February 21, 2017

Company Name:	Calsonic Kansei Corporation
Representative:	Hiroshi Moriya, President and CEO
	(Securities Code: 7248, First Section of the Tokyo Stock Exchange)
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Company Name:	CK Holdings Co., Ltd.
Representative:	William Janetschek, Representative Director
Tel:	03-6268-6000

Announcement Regarding Commencement of the Tender Offer for the Shares of Calsonic Kansei Corporation (Securities Code: 7248) by CK Holdings Co., Ltd.

We wish to notify you that, as of today, CK Holdings Co., Ltd. has decided to commence the Tender Offer for the common stock of Calsonic Kansei Corporation on February 22, 2017 as scheduled, in the manner described in the attached press release.

End.

This release is issued by Calsonic Kansei Corporation (the target of the tender offer) at the request of CK Holdings Co., Ltd. (the offeror) under Article 30(1)(iv) of the Order for Enforcement of the Financial Instruments and Exchange Act.

Attachment: Press release titled “Announcement Regarding Commencement of the Tender Offer for the Shares of Calsonic Kansei Corporation (Securities Code: 7248) by CK Holdings Co., Ltd.” dated February 21, 2017

February 21, 2017

Company Name:	CK Holdings Co., Ltd.
Representative:	William Janetschek, Representative Director
Tel:	03-6268-6000

Announcement Regarding Commencement of the Tender Offer for the Shares of Calsonic Kansei Corporation (Securities Code: 7248) by CK Holdings Co., Ltd.

CK Holdings Co., Ltd. ("Offeror") previously decided, as announced in the press release titled "Announcement Regarding the Tender Offer for the Shares of Calsonic Kansei Corporation (Securities Code 7248)" dated November 22, 2016 (the "Offeror's November 22, 2016 Press Release"), to acquire the common stock of Calsonic Kansei Corporation (Securities Code: 7248, First Section of the Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange"); the company referred to as the "Target Company," and its common stock, "Target Company Shares") through a tender offer (the "Tender Offer") under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) (the "Act") once the procedures and steps to obtain the approvals required under various countries' competition laws and other related laws and regulations, including those of Japan, the U.S., China, the European Union, and Russia, were completed and the applicable waiting periods had lapsed and the other conditions precedent to the commencement of the Tender Offer (please refer to the section titled "(6) Material agreements regarding the Tender Offer" under "1. Purpose of the Tender Offer" below regarding such conditions precedent) under the Tender Agreement (defined below in the section titled "(1) Summary of the Tender Offer" under "1. Purpose of the Tender Offer") were satisfied (or waived by the Offeror).

As announced in the press release titled "Announcement Regarding Progress Toward the Tender Offer for the Shares of Calsonic Kansei Corporation (Securities Code: 7248)" dated February 3, 2017, all of the procedures and steps to obtain the approvals required under various countries' competition laws and other related laws and regulations, including those of Japan, the U.S., China, the European Union, and Russia, have been completed and the other conditions precedent have been satisfied. Therefore, on February 21, 2017, the Offeror decided to commence the Tender Offer on February 22, 2017 as part of a series of transactions aimed at making the Target Company a wholly-owned subsidiary of the Offeror (such transaction, the "Transaction") by acquiring all of the issued and outstanding Target Company Shares (excluding treasury shares held by the Target Company).

1. Purpose of the Tender Offer

    (1) Summary of the Tender Offer

    The Offeror is a stock company (*kabushiki kaisha*) established on October 6, 2016, with the primary goal of supporting and managing the business activities of the Target Company following completion of the Tender Offer, through which it will acquire and hold the Target Company Shares. As of today, all issued and outstanding shares of the Offeror are owned by KKR CK Investment L.P., a limited partnership established under the laws of the Cayman Islands on February 24, 2016, which is indirectly owned and operated as an investment fund by Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates and other related entities, "KKR").

KKR's investment philosophy is to invest from a long-term perspective in partnership with the management of the acquired company. KKR partners with companies and management teams with outstanding potential and business foundations and leverages its various management resources, knowledge, and networks with the aim of creating industry leaders. Based on this philosophy, KKR focuses on carve-outs (business divestitures) of subsidiaries and business units from large corporations and supports their development as independent enterprises by supporting their organic growth (through utilizing existing management resources) and inorganic growth (through collaboration with or acquisition of other companies), increasing their profitability and improving their business processes. KKR has a track record of more than 50 carve-outs (business divestitures) and separation support cases globally.

Founded in 1976, KKR is a comprehensive asset management firm included among the world's leading private equity funds and is listed on the New York Stock Exchange. Since the opening of its Tokyo office in 2006, KKR has been actively investing in the Japanese market, with investment professionals from diverse backgrounds that possess an understanding of Japanese business practices. In 2010, KKR invested in Intelligence, Ltd., a provider of comprehensive HR services. In 2014, KKR supported the carve-out of Panasonic Healthcare Co., Ltd. ("PHC") from Panasonic Corporation, and subsequently through KKR's support PHC was able to acquire the diabetes care business from Bayer Aktiengesellschaft and affiliates of its subsidiary, Bayer HealthCare, in 2016, demonstrating KKR's capability in helping its Japanese portfolio companies carry out follow-on acquisitions of overseas enterprises. In 2015, KKR invested in Pioneer DJ, then a business unit of Pioneer Corporation, building on its track record of supporting the stand-alone growth of subsidiaries and business units of major Japanese companies.

As announced in the Offeror's November 22, 2016 Press Release, the Offeror planned to acquire Target Company Shares through the Tender Offer once the procedures and steps to obtain the approvals required under various countries' competition laws and other related laws and regulations, including those of Japan, the U.S., China, the European Union, and Russia, were completed and the applicable waiting periods had lapsed, and the other conditions precedent to the commencement of the Tender Offer (please refer to the section titled "(6) Material agreements regarding the Tender Offer" below regarding such conditions precedent) under the Tender Agreement (defined below) were satisfied (or waived by the Offeror). Since the issuance of the Offeror's November 22, 2016 Press Release, the Offeror has proceeded with the procedures and steps required under Japanese and foreign competition laws and other related laws and regulations to commence the Tender Offer. With regard to the share acquisition through the Tender Offer (the "Share Acquisition"), the Offeror has received, from the competition authorities in Japan, the U.S., China, the European Union, Russia, Mexico, and Brazil, a notice to the effect that a cease and desist order will not be issued, a document granting an early termination of the waiting period, a written decision not to conduct a detailed review together with a written approval of the Share Acquisition, a written approval of the Share Acquisition, a written statement to the effect that approval is not necessary for the Share Acquisition, a notice approving the Share Acquisition, and a notice approving the Share Acquisition, respectively. As a result, all of the procedures and steps to obtain the approvals required under various countries' competition laws and other related laws and regulations, including those of Japan, the U.S., China, the European Union, and Russia, have been completed and the other conditions precedent to the commencement of the Tender Offer have been satisfied. Therefore, on February 21, 2017, the Offeror decided to commence the Tender Offer on February 22, 2017, as part of the Transaction by acquiring all of the issued and outstanding Target Company Shares (excluding treasury shares held by the Target Company) listed on the First Section of the Tokyo Stock Exchange.

As of November 22, 2016, the Offeror and the parent company of the Target Company, Nissan Motor Co., Ltd. ("Nissan") (which holds 111,163,990 shares, representing an ownership percentage (see Note) of 41.50% of the Target Company), have executed an agreement regarding the terms of the Tender Offer for all of the Target Company Shares held by Nissan (the "Tender Agreement"). For details of the Tender Agreement, please refer to the section titled "(6) Material Agreements regarding the Tender Offer" below.

Note: The ownership percentage, here and throughout this Press Release, has been calculated by dividing the number of Target Company Shares held by the applicable shareholder by 267,857,772 shares (the "Tender Target Shares") and rounding to the second decimal place, with the Tender Target Shares having been calculated as follows: (i) the 273,241,631 shares of the Target Company issued and outstanding as of December 31, 2016 (as stated in the 116th Fiscal Period Third Quarter Securities Report of the Target Company filed on February 10, 2017 (the "116th Fiscal Period Third Quarter Securities Report")) minus (ii) the 5,383,859 treasury shares held by the Target Company as of December 31, 2016 (as stated in the Target Company's Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2017 (Japanese GAAP), released by the Target Company on February 10, 2017 ("the FY 2016 Third Quarter Financial Results")).

The Offeror has set 178,571,848 shares, or two-thirds of the Tender Target Shares, as the minimum number of shares to be purchased in the Tender Offer. If the total number of shares tendered by shareholders in the Tender Offer (the "Tendered Shares") is less than 178,571,848 shares, then the Offeror intends not to purchase any of the Tendered Shares. The Offeror has not set a limit on the maximum number of shares to be purchased in the Tender Offer, and if the total number of Tendered Shares exceeds the minimum threshold of 178,571,848 shares, the Offeror intends to purchase all of the Tendered Shares.

If the Offeror is unable to acquire all of the Target Company Shares (other than the treasury shares held by the Target Company) in the Tender Offer, then the Offeror intends to undertake a series of procedures as part of the Transaction to become the sole shareholder of the Target Company (for details, please refer to the section below titled "(4) Policy for organizational restructuring after the Tender Offer (matters relating to the 'Two-Step Acquisition')").

According to the press releases issued by the Target Company titled "Announcement Concerning Opinion on Tender Offer by CK Holdings Co., Ltd." dated November 22, 2016 (the "Target Company's November 22, 2016 Press Release"), "Announcement on the Distribution of Surplus (the "Special Dividend") and Provisional Settlement of Accounts" dated February 10, 2017 (the "Target Company's February 10, 2017 Press Release (Special Dividend)"), and "Announcement Concerning Opinion on Tender Offer by CK Holdings Co., Ltd." dated February 21, 2017 (the "Target Company's February 21, 2017 Press Release"), the Target Company, in light of the proposal from the Offeror, and as part of the Transaction, resolved at the meeting of its board of directors held on February 10, 2017 to pay a dividend of 570 yen per share of common stock (the "Special Dividend") conditioned upon the success of the Tender Offer with a record date (the "Special Dividend Record Date") of February 21, 2017, which is the calendar day prior to the commencement date of the Tender Offer (the "Tender Offer Commencement Date"). According to the Target Company's February 10, 2017 Press Release (Special Dividend) and the Target Company's February 21, 2017 Press Release, the Target Company determined at such meeting of the board of directors that, assuming that the Tender Offer commences as scheduled on February 22, 2017 and the commencement date of settlement of the Tender Offer is March 29, 2017, the effective date of the Special Dividend will be March 30, 2017 (that is, after the commencement of settlement of the Tender Offer). However, in the event that the period of the Tender Offer (the "Tender Offer Period") is extended, the Target Company will change the effective date of the Special Dividend to after the end of the extended Tender Offer Period, since the issuance of the Special Dividend is subject to the completion of the Tender Offer as stated above.

As announced in the Target Company's November 22, 2016 Press Release, the Offeror planned to pay to the existing shareholders of the Target Company, as consideration for the Transaction, 1,860 yen less the per share value of the Special Dividend per share of common stock (however, if the Target Company had not passed a resolution prior to the Tender Offer Commencement Date to issue the Special Dividend, then the price per share of common stock would have been 1,860 yen). Therefore, the offer price per share of common stock for the Tender Offer (the "Tender Offer Price") has been set at 1,290 yen, calculated by deducting the per share value of the Special Dividend of 570 yen from 1,860 yen. Please refer to the section below titled "(i) Basis of calculation" under "(4) Basis for the calculation for the Tender Offer Price" of "2. Outline of the Tender Offer" for additional details.

In other words, in the event that the Tender Offer is successful, Target Company shareholders as of the Special Dividend Record Date (February 21, 2017) that tender their shares in the Tender Offer will still receive a total of 1,860 yen per share of common stock (before any withholding tax deduction; the same applies hereinafter) for the Tender Offer and Special Dividend, because such shareholders will receive the Special Dividend of 570 yen per share of common stock, plus the Tender Offer Price of 1,290 yen per share of common stock.

However, shareholders acquiring Target Company Shares following the Special Dividend Record Date (February 21, 2017) will not be entitled to receive the Special Dividend with respect to such Target Company Shares. Also, since the Special Dividend will be issued subject to the completion of the Tender Offer, shareholders will not be entitled to receive the Special Dividend if the Tender Offer is not completed.

The Offeror intends to obtain part of the necessary funds for settlement of the Tender Offer by borrowing from financial institutions (the "Debt Financing"). The Offeror intends to obtain such funds by the business day immediately prior to the first day of settlement for the Tender Offer, conditional upon the success of the Tender Offer. As part of the Debt Financing, it is expected that pledges will be provided with respect to the Target Company Shares acquired by the Offeror in the Tender Offer and other assets. Furthermore, in connection with the Debt Financing, it is expected that after the Offeror becomes the sole shareholder of the Target Company, the Target Company and its material consolidated subsidiaries will become joint guarantors to the Offeror and pledges over a part of their respective assets will also be provided. Since the Target Company's excess funds alone may not be sufficient as a source of capital for the Special Dividend, once the Target Company becomes a subsidiary of the Offeror after completion of settlement of the Tender Offer, the Offeror intends to lend to the Target Company a portion of the funds procured through the Debt Financing, which the Target Company will apply to the capital required to pay the Special Dividend to the Target Company shareholders.

According to the Target Company's February 21, 2017 Press Release, at a meeting of the board of directors held on February 21, 2017, the Target Company determined that, in addition to the Target Company's existing efforts, by taking measures to resolve existing management issues while utilizing KKR's management resources, knowledge, and networks, the effects described in the section titled "(iii) Process of and reasons for the decision-making of the Target Company" under "(2) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer" below can be achieved and the Target Company can accelerate its future growth, and thus the Transaction is necessary to further enhance the Target Company's enterprise value. It was also determined that the Tender Offer Price and the other terms and conditions of the Tender Offer are appropriate for the shareholders of the Target Company and that the Tender Offer will provide the shareholders of the Target Company with a reasonable opportunity to sell their shares. Accordingly, the Target Company resolved to express an opinion supporting the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer.

For details of the resolution of the Target Company's board of directors discussed above, please refer to the Target Company's February 21, 2017 Press Release as well as the section below titled "(iv) The Transaction has received the unanimous approval of the directors with no interest in the Target Company and there has been no objection from any of the Target Company's independent statutory auditors" under "(3) Measures to ensure the fairness of the tender offer price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer."

(2) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer

The background, purpose, and decision-making process leading to the Offeror's decision to conduct the Tender Offer as well as the management policy following the Tender Offer are described below. The description of the Target Company included below is based on publicly available information, the Target Company's February 21, 2017 Press Release, and explanations received from the Target Company.

(i) The business environment of the Target Company

Calsonic Kansei was formed in April 2000 through the merger of Calsonic Corporation and Kansei Corporation and is currently listed on the First Section of the Tokyo Stock Exchange. Calsonic Corporation was established in August 1938 and became listed on the Tokyo Stock Exchange in February 1962. Kansei Corporation was established in October 1956, became listed on the Second Section of the Tokyo Stock Exchange in November 1978 and later became listed on the First Section of the Tokyo Stock Exchange in August 1990.

The Target Company, together with its 45 subsidiaries and 9 affiliate companies, is primarily engaged in the manufacture and sale of automotive parts worldwide. The Target Company's corporate vision is to be "a global automotive company, inspired to be world-leading in innovation and Monozukuri, while contributing to a sustainable society," and it has gained the trust of automotive manufacturers, its main customers, and built up a strong track record.

Presently, the Target Company produces and sells a wide variety of products through four business divisions: Thermal Products (climate control, compressors, heat exchange products), Exhaust Systems, Interior Products (cockpit modules), and Electronic Products. The main features of each business division are explained below.

The Target Company's Thermal Products division, by controlling the mix of various thermal energies released during an automobile's operation, ensures the maintenance of a comfortable passenger environment while contributing to the reduction of carbon dioxide emissions.

The Exhaust Systems division offers products that provide the ideal balance among the conflicting product requirements of improvements in noise reduction, exhaust gas purification capability, and reduced engine load.

The Interior Products division offers products that provide comfort through user-friendliness, attractiveness, and texture, with enhanced safety while driving.

The Electronic Products division provides a wide range of products that ensure comfort and safety, such as user-friendly and easy-to-read Human Machine Interface products, and environmental products related to electric vehicles.

The Target Company established a representative office in the United States in 1972 and has since proceeded with active overseas expansion in conjunction with the overseas expansion of the automobile manufacturers who represent the Target Company's primary customers. Presently, the Target Company has operations in the Americas, Europe, China, and Asia, with 78 worldwide production facilities in 16 countries, including a new facility in Wuhan, China, established in the previous fiscal year. With the provision of products to customers as its first priority, the Target Company has constructed a flexible production system to meet the needs of each region. Furthermore, in addition to Japan, the Target Company also has R&D facilities in the Americas, Europe, China, and Asia and is equipped with a supply system to offer high quality products throughout the world. In recent years, the Target Company has proceeded with strengthening its capabilities in each region and, from the previous year into the current one, has opened or expanded R&D facilities in the United States, the United Kingdom, France, and India. As part of its medium-term business plan (business plan for the fiscal period ending March 2012 through the fiscal period ending March 2017), the Target Company has actively been introducing environmentally-friendly products with the objective of putting 10 new products on the market, starting with EGR coolers (coolers to be affixed to systems that recirculate exhaust gas) for gasoline engines and injection-molded skin instrument panels (dashboards and instrument panels with injection-molded surfaces). In line with this objective, the Target Company continues to develop technologies to enable the accelerated introduction of environmentally-friendly, fuel-efficient products.

As for the global automotive industry, growth is expected to be driven by the growing needs of markets in developing countries, with the market in the United States reaching peak demand and slowing growth in China. With regard to currency markets, there have been sudden, short-term fluctuations in exchange rates and there is a need to deal with the effects of such fluctuations. Furthermore, technological innovation has continued to accelerate in recent years, with non-linear innovations such as electrification and advanced driver-assistance systems ("ADAS") that anticipate self-driving vehicles. These innovations continue to revolutionize the structure of the automotive industry that has formed over the last hundred years. As such new technologies become commercially viable, the Offeror believes that the automotive industry is currently entering an important transition stage, which will see a succession of new entries not only from auto-parts manufacturers, but also from the electronic components and information and communications industries, leading to the multi-polarization of competitors and competitive areas unimaginable in the existing industry structure. Furthermore, among existing automotive parts manufacturers and especially the European mega-suppliers, there have been business restructurings based on industry selection and concentration through ambitious strategic M&A activity. There has also been a movement towards strengthening R&D activities for products such as ADAS, self-driving cars and connectivity (interconnecting functions between cars and external networks) by leveraging efficient R&D systems and the provision of considerable R&D resources. At the same time, technological R&D is shifting from car manufacturers to automotive parts manufacturers, with increasing cases of new technological developments being led by automotive parts manufacturers. Following this trend, automobile manufacturers will no longer select automobile parts manufacturers with reference to the automobile manufacturers' associated conglomerates or regional networks, contributing to further increases in the intensity of global competition.

In the midst of this changing environment, KKR believes that, while the Target Company must continue its relationships with existing customers, it is also necessary to plan for further growth by expanding the Target Company's customer base and increasing investments in its product portfolio in growth areas. It will also be necessary to undertake inorganic M&A transactions and fundamental policy reform with the aim of transforming the Target Company from a component parts supplier into a supplier that offers system solutions that include new technologies. The Offeror believes such steps are essential for the Target Company to increase its enterprise value and pursue sustainable growth.

(ii) Discussions between the Offeror, the Target Company and Nissan, and the decision-making process of the Offeror

Due to the current state of the automotive parts industry, Nissan began looking for a new partner for the Target Company, with a view to increasing its competitiveness and enhancing its enterprise value, and KKR participated in the bidding process when Nissan consulted with a number of companies in late April 2016 regarding the sale of Nissan's Target Company Shares. After the submission of KKR's first bid, KKR participated in the second round of the auction process starting in late July 2016 and conducted due diligence on the Target Company's business, finances, and legal matters, interviewed the Target Company's management and conducted further analysis regarding the acquisition of the Target Company Shares from late July 2016 through mid-October 2016. Based on this analysis, KKR submitted a final offer of terms and conditions, including the consideration for the Transaction, and was selected by Nissan as the final acquiror candidate in early November 2016, after Nissan had comprehensively considered its proposal from the perspective of increasing the competitiveness and enhancing the enterprise value of the Target Company, as well as with respect to the consideration for the Transaction and other terms and conditions of the proposal.

After KKR's selection, KKR and Nissan proceeded with discussions and negotiations regarding the terms and conditions of the Transaction, including the consideration for the Transaction. In these discussions, KKR and Nissan discussed with each other, together with their respective experts, various possible schemes, taking into account the economic benefits that the shareholders of the Target Company may gain through the Transaction and the stability of the transaction. In the discussions, KKR and Nissan proposed and examined a scheme for the Transaction where, in addition to the Tender Offer, the Target Company would be permitted to issue a special dividend to shareholders of the Target Company subject to the completion of the Tender Offer (i.e., a method where the option to receive a part of the consideration for the Transaction in the form of a special dividend is granted to the shareholders of the Target Company). Based on the results of such examination, KKR and Nissan decided to propose to the Target Company a scheme with the above special dividend as a part of the Transaction. Concurrently, KKR began to explain the purpose, terms, and conditions of the Transaction to the independent committee established by the Target Company (please refer to the section below titled "(ii) The Target Company has established an independent committee to provide an opinion regarding the Transaction" within "(3) Measures to ensure the fairness of the tender offer price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer") and entered into discussions and negotiations regarding the scheme of the Transaction with the Target Company as well as Nissan. Taking into account the terms and conditions of the Transaction, including the consideration for the Transaction, the Target Company agreed to submit the relevant proposals to the shareholders meeting of the Target Company. The Target Company made this decision because it believed that the scheme for the Transaction proposed by KKR and Nissan in the manner described above would grant shareholders of the Target Company the option to receive a part of the consideration for the Transaction in the form of a special dividend and it would not be disadvantageous to the shareholders of the Target Company to grant such an option and to leave the decision whether to receive the special dividend to the judgment of the shareholders of the Target Company (please refer to the section below titled "(B) Process and reasons for arriving at the resolution by the meeting of the board of directors related to the Special Dividend" of "(iii) Process of and reasons for the decision-making of the Target Company" regarding the details of the relevant proposals).

As a result of these discussions and negotiations, KKR, the Target Company, and Nissan came to an agreement regarding the terms and conditions of the Transaction, and the Offeror and Nissan entered into the Tender Agreement as of November 22, 2016, pursuant to which the Offeror would carry out a Tender Offer for all of the Target Company Shares and pursuant to which Nissan would tender all of its Target Company Shares. Under the Tender Agreement, the Offeror agreed to commence the Tender Offer once the conditions precedent to the commencement of the Tender Offer (please refer to the section below titled "(6) Material agreements regarding the Tender Offer" regarding such conditions precedent) are satisfied (or waived by the Offeror).

Since then, as a result of proceeding with the procedures and steps to obtain the approvals required under various countries' competition laws and other related laws and regulations, including those of Japan, the U.S., China, the European Union, and Russia, all such procedures and steps have been completed and the other conditions precedent for the Tender Offer have been satisfied. Therefore, the Offeror decided today to commence the Tender Offer from February 22, 2017.

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

(A) Process and reasons for arriving at the resolution by the meeting of the board of directors related to the opinion expressed on November 22, 2016.

According to the Target Company's February 21, 2017 Press Release, the Target Company received a proposal from Nissan in late October 2016 with respect to Nissan's intent to sell its shareholding. The Target Company carefully examined the proposed terms and conditions of the Transaction (including the issuance of the Special Dividend by the Target Company subject to obtaining approval for the relevant proposals at the shareholders' meeting of the Target Company) from the perspective of enhancing enterprise value while also taking into account the following: (a) the measures described in the section below titled "(3) Measures to ensure the fairness of the tender offer price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer," (b) the share valuation report (the "Share Valuation Report") obtained from a third-party financial advisor, Mizuho Securities Co., Ltd. ("Mizuho Securities") and legal advice from the Target Company's legal advisor, Nagashima Ohno & Tsunematsu, and (c) the report (the "Report") submitted by the independent committee established by the Target Company on October 28, 2016 to serve as an advisory body to the Target Company's board of directors in examining the proposal concerning the Transaction. For details regarding the members of the independent committee and the matters entrusted to it, please refer to the section below titled "(ii) The Target Company has established an independent committee to provide an opinion regarding the Transaction" under "(3) Measures to ensure the fairness of the tender offer price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer."

After receiving the final proposal regarding the Transaction in early November 2016 from KKR, which had participated in the above bidding process, the Target Company examined the content of the proposal from KKR and decided that, by taking measures to resolve existing management issues while utilizing KKR's management resources, knowledge, and networks, the effects described below can be achieved and the Target Company can accelerate its future growth, and thus the Transaction is necessary to further enhance the Target

Company's enterprise value.

(a) Realization of prompt investments in plants and equipment and R&D

In a business environment with a series of new market participants utilizing recent advancements in computerization and self-driving automobiles and continued increases in competition from companies that are not auto-parts manufacturers, the Target Company must take measures to promote future growth. The Target Company believes that, from a medium to long-term perspective, such measures include immediate and reasonable capital investments and investments in R&D. By becoming an independent company that is not affiliated with a specific automobile manufacturer through the Transaction, the Target Company believes that it will be able to freely construct strategies based on such capital investment and R&D and make flexible investments in the growing field as a result of KKR's external capital.

(b) Expanding sales to auto manufacturers other than Nissan and developing a strategic sales structure

Currently, approximately 80% of the Target Company's transactions are with Nissan, but the Target Company believes that transactions with other automobile manufacturers will be important to its further growth in the future. By utilizing the external capital introduced through the Transaction, the Target Company plans to make use of KKR's broad network and approach automobile manufacturers other than Nissan to expand its customer line-up.

(c) Enhancing the profitability and competitiveness of major product groups

Although the Target Company has already enhanced its profitability and competitiveness by implementing "Monozukuri Total Cost Reduction" as part of its activities to reduce costs, the Target Company believes that it can take advantage of KKR's knowledge in developing effective improvement measures, enhancing existing facilities with the introduction of external capital and improving productivity.

(d) M&A for the purpose of expanding the customer base and reinforcing existing businesses

The Target Company has a strong customer base both within Japan and internationally that includes Nissan. However, in order to seek continuing growth, the Target Company believes it is necessary to further expand its customer base and acquire product groups that will reinforce its existing business. In pursuit of such aims, the Target Company believes KKR's knowledge and broad network will enable it to quickly execute such M&A transactions with these goals in mind.

While the Target Company deems it essential to implement the above measures in order to improve its medium-term enterprise value, certain costs and time are required for the effect of such measures to become apparent. Moreover, since additional investments will have to be made as necessary in a timely manner, the burden of such up-front investments may cause a temporary drop in the performance of the Target Company.

The Target Company believes that implementing these measures while its shares still are listed may result not only in falling short of expectations of the existing shareholders who seek stable growth in profits, but also in a risk of share price destabilization due to short-term undervaluation by the market. Therefore, the Target Company believes that establishing a management with a medium-term outlook as a wholly-owned subsidiary of the Offeror is the best way to address business risks such as temporary downturns in business, as the management team and employees of the Target Company will be able to work together under unified management policies without being influenced by short-term changes in performance.

In addition to the points listed above, the Target Company has determined that the Tender Offer will provide its shareholders with a reasonable opportunity to sell their shares in light of the following considerations regarding the price on which the Tender Offer Price is based (1,860 yen per share of common stock):

(a) such price exceeds the upper range of calculation results for the share price of the Target Company Shares based on the market share price method and comparable company method and is within the range of calculation results based on the discounted cash flow method (the "DCF Method") as contained in the Share Valuation Report provided by Mizuho Securities (as described in the section below titled "(i) The Target Company has procured a share valuation report from an independent third-party financial advisor" under "(3) Measures to ensure the fairness of the tender offer price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer");

(b) such price represents (x) a premium of 40.70% (rounded to the second decimal place; the same applies for calculations of premium rates hereinafter) on 1,322 yen, the closing price of the Target Company Shares on the Tokyo Stock Exchange on November 21, 2016, the business day immediately preceding the date of the announcement of the Tender Offer, a premium of

48.68% on 1,251 yen, the simple average closing price for the one-month period ending on November 21, 2016 (rounded to the nearest whole yen; the same applies for calculations of simple average closing prices hereinafter), a premium of 81.29% on 1,026 yen, the simple average closing price for the three-month period ending on November 21, 2016, and a premium of 101.52% on 923 yen, the simple average closing price for the six-month period ending on November 21, 2016, and (y) a premium of 80.58% on 1,030 yen, the closing price of the Target Company Shares on the First Section of the Tokyo Stock Exchange as of October 27, 2016, which was the business day immediately preceding October 28, 2016, when speculative media reports regarding Nissan's sale of its Target Company Shares were released, a premium of 88.07% on 989 yen, the simple average closing price for the one-month period ending on October 27, 2016, a premium of 107.36% on 897 yen, the simple average closing price for the three-month period ending on October 27, 2016, and a premium of 116.03% on 861 yen, the simple average closing price for the six-month period ending on October 27, 2016; this can be considered a suitable premium compared to past cases of tender offers for shares of other issuers, as provided by Mizuho Securities;

(c) the Target Company has taken measures to ensure the fairness of the Tender Offer and has taken into consideration the interests of minority shareholders as described in the section below titled "(3) Measures to ensure the fairness of the tender offer price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer"; and

(d) such price was determined after taking the measures to ensure the fairness of the Tender Offer.

Based on the above factors, the Target Company resolved at a meeting of its board of directors held on November 22, 2016 to express at that time an opinion supporting the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer once the Tender Offer has commenced.

(B) Process and reasons for arriving at the resolution by the meeting of the board of directors related to the Special Dividend

In the Target Company's November 22, 2016 Press Release, the Target Company made an announcement that the Company planned to conduct the following procedures in order to pay the Special Dividend, and since November 22, 2016 the Target Company has taken the necessary measures for these procedures:

(a) Near the end of January 2017, the Target Company held an extraordinary general shareholders' meeting (the "Special

Dividend-Related Extraordinary General Shareholders' Meeting") at which the proposals of (a) partial amendment of the Articles of Incorporation in order to change the decision-making organization of the distribution of surplus from the general shareholders' meeting to the board of directors, and (b) the decrease in the amount of capital, the amount of capital reserve and the retained earnings reserve, which is conditional on completion of the Tender Offer, were submitted;

(b) After CKK Corporation and Calsonic Kansei North America, Inc., which are wholly-owned subsidiaries of the Target Company, make distributions of surplus to the Target Company, the Target Company is to conduct provisional settlement of accounts, setting the last day of December 2016 as the provisional settlement date (preparation and approval of provisional financial statements);

(c) The board of directors of the Target Company adopted a resolution to set the Special Dividend Record Date on a date prior to the Tender Offer Commencement Date; and

(d) Subject to the approval of the proposal on the partial amendment of the Articles of Incorporation at the Special Dividend-Related Extraordinary General Shareholders' Meeting, the board of directors of the Target Company resolved that the Special Dividend will be made on the condition that the Tender Offer will be completed.

As stated in the "Announcement of the Resolutions of Partial Amendments to the Articles of Incorporation and Reduction in the Amounts of Capital, Capital Reserve, and Retained Earnings Reserve" dated January 25, 2017, the Target Company held the Special Dividend-Related Extraordinary General Shareholders' Meeting on January 25, 2017. At the Special Dividend-Related Extraordinary General Shareholders' Meeting, it was approved that the Target Company would add a provision to the Articles of Incorporation providing that, in the event that the Target Company distributes surplus by setting the record date on a date no later than September 29, 2017, the Target Company may decide the matters concerning dividends of surplus by a resolution of the board of directors.

Subsequently, as stated in the "Notice regarding Establishment of Record Date for the Distribution of Surplus (the 'Special Dividend')" dated February 3, 2017, the Target Company was notified by the Offeror on February 3, 2017 that the procedures and steps required under Japanese and foreign competition laws to commence the Tender Offer had been completed and the Offeror planned to commence the Tender Offer on February 22, 2017, subject to the conditions precedent stated in the Offeror Press Release of November 22, 2016 being satisfied. On the assumption that the Tender Offer would commence on February 22, 2017 as planned, the board of directors of the Target Company resolved at the board of director's meeting held on February 3, 2017 to set the Special Dividend Record Date on February 21, 2017.

Simultaneously with the above-mentioned procedures, the Target Company has conducted a provisional settlement of accounts (the preparation and approval of provisional financial statements), setting the last day of December 2016 as the provisional settlement date. As stated in the "Announcement on Distributions of Surplus from Consolidated Subsidiaries" dated December 21, 2016, and the Target Company's February 10, 2017 Press Release (Special Dividend), the Target Company received distributions of surplus from CKK Corporation and Calsonic Kansei North America, Inc., which are wholly-owned subsidiaries of the Target Company, with an effective date of December 20, 2016, and the above-mentioned provisional settlement of accounts were subsequently adopted at the board of directors' meeting of the Target Company held on February 10, 2017.

Upon approval of the provisional settlement of accounts as stated above, the Target Company resolved at the meeting of the board of directors of the Target Company held on February 10, 2017 to pay the Special Dividend, conditional on the completion of the Tender Offer, and the dividend amount per share of common stock for the Special Dividend will be 570 yen. As stated above, at the Special Dividend-Related Extraordinary General Shareholders' Meeting, it was approved that the Target Company would add a provision to the Articles of Incorporation providing that, in the event that the Target Company distributes surplus by setting the record date on a date no later than September 29, 2017, the Target Company may decide the matters concerning dividends of surplus by a resolution of the board of directors. The above-mentioned decision on the Special Dividend was made by the board of directors in accordance with the Articles of Incorporation after the amendments.

(C) Process and reasons for arriving at the resolution by the meeting of the board of directors related to the opinion expressed on February 21, 2017

As stated above, the Target Company was notified by the Offeror on February 3, 2017 that the procedures and steps required under Japanese and foreign competition laws to commence the Tender Offer had been completed and the Offeror planned to commence the Tender Offer on February 22, 2017, subject to the conditions precedent stated in the Offeror's November 22, 2016 Press Release being satisfied. As stated in the section titled "(ii) The Target Company has established an independent committee to provide an opinion regarding the Transaction" under "(3) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer" below, the Target Company requested the independent committee to examine whether there had been any changes to their response to the board of directors on November 22, 2016, and, if there had been no changes, to state so, and, if there had been changes, to state the independent committee's new opinion. As a result of examining such request, the independent committee confirmed that there were no material changes to the business conditions of the Target Company and the environment surrounding the Transaction, etc. on and after November 22, 2016 to February 21, 2017, and has submitted a report to the Target Company's board of directors on February 21, 2017 to the effect that there are no changes to their response as of November 22, 2016. The Target Company, based on this opinion and after carefully reexamining the conditions precedent to the Tender Offer, confirmed that there were no material changes to the business conditions of the Target Company and the environment surrounding the Transaction, etc. on and after November 22, 2016 to February 21, 2017, determined that there have been no changes in the Target Company's opinion since November 22, 2016 to February 21, 2017 and resolved at a meeting of the board of directors held on February 21, 2017 to express its opinion that it supports the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer.

The above-mentioned resolutions by the board of directors of the Target Company dated November 22, 2016 and February 21, 2017 were both resolved pursuant to the method described in the section titled "(iv) The Transaction has received the unanimous approval of the directors with no interest in the Target Company and there has been no objection from any of the Target Company's independent statutory auditors" under "(3) Measures to ensure the fairness of the tender offer price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer" below.

(iv) Post-Tender Offer Management Policy

Following the Transaction, KKR, together with the management of the Target Company, intends to continue to utilize the solid business foundations of the Target Company, which until now were built up globally under Nissan's guidance, in order to promote a plan for further global expansion through the provision of KKR's management resources, network, and knowledge of the global automotive industry. In particular, KKR plans to pursue measures such as (a) making flexible capital investments and investments in R&D to enhance the introduction of its product portfolio in growth areas, (b) supporting the development of a sales structure that aims to expand its customer base, (c) supporting the development of measures to improve the productivity of the Target Company, and (d) supporting the execution of proactive M&A measures.

Following the completion of the Tender Offer, the Offeror plans to have half or more of the Target Company's board of directors be appointed by KKR and to dispatch outside corporate auditors selected by KKR, but the specific identity of such individuals has not currently been decided. The Offeror intends to introduce an incentive plan for the management of the Target Company that will include stock options to motivate the Offeror and the Target Company management to work as one and build a system to increase the long-term enterprise value of the Target Company.

(3) Measures to ensure the fairness of the tender offer price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer

Due to the fact that the interests of Nissan, the parent of the Target Company, and the other shareholders of the Target Company are not necessarily aligned, and because Nissan and the Offeror have entered into the Tender Agreement, the Offeror and the Target Company have implemented the following measures to avoid conflicts of interest and ensure the fairness of the Tender Offer Price. The descriptions below regarding the measures taken by the Target Company are based on the Target Company's February 21, 2017 Press Release and explanations received from the Target Company.

(i) The Target Company has procured a share valuation report from an independent third-party financial advisor

According to the Target Company's February 21, 2017 Press Release, in order to ensure fairness in the decision-making process concerning the price offered by the Offeror on which the Tender Offer Price is based (1,860 yen per share of common stock), the Target Company requested Mizuho Securities, a third-party financial advisor independent from the Target Company, Nissan, and the Offeror, to calculate the value of the Target Company Shares, and obtained the Share Valuation Report containing the results of the valuation from Mizuho Securities on November 22, 2016. Mizuho Securities is not a related party of the Target Company, Nissan, or the Offeror and does not have any material interest with respect to the Tender Offer. The Target Company has not obtained a fairness opinion regarding the price on which the Tender Offer Price is based (1,860 yen per share of common stock).

Mizuho Securities calculated the share value of the Target Company Shares by using the market share price method, the comparable company method, and the DCF Method. The value ranges per Target Company Share as calculated by using the aforementioned methods are as provided below. The prices set forth below are the reasonable per-share prices of the Target Company Shares and do not reflect deduction of the Special Dividend.

Market share price method (First Reference Date): 923 yen to 1,322 yen
Market share price method (Second Reference Date): 861 yen to 1,030 yen
Comparable company method: 1,149 yen to 1,540 yen
DCF Method: 1,572 yen to 1,960 yen

Based on the market share price method, using November 21, 2016 (the "First Reference Date") as the stock reference date, the per-share value of the Target Company Shares has been estimated to range from 923 yen to 1,322 yen, based on the closing price (1,332 yen) of the Target Company Shares on the Tokyo Stock Exchange on the First Reference Date, and the simple average closing prices of the Target Company Shares on the Tokyo Stock Exchange for the most recent one-month period (1,251 yen), the most recent three-month period (1,026 yen), and the most recent six-month period (923 yen). In the interest of excluding the influence of media speculation regarding Nissan's sale of its Target Company Shares on the stock price, using October 27, 2016 (the "Second Reference Date"), which was the business day immediately preceding October 28, 2016, the day such media reports were made, as the stock reference date, the per-share value of the Target Company Shares has been estimated to range from 861 yen to 1,030 yen, based on the closing price (1,030 yen) of the Target Company Shares on the Tokyo Stock Exchange on the Second Reference Date, and the simple average closing prices of the Target Company Shares on the Tokyo Stock Exchange for the one-month period (989 yen), the three-month period (897 yen), and the six-month period (861 yen) ending on October 27, 2016.

Based on the comparable company method, the value of the Target Company Shares has been evaluated by comparing the market stock prices and financial statements that show the profitability and other factors of listed companies that are engaged in businesses that are similar to the Target Company's business. According to this evaluation method, the per-share value of the Target Company Shares has been estimated to range from 1,149 yen to 1,540 yen.

Based on the DCF Method, using September 30, 2016 as the reference date, the enterprise value of the Target Company and the value of the Target Company Shares has been evaluated by taking the cash flow that the Target Company is expected to generate from the fiscal year ending March 2017 onwards based on the future earnings forecast of the Target Company for the six fiscal years from the fiscal year ending March 2017 to the fiscal year ending March 2022, and determining the present value of such future cash flows by discounting them by a certain discount rate. According to this evaluation method, the per-share value of the Target Company has been estimated to range from 1,572 yen to 1,960 yen.

The projected consolidated financial results (Japanese GAAP) based on the Target Company's business plans that Mizuho Securities used as the basis of its DCF Method calculations are set forth in the chart below. Significant increases or decreases in earnings in the business plan on which the calculation is based are not anticipated. Moreover, because it was difficult to accurately estimate the expected synergy effects to be realized from executing the Transaction at that time, such synergy effects are not reflected in the consolidated financial forecast below.

(Units: Hundreds of Millions of Yen)

	Fiscal year ending March 2017	Fiscal year ending March 2018	Fiscal year ending March 2019	Fiscal year ending March 2020	Fiscal year ending March 2021	Fiscal year ending March 2022

Net sales	10,000	10,114	10,362	10,751	11,193	11,495
Operating profit	390	424	477	547	619	664
EBITDA	651	668	719	791	864	912

For the calculation of the value of the Target Company Shares, Mizuho Securities generally used information provided by the Target Company and publicly available information "as is," based on the assumption that all of such information was accurate and complete and that there were no other facts that had not been disclosed to Mizuho Securities that may have had a material effect on the calculation of the value of the Target Company Shares. Therefore, Mizuho Securities has not independently verified the accuracy and completeness of such information. Moreover, the calculation assumes that (a) there has been no independent evaluation or appraisal of the assets and liabilities of the Target Company and its subsidiaries and affiliates (including derivative transactions, off-balance-sheet assets and liabilities and other contingent liabilities); (b) the financial forecasts of the Target Company used in such calculations were reasonably prepared by the Target Company based on the most appropriate forecasts and decisions possible as of November 21, 2016; and (c) such calculation reflects the information and economic situation of the Target Company as of November 21, 2016.

(ii) The Target Company has established an independent committee to provide an opinion regarding the Transaction

According to the Target Company's February 21, 2017 Press Release, on October 28, 2016, the Target Company established an independent committee for the purpose of eliminating arbitrariness in decision-making regarding the Transaction and ensuring the fairness, transparency, and objectivity of the Target Company's decision-making process. The independent committee is comprised of three members who are independent from the Target Company, Nissan, and the Offeror. The members of the independent committee are: Mr. Norio Takamatsu (outside director of the Target Company and independent director); Mr. Hirotsugu Umeki (outside corporate auditor of the Target Company and independent auditor); and Mr. Kota Yamaguchi (attorney-at-law, Kimura, Takushima & Yamaguchi, an outside expert). The members of the independent committee have not changed since the establishment of the committee. The Target Company requested the independent committee to advise the Target Company as to whether the Transaction, including the Tender Offer, is disadvantageous to the interests of the minority shareholders of the Target Company after considering (a) whether the objectives of the Transaction will contribute to the enhancement of the Target Company's enterprise value and are therefore justifiable; (b) whether the offer price for the Tender Offer and other conditions of the Transaction are fair; and (c) whether the procedures leading to the Transaction, such as the negotiation process, were appropriate (the "Matters of Inquiry").

The independent committee met six times from October 28, 2016 through November 22, 2016 to discuss and consider the Matters of Inquiry.

Specifically, the independent committee collected information regarding the Transaction for consideration and discussion as follows: (a) the independent committee requested an explanation of the content of the proposal regarding the Transaction and conducted a question-and-answer session; (b) the independent committee requested an explanation from the Target Company as to its attitude toward the Offeror's proposal regarding the Transaction as well as the influence of the Transaction on the Target Company's enterprise value and conducted a question-and-answer session; (c) the independent committee requested an explanation from Mizuho Securities regarding the results of its share value calculations and conducted a question-and-answer session; and (d) related information regarding the Transaction was submitted.

Based on these considerations, the independent committee consulted with each other and considered the Matters of Inquiry, including (a) whether the objectives of the Transaction will contribute to the enhancement of the Target Company's enterprise value and are therefore justifiable, (b) whether the offer price for the Tender Offer and other conditions of the Transaction are fair, and (c) whether the procedures leading to the Transaction, such as the negotiation process, were appropriate. As a result, as of November 22, 2016, the independent committee unanimously approved and submitted a report to the board of directors of the Target Company stating its opinion as follows: "The Transaction, including the Tender Offer, is not disadvantageous to the interests of the minority shareholders of the Target Company. However, because the Offeror is planning to commence the Tender Offer in late February 2017 subject to the conditions precedent to the Tender Offer, including the completion of necessary procedures and steps required under various countries' competition laws and other related laws and regulations, including those of Japan, the U.S., China, the European Union, and Russia, as well as the lapse of the applicable waiting periods, it is difficult for the Offeror to accurately predict the amount of time the Japanese and foreign competition authorities will require for their review. Accordingly, the independent committee thinks it necessary to reconfirm whether the relevant underlying facts considered in our report have not changed prior to the commencement of the Tender Offer."

According to the Report, the main factors considered by the independent committee in making its report described above were as follows:

(A) The explanation received regarding the Transaction's objectives, as described above in the section titled "(2) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer," and the content of answers to the questions regarding the Transaction's objectives from the independent committee to the Offeror did not contain any unreasonable points, and the independent committee did not judge there to be any exceptional circumstances indicating that the purpose of the Transaction was unreasonable or disadvantageous to the Target Company's enterprise value.

(B) The result of the independent committee’s careful consideration was that it did not recognize any exceptional circumstances indicating that the offer price for the Tender Offer or other terms or conditions of the Transaction (including the issuance of the Special Dividend by the Target Company subject to obtaining approval for the relevant proposals at the shareholders’ meeting of the Target Company) should be viewed as unfair, taking into account that: (i) regarding the calculations for the per-share values of the Target Company in the Share Valuation Report prepared by Mizuho Securities, which included the market share price method (First Reference Date) (923 yen to 1,322 yen), the market share price method (Second Reference Date) (861 yen to 1,030 yen), the comparable company method (1,149 yen to 1,540 yen), and the DCF Method (1,572 yen to 1,960 yen), the independent committee did not find any particularly unreasonable points in the explanation made by Mizuho Securities to the independent committee, and the price on which the Tender Offer Price is based (1,860 yen per share of common stock) exceeds the upper limit of the calculation results based on the market share price method and the comparable company method and is within the range of the calculation results based on the DCF Method; (ii) the price on which the Tender Offer Price is based (1,860 yen per common share) represents (x) a premium of 40.70% on 1,322 yen, the closing price of the Target Company Shares on the First Section of the Tokyo Stock Exchange for November 21, 2016, a premium of 48.68% on 1,251 yen, the simple average closing price for the one-month period ending on November 21, 2016, a premium of 81.29% on 1,026 yen, the simple average closing price for the three-month period ending on November 21, 2016, and a premium of 101.52% on 923 yen, the simple average closing price for the six-month period ending on November 21, 2016, and (y) a premium of 80.58% on 1,030 yen, the closing price of the Target Company Shares on the First Section of the Tokyo Stock Exchange as of October 27, 2016, which was the business day immediately preceding October 28, 2016, when speculative media reports regarding Nissan’s sale of its Target Company Shares were released, a premium of 88.07% on 989 yen, the simple average closing price for the one-month period ending on October 27, 2016, a premium of 107.36% on 897 yen, the simple average closing price for the three-month period ending on October 27, 2016, and a premium of 116.03% on 861 yen, the simple average closing price for the six-month period ending on October 27, 2016; (iii) it is clearly set forth in a press release by the Offeror that, in the event that the Offeror is unable to obtain all of the Target Company Shares through the Tender Offer and the Offeror carries out procedures as planned to either make a demand for the sale of shares or conduct a share consolidation in order to acquire all of the Target Company Shares (except for the treasury shares held by the Target Company), the amount of cash to be delivered to minority shareholders who did not tender their shares in the Tender Offer is expected to be equal to the amount obtained by multiplying the Tender

Offer Price by the number of Target Company Shares owned by each such shareholder; (iv) with respect to the Transaction, given that Nissan began bidding procedures with candidates who desired to invest in the Target Company in April 2016, and, based on final bids submitted in October 2016, KKR was selected as the final candidate in early November, the conditions of the Transaction were decided based on negotiations with an independent third party through a competitive process; and (v) the independent committee did not recognize any other circumstances that would indicate any unfairness in the conditions of the Transaction.

(C) The independent committee recognized the measures taken to avoid conflicts of interest to ensure the fairness of the decision-making of the Target Company's board of directors and determined that it did not recognize any exceptional circumstances that should be deemed inappropriate in the procedures of the negotiating process leading to the Transaction in light of the fact that: (i) in order to avoid any potential conflicts of interest regarding the Tender Offer based on the fact that among the Target Company's directors, Mr. Hiroshi Moriya, Mr. Seiichi Kakizawa and Mr. Keiichi Murata were originally employed by Nissan, the board of directors would issue a resolution at a meeting with only two out of the five directors of the Target Company considering the matter (i.e., excluding Mr. Hiroshi Moriya, Mr. Seiichi Kakizawa, and Mr. Keiichi Murata) (such resolution issued at such initial meeting, the "First-stage Resolution"), and subsequently, in consideration of the quorum required for a resolution of the board of directors in accordance with Article 369 of the Companies Act (Act No. 86 of 2005, as amended), a resolution would be issued at a meeting with all five directors, including Mr. Hiroshi Moriya, Mr. Seiichi Kakizawa, and Mr. Keiichi Murata considering the matter stated above (such resolution issued at the second meeting, the "Second-stage Resolution"); and in order to avoid any potential conflicts of interest regarding the Tender Offer based on the fact that Mr. Ichiro Negishi, and Mr. Koji Furukawa, who are two of the corporate auditors of the Target Company, were originally employed by Nissan, each of them would refrain from attending the board of directors meeting for the First-stage Resolution; and (ii) in order to ensure the transparency and reasonableness of the decision-making process concerning the Transaction, including the Tender Offer, the Target Company had appointed Nagashima Ohno & Tsunematsu as a legal advisor that is independent from the Target Company, Nissan, and the Offeror and had been receiving necessary legal advice from such law firm concerning the method and process of decision-making regarding the Transaction, including the Tender Offer, and other related matters.

Also, the Target Company had requested the independent committee to consider, upon commencement of the Tender Offer, whether or not there had been any changes to the responses by the independent committee to the Target Company's board of directors as of November 22, 2016, and, if there had not been any changes, to state so, or if there had been changes, to state the independent committee's amended opinion. In response to that request, the independent committee confirmed that there were no material changes in the Target Company's business conditions and the environment surrounding the Transaction from November 22, 2016 through February 21, 2017, and submitted a report to the Target Company's board of directors on February 21, 2017 that there had been no changes to their responses as of November 22, 2016.

(iii) The Target Company has obtained the advice of an independent law firm

According to the Target Company's February 21, 2017 Press Release, in order to ensure the transparency and reasonableness of the decision-making process concerning the Transaction, including the Tender Offer, the Target Company appointed Nagashima Ohno & Tsunematsu as a legal advisor that is independent from the Target Company, Nissan, and the Offeror. The Target Company has been receiving necessary legal advice from such law firm concerning the method and process of decision-making regarding the Transaction, including the Tender Offer, and other related matters.
Nagashima Ohno & Tsunematsu is not a related party of the Target Company, Nissan, or the Offeror and does not have any material interest.

(iv) The Transaction has received the unanimous approval of the directors with no interest in the Target Company and there has been no objection from any of the Target Company's independent statutory auditors

According to the Target Company's February 21, 2017 Press Release, the Target Company's board of directors has carefully discussed and examined the terms and conditions of the Transaction from the perspective of the enhancement of enterprise value, taking into consideration the details of the Share Valuation Report and the legal advice from Nagashima Ohno & Tsunematsu, as well as giving serious consideration to the Report by the independent committee.

As a result, as set forth in the section above titled "(iii) Process of and reasons for the decision-making of the Target Company" under "(2) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer", the Target Company has concluded that the Tender Offer will provide the shareholders of the Target Company with a reasonable opportunity to sell their shares, and resolved at a meeting of the board of directors held on November 22, 2016 to express an opinion at that time supporting the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer once the Tender Offer has commenced.

As described in the section above titled "(iii) Process of and reasons for the decision-making of the Target Company" under "(2) Background, purpose, and decision-making process leading to the decision to conduct the Tender

Offer, and management policy following the Tender Offer," the Target Company was notified by the Offeror on February 3, 2017 that the Offeror had completed the procedures and steps required under Japanese and foreign competition laws to commence the Tender Offer and that the Offeror intended to commence the Tender Offer on the Tender Offer Commencement Date of February 22, 2017, subject to the other conditions precedent stated in the Offeror's November 22, 2016 Press Release being satisfied. As a result of carefully reconsidering the terms and conditions of the Tender Offer, the Target Company has determined that its opinion as of November 22, 2016 has not changed as of February 21, 2017, and resolved at a meeting of the board of directors held on February 21, 2017 to express support for the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer.

At both meetings of the board of directors referenced above, in order to avoid any potential conflicts of interest based on the fact that among the Target Company's directors, Mr. Hiroshi Moriya, Mr. Seiichi Kakizawa, and Mr. Keiichi Murata were originally employed by Nissan, the Target Company's board of directors unanimously resolved at an earlier board of directors meeting to initially express the abovementioned First-stage Resolution with only two out of the five directors of the Target Company considering the matter (i.e., excluding Mr. Hiroshi Moriya, Mr. Seiichi Kakizawa, and Mr. Keiichi Murata). Subsequently, in consideration of the quorum required for a resolution of the board of directors in accordance with Article 369 of the Companies Act, all five directors, including Mr. Hiroshi Moriya, Mr. Seiichi Kakizawa, and Mr. Keiichi Murata, considered the matter and unanimously resolved to express the abovementioned Second-stage Resolution.

Additionally, in order to avoid any potential conflicts of interest regarding the Tender Offer based on the fact that Mr. Ichiro Negishi and Mr. Koji Furukawa, who are two of the corporate auditors of the Target Company, were originally employed by Nissan, each of them refrained from attending the board of directors meeting for the First-stage Resolution. Each of Mr. Tsunenari Adachi and Mr. Hirotsugu Umeki, the two corporate auditors who attended the board of directors meeting for the First-stage Resolution, has stated that he had no objections to the First-stage Resolution. All four auditors attended the board meeting for the Second-stage Resolution, and each has stated that he has no objections to the Second-stage Resolution.

(v) Measures to ensure tender opportunities from other tender offerors

No agreement between the Offeror and the Target Company has been executed which includes deal protection provisions to prohibit the Target Company from having contact with a competing offeror or which otherwise limits the opportunity for a competing offeror to have contact with the Target Company. In addition, the Target Company has not agreed with the Offeror to be under any obligation to express an opinion supporting the Tender Offer or to recommend to the shareholders of the Target Company to tender their shares in the Tender Offer.

Also, as stated in the section above titled "(ii) Discussions between the Offeror, the Target Company, and Nissan, and the decision-making process of the Offeror," under "(2) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer," KKR was selected as the final tender candidate from among a number of candidates in a competitive bidding process conducted by Nissan with respect to the transfer of Nissan's Target Company Shares in which a number of candidates were invited to participate. Therefore, there has already been sufficient opportunity for a purchaser other than the Offeror to make a tender offer for the Target Company Shares.

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

As stated in the section above titled "(1) Summary of the Tender Offer," the objective of the Tender Offer is for the Target Company to become a wholly-owned subsidiary of the Offeror, and in the event that the Offeror is unable to obtain all of the Target Company Shares through the Tender Offer, then, after the successful completion of the Tender Offer, the Offeror intends to take the following actions to obtain all of the Target Company Shares (except for the treasury shares held by the Target Company).

Specifically, if the total number of voting rights represented by shares held by the Offeror is equal to or exceeds 90% of the total number of voting rights of all shareholders of the Target Company after the successful completion of the Tender Offer and the Target Company has become a special controlling shareholder of the Target Company as stipulated in Article 179, Item 1 of the Companies Act, the Offeror intends, promptly following the settlement of the Tender Offer, to require all shareholders of the Target Company (excluding the Offeror and the Target Company) to sell their Target Company Shares to the Offeror (the "Demand for the Sale of Shares"), as stipulated in Part II, Chapter 2, Section 4-2 of the Companies Act.

In the event of a Demand for the Sale of Shares, each of the Target Company Shares held by each shareholder of the Target Company (excluding the Offeror and the Target Company) will be exchanged for cash consideration equal to the Tender Offer Price. In such an event, the Offeror will notify the Target Company of the Demand for the Sale of Shares and seek the Target Company's approval thereof. If the Target Company approves the Demand for the Sale of Shares by a resolution of the board of directors, then, in accordance with the procedures provided for in applicable laws and regulations and without requiring the consent of the individual shareholders of the Target Company, on the day stipulated by the Demand for the Sale of Shares, the Offeror will acquire all Target Company Shares held by shareholders of the Target Company (excluding the Offeror and the Target Company) in exchange for an amount of cash consideration per share equal to the Tender Offer Price. In addition, according to the Target Company's February 21, 2017 Press Release, if the Target Company receives a notice from the Offeror of its intention to conduct a Demand for the Sale of Shares with respect to matters set out in items under Paragraph 1 of Article 179-2 of the Companies Act, the Target Company's board of directors intends to approve the Offeror's Demand for the Sale of Shares.

According to the provisions of the Companies Act that aim to protect the rights of minority shareholders, including Article 179-8 of the Companies Act and other applicable laws and regulations, in the event of a Demand for the Sale of Shares, shareholders of the Target Company that did not tender into the Tender Offer will be able to file a petition with the court for a determination of the sale price for their Target Company Shares. In such a case, the purchase price will be finally determined by the court.

Alternatively, if the total number of voting rights represented by shares held by the Offeror is less than 90% of the total number of voting rights of all shareholders of the Target Company after the successful completion of the Tender Offer, the Offeror intends to request the Target Company to hold an extraordinary shareholders' meeting at which the following proposals will be submitted (the "Extraordinary Shareholders' Meeting") promptly following the settlement of the Tender Offer: (i) to conduct a consolidation of the Target Company Shares (the "Share Consolidation"), and (ii) to make an amendment to the Target Company's Articles of Incorporation that would abolish the share unit number provisions. The Offeror intends to approve such proposals at the Extraordinary Shareholders' Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the shareholders of the Target Company will, on the effective date of the Share Consolidation, hold the number of Target Company Shares proportionate to the ratio of the Share Consolidation that is approved at the Extraordinary Shareholders' Meeting. If, due to the Share Consolidation, the number is a fraction less than one, each shareholder of the Target Company will receive an amount of cash obtained by selling the Target Company Shares equivalent to the total number of shares less than one unit (with such aggregate sum rounded down to the nearest whole number; the same applies hereinafter) to the Offeror or the Target Company as per the procedures specified in Article 235 of the Companies Act and other applicable laws and regulations. The purchase price for the aggregate sum of shares less than one unit in the Target Company will be valued so that the amount of cash received by each shareholder who did not tender its shares in the Tender Offer (excluding the Offeror and the Target Company) as a result of the sale will be equal to the price obtained by multiplying the Tender Offer Price by the number of Target Company Shares owned by each such shareholder. The Offeror will request the Target Company to file a petition to the court for permission to purchase such Target Company Shares on this basis.

Although the ratio of the Share Consolidation of the Target Company Shares has not been determined as of today, it is intended that shareholders (excluding the Offeror and the Target Company) who held shares in the Target Company and did not tender in the Tender Offer would have their shares classified as shares less than one unit in order for the Offeror to become the sole owner of all of the Target Company Shares (excluding treasury shares held by the Target Company).

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

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

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

It is further noted that shareholders of the Target Company will not be solicited to agree to the Tender Offer at the Extraordinary Shareholders' Meeting. All shareholders of the Target Company are solely responsible for seeking their own specialist tax advice with regard to the tax consequences of tendering into the Tender Offer or participating in the procedures outlined above.

(5) Expected delisting and reasons therefor

The Target Company Shares are currently listed on the First Section of the Tokyo Stock Exchange as of today. However, since the Offeror has not set a maximum limit on the number of shares to be purchased in the Tender Offer, the Target Company Shares may be delisted through prescribed procedures in accordance with the stock delisting criteria of the Tokyo Stock Exchange, depending on the results of the Tender Offer.

Also, even in the event that the delisting standards are not met upon completion of the Tender Offer, the Offeror intends to acquire all issued and outstanding Target Company Shares (except for the treasury shares held by the Target Company) as stated above in the section titled "(4) Policy for organizational restructuring after the Tender Offer (matters relating to the

‘Two-Step Acquisition’)” after the successful completion of the Tender Offer, in which case the Target Company Shares will be delisted through the prescribed procedures in accordance with the stock delisting criteria of the Tokyo Stock Exchange. After delisting, the Target Company Shares will no longer be traded on the Tokyo Stock Exchange.

(6) Material agreements regarding the Tender Offer

On November 22, 2016, the Offeror and Nissan entered into the Tender Agreement regarding the tender of all Target Company Shares held by Nissan (111,163,990 shares, ownership percentage of 41.50%) in the Tender Offer (see Note 1).

In the Tender Agreement, the Offeror and Nissan agreed that the Target Company may resolve to issue the Special Dividend, conditional upon the completion of the Tender Offer. In the event the Target Company passes the resolution to issue the Special Dividend, then the per-share amount of the Special Dividend will be deducted from the price on which the Tender Offer Price is based (1,860 yen per share of common stock).

Additionally, pursuant to the Tender Agreement, the following conditions precedent apply to Nissan’s obligation to tender into the Tender Offer: (i) the Tender Offer has been commenced and has not been withdrawn; (ii) the Offeror has completed the procedures and steps required under various countries’ competition laws and other related laws and regulations, including those of Japan, the U.S., China, the European Union, and Russia, and the applicable waiting periods have lapsed; (iii) the Target Company has obtained an opinion from a party who does not have any interest in the Target Company, Nissan, or the Offeror to the effect that the resolution of the board of directors of the Target Company approving the Transaction would not be disadvantageous to the minority shareholders of the Target Company; (iv) the board of directors of the Target Company has adopted, with the affirmative vote of all directors present (excluding any directors who have or are likely to have an interest in the Transaction), a resolution, which has not been withdrawn or amended, to express support of the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer; (v) the Offeror’s representations and warranties (see Note 2) under the Tender Agreement are true and correct in all material respects; (vi) the Offeror has performed in all material respects all of its obligations to be performed or complied with under the Tender Agreement on or prior to the Tender Offer Commencement Date; and (vii) no restraining order, injunction, or other order preventing or suspending the Tender Offer is in effect or has been threatened in writing. Nissan is not restricted from waiving any or all of the above conditions precedent at its own discretion and tendering its shares in the Tender Offer even if such conditions precedent are not satisfied.

Note 1: The Tender Agreement provides that the commencement of the Tender Offer is subject to the following conditions precedent: (i) procedures and steps to obtain the approvals required under various countries’ competition laws and other related laws and regulations, including those of Japan, the U.S., China, the European Union, and Russia, have been completed and the applicable waiting periods have lapsed; (ii) the Target Company has obtained an opinion from a party who does not have any interest in the Target Company, Nissan, or the Offeror to the effect that the resolution of the board of directors of the Target Company approving the Transaction would not be disadvantageous to the minority shareholders of the Target Company; (iii) the board of directors of the Target Company has adopted, with the affirmative vote of all directors present (excluding any directors who have or are likely to have an interest in the Transaction), a resolution, which has not been withdrawn or amended, to express support of the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer; (iv) Nissan's representations and warranties are true and correct in all material respects; (v) Nissan has performed in all material respects all of its obligations to be performed or complied with under the Tender Agreement on or prior to the Tender Offer Commencement Date; (vi) the Target Company has submitted to the Offeror a written covenant in which the Target Company covenants not to pay out any dividend of surplus exceeding 570 yen per Target Company Share; and (vii) no restraining order, injunction, or other order preventing or suspending the Tender Offer is in effect or has been threatened in writing. These conditions precedent for the commencement of the Tender Offer have been satisfied as of today.

Note 2: The Offeror's representations and warranties under the Tender Agreement address the following matters: (i) due and valid existence and establishment of the Offeror; (ii) authority to execute the Tender Agreement and completion of all necessary procedures; (iii) validity and enforceability of the Tender Agreement; (iv) absence of conflict with applicable laws and regulations; (v) absence of orders preventing the consummation of the Transaction; (vi) absence of knowledge of material facts (*jyuuyou jijitsu*) regarding the Target Company group; and (vii) matters regarding the financing necessary for the Tender Offer. Nissan's representations and warranties under the Tender Agreement address the following matters: (i) due and valid existence and establishment of Nissan; (ii) authority to execute the Tender Agreement and completion of all necessary procedures; (iii) validity and enforceability of the Tender Agreement; (iv) absence of conflict with applicable laws and regulations; (v) absence of orders preventing the consummation of the Transaction; (vi) absence of knowledge of material facts (*jyuuyou jijitsu*) regarding the Target Company group; and (vii) matters regarding the authorized capital stock and the issued and outstanding shares of the Target Company.

As of November 22, 2016, the Offeror received from the Target Company a written covenant in which the Target Company covenanted not to pay out any dividend of surplus other than a dividend (conditional upon the completion of the Tender Offer) of up to 570 yen per Target Company Share with the day immediately preceding the Tender Offer Commencement Date as the record date.

2. Outline of the Tender Offer

(1) Outline of the Target Company

(i)	Name	Calsonic Kansei Corporation
(ii)	Address	2-1917 Nisshin-cho, Kita-ku, Saitama-city, Saitama
(iii)	Name and Title of Representative Director	President, CEO and Representative Director Hiroshi Moriya
(iv)	Businesses	Air Conditioning Units, ITS/Electronic Systems, Interiors, Instruments/Gauges, Heat Exchangers, Exhaust Systems, Manufacture and Sale of Automotive Parts
(v)	Capital	41,456,000,000 yen (as of December 31, 2016)
(vi)	Date of Foundation	August 25, 1938
(vii)	Major Shareholders and Ownership Percentage, as of September 30, 2016 (See Note)	• Nissan Motor Co., Ltd. – 40.68% • The Master Trust Bank of Japan, Ltd. (Trust Account) – 3.76% • Japan Trustee Services Bank, Ltd. (Trust Account) – 3.72% • National Mutual Insurance Federation of Agricultural Cooperatives – 2.67% • Mizuho Trust & Banking Co., Ltd., Retirement Benefits Trust, Mizuho Bank's Account, Re-Trust Trustees, Trust & Custody Services Bank, Ltd. – 2.04% • Nippon Life Insurance Company – 2.00% • Goldman Sachs & Co., Regular Account (Proxy Account: Goldman Sachs Securities Co., Ltd.) – 1.61% • CBNY – Government of Norway (Proxy Account: Citibank Japan Ltd.) – 1.57% • Japan Trustee Services Bank, Ltd. (Trust Account 9) – 1.52% • Goldman Sachs International (Proxy Account: Goldman Sachs Securities Co., Ltd.) – 1.19%
(viii)	Relationships Between the Offeror and the Target Company	
	Capital Relationships	None applicable
	Personal Relationships	None applicable
	Business Relationships	None applicable
	Related Party Relationships	None applicable

Note: The ownership percentages listed in "Major Shareholders and Ownership

Percentage, as of September 30, 2016" are the ownership percentages calculated by dividing the shares owned by the total number of issued and outstanding Target Company Shares (rounded to the second decimal place).

(2) Schedule

(i) Schedule

Resolution at the board of directors meeting	February 21, 2017 (Tuesday)
Date of public notice of commencement of the Tender Offer	February 22, 2017 (Wednesday) Public notice will be made electronically via the Internet, and a notice to that effect will be published in the Nikkei Newspaper. (URL of the electronic notice: http://disclosure.edinet-fsa.go.jp/)
Filing date of Tender Offer registration statement	February 22, 2017 (Wednesday)

(ii) Initially Registered Offering Period
From Wednesday, February 22, 2017 through Wednesday, March 22, 2017 (20 business days)

(iii) Possibility of extension of tender offer period upon request of the Target Company
If the Target Company submits a Position Statement in accordance with Article 27-10(3) of the Act to the effect that the Target Company requests an extension of the Tender Offer Period, the Tender Offer Period will be extended to April 5, 2017 (Wednesday) (30 business days).

(3) Price of tender offer
1,290 yen per share of common stock (calculated by deducting the per share value of the Special Dividend of 570 yen from 1,860 yen)

(4) Basis for the calculation of the Tender Offer Price

(i) Basis of calculation

In determining the price on which the Tender Offer Price is based (1,860 yen per share of common stock), the Offeror conducted a comprehensive and multifaceted analysis of the Target Company's business and financial status based on the Target Company's disclosed financial information and the results of due diligence conducted with respect to the Target Company. In light of the fact that the Target Company Shares are traded on a financial instruments exchange, the Offeror also referred to (i) the closing price (1,030 yen) of the Target Company Shares on the First Section of the Tokyo Stock Exchange as of October 27, 2016, which was the business day immediately preceding October 28, 2016 when the Target Company's stock price increased significantly due to media speculation regarding Nissan's sale of its Target Company Shares, and (ii) the simple average closing prices of the Target Company Shares for the one-month, three-month, and six-month periods ending on October 27, 2016 (989 yen, 897 yen, and 861 yen). By also comprehensively taking into consideration the likelihood of obtaining the Target Company's endorsement of the Tender Offer and the prospects for successful completion of the Tender Offer, and upon consultation and negotiations with Nissan, the Offeror determined the Tender Offer Price of 1,860 yen per share of common stockminus the per share value of the Special Dividend on November 22, 2016.

Thereafter, the board of directors of the Target Company decided on a Special Dividend of 570 yen per share at its meeting held on February 10, 2017, and the Offeror decided on the Tender Offer Price of 1,290 per share on February 21, 2017.

As the Offeror has determined the consideration for the Transaction by comprehensively taking into consideration the factors described above as well as its consultation and negotiations with Nissan, the Offeror has not obtained a share valuation report from any third-party financial advisor.

The price on which the Tender Offer Price is based (1,860 yen per share of common stock) also represents (i) a premium of 80.58% on 1,030 yen, the closing price of the Target Company Shares on the First Section of the Tokyo Stock Exchange as of October 27, 2016, which was the business day immediately preceding October 28, 2016, when the speculative media reports regarding Nissan's sale of its Target Company Shares were issued, (ii) a premium of 88.07% on 989 yen, the simple average closing price for the one-month period ending on October 27, 2016, (iii) a premium of 107.36% on 897 yen, the simple average closing price for the three-month period ending on October 27, 2016, and (iv) a premium of 116.03% on 861 yen, the simple average closing price for the six-month period ending on October 27, 2016.

(ii) Process of calculation

Nissan began looking for a new partner for the Target Company, and KKR participated in the bidding process when Nissan consulted with a number of companies in late April 2016 regarding the sale of Nissan's Target Company Shares. After the submission of KKR's first bid, KKR participated in the second round of the auction process starting in late July 2016, and conducted due diligence on the Target Company's business, finances, and legal matters, interviewed the Target Company's management and conducted further analysis regarding the acquisition of the Target Company Shares from late July through mid-October 2016. Based on this analysis, KKR submitted a final offer of terms and conditions, including the consideration for the Transaction, and was selected by Nissan as the final tender offer candidate in early November 2016.

After KKR's selection, KKR and Nissan proceeded with discussions and negotiations regarding the terms and conditions of the Transaction, including the consideration for the Transaction. In these discussions, KKR and Nissan discussed with each other, together with their respective experts, various possible schemes, taking into account the economic benefits that the shareholders of the Target Company may gain through the Transaction and the stability of the transaction. In the discussions, KKR and Nissan proposed and examined a scheme for the Transaction where, in addition to the Tender Offer, the Target Company is permitted to issue a special dividend to shareholders of the Target Company subject to the completion of the Tender Offer (a method where the option to receive a part of the consideration for the Transaction in the form of a special dividend is granted to the shareholders of the Target Company). Based on the results of such examination, KKR and Nissan decided to propose to the Target Company a scheme with the above special dividend as a part of the Transaction. Concurrently, KKR began to explain the purpose, terms, and conditions of the Transaction to the independent committee established by the Target Company and entered into discussions and negotiations regarding the scheme of the Transaction with the Target Company as well as Nissan. Taking into account the terms and conditions of the Transaction including the consideration for the Transaction, the Target Company agreed to submit the relevant proposals to the shareholders meeting of the Target Company. The Target Company made this decision because it believed that the scheme for the Transaction proposed by KKR and Nissan in the manner described above would grant shareholders of the Target Company the option to receive a part of the consideration for the Transaction in the form of a special dividend and it would not be disadvantageous to the shareholders of the Target Company to grant such an option and to leave the decision whether to receive the special dividend to the judgment of the shareholders of the Target Company (please refer to the section above titled "(B) Process and reasons for arriving at the resolution by the meeting of the board of directors related to the Special Dividend" of "(iii) Process of and reasons for the decision-making of the Target Company" under "(2) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer" of "1. Purpose of the Tender Offer" regarding the details of the relevant proposals). As a result of these discussions and negotiations, KKR, the Target Company, and Nissan came to an agreement regarding the terms and conditions of the Transaction, and the Offeror and Nissan entered into the Tender Agreement as of November 22, 2016, pursuant to which the Offeror would carry out a Tender Offer for all of the Target Company Shares and pursuant to which Nissan would tender all of its Target Company Shares. The Tender Offer Price of 1,860 yen per share of common stock minus the per share value of the Special Dividend was decided on the same day.

Thereafter, the board of directors of the Target Company decided on a Special Dividend of 570 yen per share at its meeting held on February 10, 2017, and the Offeror decided on the Tender Offer Price of 1,290 per share on February 21, 2017.

(iii) Relationships with appraisers

As the Offeror did not obtain valuation reports from third-party appraisers when determining the price on which the Tender Offer Price is based (1,860 yen per share of common stock), this matter is not applicable.

(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
267,857,772 (shares)	178,571,848 (shares)	- (shares)

Note 1: If the total number of Tendered Shares is less than the minimum number of Shares to be purchased (178,571,848 shares), the Offeror will not purchase any of the Tendered Shares If the total number of Tendered Shares is equal to or exceeds the minimum number of Shares to be purchased (178,571,848 shares), the Offeror will purchase all the Tendered Shares. The minimum number of Shares to be purchased in the Tender Offer is the number of shares equivalent to two-thirds of the number of shares (267,857,772 shares) representing (i) the total number of issued shares (273,241,631 shares) as of December 31, 2016, as stated in the 116th Fiscal Period Third Quarter Securities Report, minus (ii) the 5,383,859 treasury shares held by the Target Company as of December 31, 2016, as stated in the FY2016 Third Quarter Financial Results.

Note 2: The Offeror does not intend to acquire the treasury shares held by the Target Company through the Tender Offer.

Note 3: In the Tender Offer, the Offeror has not set a maximum number of Shares to be purchased, so the number of shares to be purchased is stated as the maximum number of Shares (267,857,772 shares) that can be acquired by the Offeror through the Tender Offer. This figure represents (i) the total number of issued shares (273,241,631 shares) as of December 31, 2016, as stated in the 116th Fiscal Period Third Quarter Securities Report, minus (ii) the 5,383,859 treasury shares held by the Target Company as of December 31, 2016, as stated in the FY 2016 Third Quarter Financial Results.

Note 4: Shares less than one unit are also subject to the tender offer. If a right to request a purchase of shares less than one unit is exercised by shareholders in accordance with the Companies Act, the Target Company may purchase its own shares less than one unit during the Tender Offer Period in accordance with procedures required by laws and regulations.

(6) Changes to share ownership ratios due to the tender offer

Number of voting rights represented by Shares held by the Offeror prior to the tender offer	-	Proportion of ownership of Shares prior to the tender offer: -%

Number of voting rights represented by Shares held by special related parties prior to the tender offer	-	Proportion of ownership of Shares prior to the tender offer: -%
Number of voting rights represented by Shares held by the Offeror after the tender offer	267,857	Proportion of ownership of Shares after the tender offer: 100%
Number of voting rights represented by Shares held by special related parties after the tender offer	-	Proportion of ownership of Shares after the tender offer: -%
Total number of voting rights of all shareholders of the Target Company	267,276	

Note 1: The "Number of voting rights represented by Shares held by the Offeror after the tender offer" is the number of voting rights represented by the number of shares to be purchased (267,857,772 shares) in the Tender Offer.

Note 2: The "Total number of voting rights of all shareholders of the Target Company" is the number of voting rights of all shareholders as of December 9, 2016 according to the shareholder register based on the record date (December 9, 2016) stated in the 116th Fiscal Period Third Quarter Securities Report as immediately prior to such report. However, since all of the Target Company Shares including shares less than one unit (excluding treasury shares held by the Target Company) are subject to the Tender Offer, when calculating the "Proportion of ownership of Shares prior to the tender offer" and the "Proportion of ownership of Shares after the tender offer," 267,857 voting rights represented by 267,857,772 shares is used as a denominator. This number of shares (267,857,772 shares) represents: (i) the total number of issued shares (273,241,631 shares) as of December 31, 2016, as stated in the 116th Fiscal Period Third Quarter Securities Report, minus (ii) the number of treasury shares held by the Target Company (5,383,859 shares) as of December 31, 2016, as stated in the FY2016 Third Quarter Financial Results.

Note 3: The "Proportion of ownership of Shares prior to the tender offer" and the "Proportion of ownership of Shares after the tender offer" have been rounded to the second decimal place.

(7) Purchase Price of 345,536,000,000 yen

Note: The "Purchase Price" has been calculated by multiplying the total number of shares to be purchased in the Tender Offer (267,857,772 shares) by the Tender Offer Price (1,290 yen per share of common stock).

(8) Method of settlement

(i) Name and address of head office of financial instruments dealers/bank etc. in charge of settlement of tender offer

SMBC Nikko Securities Inc. 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

(ii) Commencement date of settlement

March 29, 2017 (Wednesday)

Note: In accordance with Article 27-10 Paragraph 3 of the Act, if the Target Company submits the Target Company's Position Statement including a request of extension of the Tender Offer Period, the commencement date of settlement will be April 12, 2017 (Wednesday).

(iii) Method of settlement

A notice regarding the purchase under the Tender Offer will be mailed to the address of tendering shareholders (or the Standing Proxy in the case of Non-Resident Shareholders) without delay after the expiration of the Tender Offer period. If tendering shareholders tendered their shares through Nikko Easy Trade, the notice will be delivered by electromagnetic means.

The purchase will be settled in cash. The Tender Offer Agent (as defined below in "(11) Tender offer agent") will, in accordance with the instructions given by the tendering shareholders (or the Standing Proxy in the case of Non-Resident Shareholders) and without delay on or after the commencement date of settlement, remit the purchase price to the address designated by the tendering shareholders (or the Standing Proxy in the case of Non-Resident Shareholders).

(iv) Method of return of Shares

In the event that all of the Tendered Shares will not be purchased under the terms set forth in "(i) Conditions set forth in each item of Article 27-13, Paragraph 4 of the Act and the details thereof" or "(ii) Conditions of withdrawal, etc. of the tender offer, details thereof and method of disclosure of withdrawal, etc." in "(9) Other conditions and methods of purchase" below, the Tender Offer Agent will return the relevant Shares to the securities accounts held by the relevant tendering shareholders with the Tender Offer Agent and revert the relevant Shares to their original condition at the time of the tender ("the original condition at the time of the tender" means the condition where the execution of the order to tender in the Tender Offer has been cancelled) on the date two business days after the last day of the Tender Offer Period (or the date of withdrawal of the Tender Offer if the Offeror withdraws the Tender Offer).

(9) Other conditions and methods of purchase

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

If the total number of Tendered Shares is less than the minimum number of Shares to be purchased (178,571,848 shares), the Offeror will not purchase any of the Tendered Shares. If the total number of the Tendered Shares is equal to or exceeds the minimum number of Shares to be purchased (178,571,848 shares), the Offeror will purchase all the Tendered Shares.

(ii) Conditions of withdrawal, etc. of the tender offer, details thereof and method of disclosure of withdrawal, etc.

If any event listed in Article 14, Paragraph 1, Items (1)1 through (1)9 and Items (1)12 through (1)18, Items (3)1 through (3)8 and (3)10, as well as Article 14, Paragraph 2, Items (3) through (6) of the Enforcement Order occurs, the Offeror may withdraw the Tender Offer. In the Tender Offer, the "facts which are equivalent to those listed in Items (3)1 through (3)9" set out in Article 14, Paragraph 1, Item (3)10 of the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended; the "Enforcement Order") shall refer to:

(i) the case where any of the statutory disclosure documents submitted by the Target Company in the past is found to contain a false statement on a material fact, or omit a statement on a material fact that should have been stated, and

(ii) the case where any of the facts listed in Article 14, Paragraph 1, Items (3)1 through (3)8 of the Enforcement Order occurs in respect of a significant subsidiary of the Target Company.

If the Offeror intends to withdraw the Tender Offer, the Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei Newspaper. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Offeror will make a public announcement by the method set out in Article 20 of the Cabinet Ordinance with respect to Disclosure of a Tender Offer for Share Certificates, Etc. by an Offeror other than the Issuing Company (Ministry of Finance Ordinance No. 38 of 1990, as amended; the "Cabinet Ordinance") and give a public notice immediately after the announcement.

(iii) Conditions to reduce purchase price, details thereof and method of disclosure of reduction

Under Article 27-6, Paragraph 1, Item (1) of the Act, if the Target Company conducts any act set out in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Offeror may reduce the purchase price in accordance with the standards set out in Article 19, Paragraph 1 of the Cabinet Ordinance.

If the Offeror intends to reduce the purchase price, the Offeror will give electronic public notice and publish a notice to that effect in the Nikkei Newspaper. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Offeror will make a public announcement by the method set out in Article 20 of the Cabinet Ordinance and give public notice immediately after the announcement.

If the purchase price is reduced, the Offeror will also purchase the Tendered Shares on or before the date of the public notice at the reduced purchase price.

(iv) Matters concerning tendering shareholders' right to cancel tender

Tendering shareholders may, at any time during the Tender Offer Period, cancel their agreement for the Tender Offer.

Tendering shareholders who wish to cancel their agreements must deliver or send a notice stating that such tendering shareholder cancels the agreement for the Tender Offer (the "Cancellation Notice") by 3:30 p.m. on the last day of the Tender Offer Period (subject to the business hours of the sales office; tendering shareholders should contact the sales office of the authorized party to receive the Cancellation Notice as designated below in advance to confirm). In the case that the Cancellation Notice is sent by mail, the cancellation is conditional on the Cancellation Notice reaching the designated recipient below by no later than 3:30 p.m. on the last day of the Tender Offer Period (subject to the business hours of the sales office; tendering shareholders should contact the relevant sales office in advance to confirm).

Tenders made through Nikko Easy Trade may be cancelled by logging into Nikko Easy Trade and following the onscreen instructions by 3:30 p.m. on the last day of the Tender Offer Period.

Party authorized to receive the Cancellation Notice:
SMBC Nikko Securities Inc. 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo
(or any other domestic branch of SMBC Nikko Securities)

The Offeror will not make any claim for damages or penalty payment due to a tendering shareholder's cancellation of an agreement. Further, the cost of returning Tendered Shares to the tendering shareholders will be borne by the Offeror.

(v) Method of disclosure if the conditions of the Tender Offer are changed

The Offeror may change the conditions, etc. of the Tender Offer during the Tender Offer Period unless such change is prohibited under Article 27-6, Paragraph 1 of the Act or Article 13 of the Enforcement Order.

If the Offeror intends to change any conditions, etc. of the Tender Offer, the Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei Newspaper. However, if it is deemed difficult to give the notice by the last day of the Tender Offer Period, the Offeror will make a public announcement in the manner set out in Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement.

If the conditions, etc. of the Tender Offer are changed, the Offeror will also purchase the Tendered Shares on or before the date of the public notice in accordance with the changed conditions, etc. of the Tender Offer.

(vi) Method of disclosure if amendment statement is filed

If the Offeror submits an amendment statement to the Director-General of the Kanto Local Finance Bureau (excluding the cases provided for in the proviso in Article 27-8, Paragraph 11 of the Act), the Offeror will immediately make a public announcement of the content of such amendment statement that is relevant to the content of the public notice of the commencement of the Tender Offer in the manner set out in Article 20 of the Cabinet Ordinance. The Offeror will also immediately amend the explanatory statement of the Tender Offer and deliver the amended explanatory statement to the tendering shareholders who have already received the previous explanatory statement. However, if the amendments are limited in scope, the Offeror may instead prepare and deliver to tendering shareholders a document stating the reason for the amendments, the matters amended, and the details thereof.

(vii) Method of disclosure of results of the Tender Offer

The results of the Tender Offer will be made public on the day following the last day of the Tender Offer Period in the manner set out in Article 9-4 of the Enforcement Order and Article 30-2 of the Cabinet Ordinance.

(viii) Others

This press release has been prepared for the purpose of informing the public of the Tender Offer and has not been prepared for the purpose of soliciting an offer to sell, or making an offer to purchase, any securities. If shareholders wish to make an offer to sell their shares in the Tender Offer, they should first read the Tender Offer Explanation Statement for the Tender Offer and offer their shares or stock options for sale at their own discretion. This press release shall neither be, nor constitute a part of, an offer to sell or purchase, or a solicitation of an offer to sell or purchase, any securities, and neither this press release (or a part thereof) nor its distribution shall be interpreted to be the basis of any agreement in relation to the Tender Offer, and this press release may not be relied on at the time of entering into any such agreement.

The Tender Offer will be conducted in accordance with the procedures and information disclosure standards prescribed in the Japanese Financial Instruments and Exchange Act, which may differ from the procedures and information disclosure standards in the United States. In particular, Section 13(e) and Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended; hereinafter the same) and the rules prescribed thereunder do not apply to the Tender Offer, and the Tender Offer does not conform to those procedures and standards.

Unless otherwise specified, all procedures relating to the Tender Offer are to be conducted entirely in Japanese. If all or any part of a document relating to the Tender Offer is prepared in the English language and there is any inconsistency between the English language documentation and the Japanese language documentation, the Japanese language documentation will prevail.

The financial advisors to the Offeror, the Target Company, and Nissan as well as the Tender Offer Agent (including their respective affiliates) may, within their ordinary course of business, engage during the Tender Offer Period in the purchase of or arrangement to purchase shares of the Target Company for their own account or for their customers' accounts outside the Tender Offer in accordance with Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934, to the extent permitted under Japanese securities regulations and other applicable laws and regulations. Such purchases may be made at the market price through market transactions, or at a price determined by negotiation outside of the market. In the event that information regarding such purchases is disclosed in Japan, such information will also be disclosed on the English homepage of the financial advisor or Tender Offer Agent conducting such purchases or will otherwise be made publicly available.

(10) Date of public notice of commencement of the Tender Offer
February 22, 2017 (Wednesday)

(11) Tender offer agent
SMBC Nikko Securities Inc. 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

3. Post-tender offer policy and future outlook

Please refer to the sections titled "(2) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer," "(4) Policy for organizational restructuring after the Tender Offer (matters relating to the 'Two-Step Acquisition')," and "(5) Expected delisting and reasons therefor" within "1. Purpose of the Tender Offer."

4. Others

(1) Agreements between the Offeror and the Target Company or its officers, and the contents thereof

According to the Target Company's February 21, 2017 Press Release, the Target Company resolved at a board of directors meeting held on November 22, 2016 to express an opinion as of such date supporting the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer once the Tender Offer has commenced.

According the Target Company's February 21, 2017 Press Release, the Target Company resolved at a meeting held on February 21, 2017 to express an opinion supporting the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer.

For details of the resolution of the Target Company's board of directors discussed above, please refer to the Target Company's February 21, 2017 Press Release as well as the section above titled "(iv) The Transaction has received the unanimous approval of the directors with no interest in the Target Company and there has been no objection from any of the Target Company's independent statutory auditors" under "(3) Measures to ensure the fairness of the tender offer price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer" of "1. Purpose of the Tender Offer."

As of November 22, 2016, the Offeror received from the Target Company a written covenant in which the Target Company covenanted not to pay out any dividend of surplus other than a dividend (conditional upon the completion of the Tender Offer) of up to 570 yen per Target Company Share with the day immediately preceding the Tender Offer Commencement Date as the record date.

(2) Other information considered necessary for investors to decide whether to tender into the tender offer

N/A

KKR's financial advisor is Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. KKR's legal advisors are Mori Hamada & Matsumoto and Simpson Thacher & Bartlett LLP.