[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 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.

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"), Nissin Kogyo Co., Ltd. (TSE 1st Section, securities code: 7230, "Nissin" or the "Target Company"; collectively with Keihin and Showa, the "Three Target Companies"), Hitachi, Ltd. (TSE 1st Section, securities code: 6501, "Hitachi") and the Tender Offeror dated today, at the board of directors meeting held today, that the Tender Offeror has decided to acquire the shares of the Target Company's common stock (the "Target Company Shares") through a tender offer (the "Tender Offer") pursuant to the basic contract (the "Basic Contract") regarding management integration entered into today among the above six companies to make the Target Company a wholly-owned subsidiary of the Tender Offeror. Similar to the Tender Offer, pursuant to the Basic Contract, as part of a series of transactions for the Integration, a tender offer of Keihin's common stock by the Tender Offeror to make Keihin its wholly-owned subsidiary, and a tender offer of Showa's common stock by the Tender Offeror to make Showa 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 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)" 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 22,682,205 shares (ownership ratio (Note) 34.86%) 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, Showa, the Target Company 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 Showa are to be obtained through the tender offer to make Keihin and Showa 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 20,692,195 shares (ownership ratio 31. 80%) 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 (20,692,195 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 (65,452,143 shares), (b) the number of treasury shares owned by the Target Company as of the same date (390,638 shares). This amounts to 65,061,505 shares, and the number of voting rights pertaining to such number of shares above (650,615 voting rights), is then multiplied by 2/3 (433,744 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 (22,682,205 shares).

(Note) "Ownership ratio" as of today is stated as the ratio against the number of shares (65,061,505 shares) obtained by deduction of the number of treasury shares owned by the Target Company as of September 30, 2019 (390,638 shares) out of the total number of issued shares as of September 30, 2019, stated in the Target Company's Financial Summary (65,452,143 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 "Expression of Opinion Regarding Plan to Commence Tender Offer for Company Shares by Honda Motor Co., Ltd. and Notice of Closing of Basic Contract Regarding Management Integration" (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 at the commencement of the Tender Offer, as the Target Company's opinion as of today. As the Tender Offer is scheduled to be conducted after satisfaction of the Conditions Precedent, and it is difficult to accurately anticipate the amount of time necessary to obtain permits and licenses from the respective countries' relevant authorities, including notifications or approvals for business combination to or by the respective countries' competition authorities, the meeting of the board of directors above also adopted a resolution (i) that upon the commencement of the Tender Offer, the Target Company would request that the special committee that the Target Company established deliberate over whether there is any change in the details of the written report submitted by the special committee to the meeting of the board of directors of the Target Company as of October 29, 2019 (the "Written Report"), and state its opinion to the board of directors of the Target Company to that effect if there is no change, and a changed opinion if there is any change; and (ii) that the Target Company would express its opinion on the Tender Offer again, pursuant to the Basic Contract, when the Tender Offer is to be commenced in light of the special committee's opinion. Please note that as described in "(3) Material agreements regarding the Tender Offer" below, where it is reasonably determined that resolving to support the Tender Offer and to recommend to tender in the Tender Offer violates the Target Company's directors' duty of due care of a prudent manager, the Target Company will not be obligated to pass these resolutions even if the Conditions Precedent are satisfied.

The resolution by the Target Company's meeting of the board of directors held today above has been adopted on the assumption that the Tender Offeror purports to make the Target Company its wholly-owned subsidiary through the Tender Offer and a series of transactions thereafter, and that the Target Company Shares will be delisted.

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

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

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

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

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

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

On the other hand, according to the Target Company, it was established in October 1953 for the purpose of manufacture of brake parts for motorcycles and automobiles. Thereafter, the Target Company's shares were listed on the second section of the Tokyo Stock Exchange in October 1997, and on the TSE 1st Section in March 2002. As of today, the Target Company Group is consisted of the Target Company, 16 subsidiaries and 5 affiliates of the Target Company (collectively with the Target Company, the "Target Company Group"), and engages in main businesses of manufacture and sale of brake systems and parts for motorcycles and automobiles.

According to the Target Company, it has its mission statement "Always stay ahead of changes in the world and provide superior products, technologies and ideas to meet the needs of customers and society," and has a basic policy to provide products focused on needs of "environment" and "safety" at high quality and at low price based on this statement.

According to the Target Company, under this basic policy, the Target Company promotes development of products, materials and manufacturing processes, etc. to contribute to the weight saving and enhancement of fuel efficiency technology and safety and comfort from global perspectives to respond to the realization of low-carbon society based on brake system for motorcycles and automobiles and aluminum products. In motorcycles, amidst the global spread of making loading of advanced brakes mandatory, combined brake system (CBS) that are low priced and light-weight (Note 2), and optimal anti-lock brake system (ABS) (Note 3) brake enhance ease of handling of completed vehicles, and loaded models are increasing. In automobiles, the Target Company contributes in reduction of environmental burden such as by expansion of application of brake caliper which are light-weight and with low drag torque (Note 4) and pads in response for copper regulations, and models applying electronic parking brake (EPB) (Note 5) are expanding in connection with electrification of automobiles. Also, in weight saving of automobiles utilizing advanced "aluminum casting/processing technology" to realize weight saving cultivated since establishment, the Target Company proceeds with commercialization of aluminum calipers (Note 6) and aluminum knuckles (Note 7), etc. and expansion thereof with material quality replacing iron with aluminum, which is rated highly by its customers.

(Note 2) Assistance device for brakes to enable balanced braking on front and rear wheels by causing braking power on other brakes when braking either the front wheel brake or rear wheel brake. CBS is an abbreviation for Combined Brake System.

(Note 3) Abbreviation of Anti-lock Brake System, and device to prevent tires from being locked (rotation suspension) upon abrupt braking. By preventing tires from being locked, it will be possible to maintain the stability of a vehicle's running direction, and to enhance the possibility of avoiding obstacles by handle operation.

(Note 4) Normally, as friction components (brake pad) constantly make slight contact with disks (brake disks) that are fixed to the axle even during the running of vehicles, such contact will be resistance (drag resistance) and fuel costs deteriorate. However, low drag calipers enable a reduction in drag resistance by alienating the brake pad from the brake disk.

(Note 5) Device which operates a parking brake by means of an electric motor. As well as enhancement of operability of the parking brake, to enhance convenience by realizing driving support functions such as hill start functions, so that automobiles can disengage the brake automatically when departing and do not roll backward while paused on slopes, and contribute to further enhancing automobile safety. EPB is an abbreviation for Electric Parking Brake.

(Note 6) One of the component parts of brakes, and equipment to perform the role of pushing the friction component (brake pad) onto the disks (brake disks) fixed to the axle. By manufacturing it with aluminum, aim for weight saving and contribute to fuel efficiency.

(Note 7) Parts to connect tires and component parts of brakes to the vehicle body. By manufacturing it with aluminum, aim for weight saving and contribute to fuel efficiency.

For the relationship between the Tender Offeror and the Target Company, they began transactions of automobile brake parts in 1963, and the Tender Offeror acquired 40,000 Target Company Shares by third-party allotment in June 1971 (the shareholding ratio at the time (the ratio against the total number of issued shares, including treasury shares; any fraction is rounded off to two decimal places; hereinafter the same in this paragraph): 10.00%), and additional Target Company Shares by shareholder allocation, as follows: 10,000 shares in August 1971; 10,000 shares in June 1973; 10,000 shares in June 1974; 10,000 shares in November 1975; and 10,000 shares in June 1976. As a result, the number of Target Company Shares held by the Tender Offeror was 90,000 in total (the shareholding ratio at the time: 10.00%). The Tender Offeror also acquired additional Target Company Shares as follows: 145,000 shares in December 1978 by third-party allotment; 5,000 shares in July 1980 from an existing shareholder; 80,000 shares in December 1981 by shareholder allotment; 54,050 shares in April 1989 from an existing shareholder; 40,150 shares in December 1989 from an existing shareholder; 184,298 shares in December 1989 (that became the Target Company's treasury shares as a result of an absorption-type merger of Nissin Muroga Seisakujo Co., Ltd. and Naoetsu Keikinzoku Kogyo Co., Ltd. into the Target Company); 200,000 shares in February 1991 by third-party allotment; and 240,000 shares in September 1991 from an existing shareholder. This increased the number of Target Company Shares held by the Tender Offeror to 1,038,498 shares (the shareholding ratio at the time: 47.42%). The Tender Offeror further acquired 4,153,992 Target Company Shares by a share split conducted in January 1994, which made its holding of Target Company Shares 5,192,490 shares (the shareholding ratio at the time: 47.42%). The Tender Offeror transferred 65,000 and 87,000 Target Company Shares to third parties in March 1994 and March 1997, respectively, which reduced its holding of the Target Company Shares to 5,040,490 shares (the shareholding ratio at the time: 43.27%). The Tender Offeror then acquired 2,520,245 and 15,121,470 Target Company Shares by share splits respectively conducted in May 2002 and April 2006. Since 2007, the Tender Offeror has owned 22,682,205 Target Company Shares, which results in the current ownership ratio (34.86%). The Target Company is an equity-method affiliate of the Tender Offeror now. In respect of the business, brakes manufactured by the Target Company are the main parts for motorcycle and automobiles, which are the main products of the Tender Offeror. Therefore, the Tender Offeror and the Target Company have established a close relationship with each other as an important business partner. No employees or 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 8) 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 8) 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 9) 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 9) 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 10) 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 11) 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 12) 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 10) To have a standardized parts structure applicable to other car models upon development of new cars

(Note 11) Common name for companies with large sales volumes supplying parts to major automobile manufacturers globally.

(Note 12) 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 brake system technology), Keihin (which possesses superior powertrain technology), Showa (which possesses superior suspension and steering 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). In late May 2019, the Tender Offeror, Hitachi Automotive Systems and Hitachi made an initial proposal for the Integration (the “Proposal”) to the Target Company. The Proposal states that the Tender Offeror would acquire the Three Target Company Shares through procedures such as a tender offer and make the Three Target Companies its wholly-owned subsidiaries; thereafter, Hitachi Automotive Systems and the Three Target Companies would integrate through an absorption-type merger in which Hitachi Automotive Systems would be the surviving company, or through other methods, and as a result of the integration, the surviving company after Absorption-type Merger (the “Integrated Company”) would become a consolidated subsidiary of Hitachi that holds 66.6% of its voting rights and an equity-method affiliate of the Tender Offeror that holds 33.4% of its voting rights.

On the other hand, upon receipt of the Proposal from the Tender Offeror in late May 2019, the Target Company appointed Deloitte Tohmatsu Financial Advisory LLC (“Deloitte Tohmatsu Financial Advisory”) as a financial advisor and third-party valuation organization independent of the Tender Offeror, the Three Target Companies, Hitachi Automotive Systems, and Hitachi, and Anderson Mori & Tomotsune as a legal advisor independent of the Tender Offeror, the Three Target Companies, Hitachi Automotive Systems, and Hitachi, in order to ensure the fairness of the purchase price in the Tender Offer (the “Tender Offer Price”) and other terms of the Transactions. The Target Company also established a special committee on July 24, 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 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” 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 Showa 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 Showa 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

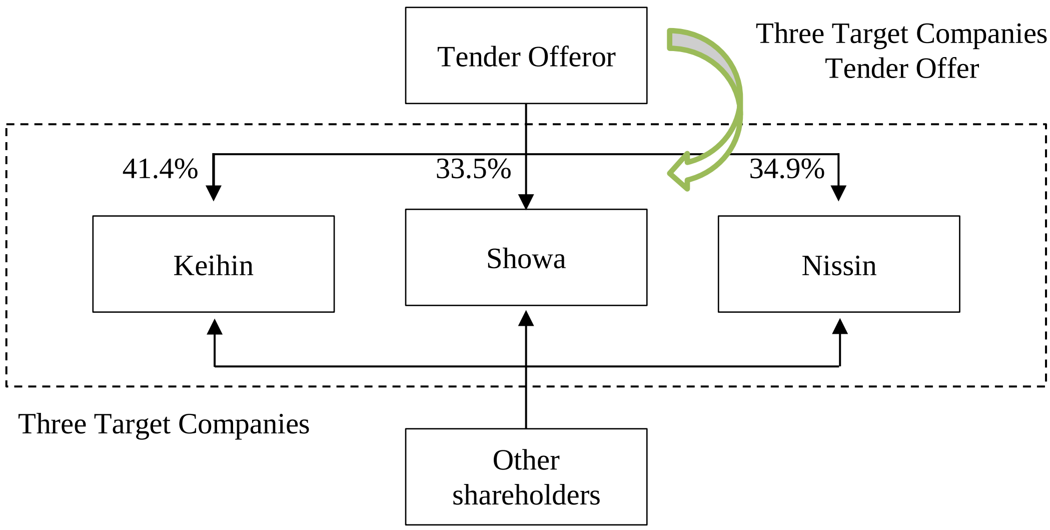
Based on the industry's latest technologies in a wide range of areas from conventional technologies such as machine components to electrification and information technologies, the Integrated Company will be able to establish a comprehensive development structure with automobile manufacturers and, as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

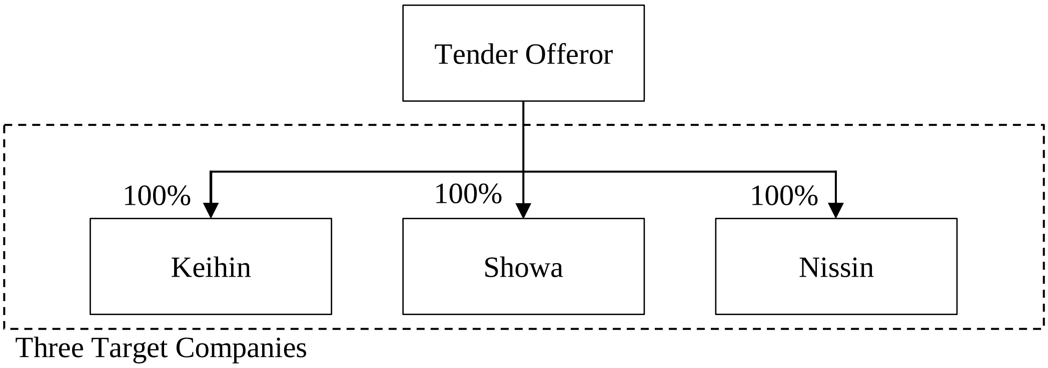
Subject to the Conditions Precedent to the commencement that certain matters such as obtaining permits and licenses, etc. from the respective countries' relevant authorities, such as notifications or approvals for business combination to or by the respective countries' competition authorities (for details, 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.

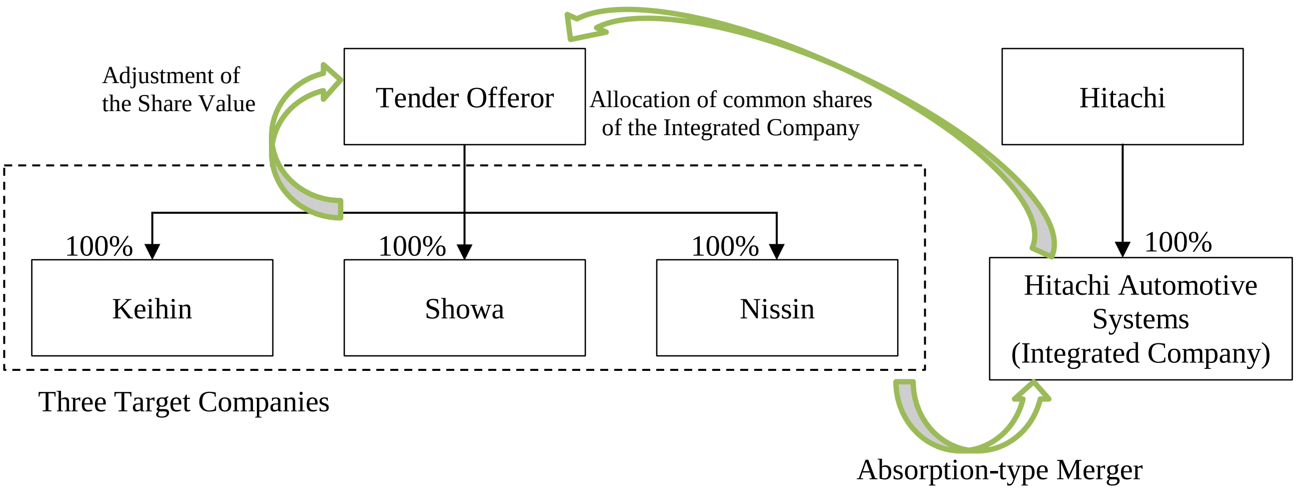
(ii) Implementation of the Transactions to Make the Three Target Companies Wholly-Owned Subsidiaries

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 Showa, a series of procedures will be also implemented to make them wholly-owned subsidiaries of the Tender Offeror through the same method as in the Transaction to Make the Target Company a Wholly-Owned Subsidiary (collectively with the Transaction to Make the Target Company a Wholly-Owned Subsidiary, the "Transactions to Make the Three Target Companies Wholly-Owned Subsidiaries").



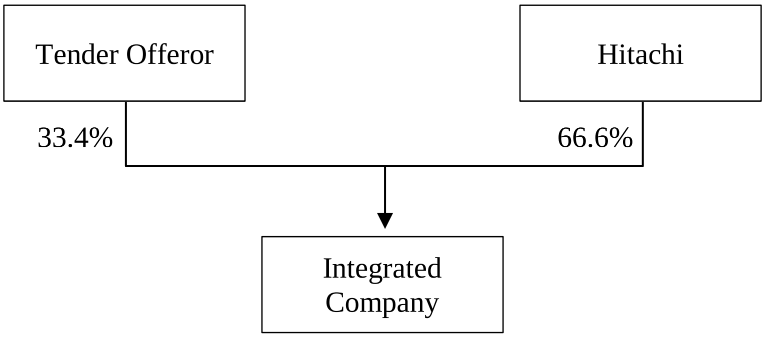
(iii) Implementation of the Absorption-type Merger

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



(iv) After Completion of the Integration

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



(III) Business restructuring associated with the Integration

According to Keihin, 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 the transfer, please refer to the “Notice Concerning Scheduled Transfer of Air Conditioning Business” announced today by Keihin.

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

As the Target Company has announced in the “Notice Regarding Dissolution and Share Acquisition of Joint Ventures (Equity Method Affiliates) (Making Them Subsidiaries)” dated today, the Tender Offeror and the Target Company have entered into a share purchase agreement with Veoneer AB (a wholly-owned subsidiary of Veoneer, Inc. (the joint venture partner of the Target Company; “Veoneer”)) where the Tender Offeror and the Target Company 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 the Target Company’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 the Target Company performed repeated, careful examinations from the perspective of enhancing the enterprise value of the Tender Offeror Group as a whole, including the Target Company, they determined that it is appropriate for them to jointly acquire all shares of VNBJ and VNBZ.

According to the Target Company, when considering the Tender Offer Price, it considered the impact accompanying the transaction of VNBJ shares and VNBZ shares being acquired from Veoneer AB (the Target Company’s total acquisition value: 9,403 million Japanese yen).

(IV) Management policies after the Tender Offer

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

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

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

According to the Press Release by the Target Company, the Target Company received the Proposal from the Tender Offeror in late May 2019 and took the measures stated in "(4) Measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, and measures to ensure the fairness of the Tender Offer" below. Then, the Target Company carefully discussed and examined the terms of the Transactions, including the Tender Offer, from the perspective of enhancing its enterprise value, taking into account (i) the content of the share value evaluation report obtained from Deloitte Tohmatsu Financial Advisory, a financial advisor and third-party valuation organization (the "Deloitte Tohmatsu Valuation Report"), and (ii) the legal advice of Anderson Mori & Tomotsune as legal counsel, and by respecting to the maximum extent the content of the Written Report provided by the special committee established on July 24, 2019, as the Target Company's advisory body to consider the proposal for the Transactions, including the Tender Offer.

As a result, the Target Company concluded that the Integration including the Transactions would be in the interest of enhancing its enterprise value, as explained below.

According to the Target Company, its business environment will be significantly affected by the movements in the automobile and motorcycle industries. In the recent automobile industry, the number of vehicle sales in developed countries has plateaued, while the functions required for auto parts have become more sophisticated, complex and diverse as automobile manufacturers are required to respond to the next generation technology to develop automobiles, such as electrification technologies, and advanced safety technologies to realize safe driving assistance, automatic driving, and other systems. As such, the Target Company recognizes the necessity to take measures far beyond the speed and business resources required for conventional technology and product development. These next generation technology areas call for information and systems technologies, and other new technologies that have not been fully utilized for conventional motorcycles and automobiles. This has caused a variety of companies from different industries to enter the market, and competitors to accelerate their efforts. Further, the motorcycle industry has seen a global spread of making the loading of advanced brakes mandatory as market growth is spearheaded by the demand from Asia and other emerging countries. To survive global competition in a growing market where competition is becoming increasingly intense, automobile manufacturers are required to swiftly cater to the diversified market needs and offer highly cost-competitive products in a timely manner. The Target Company also engages in an array of research and development to respond to those new customer demands and technical innovation, but it is aware that its human and material resources alone are not sufficient to preclude its efforts from being limited. The Target Company also believes it imperative to realize supplying high value-added and cost-competitive products to survive global competition between suppliers. This will be attained by promptly establishing those competitive technologies that may be difficult for the Target

Company to obtain alone, and by creating an efficient development and production structure in the conventional technology areas, such as machine components.

The Target Company believes that under the above circumstances, it would be able to respond with flexible and speedy decision-making to the aforementioned challenges that it cannot easily address alone, and the synergy effects in (i) through (ii) below will be attained more effectively by it becoming the Tender Offeror's wholly-owned subsidiary and by realizing the Integration, in order for the Target Company to continue its sustainable growth in the future. As a result, the Target Company expects that the Tender Offeror Group, with the addition of the Target Company, will be able to further boost its business competitiveness and profit base and enhance its enterprise value.

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

According to the Target Company, the alliance between the Three Target Companies and Hitachi Automotive Systems will enable them to enhance their development structure in next-generation technology areas expected to see growing demands in the future, such as electrification technologies and advanced safety technologies. Simultaneously, it will also enable the Tender Offeror Group, including the Target Company, to obtain Hitachi Automotive Systems' technologies in the system and IT field, which the Tender Offeror Group had to develop alone without choice, and thereby to achieve selected and concentrated development investment. The Target Company expects that this will realize the optimal allocation of business resources for the Tender Offeror Group, including the Target Company, as a whole. In addition, by accelerating mutual complementation between technology areas and regional bases in the Integrated Company's development and production fields, the Integrated Company will be able to supply more high value-added and cost-competitive products and to establish a supply structure to swiftly and flexibly respond to changes in demands of automobile manufacturers including the Tender Offeror.

(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 expects that it 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 expects to reduce procurement and production costs through the scale effect and thus to realize excellent profitability and competitiveness based on the international competitive advantage.

The Target Company has been engaged in a joint venture business with Veoneer as a joint venture partner since April 2016 in automobile brake control (mechatro) systems (Note 1), brake application (sprung part) systems (Note 2), and the development, design, manufacture and sale of parts of the foregoing (the "VNBS Business"). After continuing discussions for further growth of the VNBS Business in North America, and to optimize their business strategies for the VNBS Business in North America, the Target Company and Veoneer transferred in June 2019 all shares in Veoneer Nissin Brake Systems America LLC (a U.S. joint venture in the VNBS Business; "VNBA") held by the Target Company (49.0% of all issued shares) to Veoneer Roadscape Automotive, Inc. (Veoneer's wholly-owned subsidiary that leads the VNBS Business in North America).

On the other hand, VNBJ and VNBZ (joint ventures in Japan and China, respectively, in the VNBS Business) handle regenerative brakes for automobiles as their primary products. Regenerative brakes transform motion energy into power energy by activating a power generator when controlling the brake and charge batteries, and are used for electric vehicles and hybrid cars. They improve automobile fuel efficiency and contain greenhouse gasses within the prescribed limit. 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 is expected to continue to expand in the future.

Under these circumstances, and partly because the Tender Offeror receives regenerative brakes from VNBJ and VNBZ, the Target Company and the Tender Offeror performed repeated, careful examinations from the perspective of enhancing the enterprise value of the Tender Offeror Group as a whole, including the Target Company, and they determined that it is appropriate to cancel the Target Company's and Veoneer's joint venture in the VNBS Business and for the Target Company and the Tender Offeror to jointly acquire all shares of VNBJ and VNBZ held by Veoneer AB (Veoneer's wholly-owned subsidiary). Accordingly, the Tender Offeror and the Target Company have entered into a share purchase agreement with Veoneer AB today for all shares in VNBJ and VNBZ held by Veoneer AB (51.0%, respectively, of the total number of their issued shares), where the Target Company will acquire 25.0% each of the total number of VNBJ's and VNBZ's issued shares, and the Tender Offeror will acquire 26.0% each of the total number of VNBJ's and VNBZ's issued shares. For details, please see "Notice Regarding Dissolution and Share Acquisition of Joint Ventures (Equity Method Affiliates) (Making Them Subsidiaries)" separately released by the Target Company today.

(Note 1) A brake control system using electricity ("mechatro" is a compound term of mechatronics (machine engineering) and electronics (electronic engineering)). It enhances fuel efficiency by realizing the regeneration of energy, not only by mechanically controlling the brake using a friction material (brake pad) but also by controlling the brake electronically.

(Note 2) One of the parts comprising a brake is called a sprung part, as it is located above an automobile's springs (suspension). Together with the brake control (mechatro) system, it enhances fuel efficiency by controlling the ratio between mechanical and electronic control.

According to the Target Company, it has discussed and negotiated with the Tender Offeror the purchase price per Target Company Share in the Tender Offer on multiple occasions. For the specific background to those discussions and negotiations, please see "(I) Background to, the purpose of, and decision-making process of, the resolution to conduct the Tender Offer" of "(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" above.

As a result of the above discussions and negotiations, the board of directors of the Target Company has decided that the Tender Offer will provide its shareholders with a reasonable opportunity to sell their shares at a price including an appropriate premium, due to factors including the following: (i) among the calculation results by Deloitte Tohmatsu Financial Advisory, the Tender Offer Price is above the scope of results of calculation by the market share price analysis and is within the scope of results of calculation by the comparable company analysis and discounted cash flow analysis (the "DCF Analysis"); (ii) the Tender Offer Price is considered to include an appropriate premium in comparison with the level of premiums in other tender offer cases that are aimed to make an entity a wholly-owned subsidiary, as the Tender Offer Price is the amount obtained by adding a premium of 25.49% (rounded off to two decimal places; the same method was applied to the calculation of premiums (%) in this paragraph) to 1,793 Japanese yen, which is the closing price of the Target Company Shares on the TSE 1st Section on October 29, 2019 (the business day before the announcement of the Tender Offer), 43.13% to 1,572 Japanese yen (rounded off to the nearest whole number; the same method was applied to the calculation of the simple average of the closing prices in this paragraph), which is the simple average of the closing prices in the one month before that date (from September 30, 2019 to October 29, 2019), 53.48% to 1,466 Japanese yen, which is the simple average of the closing prices in the three months before that date (from July 30, 2019 to October 29, 2019), and 54.32% to 1,458 Japanese yen, which is the simple average of the closing prices in the six months before that date (from May 7, 2019 to October 29, 2019); (iii) the Target Company considers that the interests of its minority shareholders have been sufficiently considered, as it has taken the measures to ensure the fairness of the Tender Offer Price set forth in "(4) Measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, and measures to ensure the fairness of the Tender Offer" below in deciding the Tender Offer Price; and

(iv) the Tender Offer Price has been proposed after the above measures to be taken to resolve conflicts of interest were taken, and as a result of the Target Company and the Tender Offeror having discussions and negotiations comparable to those that are conducted in an arm's-length transaction.

Accordingly, all eight directors of the Target Company deliberated and unanimously passed a resolution at the meeting of the board of directors held today that the board of directors would support the Tender Offer, and that it would recommend that the shareholders of the Target Company tender the Target Company Shares for the Tender Offer if it were commenced. The meeting of the board of directors was attended by all four company auditors of the Target Company, who all expressed the opinion that they would not object to the board of directors of the Target Company passing the resolution.

Three of the Target Company directors, Messrs. Yasushi Kawaguchi, Kazuya Sato and Aiji Yamanaka, were employees of the Tender Offeror until March 2018, March 2013, and March 2018, respectively. However, they all transferred to the Target Company at the respective months and neither concurrently serve as officers or employees of the Tender Offeror, nor are in a position to receive instructions from the Tender Offeror as managers of the Target Company. Therefore, there are no circumstances in which they have or may have a conflict of interest with the Target Company at present.

As the Tender Offer is scheduled to be commenced promptly upon satisfaction of the Conditions Precedent and it is difficult to predict the precise period 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, the meeting of the board of directors above also adopted a resolution that upon the commencement of the Tender Offer, the Target Company would request that the special committee that the Target Company established deliberate over whether there is any change in the details of the Written Report, and state its opinion to the board of directors of the Target Company to that effect if there is no change, and a changed opinion if there is any change; and that the opinion on the Tender Offer would be expressed again when the Tender Offer is to be commenced in light of the special committee's opinion.

(3) Material agreements regarding the Tender Offer

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

(I) The Tender Offer conducted by the Tender Offeror

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

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

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

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

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

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

(e) The Tender Offeror and the Target Company have completed acquiring all VNBJ and VNBS shares held by Veoneer AB;

(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 Tender Offer Commencement Determination Date);

(m) The conditions to the Tender Offeror commencing tender offers against Keihin and Showa 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 Showa 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 Showa its wholly-owned subsidiaries, Hitachi shall cause Hitachi Automotive Systems, and the Tender Offeror shall cause the Target Company, Keihin, and Showa, 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 Showa will be the ultimate disappearing companies.

If any of the tender offers targeting the Target Company, Keihin, or Showa is not successfully completed, or if a substantial delay is expected in making any one or two companies among the Target Company, Keihin, and Showa 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 Showa 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 Showa agreed upon with Hitachi and the Tender Offeror.

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

Given that the Target Company is not a subsidiary of the Tender Offeror as of today, the Tender Offer does not constitute a tender offer by a controlling shareholder. However, the Tender Offeror is the Target Company's largest shareholder among its major shareholders, and is its other associated company as defined in the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements, and owns 22,682,205 shares (ownership ratio: 34.86%) 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) Deloitte Tohmatsu 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, Deloitte Tohmatsu Financial Advisory, 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 expressing its opinion to support the Tender Offer, in order to eliminate any arbitrariness in the Target Company's decision-making process regarding the Tender Offer Price offered by the Tender Offeror and to ensure the fairness of the Tender Offer Price. The Target Company obtained the Deloitte Tohmatsu Valuation Report on October 29, 2019. Deloitte Tohmatsu Financial Advisory 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. The Target Company has not obtained any written opinion regarding the fairness of the Tender Offer Price (i.e., a fairness opinion) from Deloitte Tohmatsu Financial Advisory.

(ii) Overview of calculation

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, Deloitte Tohmatsu Financial Advisory calculated the value of the Target Company Shares using the following methods: the market share price analysis (because there are market share prices as the Target Company Shares are listed on the TSE 1st Section); the comparable company analysis (because it is possible to infer the value of the Target Company Shares through comparisons with listed companies that engage in businesses relatively similar to those of the Target Company); and the DCF Analysis (in order to reflect the status of future business activities in the calculation). The ranges of per-share value of the Target Company Shares calculated using those methods are as follows:

Market share price analysis:	1,458 Japanese yen to 1,793 Japanese yen
Comparable company analysis:	1,959 Japanese yen to 2,457 Japanese yen
DCF Analysis:	1,987 Japanese yen to 2,492 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 analyzed to range from 1,458 Japanese yen to 1,793 Japanese yen, based on the following prices of Target Company Shares on the TSE 1st Section: the closing price on the reference date (1,793 Japanese yen); the simple average of the closing price for the one month immediately preceding the reference date (1,572 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 (1,466 Japanese yen); and the simple average of the closing price for the six months immediately preceding the reference date (1,458 Japanese yen).

Under the comparable company analysis, the Target Company's business value was analyzed through comparison with the market share price and financial indicators (e.g., profitability) of listed companies that engage in businesses comparatively similar to those of the Target Company, and then the value of the Target Company Shares was analyzed by considering the impact accompanying the transaction of VNBJ shares and VNBZ shares being acquired from Veoneer AB (the Target Company's total acquisition value: 9,403 million Japanese yen). As a result, the per-share value of the Target Company Shares was analyzed to range from 1,959 Japanese yen to 2,457 Japanese yen.

Under the DCF Analysis, the Target Company's enterprise value and share value were analyzed by discounting the free cash flow that is expected to be generated by the Target Company in and after the third quarter of the fiscal year ending in March 2020 at a certain discount rate to the present value, based on the Target Company's business plan for the fiscal year ending in March 2020 through the fiscal year ending in March 2023, by considering the impact accompanying the transaction of VNBJ shares and

VNBZ shares being acquired from Veoneer AB (the Target Company's total acquisition value: 9,403 million Japanese yen). Using this methodology, the per-share value of the Target Company Shares was analyzed to range from 1,987 Japanese yen to 2,492 Japanese yen. In the Target Company's business plan used by Deloitte Tohmatsu Financial Advisory 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 Transaction, have not been factored into the business plan because it is difficult to estimate them at present.

(III) Independent special committee established, and a written report obtained, by the Target Company

According to the Press Release by the Target Company, the Target Company passed a resolution on July 24, 2019, to establish a special committee comprised of the following four members in order to eliminate any arbitrariness in the Target Company's decision-making regarding the Transactions, and to ensure the fairness, transparency and objectivity of the decision-making: Mr. Akito Takahashi (attorney-at-law, Takahashi & Katayama Law Office), Mr. Yoshihiko Terada (certified public accountant, Trustees Consulting LLP), and Messrs. Masataka Fukui and Kimiaki Taguchi (outside directors and independent officers of the Target Company), who are all external knowledgeable persons and independent of the Tender Offeror, the Three Target Companies, Hitachi Automotive Systems, and Hitachi. There has been no change in the initial special committee members since its establishment.

The Target Company consulted the special committee on the following matters (collectively, the "Matters of Inquiry") and commissioned it to submit the Written Report for those matters to the board of directors of the Target Company: (i) whether the Transactions by the Tender Offeror are expected to enhance the enterprise value of the Target Company, and the purpose thereof is considered reasonable; (ii) whether the interests of the Target Company's minority shareholders have been sufficiently considered through fair procedures in the Transactions; (iii) whether the terms of the Transactions are considered appropriate; (iv) whether the Transactions are not expected to be disadvantageous to the Target Company's minority shareholders in light of (i) through (iii) above; and (v) if the Transactions are implemented by the Tender Offer, whether it is considered appropriate for the board of directors of the Target Company to express an opinion to support the Tender Offer and to recommend that the Target Company shareholders tender their shares in the Tender Offer, in light of (i) through (iv) above.

The special committee met 8 times in total between July 29, 2019 and October 24, 2019 to discuss and carefully consider the Matters of Inquiry. Specifically, before considering those matters, the special committee received information on the matters including the following from the Target Company and conducted a question-and-answer session regarding these matters: the circumstances where the Target Company received the proposal for the Transactions; the purpose of the Transactions; the Target Company's business status and future outlook; the specific factors of the Transactions that may affect the Target Company's business plan; the Tender Offeror's involvement to date in the Target Company's business management; negotiation status regarding the terms of the Transactions; and the business plan. Then, the special committee received information on the following matters from the Tender Offeror and conducted a question-and-answer session regarding these matters: the circumstances where the Tender Offeror proposed the Transactions; the purpose, background, and necessity of the Transactions; the business overview; its involvement in the Target Company's business management; and the business development contemplated after the Transactions. The special committee also received reports from the Target Company on the status of discussions and negotiations between the Target Company and the Tender Offeror regarding the Transactions. Further, the special committee received the results of calculation of the value of the Target Company Shares by Deloitte Tohmatsu Financial Advisory, conducted a question-and-answer session regarding the results, and was informed by Deloitte Tohmatsu Financial Advisory that it had calculated the value of the Target Company Shares by considering the impact accompanying the transaction of VNBJ shares and VNBZ shares being acquired from Veoneer AB (the Target Company's total acquisition value: 9,403 million Japanese yen). In addition, the special committee received information from Anderson Mori & Tomotsune on the measures to ensure the fairness of the procedures of the Transactions and to avoid conflicts of interest, and conducted a question-and-answer session regarding this matter.

After repeating careful discussions and consideration over the Matters of Inquiry through the above procedure, the special committee provided the board of directors of the Target Company with the Written Report as outlined below on October 29, 2019, upon unanimous resolution by all committee members.

(i) Whether the Transactions are expected to enhance the enterprise value of the Target Company, and the purpose thereof is considered reasonable

The Transactions are expected to enhance the enterprise value of the Target Company, and the purpose thereof is considered reasonable due to the following reasons: (a) "(a) Objective, necessity and background of the Transactions" and "(b) Advantages of the Transactions conducted through the Tender Offer" explained by the Target Company are specific and based on the Target Company's current business and financial condition, and they are consistent with the general explanation of the industry and market environment to which the Target Company belongs, and they are considered realistic in terms of enhancing the future competitiveness of the Target Company; (b) necessity and advantages of the Transactions are reviewed between the Target Company and the Tender Offeror, taking into account the environment and future prediction of the market to which the Target Company belongs; (c) future prospects for the Target Company's business and growth, and the measures considered for implementation after the Transactions, each of which was explained by the Target Company are based on the Target Company's business and financial condition and regarded as including the Tender Offeror's management policy, and all are not regarded as unreasonable; and (d) "(a) Objective, necessity and background of the Transactions" and "(b) Advantages of the Transactions conducted through the Tender Offer" are as stated in "(V) Process of and reasons for decision-making by the Target Company" of "(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" above in particular, and realizing the management environment surrounding the Target Company as well as issues that the Target Company faces, becoming a wholly-owned subsidiary of the Tender Offeror and the Integration will all enable the Target Company to handle, based on flexible and quick decision-making, issues that are difficult to handle by itself and to effectively realize synergy.

(ii) Whether the interests of the Target Company's minority shareholders have been sufficiently considered through fair procedures in the Transactions

The interests of the Target Company's minority shareholders have been sufficiently considered through fair procedures in the Transactions, as explained below: (a) in consideration of how to handle the Transactions, in order to ensure the fairness of the conditions of the Tender Offer, especially the Tender Offer Price, the Target Company requested Deloitte Tohmatsu Financial Advisory, a third-party valuation organization independent of the Target Company and the Tender Offeror, to calculate the value of the Target Company Shares and obtained the Deloitte Tohmatsu Valuation Report; (b) in order to obtain legal advice on the Transactions, the Target Company appointed Anderson Mori & Tomotsune as a legal advisor independent of the Target Company and the Tender Offeror; (c) because the Transactions including the Transaction to Make the Target Company a Wholly-Owned Subsidiary are carried out with the Tender Offeror that has made the Target Company an equity-method affiliate, and a relative conflict of interest may occur depending on the situation, the Target Company has become aware of the necessity to carefully ensure the appropriateness and fairness of the terms and conditions of the Transactions and has requested that the Tender Offeror provide the transaction conditions giving due consideration to the interest of the minority shareholders from the early stage of the discussion; (d) the Target Company has validated the appropriateness and fairness of the conditions, and the feasibility several times and made final arrangements concerning the price expected to be resolved in the board meeting with respect to the tender offer price in the Tender Offer through discussion with the Tender Offeror; (e) thereafter, the Target Company and the

Tender Offeror eventually reached an agreement on the terms and conditions of the Transactions including the Tender Offer Price, and in the Target Company, the agreed price became the Tender Offer Price expected to be resolved in the board meeting; (f) the Target Company has made an effort to ensure an opportunity for the Target Company shareholders to make proper decisions on the two-step acquisition through early and detailed disclosure and explanation; (g) the Target Company has made an effort to eliminate any arbitrariness in the decision-making process by considering the existence of its directors with interests, specifically, whether the Target Company's directors participate in the review of the Transactions, and whether to participate in the future examination and resolution of the board meeting to be held on the Transactions; (h) in the Tender Offer, the minimum number of shares to be acquired will be established as described in "(1) Overview of the Tender Offer" above, and due to establishing the minimum number, if the number of shares tendered for the Tender Offer is small, the purchase of the Target Company's shares through the Tender Offer will not be carried out; by doing this, the Target Company respects the intention of its general and minority shareholders to the maximum possible extent; and (i) it is deemed that specific measures are taken to address various points including ensuring an objective situation to secure the fairness of the terms and conditions of the Transaction to Make the Target Company a Wholly-Owned Subsidiary and that due consideration is given to the interest of the Target Company's shareholders through fair procedures.

(iii) Whether the terms of the Transactions are considered appropriate

The terms of the Transactions (including the purchase price in the Tender Offer) are considered appropriate, due to the following reasons: (a) In order to ensure the fairness and appropriateness of the terms and conditions of the Transactions, especially the tender offer price of the Target Company's common shares in the Tender Offer, in consideration and determination thereof, the Target Company appointed an independent third-party valuation organization for calculation of the value of the Target Company Shares and refers to the Deloitte Tohmatsu Valuation Report that is obtained from such third-party valuation organization; (b) in the process of calculation to reach the conclusion in the Deloitte Tohmatsu Valuation Report, the calculation method is considered general and reasonable in light of current practice; (c) the details of the calculation are also considered reasonable in light of current practice; (d) based on the above, it is considered that the Deloitte Tohmatsu Valuation Report contains no unreasonable points or significant issues; (e) the Company has also considered the Tender Offer Price comprehensively taking into account circumstances such as the necessity and advantages of the Transactions, and their effect on the future business of the Target Company based on the Deloitte Tohmatsu Valuation Report; (f) an experienced financial advisor (a third-party valuation organization) is employed and the terms and conditions of the Transactions have been comprehensively negotiated including the Tender Offer Price; (g) the Tender Offer Price expected to be conclusively resolved in the Target Company's board meeting is considered a price including a proper premium; (h) these actions by the Target Company are considered reasonable and appropriate to ensure fairness and appropriateness of the terms and conditions of the Transactions (including the Tender Offer), the Tender Offer Price in particular, and to eliminate any arbitrariness in the process of determination and decision-making with respect to the foregoing; (i) according to the explanation by the Target Company, absent specific circumstances in the future, the terms and conditions of the Transaction to Make the Target Company a Wholly-Owned Subsidiary are also expected to be calculated and decided on the same basis as the Tender Offer Price; (j) and the Transaction to Make the Target Company a Wholly-Owned Subsidiary is expected to be carried out after the Tender Offer as the procedures following the Tender Offer (the procedures for two-step acquisition), and it is reasonable to streamline the terms and conditions of the transactions of both procedures that have similar timelines.

(iv) Whether the Transactions are not expected to be disadvantageous to the Target Company's minority shareholders in light of (i) through (iii) above

With respect to matters other than those considered in (i) through (iii) above, the special committee has not presently found any circumstances that make the Transactions including the Tender Offer appear disadvantageous to the minority shareholders of the Target Company; therefore, the Transactions are considered not disadvantageous to the minority shareholders of the Target Company.

(v) If the Transactions are implemented by the Tender Offer, whether it is considered appropriate for the board of directors of the Target Company to express an opinion to support the Tender Offer and to recommend that the Target Company shareholders tender their shares in the Tender Offer, in light of (i) through (iv) above

Based on the following facts, it is reasonable for the board of directors of the Target Company to express an opinion in support of the Tender Offer and to recommend to its shareholders to tender shares in the Tender Offer, and no reasons against this have presently been found: (i) the Transactions are expected to enhance the enterprise value of the Target Company and the purpose thereof is considered reasonable, (ii) in the Transactions, due consideration is given to the interest of the minority shareholders of the Target Company through fair procedures, (iii) the terms of the Transactions are considered appropriate, and (iv) considering (i) through (iii) above, the Transactions are regarded as not disadvantageous to the minority shareholders of the Target Company.

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

According to the Press Release by the Target Company, the Target Company appointed Anderson Mori & Tomotsune as its legal advisor independent of the Tender Offeror, the Three Target Companies, Hitachi Automotive Systems, and Hitachi, in order to ensure the fairness and propriety of the decision-making process of the Transactions and has received therefrom legal advice required for the matters to note concerning the decision-making process and methods for the Transactions, and other decision-making regarding the Transactions. Anderson Mori & Tomotsune is not a related party to the Tender Offeror, the Three Target Companies, Hitachi Automotive Systems, or Hitachi, and does not have any significant interest in the Transactions.

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

According to the Press Release by the Target Company, the board of directors of the Target Company carefully discussed and examined the series of procedures of the Transactions and the terms of the Tender Offer, based on the Deloitte Tohmatsu Valuation Report obtained from Deloitte Tohmatsu Financial Advisory and the legal advice of Anderson Mori & Tomotsune, and by respecting to the maximum extent the content of the Written Report obtained from the special committee.

As a result, under the grounds and reasons described in "(V) Process of and reasons for decision-making by the Target Company" in "(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" above, all eight directors of the Target Company deliberated and unanimously passed a resolution at the meeting of the board of directors held today that, as the Target Company's opinion as of today, the board of directors would express its opinion 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. The meeting of the board of directors was attended by all four company auditors of the Target Company, who all expressed an opinion that they would not object to the board of directors of the Target Company passing the resolution.

Three of the Target Company directors—Messrs. Yasushi Kawaguchi, Kazuya Sato and Aiji Yamanaka, were employees of the Tender Offeror until March 2018, March 2013, and March 2018, respectively.

However, they all transferred to the Target Company at the respective months and neither concurrently serve as officers or employees of the Tender Offeror, nor are 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.

(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 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	Nissin Kogyo Co., Ltd.	
(ii)	Location	801 Kazawa, Tomi City, Nagano Japan	
(iii)	Name and Title of Representative	Yasushi Kawaguchi, Representative Director and President	
(iv)	Description of Business Activities	Manufacture and sale of brake equipment for motorcycles and automobiles and aluminum products, etc.	
(v)	Capital	3,694 million Japanese yen (as of September 30, 2019)	
(vi)	Date of Establishment	October 27, 1953	
(vii)	Major Shareholders and Ownership Percentage (as of March 31, 2019)	Honda Motor Co., Ltd.	34.86%
		Daishin Sangyo Co., Ltd.	5.22%
		Japan Trustee Services Bank, Ltd. (Trust Account)	3.43%
		The Master Trust Bank of Japan, Ltd. (Trust Account)	3.37%
		SSBTC CLIENT OMNIBUS ACCOUNT (standing agency: Custody Services Department, Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	3.06%
		Naoya Miyashita	3.01%
		Japan Trustee Services Bank, Ltd. (Trust Account 9)	2.15%
		NORTHERN TRUST CO. (AVFC) RE HCROO (standing agency: Custody Services Department, Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	1.45%
		DFA INTL SMALL CAP VALUE PORTFOLIO (standing agency: Tokyo Branch, Citibank, N.A.)	1.11%
		Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.11%
(viii)	Relationship between the Tender Offeror and Target Company		

Capital Relationship	The Tender Offeror owns 22,682,205 Target Company Shares (ownership ratio 34.86%).
Personnel Relationship	N/A
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 66th 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

2,250 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:	1,458 Japanese yen to 1,793 Japanese yen
Comparable company analysis:	732 Japanese yen to 1,159 Japanese yen
DCF Analysis:	1,945 Japanese yen to 2,568 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 1,458 Japanese yen to 1,793 Japanese yen, based on the following prices of Target Company Shares on the TSE 1st Section: the closing price on the reference date (1,793 Japanese yen); the simple average of the closing price for the five business days immediately preceding the reference date (1,715 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 (1,572 Japanese yen); the simple average of the closing price for the three months immediately preceding the reference date (1,466 Japanese yen); and the simple average of the closing price for the six months immediately preceding the reference date (1,458 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 732 Japanese yen to 1,159 Japanese yen.

Under the DCF Analysis, the Target Company's enterprise value and share value were calculated by discounting the free cash flow that is expected to be generated in the future by the Target Company in and after the fiscal year ending in March 2020 at a certain discount rate to the present value, based on the relevant factors including the profitability and investment plans in the Target Company's business plan for 4 fiscal years from the fiscal year ending in March 2020 to the fiscal year ending in March 2023 as well as other publicly available information. Using this methodology, the per-share value of the Target Company Shares was calculated to range from 1,945 Japanese yen to 2,568 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 2,250 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 2,250 Japanese yen per share represents the following premiums: 25.49% (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 1,793 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; 43.13% on the simple average of the closing price of 1,572 Japanese yen for the one month immediately preceding October 29, 2019; 53.48% on the simple average of the closing price of 1,466 Japanese yen for the three months immediately preceding October 29, 2019; and 54.32% on the simple average of the closing price of 1,458 Japanese yen for the six months immediately preceding October 29, 2019.

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

(II) Background of the calculation

(Background leading to the determination of the Tender Offer Price)
The Tender Offeror started considering the Integration in the middle of February 2018. It appointed Nomura Securities as its financial advisor and third-party valuation organization independent of the Tender Offeror, 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 in late May 2019, made the Proposal to the Target Company.

According to the Target Company, in response to the Proposal made by the Tender Offeror in late May 2019, the Target Company appointed Deloitte Tohmatsu Financial Advisory 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 Anderson Mori & Tomotsune as its legal advisor independent of the Tender Offeror, the Three Target Companies, Hitachi Automotive Systems, and Hitachi, in order to ensure the fairness of the Transactions including the Tender Offer Price. According to the Target Company, on July 24, 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:	1,458 Japanese yen to 1,793 Japanese yen
Comparable company analysis:	732 Japanese yen to 1,159 Japanese yen
DCF Analysis:	1,945 Japanese yen to 2,568 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 2,250 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
42,379,300 shares	20,692,195 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 (20,692,195 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 (20,692,195 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 (42,379,300 shares) to be obtained by the Tender Offeror through the Tender Offer. This maximum number of shares (42,379,300 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 (22,682,205 shares), and the number of treasury shares owned by the Target Company as of September 30, 2019 (390,638 shares), and (b) is the total number of issued shares as of the same date, as stated in the Target Company's Financial Summary (65,452,143 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	226,822 voting rights	(Ownership ratio of shares before the purchase: 34.86%)
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	650,615 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: 0.00%)
Number of voting rights of all shareholders of the Target Company	650,395 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 (226,822 voting rights) pertaining to shares owned by the Tender Offeror as of today (22,682,205 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 66th 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 (650,615 voting rights) pertaining to the number of shares (65,061,505 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 (390,638 shares), and (b) is the total number of issued shares as of the same date, as stated in the Target Company's Financial Summary (65,452,143 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

95,353,425,000 Japanese yen

(Note) "Purchase price" is the amount obtained by multiplying the number of shares to be purchased through the Tender Offer (42,379,300 shares) by the Tender Offer Price (2,250 yen).

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

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

3. Policies after the Tender Offer and future prospects

(1) Policies after the Tender Offer

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

(2) Future prospects

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

4. Others

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

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

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

(II) Execution of the Basic Contract

The Tender Offeror, 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	90,776 million Japanese yen
Cost of Sales	△77,797 million Japanese yen
Selling, General and Administrative Expenses	△5,447 million Japanese yen
Other Income	273 million Japanese yen
Other Expenses	△215 million Japanese yen
Financial Income	1,001 million Japanese yen
Financial Expenses	△710 million Japanese yen
Profit (Loss) for the Quarter	5,532 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	54.92 Japanese yen
Dividend per Share	22.50 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 "Notice concerning Revisions to Year-End Dividend Forecast for Fiscal Year Ending March 31, 2020 (No Dividends) and Abolition of Shareholder Special Benefit Plan" 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.