., and started manufacture of automobile components in August 1946. Also, in April 1964, it was listed on the Second Section of the Tokyo Stock Exchange, and it was designated to the TSE 1st Section in November 1985. In April 1993, it was merged into Seiki Giken Co. Ltd. and changed its corporate name to Showa Corporation. The Tender Offeror started transactions with the Target Company relating to transmission devices and shock absorbers (Note 2) in 1953, and acquired 2,385,000 shares (then shareholding ratio (which is a ratio to the total number of issued and outstanding shares including treasury shares. Numbers after the second decimal place are rounded off; hereinafter the same in this paragraph): 23.85%) in 1970, and thereafter acquired up to 6,051,000 shares (the ownership ratio at the time: 37.82%) in 1976, up to 11,086,000 shares (then shareholding ratio: 35.53%) in 1981, up to 24,448,000 shares (then shareholding ratio: 38.92%) in 1994, and has owned 25,448,000 shares since 2003, leading to its current ownership ratio (33.50%), following that the Target Company became an equity-method affiliate of the Tender Offeror.

(Note 2) Component for automobiles (motorcycles and automobiles) installed between the vehicle body and the tires, accompanying dampers and springs, which perform the function of absorbing vibration to the vehicle body through the damping force of dampers and the restoring force of springs and maintaining the bearing and stability of vehicles (for motorcycles, including steering and transmitting drive force).

Also, in terms of business, according to the Target Company, since commencement of the transactions with the Tender Offeror in 1953, the Target Company expanded its areas of technology, such as shock absorbers for motorcycles which remain a primary product of the Target Company at the present time, shock absorbers for automobiles which have been produced since 1962, and supplying dampers for F-1 formula cars. Then, through a merger with the Tender Offeror's subsidiary named Seiki Giken Co. Ltd. in 1993, its areas of technology expanded to include power steering systems and drive system items, and supported suspensions of the Tender Offeror's motorcycles and automobiles.

According to the Target Company, the Target Company Group consists of the Target Company, 22 subsidiaries and three affiliates of the Target Company (together with the Target Company, the "Target Company Group"), and its businesses consist of the motorcycle and general products business, the automobile business, the steering business, the gas spring business (Note 3), and other businesses, and it is mainly engaged in business activities such as the manufacture and sale of components for motorcycles, automobiles, and motor boats.

(Note3) Business of providing products to assist in the opening and closing of automobiles' bonnet/rear gate, and office appliances' moving parts, etc., through gas reaction force, and to keep them open

Also, according to the Target Company, the Target Company Group has the following corporate principle: "With the aim of becoming a global company trusted by customers throughout the world, we are committed to making continuous innovations in order to be able to provide superior products using the most advanced technologies and the highest quality to met the needs of our users", as well as having the satisfaction of customers in the market through its products be the first priority, constantly directing to the future and aiming to continue intermittent innovation in management and technologies. Additionally, the Target Company Group actively engages in activities to fulfill its social responsibilities as a company such as (i) obtaining ISO14001, the international standard for environmental management, (ii) conserving global environment through business activities along with environmental management system (EMS), and (iii) affirmative attributing to the society for the purpose of trust and harmony on cultures and customs in local societies, and aims to obtain society's trust through corporate activities in harmony with the products it provides. The Target Company Group has aimed to develop company businesses, being a company that stakeholders, including shareholders, customers and employees trust, and to contribute to the community and the society by developing its business activities as a group on a global scale. Further, in order to further strengthen its products technology power, production technology power, production constitution, and management, the Target Company Group is striving to solve issues while focusing on the surrounding environment, based on the policies below:

<Products policy>
Become a systems supplier running the future with strong brand power

- Build strong technology and a quality brand, and aim to be a proposal-type systems supplier which provides good products to its customers faster.

<Sales policy>
Meet expectations by quickly responding to needs and making good proposals

- Meet expectations and trust by grasping the needs of customers and the market quickly, and making enthusiastic proposals about the Target Company's technologies and products. Also, collaborate with business headquarters and other functional headquarters and conduct global sales expansion activities and maintenance of existing governing markets.

<Quality policy>
Individuals enhance work quality and provide attractive quality

- Individuals' work quality shall be enhanced, and logical quality assurance will be established at each stage from product development to product shipment, and the Target Company Group will provide attractive products to be enjoyed by customers.

The Tender Offeror and the Target Company started transactions relating to transmission devices and shock absorbers in 1953, and the Tender Offeror acquired 2,385,000 shares in 1970 (then shareholding ratio: 23.85%), and thereafter acquired 6,051,000 shares in FY 1975 (the shareholding ratio at that time was 37.82%), 11,086,000 shares in FY 1980 (then shareholding ratio: 35.53%), 24,448,000 shares in FY 1993 (then shareholding ratio: 38.92%), and has owned 25,448,000 shares since 2003, leading to its current ownership ratio (33.50%), following that the Target Company became an equity-method affiliate of the Tender Offeror. In terms of business, since shock absorbers, power steering and drive system items produced by the Target Company are important parts of the main products (motorcycles and automobiles) of the Tender Offeror, the Tender Offeror and the Target Company have established a close relationship as mutually important business partners from the beginning. In addition, three 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 (Note 1) 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.

(Note 4) Collective term for mobile function including motorcycles and automobiles

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 5) 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 5) 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 (Note 6) 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 (Note 7) 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 6) To have a standardized parts structure applicable to other car models upon development of new cars

(Note 7) Common name for companies with large sales volumes supplying parts to major automobile manufacturers globally.

(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 suspension and steering technology), Keihin (which possesses superior powertrain 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, the Three Target Companies, Hitachi Automotive Systems, and Hitachi, and Nishimura & Asahi as a legal advisor independent of the Tender Offeror, the 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). On May 31, 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 on May 31, 2019, the Target Company appointed SMBC Nikko Securities Inc. ("SMBC Nikko Securities") as a financial advisor and third-party valuation organization independent of the Tender Offeror, the Target Company, Hitachi Automotive Systems, Hitachi, Keihin, and
Nissin, and Nagashima Ohno & Tsunematsu as a legal advisor independent of the Tender Offeror, the Target Company, Hitachi Automotive Systems, Hitachi, Keihin and Nissin., in order to ensure the fairness of the purchase price in the Tender Offer (the "Tender Offer Price") and other terms of the Transactions. The Target Company also established a special committee on August 5, 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, and the independent special committee's written report obtained, 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 Keihin 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 Keihin 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

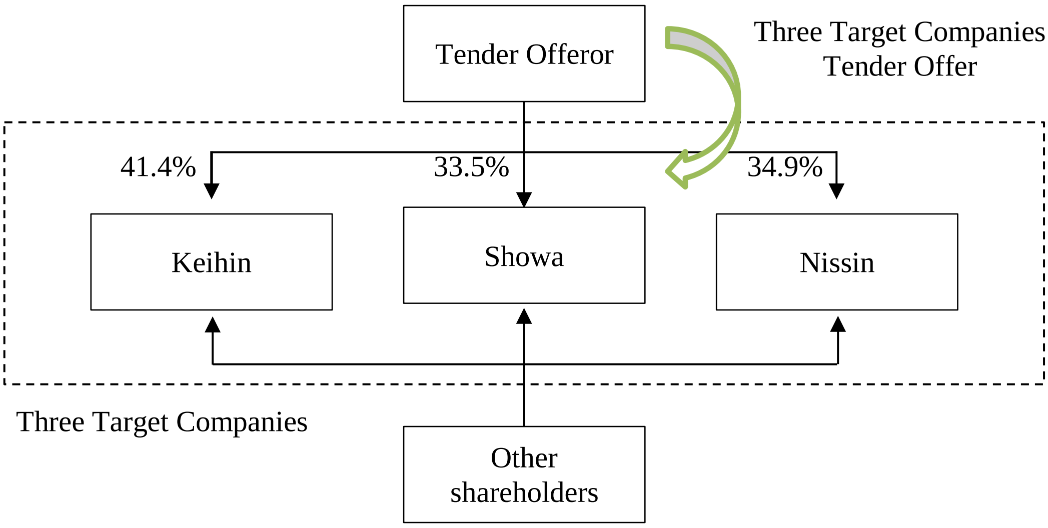
Based on the industry's latest technologies in a wide range of areas from conventional technologies such as machine components to electrification and information technologies, the Integrated Company will be able to establish a comprehensive development structure with automobile manufacturers and, as 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

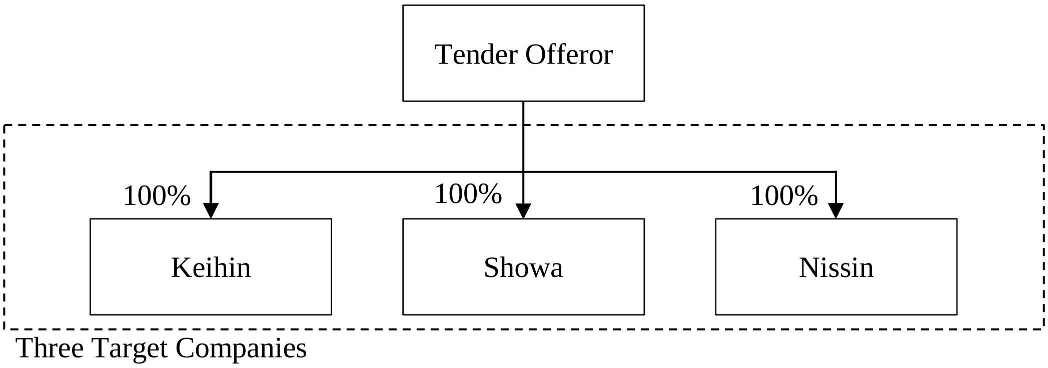
Subject to the Conditions Precedent to the commencement that certain matters such as obtaining permits and licenses, etc. from the respective countries' relevant authorities, such as notifications or approvals for business combination to or by the respective countries' competition authorities (for details, please see "(3) Material agreements regarding the Tender Offer" below and 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.

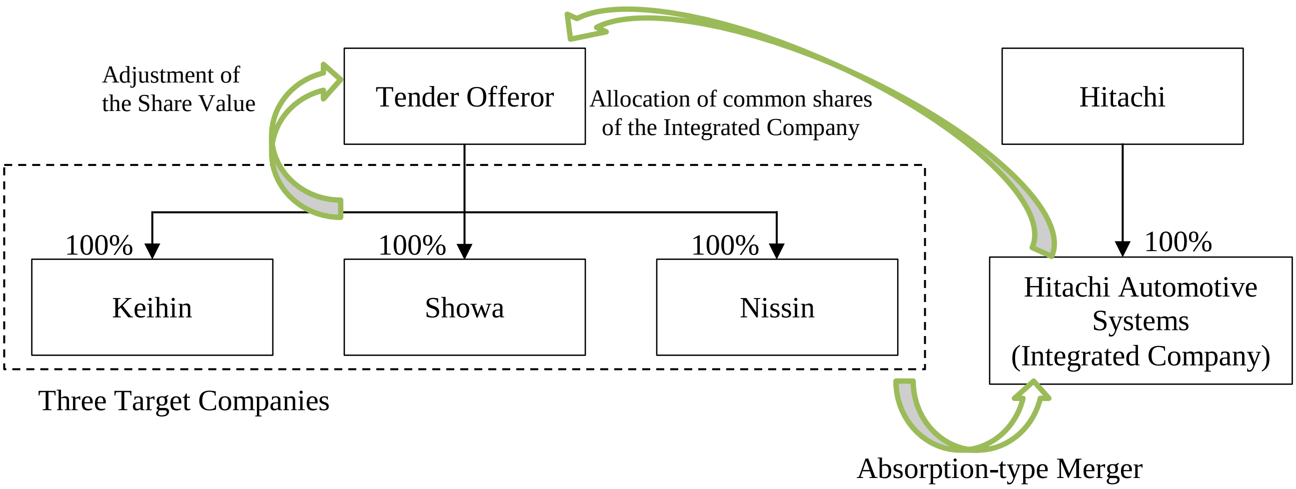
(ii) Implementation of the Transactions to Make the Three Target Companies Wholly-Owned Subsidiaries

If the respective the 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 Keihin 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").



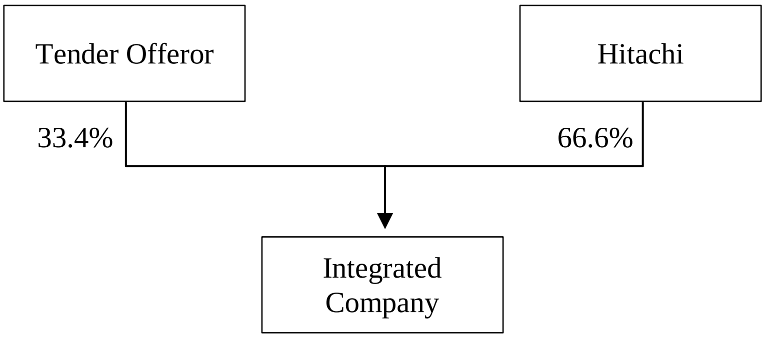
(iii) Implementation of the Absorption-type Merger

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 and other methods (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 Keihin, since its air conditioning business is different from businesses in the Integrated Company, the 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 such transfer, please refer to the “Notice Concerning Scheduled Transfer of Air Conditioning Business” announced today by Keihin.

According to the Target Company, since its car dealer business operated through its wholly-owned subsidiary Honda Cars SAITAMAKITA Co. Ltd. (“Honda Cars SAITAMAKITA”) is different from businesses in 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.

When determining the Tender Offer Price, the Tender Offeror took into consideration that the transfer of Honda Cars SAITAMAKITA’s shares would cause the Target Company to cease its car dealer business and that cash would be paid in as consideration for the share transfer.

In addition, as announced in the “Notice Regarding Dissolution and Share Acquisition of Joint Venture (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 Target Company becomes a wholly-owned subsidiary of the Tender Offeror through the Transaction to Make the Target Company a Wholly-Owned Subsidiary, 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 on May 31, 2019 and appointed SMBC Nikko Securities as a financial advisor and third-party valuation organization independent of the Tender Offeror, Three Target Companies, Hitachi Automotive Systems, and Hitachi, and Nagashima Ohno & Tsunematsu 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 Tender Offer Price and the Transactions including the Tender Offer.

The Target Company also established a special committee on August 5, 2019, as an advisory body to the Target Company's board of directors to consider the Proposal, in order to ensure the fairness of the Transactions, as the Transactions may involve conflicts of interest between the Tender Offeror and the Target Company's minority shareholders.

As a result, the Target Company carefully discussed and examined the terms of the Transactions from the perspective of enhancing its enterprise value, taking into account the legal advice of Nagashima Ohno & Tsunematsu, and the share valuation report obtained from SMBC Nikko Securities (the "Target Company Share Valuation Report"), and by respecting to the maximum extent the content of the written report provided by the special committee (the "Written Report").

The automobile industry is undergoing accelerated technology innovations in a new area dubbed "CASE" (connected (Note 1), automated driving, shared (Note2) and electric), and the Target Company's business environment is being subjected to quick and drastic changes, including a number of countries imposing stricter environmental and safety regulations.

(Note 1) To connect automobiles' onboard systems to external communication devices and communication infrastructure via electric signals

(Note 2) To "share/use" automobiles via rental services or other methods, not to "own" them

However, among the basic elements of all motorcycles and automobiles, i.e., "driving, turning, and halting," the Target Company has been providing products involved in "driving" and "turning." For example, in motorcycle shock absorbers, the Target Company reflects its technologies it has accumulated in the world's most prominent road races and motocross races to its mass-produced products, and has incorporated those unique technologies into its product lineup. The Target Company has the top-level share in the world by supplying those products to key domestic and overseas motorcycle manufacturers. In automobile shock absorbers, the Target Company also produces conventional dumpers with upgraded basic performance and electronically-controlled dumpers incorporating its own technologies, and has succeeded in balancing a high level of stable drivability and ride quality. Furthermore, the Target Company carries a product lineup in electric power steering that caters to electrification and the diversified needs of the market. By realizing high responsiveness and linearity, the Target Company also provides drivers with a smooth steering feel.

Looking at the Target Company's business environment, in the "CASE" era, where automated driving has developed, automobiles are expected to have interior space that can be utilized for multiple purposes, which will increase the level of demand for further quietness and smoother ride quality while driving. Further, as environmental regulations become stricter and the need for lower fuel consumption increases, there will be continuing demand for automobiles' enhanced environmental performance in the future. With an eye to the "CASE" era, and backed by its element technologies for "driving" and "turning," the Target Company seeks to continually generate added value and differentiate itself from competitors by: pursuing performance concerning "driving" and "turning" that realizes a quiet, smooth ride quality that is indispensable for multi-purpose use of automobiles' interior space (such as developing inter-coordinated control of the suspension and steering systems); and improving environmental performance by reducing the weight of parts.

However, in order to aptly and promptly respond to the global customer needs in the "CASE" era when a higher and more complex coordinated control of all automobile parts is required, the Target Company recognizes the need to shift itself to become an integrated systems supplier capable of offering global customers a system integrating "driving" and "turning" functions combining its element technologies and advanced control technologies, and not by being a supplier that only provides individual parts or technologies. This will include accelerating technology and product development that generates added value and expanding its business and technology areas.

With its understanding of these circumstances, the Target Company expects to be able to grow continuously by promptly becoming an integrated systems supplier capable of providing customers with a wide variety of systems ranging from conventional technologies for "driving" and "turning" to advanced systems compatible with the "CASE" era such as automated driving, in order to respond to the exponentially-changing business environment. This will be attained through the Integration, by combining the Target Company's strength in element technologies and advanced technologies for "driving" and "turning" with Hitachi Automotive Systems' strengths in mechatronics control technologies (Note 3).

(Note 3) Technologies to control machines' operations through electronic technology by utilizing the technologies of mechanical engineering and electronics

Specifically, Hitachi Automotive Systems provides automobile manufacturers with conventional products (such as engine and chassis systems), as well as electronics products including electrification and automated driving products. In terms of electrification and automated driving products, the Target Company's portfolio includes inverters for HEVs (Note 4), PHEVs (Note 5) and EVs (Note 6), and motors that are created through collaboration with the Tender Offeror. With regard to automated driving systems and products, the Target Company engages in research and development of cameras and mili-wave radars (Note 7), as well as ADAS control units (Note 8) and automated driving control units. The Target Company understands that these electrification and advanced safety technologies are indispensable for responding to the "CASE" era, but at the same time, that speed of development is a big problem in pursuing research and development alone.

(Note 4) Automobiles with an internal combustion engine and electric motor as the power source
(Note 5) HEV that can be charged with electricity from a power supply by using a plug
(Note 6) Automobiles with an electric motor as the only power source
(Note 7) A type of long-range radar that detects obstacles at long range during vehicle travelling
(Note 8) Products made by integrating multiple driving support systems including adaptive cruise control and collision damage mitigation brake system into a single controller

The Target Company expects that it will be able to provide global customers with more advanced systems for “driving” and “turning” compatible with the “CASE” era, which will enhance the value of its business. To this end, the Integration will provide the Target Company with Hitachi Automotive Systems’ technologies in the systems and IT areas, and will also enable the companies to combine Hitachi Automotive Systems’ electrification technologies (such as motors) and advanced safety technologies (including control units) with the Target Company’s element technologies and inter-coordinated control technologies (such as suspension and steering systems).

Because the Tender Offeror contemplates conducting tender offers for Keihin and Nissin, apart from the Tender Offer, the Target Company is also confident that there is a greater possibility of achieving the above purpose through the Integration, by combining its technologies with Hitachi Automotive Systems’, along with Keihin’s strength in engine management technologies and Nissin’s strength in aluminum casting and processing technologies, and brake technologies. Given the above, the Target Company has concluded that it will enhance the value of its business through the Integration with Hitachi Automotive Systems, Keihin, and Nissin, and by promptly shifting itself to become an integrated systems supplier which is able to offer integrated control systems with a higher added value, a shift that cannot be easily attained by the Target Company alone.

Further, in terms of the Tender Offer Price among other terms and conditions regarding the Transaction, the Target Company has received a final proposal from the Tender Offeror that the Tender Offer Price will be 2,300 yen per Target Company Share. In consideration of the following, among others, it was determined that the Tender Offer Price and other terms and conditions regarding the Tender Offer are appropriate, and that the Tender Offer provides an opportunity for sale of the Target Company’s stock to the Target Company’s shareholders at a price with a reasonable premium and under reasonable terms and conditions: (i) the Tender Offer Price is a price agreed on after taking measures to ensure the fairness of 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, deliberations at the special committee and advice from each of the advisors, and repeated earnest negotiations with the Tender Offeror; (ii) in the Target Company’s valuation report regarding the Target Company’s stock by SMBC Nikko Securities as stated in “(II) Valuation report obtained by the Target Company from and 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” below, the Tender Offer Price is above the range of valuation results of the market share price analysis and the comparable company analysis, and it is within the valuation range of the discounted cash flow analysis (the “DCF Analysis”); (iii) the Tender Offer Price represents the following premiums: 27.35% (rounded off to two decimal places; the same method was applied to the calculation of premiums (%) in this paragraph) on the closing price of the Target Company’s stock of 1,806 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; 39.31% on the simple average of the closing price of 1,651 Japanese yen for the past one-month period (from September 30, 2019 to October 29, 2019) (rounded off to the nearest whole number; the same method was applied to the calculation of simple average of the closing price below); 55.62% on the simple average of the closing price of 1,478 Japanese yen for the past three-month period (from July 30, 2019 to October 29, 2019); and 58.08% on the simple average of the closing price of 1,455 Japanese yen for the past six-month period (from May 7, 2019 to October 29, 2019); (iv) the written report obtained from an independent special committee by the Target Company, as stated in “(III) Independent special committee established, and a written report obtained, 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”, states that “(a) the Transaction will contribute to the enhancement of the enterprise value of the Target Company, and is reasonable, (b) a. the Tender Offer Price and other conditions of the Tender Offer as a part of the Transaction are appropriate, and b. the Transaction including the Tender Offer is not disadvantageous to minority shareholders of the Target Company because the procedures such as negotiation process leading to the Transaction are fair"; and (v) business environment surrounding the Target Company and prospects of future business results, etc.

Accordingly, the Target Company's board of directors passed a resolution at its meeting held today to adopt a policy for the Target Company to accept the final proposal made by the Tender Offeror, and to express its current opinion that it 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.

(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) An agreement for the transfer of all Honda Cars SAITAMAKITA shares by the Target Company has been concluded and published;

(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) 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");

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

(i) 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") that materially affects the decision to conduct the Tender Offer;

(j) 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;

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

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

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

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

(o) 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 Keihin 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, Keihin, and Nissin its wholly-owned subsidiaries, Hitachi shall cause Hitachi Automotive Systems, and the Tender Offeror shall cause the Target Company, Keihin, 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, Keihin, and Nissin will be the ultimate disappearing companies.

If any of the tender offers targeting the Target Company, Keihin, or Nissin is not successfully completed, or if a substantial delay is expected in making any one or two companies among the Target Company, Keihin, 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, Keihin, 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, Keihin, and Nissin agreed upon between 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 25,447,856 shares (ownership ratio: 33.50 %) 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, the 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, the Three Target Companies, Hitachi Automotive Systems or Hitachi, nor does it have a material interest in 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, SMBC Nikko Securities, to calculate the value of the Target Company Shares as a third-party valuation organization independent of the Tender Offeror, the Target Company, Hitachi Automotive Systems, Hitachi, Keihin and Nissin in expressing its opinion to the Tender Offer. The Target Company obtained the Target Company Share Valuation Report on October 30, 2019. SMBC Nikko Securities is neither a related party of the Tender Offeror, the Target Company, Hitachi Automotive Systems, Hitachi, or the Two Target Companies, nor does it have a material interest in the Transactions. The Target Company has not obtained any written opinion regarding the fairness of the Tender Offer Price (i.e., a fairness opinion) from SMBC Nikko Securities.

(ii) Overview of calculation

SMBC Nikko Securities 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 listed 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 valuation).

The per-share value of the Target Company Shares calculated by SMBC Nikko Securities, based on the methods above, are as follows:

Market share price analysis:	1,455 Japanese yen to 1,651 Japanese yen
Comparable listed company analysis:	1,596 Japanese yen to 1,862 Japanese yen
DCF Analysis:	1,889 Japanese yen to 4,045 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 1,455 Japanese yen to 1,651 Japanese yen, based on the following prices of Target Company Shares on the TSE 1st Section: the simple average of the closing price for the one month immediately preceding the reference date (1,651 Japanese yen) (any fraction is rounded off to the nearest Japanese yen; hereinafter, the same shall apply to the calculation of the simple average of closing prices in this paragraph); the simple average of the closing price for the three months immediately preceding the reference date (1,478 Japanese yen); and the simple average of the closing price for the six months immediately preceding the reference date (1,455 Japanese yen).

Under the comparable listed company analysis, the value of the Target Company Shares was calculated through comparison with the market share price and financial indicators indicating, among other factors, profitability of listed companies that engage in businesses relatively similar to those of the Target Company. As a result, the per-share value of the Target Company Shares was calculated to range from 1,596 Japanese yen to 1,862 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 second quarter of the fiscal year ending in March 2020 at a certain discount rate to the present value, based on various factors, such as the Target Company's business plan for five fiscal years from the fiscal year ending in March 2020 through the fiscal year ending in March 2024, as well as publicly available information. Using this methodology, the per-share value of the Target Company Shares was calculated to range from 1,899 Japanese yen to 4,045 Japanese yen.

In the Target Company's business plan used by SMBC Nikko Securities for the valuation using the DCF Analysis, there are no fiscal years in which significant increases or decreases in profits are expected, compared to the preceding fiscal year. The synergistic effects expected to be achieved by implementing the Integration have not been factored into the financial forecasts below because it is difficult to estimate such effects in specific numbers at present.

(II) Independent special committee established, and the independent special committee's written report obtained, by the Target Company

According to the Press Release by the Target Company, the Target Company decided to establish a special committee comprised mainly of three outside directors / audit and supervisory committee members of the Target Company after having considered, at the following meetings, the Target Company's examination process to eliminate any arbitrariness in the decision-making regarding the Transactions, and to ensure the fairness, transparency and objectivity of the decision-making by the Target Company: the Target Company nominating committee's meeting held on July 23, 2019; and the Target Company's board of directors' meeting held on July 24, 2019. After discussions were held among the three outside directors above, the following decisions were ultimately made by board of directors' resolution dated August 5, 2019: that a special committee comprised of four members, namely, Mr. Tsuneo Mizusawa (outside director, audit and supervisory committee member, and independent officer of the Target Company), Mr. Hikoyuki Miwa (outside director, audit and supervisory committee member, and independent officer of the Target Company), Mr. Shinya Takada (outside director, audit and supervisory committee member, and independent officer of the Target Company), and Mr. Hidetaka Nishina (attorney-at-law, Nakamura, Tsunoda & Matsumoto), none of whom has interests in the Tender Offeror, the Three Target Companies, Hitachi Automotive Systems, or Hitachi would be established; and that the following matters (the "Matters of Inquiry") would be submitted to the special committee for consideration: (A) whether the Transactions enhance the enterprise value of the Target Company and are thus appropriate; and (B) whether the Transactions, including the Tender Offer, are not disadvantageous to the Target Company's minority shareholders in light of examination into (i) the appropriateness of the Tender Offer Price and other conditions of the Tender Offer as a part of the Transactions; and (ii) the fairness of procedures, including the negotiation process, leading to the Transactions.

The special committee met 9 times in total between August 6, 2019 and October 30, 2019 to discuss and consider the Matters of Inquiry. For the purpose of discussions and the consideration of those matters at the special committee meetings, information regarding the Transactions was gathered through the following means: (A) a series of materials regarding the negotiations between the Tender Offeror and the Target Company concerning the implementation of the Transaction and the Tender Offer Price, and other materials distributed at the special committee, were reviewed, and the status of negotiations between the Tender Offeror and the Target Company was reported; (B) (i) the special committee conducted an interview with the Target Company regarding the Target Company's current recognition about its business and the impact of the Transaction on the Tender Offeror and the Target Company, and a question-and-answer session was conducted therefor; (ii) the special committee also conducted an interview with the Tender Offeror regarding the Tender Offeror's current recognition about the Target Company's business and the impact of the Transaction on the Tender Offeror and the Target Company, and a question-and-answer session was conducted therefor; (iii) the special committee sent to Hitachi Automotive Systems and Hitachi (collectively, "Hitachi, etc.") a written questionnaire containing the same questions asked of the Tender Offeror, and confirmed the answers received from Hitachi, etc.; (iv) the special committee conducted a question-and-answer session with SMBC Nikko Securities after they explained their calculation methods and evaluation process of the share value of the Target Company and consideration process regarding the calculation of the share value; (v) the special committee heard from Nagashima Ohno & Tsunematsu an explanation of the procedures of the Transaction, negotiation status of a basic contract regarding the business integration, and the details thereof.

After discussions and consideration over the Matters of Inquiry based on the above, on October 30, 2019, the special committee, as unanimous opinion by all special committee members, reported to the board of directors of the Target Company that "the Transaction, including the Tender Offer, is not disadvantageous to the interests of minority shareholders of the Target Company, because (A) the Transactions enhance the enterprise value of the Target Company and are thus appropriate; and (B) (i) the Tender Offer Price and other conditions on the assumption of the implementation of the Transactions is appropriate, and (ii) the procedures, including the negotiation process, leading to the Transactions is fair". The special committee provided the board of directors of the Target Company with the Written Report on October 30, 2019.

According to the Written Report received from the special committee, the special committee took the purports of "Fair M&A Guidelines— Enhancing Corporate Value and Securing Shareholders' Interests —" prepared by the Ministry of Economy, Trade and Industry dated June 28, 2019 into consideration, and provided the report above after deliberate considerations for the following reasons:

a. Enhancement of the enterprise value (Matters of Inquiry (A))
The Transaction will contribute to the future enhancement of the enterprise value of the Target Company, and is reasonable for the following reasons: (a) the following

advantages are expected to be brought by the Transaction: enhancement of the ability to make proposals due to an increase in product line up, the enhancement of the development capabilities in the conventional technology area, fulfilling development systems in the advanced areas, realization of product development in the car driving area, expansion of sales channels to automobile manufacturers other than the Tender Offeror, supplying products for mobility other than automobiles and motorcycles, and enhancement of purchasing power by taking advantage of scale merit. The Transaction is expected to generate synergies, and will contribute to enhancement of the enterprise value of the Target Company by contributing to overcoming challenges with which the Target Company should deal; (b) the reasons for the implementation of the Transaction are not unreasonable, and there is neither contradiction nor misunderstanding between the explanations by the Target Company, those by the Tender Offeror, and those by Hitachi, etc.; (c) the Transaction is more efficient than other means from the perspective of enhancement of the enterprise value of the Target Company; (d) there are no significant disadvantages to be brought by the Transaction.

b. Ensuring interests of general shareholders through fair procedures (Matters of Inquiry (B)(ii))

The Interests of the general shareholders of the Target Company are sufficiently considered through fair procedures in the Transaction, for the following reasons: (a) in order to eliminate arbitrariness in decision-making regarding the Transaction, and to ensure the fairness, transparency, and objectivity of the procedures for decision-making by the Target Company, the special committee was established as an advisory body of the board of directors meeting before the terms and conditions of the Transaction were determined by the Tender Offeror and the Target Company, and the operations of the special committee effectively worked as measures to ensure fairness; (b) resolutions will be unanimously made by eight directors who do not have any conflicts of interest (including four audit and supervisory committee members) at the board of directors meeting of the Target Company; (c) the Tender Offeror has obtained advice from lawyers of Nagashima Ohno & Tsunematsu, appointed as a legal advisor, which is independent from the relevant parties of the Transaction, and a share valuation report of the Target Company Shares from SMBC Nikko Securities, which is an independent financial advisor, and deliberated the Transaction based on the valuation stated in the report; (d) the so-called indirect market check has been implemented through measures to ensure opportunities of purchase by other purchasers; (e) the minimum number of shares to be purchased of the Tender Offer is nearly equal to the number determined by adopting the concept of a majority of a minority; (f) it can be evaluated that the Tender Offeror has provided them with important information contributing to making decisions regarding the appropriateness of the terms and conditions of the Transaction through full disclosure of information to shareholders of the Target Company, (g) the measures have been taken to eliminate coercion in the Transaction.

c. Appropriateness of conditions (Matters of Inquiry (B)(i))

The Tender Offer Price and other conditions of the Tender Offer as a part of the Transaction are appropriate for the following reasons: (a) it is inferred that the agreement of the Transaction has been made between the Target Company and the Tender Offeror as a result of negotiations based on objective and consistent discussions which are equivalent to those between independent parties because the Target Company held multiple negotiations of price, receiving advice from SMBC Nikko Securities, and the special committee proactively involved such negotiations by giving its opinions after receiving explanations regarding the negotiation status; (b) the Tender Offer Price exceeds the maximum value of share value calculated by SMBC Nikko Securities, which is an independent financial advisor, using the market share price analysis of the comparable listed company analysis, and is within the range of prices based on the DCF Analysis. Therefore, a premium whose standard is almost equivalent to that of recent similar cases has been placed on the Tender Offer Price. In addition, it can be determined that the Tender Offer Price reflects the share value of the Target Company to a certain degree, because the Tender Offer Price exceeds the maximum value on the Target Company's closing price basis in the past 10 years. Consequently, it can be evaluated that the appropriateness of the Tender Offer Price is not denied; (c) it can be said that the scheme of the Transaction, in which opportunities will be given to minority shareholders of the Target Company to return their investments by first making the Three Target Companies wholly-owned subsidiaries of the Tender Offeror in the process of the Transaction, is appropriate among other means to realize the Transaction; and (d) no doubt has occurred that the announcement of the amended earning forecast intentionally lower the market value as long as such forecast is conducted at the same time as the announcement of the Transaction.

d. Based on the factors stated in b. and c. above, also in relation to the Matters of Inquiry (B) as a whole, the Transaction including the Tender Offer is not disadvantageous to minority shareholders of the Target Company.

At the commencement of the Tender Offer, the Target Company will ask the special committee to examine whether there are any changes in the opinion of the Written Report on October 30, 2019, and to state that there are no changes if there is no change, or to express a new opinion if there are any changes.

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

According to the Press Release by the Target Company, the Target Company selected Nagashima Ohno & Tsunematsu as its legal advisor independent of the Tender Offeror, the Three Target Companies, Hitachi, and Hitachi Automotive Systems, in order to ensure the fairness and propriety of the decision-making process by the Target Company's board of directors, and the Target Company has received therefrom legal advice on the decision-making method and process regarding the Tender Offer and the series of subsequent procedures, and other matters to note concerning the decision-making by the Target Company's board of directors.

(V) Approval of all directors of the Target Company with no interest in the Transactions

According to the Press Release by the Target Company, the board of directors of the Target Company carefully discussed and examined the terms of the Tender Offer by the Tender Offeror, based on the legal advice of Nagashima Ohno & Tsunematsu, the Target Company Share Valuation Report received from SMBC Nikko Securities, the Written Report obtained from the special committee, the continued discussions with the Tender Offeror, and other relevant materials. As a result, all eight directors (including four members of the audit and supervisory committee) of the Target Company participated in the deliberations and the vote on the proposed resolution at the meeting of the board of directors held today, and all directors participating in the vote on the resolution unanimously resolved that, the board of directors' current opinion would be to 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.

Of the Target Company directors, Mr. Hiroshi Ichimura and Mr. Narutoshi Wakiyama were officers and/or employees of the Tender Offeror Group. However, at least four years have already passed since they transferred from the Tender Offeror Group to the Target Company, and neither of them concurrently serve as officers and/or employees of the Tender Offeror Group, nor are either of them in a position to receive instructions from the Tender Offeror as managers of the Target Company. Therefore, there are no circumstances where they have or may have a conflict of interest with the

Target Company at present.

According to the Target Company, its board of directors will consider, and express its opinion on, the Tender Offer again before the Tender Offer is commenced, as stated above.

(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 only 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 (as defined below) 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 regarding 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	Showa Corporation	
(ii)	Location	1-14-1, Fujiwara-cho, Gyoda-shi, Saitama	
(iii)	Name and Title of Representative	Nobuyuki Sugiyama, Representative Director, Director President	
(iv)	Description of Business Activities	Manufacturing and sales of components for motorcycles and automobiles and components for boats	
(v)	Capital	12,698 million Japanese yen (as of September 30, 2019)	
(vi)	Date of Establishment	October 28, 1938	
(vii)	Major Shareholders and Ownership Percentage (as of March 31, 2019)	Honda Motor Co., Ltd.	33.50%
		Japan Trustee Services Bank, Ltd. (Trust Account)	4.86%
		The Master Trust Bank of Japan, Ltd. (Trust Account)	4.28%
		Japan Trustee Services Bank, Ltd. (Trust Account 9)	3.93%
		Showa Shareholding Association	2.23%
		J.P. MORGAN BANK LUXEMBOURG S.A.1300000 (standing agency: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1.94%
		GOVERNMENT OF NORWAY (standing agency: Tokyo Branch, Citibank, N.A.)	1.78%
		MUFG Bank, Ltd.	1.70%
		GOLDMAN SACHS INTERNATIONAL (standing agency: Goldman Sachs)	1.48%
		THE BANK OF NEW YORK MELLON 140044	1.28%

		(standing agency: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	
(viii)	Relationship between the Tender Offeror and Target Company		
	Capital Relationship	The Tender Offeror owns 25,447,856 Target Company Shares (ownership ratio: 33.50%).	
	Personnel Relationship	Three 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.	

(Note) The "Major Shareholders and Ownership Percentage" contains the same statements as the "Major Shareholders" in the "Annual Securities Report for the 111th Fiscal Year," which was submitted by the Target Company on June 21, 2019.

(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

2,300 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, the 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, the Three Target Companies, Hitachi Automotive Systems or Hitachi, nor does it have a material interest in 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:	1,455 Japanese yen to 1,806 Japanese yen
Comparable company analysis:	1,593 Japanese yen to 2,035 Japanese yen
DCF Analysis:	1,816 Japanese yen to 2,764 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 1,455 Japanese yen to 1,806 Japanese yen, based on the following prices of Target Company Shares on the TSE 1st Section: the closing price on the reference date (1,806 Japanese yen); the simple average of the closing price for the five business days immediately preceding the reference date (1,757 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 (1,651 Japanese yen); the simple average of the closing price for the three months immediately preceding the reference date (1,478 Japanese yen); and the simple average of the closing price for the six months immediately preceding the reference date (1,455 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 1,593 Japanese yen to 2,035 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 first quarter of 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 1,816 Japanese yen to 2,764 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 2,300 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 2,300 Japanese yen per share represents the following premiums: 27.35% (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 1,806 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; 39.31% on the simple average of the closing price of 1,651 Japanese yen for the one month immediately preceding October 29, 2019; 55.62% on the simple average of the closing price of 1,478 Japanese yen for the three months immediately preceding October 29, 2019; and 58.08% on the simple average of the closing price of 1,455 Japanese yen for the six months immediately preceding October 29, 2019.

(Note) In calculating the Target Company 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 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, the 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 on May 31, 2019, made the Proposal to the Target Company.

According to the Target Company, in response to the Proposal made by the Tender Offeror on May 31, 2019, the Target Company appointed SMBC Nikko Securities as its financial advisor and third-party valuation organization independent of the Tender Offeror, the Target Company, Hitachi Automotive Systems, Hitachi, Keihin and Nissin, and appointed Nagashima Ohno & Tsunematsu as its legal advisor independent of the Tender Offeror, the Target Company, Hitachi Automotive Systems, Hitachi, Keihin and Nissin, in order to ensure the fairness of the Transactions including the Tender Offer Price. According to the Target Company, on August 5, 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, the 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, the Three Target Companies, Hitachi Automotive Systems or Hitachi, nor does it have a material interest in 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:	1,455 Japanese yen to 1,806 Japanese yen
Comparable company analysis:	1,593 Japanese yen to 2,035 Japanese yen
DCF Analysis:	1,816 Japanese yen to 2,764 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 2,300 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, the Three Target Companies, Hitachi Automotive Systems or Hitachi, nor does it have a material interest in 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
50,517,755 shares	25,195,944 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 (25,195,944 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 (25,195,944 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 (50,517,755 shares) to be obtained by the Tender Offeror through the Tender Offer. This maximum number of shares (50,517,755 shares) is obtained by deducting (a) from (b), wherein (a) is the number of Target Company Shares owned by the Tender Offeror as of today (25,447,856 shares), and the number of treasury shares owned by the Target Company as of September 30, 2019 (54,408 shares), and (b) is the total number of issued shares as of September 30, 2019, as stated in the Target Company's Financial Summary (76,020,019 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	254,478 voting rights	(Ownership ratio of shares before the purchase: 33.50 %)
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	759,656 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: 0%)
Number of voting rights of all shareholders of the Target Company	759,459 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 (254,478 voting rights) pertaining to shares owned by the Tender Offeror as of today (25,447,856 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 111th 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 (759,656 voting rights) pertaining to the number of shares (75,965,611 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 (54,408 shares), and (b) is the total number of issued shares as of September 30, 2019, as stated in the Target Company's Financial Summary (76,020,019 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

116,190,836,500 Japanese yen

(Note) "Purchase price" is the amount obtained by multiplying the number of shares to be purchased through the Tender Offer (50,517,755 shares) by the Tender Offer Price (2,300 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. For details, please see "(V) Approval of all directors 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, the 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	135,374 million Japanese yen
Cost of Sales	△103,841 million Japanese yen
Selling, General and Administrative Expenses	△18,220 million Japanese yen
Other Income	494 million Japanese yen
Other Expenses	△363 million Japanese yen
Financial Income	330 million Japanese yen
Financial Expenses	△1,012 million Japanese yen
Profit (Loss) for the Quarter	9,321 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	99.96 Japanese yen
Dividend per Share	24.00 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.