THE LONGREACH GROUP

Press Release

Longreach launches Tender Offer for Fujitsu Component

[Tokyo / Hong Kong, 26 July 2018] The Longreach Group ("Longreach") and Fujitsu Limited ("Fujitsu) today announced that FC Holdings G.K. ("FC Holdings"), a special purpose company established under investment funds managed by Longreach, will launch a tender offer (the "Offer") to acquire common shares of Fujitsu Component Limited (Tokyo Stock Exchange Second Section: 6719, "Fujitsu Component" or "the Company").

According to the press release issued by Fujitsu Component today, the Company's board of directors passed a resolution to support the Offer and recommend that its shareholders tender into the Offer.

The tender offer price is 935 yen per common share, which represents a premium of 11.2% over the closing price on July 25, 2018, a premium of 32.2% over the average closing price for the prior one-month period and a premium of 29.3% over the average closing price for the prior three-month period. The Offer is subject to a minimum threshold, requiring that 1,713,900 shares be tendered into the Offer to proceed. Should the number of shares tendered not reach this threshold FC Holdings will not acquire any of the shares tendered. The period of the Offer is 30 business days from July 27, 2018 to September 6, 2018.

In relation to the Offer, FC Holdings concluded a basic agreement (the "Agreement") with Fujitsu, the parent company of Fujitsu Component, under which Fujitsu will not tender all common shares it holds in Fujitsu Component (representing 76.6% of the total shares outstanding)("Fujitsu Share") into the Offer. Under the terms of the Agreement, following a reverse share split, which will be conducted after the completion of the Offer, Fujitsu Component will acquire a half share of Fujitsu through a share repurchase with 765 yen per share. Fujitsu Component will increase its capital through a third party allotment to FC Holdings and reduce the capital in order to secure financial resources for business expansion and the share repurchase. Furthermore, FC Holdings and Fujitsu agreed that the remaining Fujitsu Share will be converted into preferred shares and, as a result, Fujitsu will have 25% of voting rights in Fujitsu Components through the preferred shares and FC Holdings will have 75% of voting rights in Fujitsu Components through common shares, respectively.

Fujitsu Component manufactures and sells switching devices (relays, connectors, etc.) and human interface devices (touch panels, keyboards, etc.) as well as electric appliances. Sales from relays and control units for automobile usage are driving the Company's sales growth, reflecting the increased usage of relays and control units in automobiles generally, and especially in the high growth electric vehicle sector.

Longreach highly values Fujitsu Component's strong R&D capabilities, manufacturing know-how, significant business scale within its product range and strong relationship with various blue-chip customers and believes that the Company has potential to further grow its business in areas such as the relay industry where medium to long term growth is expected. Longreach has extensive experience in carve-out transactions from large corporations, including the acquisition of SANYO Electric Logistics Co., Ltd from Panasonic Corporation and the acquisition of Via Mechanics, Ltd. from Hitachi, Ltd. Leveraging experience from these precedent transactions, Longreach will accelerate Fujitsu Component's growth by providing support including financial assistance through the third party allotment and the addition of management resources for developing and executing the Company's strategies.

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Background on The Longreach Group (URL: http://www.longreachgroup.com/)

The Longreach Group is an established independent private equity firm with offices in Hong Kong and Tokyo. The firm focuses on Japan related control buyouts in the mature industrial and technology, consumer, business services and financial services sectors. The firm manages three Funds which have accumulated approximately US$1.9 billion of committed limited partner and co-investment capital, and has a strong track record of portfolio company value creation and realizations.

The Longreach Group Companies include the funds that serve as the investment companies, The Longreach Group Limited, which is based in Hong Kong, and The Longreach Group, Inc. which is based in Tokyo, Japan. The Longreach Group, Inc. collects and analyses data and information concerning the Japanese and Asian markets and assists The Longreach Group Limited in identifying potential investment opportunities.

[Translation]

July 26, 2018

To whom it may concern:

Company Name	Fujitsu Component Limited
Name of Representative	Hiroaki Kondo, President and Representative Director

(Code No.: 6719; Second Section of Tokyo Stock Exchange)

Company Name	FC Holdings Godo Kaisha
Name of Representative	Mark Zoltan Chiba, Director

Contact	Fujitsu Component Limited
	Masaharu Kuramoto, Director

(Telephone +81-3-3450-1601)

Announcement of Commencement of Tender Offer for Shares in Fujitsu Component Limited (Securities Code: 6719) by FC Holdings Godo Kaisha

FC Holdings Godo Kaisha hereby announces that it decided on July 26, 2018 to acquire shares in Fujitsu Component Limited through a tender offer as detailed in the Attachment.

End

This document is released by Fujitsu Component Limited (the Target Company in the Tender Offer) upon request by FC Holdings Godo Kaisha (the Tender Offeror) in accordance with Article 30, Paragraph 1, Item (4) of the Financial Instruments and Exchange Act Enforcement Order.

(Attachment)

Announcement of Commencement of Tender Offer for Shares in Fujitsu Component Limited (Securities Code: 6719)

Attachment: Announcement of Commencement of Tender Offer for Shares in Fujitsu Component Limited (Securities Code: 6719)

July 26, 2018

To whom it may concern:

Company Name	FC Holdings Godo Kaisha
Name of Representative	Mark Zoltan Chiba, Director
Contact	Ryuji Kurayama
(Telephone +81-3-3556-6740)	

Announcement of Commencement of Tender Offer for Shares in Fujitsu Component Limited (Securities Code: 6719)

FC Holdings Godo Kaisha (the "**Tender Offeror**") hereby announces that it decided on July 26, 2018 to acquire common shares in Fujitsu Component Limited (Securities Code: 6719, Second Section of the Tokyo Stock Exchange, Inc. (the "**Tokyo Stock Exchange**"); the "**Target Company**") (such shares, the "**Target Company Common Shares**") through a tender offer under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the "**Act**") (the "**Tender Offer**") with the details as described below.

1. Purpose of Tender Offer, Etc.

(1) Outline of the Tender Offer

The Tender Offeror is a *godo kaisha* established on June 22, 2018 for the main purpose of acquiring and holding shares in the Target Company and, as of today, all of its equity interests are held by FC Holdings JPY, L.P. (the "**Longreach Group Fund**"). The Longreach Group Inc., which engages in the business of research and analysis of strategic private equity investment in Japan and Asia, and The Longreach Group Limited based in Hong Kong, provide services for the operation of the Longreach Group Fund. As of today, the Tender Offeror does not hold any Target Company Common Shares.

The Longreach Group (meaning, collectively, The Longreach Group Inc. based in Tokyo and The Longreach Group Limited based in Hong Kong, the investment entities to which those two corporations provide services (including, without limitation, the Longreach Group Fund), and all entities affiliated with any of the above; the same applies below) was established in October 2003 for the purpose of providing Japanese and Asian corporations with strategic capital and management advice with the aim of realizing perpetual business growth and securing international competitiveness. One of the features of the Longreach Group is a fusion of the "ability to offer added value on a global scale" and "trusted management based on the understanding of Japanese culture," and the Longreach Group provides support for realizing corporate growth by offering global-level solutions that are required by Japanese corporations for value creation, such as support for medium-scale corporations in strengthening competitiveness and for large-scale corporations in optimizing business portfolios. Since its establishment, the Longreach Group has made 11 domestic investments in total, and its major investments include: a tender offer for shares in, and the privatization of, SANYO Electric Logistics, Co., Ltd.; strategic investment in McDonald's Holdings Company (Japan), Ltd.; acquisition of 100% of shares in Hitachi Via Mechanics, Ltd.; investment in Wendy's Japan LLC to make First Kitchen Co., Ltd. a wholly-owned subsidiary of Wendy's Japan LLC; and acquisition of 100% of shares in Kohikan Corporation, Ltd.

On July 26, 2018, the Tender Offeror decided to implement the Tender Offer as part of its intention to ultimately cause Fujitsu Limited, the parent company of the Target Company (number of shares held: 11,201,866 shares; ownership ratio (Note 1): 76.57%; "**Fujitsu**"), to hold class A preferred shares representing 25% of the voting rights of the Target Company, and cause the Longreach Group Fund to hold common shares representing 75% of the voting rights of the Target Company, through the following procedures:

(A) making Fujitsu and the Tender Offeror the only shareholders of the Target Company through the Tender Offer and a share consolidation (the "**Share Consolidation**") to be conducted by the Target Company if the Tender Offer is completed but the Tender Offeror is not able to acquire all of the Target Company Common Shares (excluding the Untendered Shares (as defined below) held by Fujitsu and treasury shares held by the Target Company) through the Tender Offer;

(B) (i) a capital increase by a third-party allotment through which shares are allotted to the Tender Offeror (the "**Capital Increase by Third-Party Allotment**") and (ii) a decrease in the amounts of the stated capital and capital reserve of the Target Company in accordance with Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act (Act No. 86 of 2005, as amended; the "**Companies Act**") ((Note 2); the "**Capital Decrease, Etc.**") to be conducted by the Target Company for the purpose of procuring funds and a distributable amount necessary for conducting the Target Company's Share Repurchase defined in (C)(i) below;

(C) (i) a share repurchase by the Target Company, through which half of the Untendered Shares held by Fujitsu (5,600,933 Target Company Common Shares (ownership ratio: 38.28%) as of today) are acquired (the "**Target Company's Share Repurchase**") and (ii) changing the class of the Untendered Shares that are not subject to the Target Company's Share Repurchase from common shares to class A preferred shares (please refer to "(A) The Basic Agreement" in "(6) Important Agreements relating to the Tender Offer" below for details) and (iii) carrying out a set of other transactions and procedures accompanying or relating to (i) and (ii) above; and

(D) an absorption-type merger in which the Target Company is the surviving company and the Tender Offeror is the absorbed company (procedures described in (A) through (D) are hereinafter collectively referred to as the "**Transactions**").

Upon implementing the Tender Offer, the Tender Offeror and the Longreach Group Fund entered into a basic agreement dated July 26, 2018 with Fujitsu (the "**Basic Agreement**") by which the Tender Offeror, the Longreach Group Fund and Fujitsu agree on the terms and conditions for the Transactions and in which these terms and conditions are contained, including provisions to the effect that (i) Fujitsu shall not tender all of the 11,201,866 Target Company Common Shares held by Fujitsu (ownership ratio: 76.57%; the "**Untendered Shares**") in response to the Tender Offer; (ii) half of the Untendered Shares (5,600,933 Target Company Common Shares (ownership ratio: 38.28%) as of today) are to be sold to the Target Company by accepting the offer for the Target Company's Share Repurchase after the Share Consolidation takes effect; and (iii) the class of the Untendered Shares that are not subject to the Target Company's Share Repurchase is to be changed from common shares to class A preferred shares. Furthermore, the Tender Offeror entered into a shareholders agreement dated July 26, 2018 with Fujitsu (the "**Shareholders Agreement**"), whereby the Tender Offeror and Fujitsu have agreed on matters such as the business operation of the Target Company and handling of shares to be issued by the Target Company after the Transactions. Please refer to "(6) Important Agreements relating to the Tender Offer" below for the Basic Agreement and the Shareholders Agreement.

In the Tender Offer, the minimum number of shares to be purchased (Note 3) has been set at 1,713,900 shares (ownership ratio: 11.72 %), and if the total number of share certificates, etc. tendered in response to the Tender Offer (the "**Tendered Share Certificates, Etc.**") is less than the minimum number of shares to be purchased, the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. Conversely, given that there is no maximum number of shares to be purchased in the Tender Offer, if the total number of the Tendered Share Certificates, Etc. meets or exceeds the minimum number of shares to be purchased (1,713,900 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

(Note 1): "Ownership ratio" means the percentage (rounded up or down to the nearest two decimal places) of the difference (14,629,586 shares) of the total number of issued shares of the Target Company as of June 30, 2018 (14,629,626 shares) stated in the Q1 Financial Statement (Japanese GAAP) (consolidated) for Y.E. March 2019 released on July 26, 2018 (the "**Target Company's Q1 Financial Statement**") less the number of treasury shares held by the Target Company as of June 30, 2018 (40 shares); the same applies to statements regarding ownership ratios below.

(Note 2): It is planned that, in the Capital Decrease, Etc., the amounts of the Target Company's stated capital and capital reserve will be decreased and the decreased portions will be transferred to other capital surplus.

(Note 3): The minimum number of shares to be purchased in the Tender Offer (1,713,900 shares; ownership ratio: 11.72 %) has been set at a majority of the difference (3,427,720 shares) of the total number of issued shares of the Target Company as of June 30, 2018 (14,629,626 shares) stated in the Target Company's Q1 Financial Statement less the number of treasury shares held by the Target Company as of June 30, 2018 (40 shares) and the Untendered Shares held by Fujitsu (11,201,866 shares), with any fraction less than 100 shares, which is the number of shares constituting one unit of the Target Company Common Shares, being rounded up to the nearest hundred

(1,713,900 shares). Therefore, the minimum number of shares to be purchased in the Tender Offer corresponds to a majority of the shares held by the minority shareholders of the Target Company who have no interest in the Tender Offeror, that is, the "majority of the minority."

The Tender Offeror intends to cover funds required for the settlement of the Tender Offer by contribution from the Longreach Group Fund, conditional upon the completion of the Tender Offer and other matters (the "**First Contribution by Fund**").

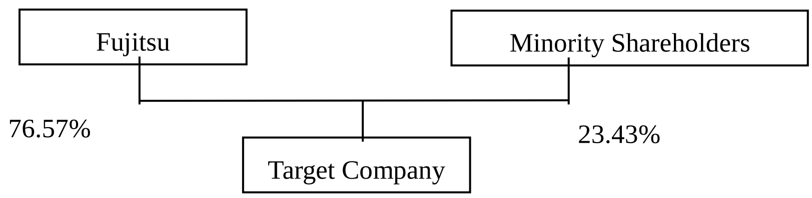
Also, as set out in "(4) Policy for organizational restructuring after the Tender Offer (matters relating to the "Two-Step Acquisition")" below, the Tender Offeror intends to request the Target Company to conduct the Share Consolidation as part of the Transactions if the Tender Offeror is not able to acquire all of the Target Company Common Shares (excluding the Untendered Shares held by Fujitsu and treasury shares held by the Target Company) through the Tender Offer. However, the acquisition price of the Target Company Common Shares that is equivalent to the total amount of fractions of shares that will arise as a result of the Share Consolidation will be covered by a portion of contribution from the Longreach Group Fund to be made after the Share Consolidation takes effect (the "**Second Contribution by Fund**").

In addition, although the Target Company's Share Repurchase will be conducted within the distributable amount of the Target Company, the Tender Offeror intends to cover any shortage in the distributable amount of the Target Company by (A) undertaking by the Tender Offeror of the Capital Increase by Third-Party Allotment to be conducted by the Target Company after the Share Consolidation takes effect by appropriating a portion of funds procured through the Second Contribution by Fund and (B) causing the Target Company to conduct the Capital Decrease, Etc., and taking other necessary measures after the completion of the Tender Offer, taking into account the amount of funds required by the Target Company for the Target Company's Share Repurchase, the amount of deposits held by the Target Company, and the amount of funds required for business operation.

The following are schematic charts of the Transactions.

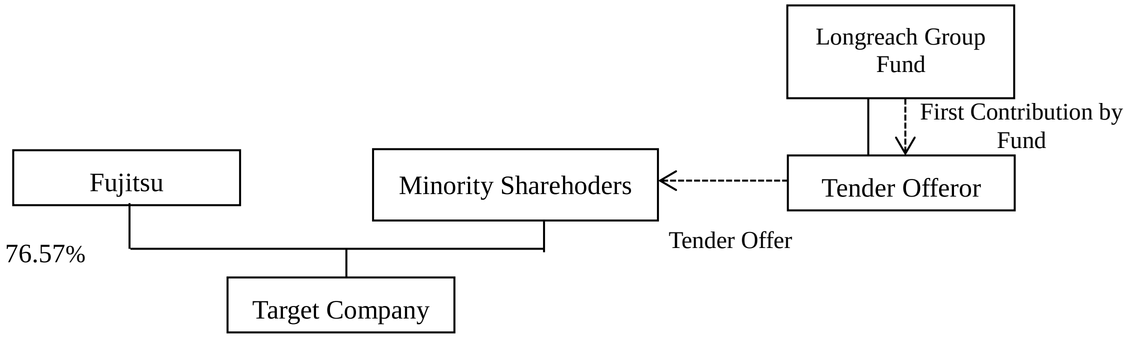
I. Before the Tender Offer

As of June 30, 2018, Fujitsu holds 11,201,866 Target Company Common Shares (ownership ratio: 76.57%) and minority shareholders hold the remaining 3,427,720 shares (ownership ratio: 23.43%).



II. Tender Offer and First Contribution by Fund (from late July 2018 to early September 2018 (scheduled))

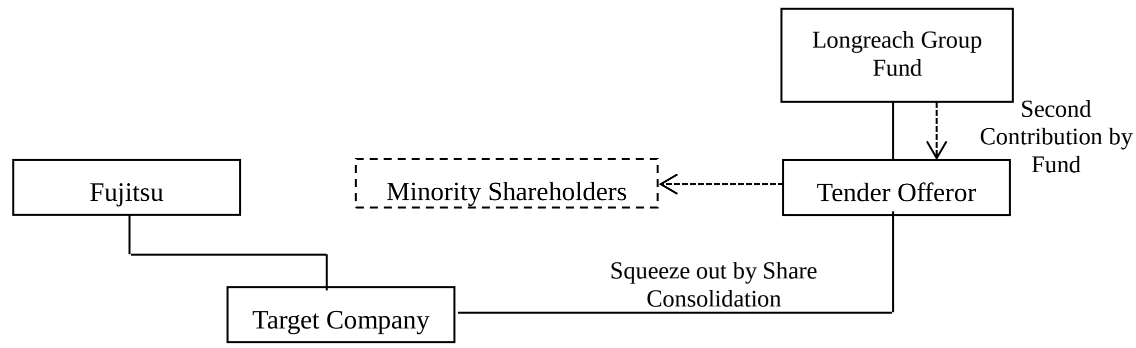
The Tender Offeror conducts the Tender Offer for all of the Target Company Common Shares (excluding the Untendered Shares held by Fujitsu (11,201,866 shares) and treasury shares held by the Target Company). The Tender Offeror procures funds required for the settlement of the Tender Offer from the Longreach Group Fund through the First Contribution by Fund.



III. After the Tender Offer

(A) Share Consolidation and Second Contribution by Fund (from around November 2018 to December 2018 (scheduled))

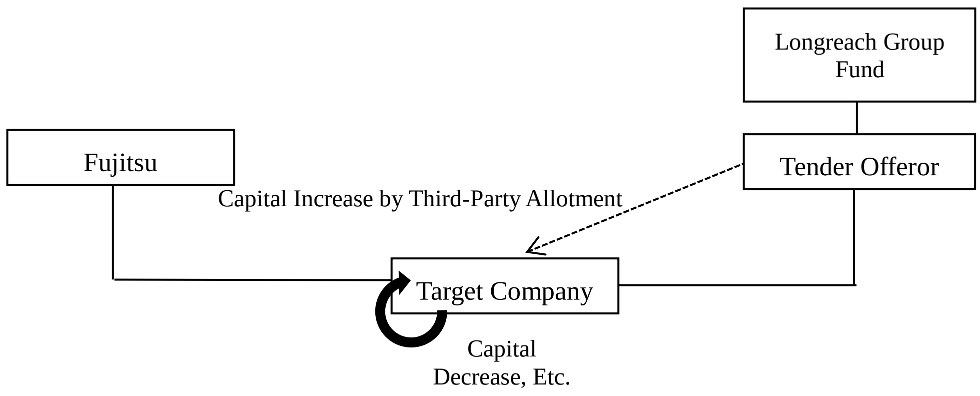
If the Tender Offeror is not able to acquire all of the Target Company Common Shares (excluding the Untendered Shares held by Fujitsu and treasury shares held by the Target Company) through the Tender Offer, the Tender Offeror requests the Target Company to take procedures for the Share Consolidation after the Tender Offer is completed and carries out a set of procedures for making the Tender Offeror and Fujitsu the only shareholders of the Target Company. The Tender Offeror procures the funds to acquire a number of the Target Company Common Shares equivalent to the total number of fractions of shares that will arise as a result of the Share Consolidation (if any fraction less than one share is included in the total, that fraction will be rounded down), funds required for the Target Company's Share Repurchase, and funds required for the business operation of the Target Company from the Longreach Group Fund through the Second Contribution by Fund.



(B) Capital Increase by Third-Party Allotment and Capital Decrease, Etc. (around January 2019 (scheduled))

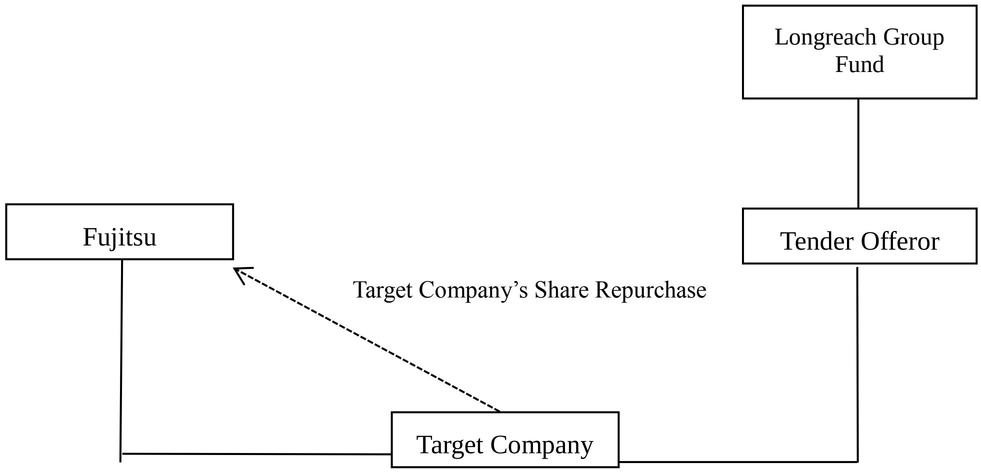
After the Target Company Common Shares are delisted and the Share Consolidation takes effect, the Target Company will conduct the Capital Increase by Third-Party

Allotment through which shares are allotted to the Tender Offeror and the Capital Decrease, Etc. (through which the amounts of stated capital and capital reserve are decreased and the decreased portions are transferred to other capital surplus) in order to procure funds required for the Target Company's Share Repurchase set out in (C) below and a distributable amount.



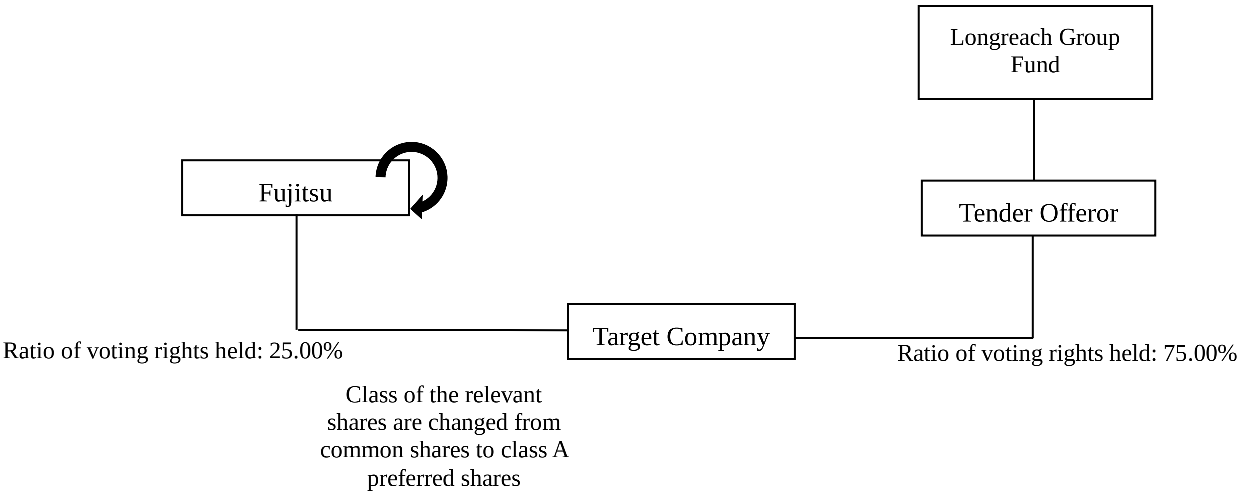
(C) Target Company's Share Repurchase (around January 2019 (scheduled))

The Target Company will conduct the Target Company's Share Repurchase, through which half of the Untendered Shares held by Fujitsu (5,600,933 Target Company Common Shares (ownership ratio: 38.28%) as of today) are acquired, utilizing the distributable amount procured by the Capital Increase by Third-Party Allotment and Capital Decrease, Etc. set out in (B) above.



(D) Changing the class of the relevant shares to class A preferred shares (around January 2019 (scheduled))

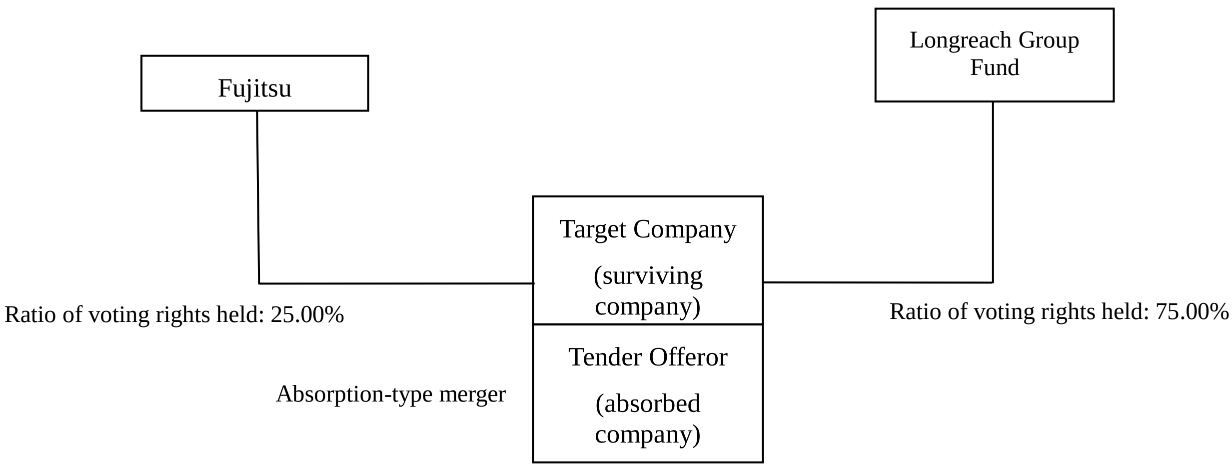
The Target Company changes the class of the Untendered Shares held by Fujitsu that are not subject to the Target Company's Share Repurchase from common shares to class A preferred shares. Concurrently, the Target Company establishes provisions in its Articles of Incorporation regarding the number of shares constituting one unit for the Target Company's class A preferred shares or common shares, or both, such that Fujitsu holds class A preferred shares representing 25% of the voting rights of the Target Company and the Tender Offeror holds common shares representing 75% of the voting rights of the Target Company.



(E) Target Company's absorption-type merger with the Tender Offeror (around January 2019 (scheduled))

The Target Company conducts an absorption-type merger in which the Target Company is the surviving company and the Tender Offeror is the absorbed company, and the Longreach Group Fund receive the Target Company's common shares as consideration for the absorption-type merger and come to hold common shares representing 75% of the voting rights of the Target Company.

The Tender Offeror will procure all of the (i) funds required for the settlement of the Tender Offer, (ii) funds to acquire a number of the Target Company Common Shares equivalent to the total of any fractions of shares that will arise as a result of the Share Consolidation to be conducted after the completion of the Tender Offer (if any fraction less than one share is included in the total, that fraction will be rounded down), and (iii) funds required for the Target Company's Share Repurchase by a capital increase through contributions from the Longreach Group Fund, so the Target Company will not bear any debt liabilities relating to those funds after the merger with the Tender Offeror.



According to the "Declaration of Opinion regarding the Tender Offer for Our Shares by FC Holdings Godo Kaisha" released by the Target Company on July 26, 2018 (the "**Target Company's Press Release**"), the Target Company prudently deliberated and examined the terms and conditions of the Transactions by reference to the matters stated in the share valuation report obtained from a third party appraiser independent from the Target Company and the Tender Offeror and the legal advice obtained from a law firm that was appointed as a legal advisor independent form the Tender Offeror and the Target Company and by respecting to the maximum extent possible the matters stated in the written report obtained from the third-party committee composed of external experts independent from the Target Company, Fujitsu, and the Tender Offeror who have no interest in the controlling shareholder. As a result, the Target Company reached the conclusion that to provide the Target Company's minority shareholders with an opportunity to sell their Target Company Common Shares at a fair price through the Tender Offer is an option that the Target Company is able to choose at the present stage giving consideration to shareholders' interests and determined that the tender offer price per Target Company Common Share in the Tender Offer (the "**Tender Offer Price**") is appropriate and that the Tender Offer provides the Target Company's shareholders with a reasonable opportunity to sell their shares, and resolved at its board of directors meeting held on July 26, 2018 to express its opinion in favor of the Tender Offer and recommend that its shareholders tender shares in response to the Tender Offer.

For the details and methods of the resolution of the Target Company's board of directors described above, please refer to the Target Company's Press Release and "(C) Decision-Making Process of, and Reasons for the Decision by, the Target Company" in "(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer and the Transactions" and "(D) Approval of All Disinterested Directors (Including Audit and Supervisory Committee Members) of the Target Company" in "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below.

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

(A) Business Environment Surrounding the Target Company and Management Issues Concerning the Target Company

As of today, the Target Company's group is composed of the Target Company and 14 subsidiaries, and its main business is the manufacture and sale of electromagnetic components such as relays (Note 1), connecting components such as connectors (Note 2), input/output components such as touch panels and keyboards, and other electronic appliances and equipment.

The Target Company was established in 2001 through a joint share transfer by Takamisawa Electric Co., Ltd. and Fujitsu Takamisawa Component Limited, a joint venture company established by Fujitsu and Takamisawa Electric Co., Ltd., as the wholly-owning parent company, and its shares became listed on the Second Section of the Tokyo Stock Exchange, Inc. (the "**Tokyo Stock Exchange Second Section**") in the same year. Fujitsu has been the parent company of the Target Company since the establishment of the Target Company.

However, being impacted by a recession in the IT industry beginning from the second half of 2000, the Target Company's sales were sluggish because of a sharp drop in the demand for communication relays and connectors, the primary sources of revenue of the Target Company, due to a global decline in the communication infrastructure and IT investment related business, and, as a result, the Target Company recorded deficits in the consolidated accounting for Y.E. March 2003 for the second year in a row and became insolvent. For this reason, the Target Company allotted convertible bonds with stock acquisition rights to Nomura Securities Co., Ltd. for the amount of 3 billion yen (Note 3) in September 2004 and the Class 1 Preferred Shares (3,000 shares (Note 4)) to Fujitsu for the amount of 3 billion yen in November 2004, both by way of third-party allotment, and was able to overcome the state of insolvency during Y.E. March 2005. However, the Target Company recorded deficits again in the consolidated accounting for Y.E. March 2009 due to a decline in the sales of relays for communication devices and consumer-use relays, connecting components such as connectors, and input/output components such as keyboards, because the global economy entered into a phase of sharp downturn caused by a financial market turmoil and declines in share prices, as well as sharp fluctuations in exchange rates and other factors, triggered by the subprime mortgage crisis in the United States, followed by a recession in the automobile industry and a drop in the demand for industrial equipment. Under these circumstances, the Target Company formulated a business turnaround plan in March 2009 and implemented business structural reforms such as the integration of manufacturing bases, reduction in the number of employees, and accounting for depreciation of fixed assets. Although the Target Company recorded deficits in the consolidated accounting for Y.E. March 2010 for the second year in a row, it was able to avoid a second-time insolvency by conducting the allotment of the Class 2 Preferred Shares (2,000 shares (Note 5)) to Fujitsu for the amount of 2 billion yen in June 2009. Since then, the Target Company has continued to achieve increases in sales by actively expanding sales of relays and touch panels. In particular, due to an increased domestic and overseas demand for on-board equipment, automotive relays and automotive control units (Note 6) have been the driving force behind the sales growth. The demand for touch panels is also increasing due to a shift from the physical switch-based input methods previously used for industrial equipment and on-board equipment to the touch panel input system, and “light input load flush-surface touch panels” developed by the Target Company, which can offer a light user experience while maintaining good design qualities, have been the driving force behind the sales growth. In addition to these efforts for sales growth, the Target Company endeavored to decrease cost by taking measures such as improving productivity and reducing costs and, as a result, its consolidated operating income remained in the black during the period from Y.E. March 2011 to Y.E. March 2018 (excluding the consolidated accounts for Y.E. March 2013 in which the Target Company recorded a deficit). On the other hand, the equity ratio of the Target Company on a consolidated basis is 7.1% as of March 31, 2018, indicating the fact that the financial condition of the Target Company is not solid, and thus it has the task of improving productivity and profitability by expanding business scale.

(Note 1): A relay is a device that opens or closes electronic circuits by electronic signals.

(Note 2): A connector is a component for connecting electronic wires or an electronic wire and an electronic appliance.

(Note 3): Among the convertible bonds with stock acquisition rights for 3 billion yen, a portion equivalent to 2.1 billion yen was redeemed early in February 2005, and then preferred shares for the same amount were allotted to Nomura Securities Co., Ltd. in February 2005 (the conversion of all of these preferred shares to the Target Company Common Shares was completed in September 2005). The stock acquisition rights attached to the remaining convertible bonds with stock acquisition rights for 0.9 billion yen have been exercised and the conversion to the Target Company’s common shares have been completed as of February 2005, and no convertible bonds with stock acquisition rights exist as of today.

(Note 4): Of the 3,000 Class 1 Preferred Shares, 1,000 shares held by Fujitsu were converted to common shares (6,060.6 shares (Note 7); conversion price: 165,000 yen) and cancelled by the Target Company on August 1, 2005 and, of the remaining 2,000 shares, 1,000 shares were acquired, purchased and cancelled by the Target Company on August 27, 2008, and the other 1,000 shares held by Fujitsu were converted to common shares (10,638 shares (Note 7); conversion price: 94,000 yen) and cancelled by the Target Company on November 9, 2011. No Class 1 Preferred Shares exist as of today.

(Note 5): The Class 2 Preferred Shares held by Fujitsu were all simultaneously converted to common shares (6,666,666 shares; conversion price: 300 yen) and cancelled by the Target Company on June 30, 2016, and no Class 2 Preferred Shares exist as of today.

(Note 6): An automotive control unit is a device that comprehensively controls the operation of the engine by using electric auxiliary equipment.

(Note 7): Due to the share split conducted on October 1, 2017 through which the Target Company split 1 common share into 100 common shares, as of today, the 6,060.6 common shares that were converted from preferred shares on August 1, 2015 corresponds to 606,060 common shares (with the conversion price of 165,000 yen being 1,650 yen), and the 10,638 common shares that were converted from preferred shares on November 9, 2011 corresponds to 1,063,800 common shares (with the conversion price of 94,000 yen being 940 yen).

(B) Consultation between the Tender Offeror and the Target Company and Fujitsu and Decision-Making Process of the Tender Offeror

The Longreach Group has long been acquainted with Fujitsu and, in the course of discussions with Fujitsu about a variety of capital policies, had consultations with Fujitsu regarding the possibility of transferring the Target Company Common Shares held by Fujitsu as an option for contributing to the Target Company's growth and enhancement of corporate value over the medium to long term.

In order to conduct more concrete examination of the possibility of collaboration with the Target Company, from March 2017, the Longreach Group commenced the analysis and examination of management measures for the enhancement of the Target Company's corporate value over the medium to long term based on the prospects for the Target Company's business and information on matters such as management policies provided by the Target Company. Based on the examination, the Longreach Group determined that, in order for the Target Company to realize further growth of its business under the current and expected business environment going forward, it is essential to work to enhance the Target Company's corporate value by taking the following measures: improving financial condition and by reinforcing the capital of the Target Company; making up-front investment in growing areas such as automotive relays by ensuring funds for growth; strengthening cost competitiveness; further strengthening the independent management structure including more prompt decision-making processes; and acquiring necessary personnel and conducting education and other activities for the personnel. On the other hand, the Longreach Group also determined that overcoming the Target Company's management issues and achieving its sustainable growth could not be realized as an extension of the business that the Target Company currently conducts, and there is a possibility that it would be difficult for the Target Company to concurrently work on two tasks, namely (i) the implementation of business strategies necessary for strengthening competitiveness over the medium to long term and (ii) the maximization of profits for each fiscal year, which the Target Company must place importance on as a listed company. In other words, the Tender Offeror shared with the Target Company the understanding that during the process of overcoming the management issue of enhancing the Target Company's corporate value over the medium to long term, there will be increased uncertainty in its business, and it is assumed that this will in turn lead to a situation in which general shareholders of the Target Company are subject to the risk of declines in share prices due to the deterioration of cash flows in connection with short-term decreases in sales and profits and increased capital investment and the business structural reform when taking medium- to long-term measures such as allocating human and business resources for expansion into new business areas, as well as preparing to handle issues expected in the near future, such as plant and equipment obsolescence and investment in automation, allowances for plants and other facilities, etc. to counter increased personnel costs, mainly at overseas plants. In particular, the Target Company intends to use its existing components business and custom products business as the basis to start a proposal-based business model that focuses on achieving customers' aspirations. In the proposal-based business, the Target Company will fill the customers' needs in partnership business models adopted by the customers in which the customers will leverage external resources by focusing on its specialties and outsourcing hardware design and manufacturing. The Target Company believes that the technological expertise built up through the development of its existing products, and the supporting expertise in production and production technology will be important in filling such customers' needs. The Tender Offeror also shared with the Target Company the understanding that this will require a greater investment of engineers, facilities, testing equipment and other technical resources than before and may necessitate a renewal of the Target Company's business model itself, so securing resources for these purposes is considered to be one of its remaining challenges, and in this process, there is a possibility that it would be difficult for the Target Company to concurrently work on these challenges and maximize profits for each fiscal year, which the Target Company must place importance on as a listed company. For these reasons, the Longreach Group reached the conclusion that it is essential to enhance capital and procure funds in order to achieve the business plan from a medium- to long-term perspective as described above, and the shares of minority shareholders will be diluted if a large-scale capital increase is conducted while the shares of the Target Company are listed, and therefore it will be possible to achieve enhancement of corporate value by privatizing the Target Company and implementing the reconstruction of business strategies under a simplified shareholder structure that enables the Target Company to make flexible management decisions without being influenced by short-term changes in business performance, and thus made a proposal to Fujitsu for privatizing the Target Company in the middle of June 2017.

In the above proposal, the Longreach Group proposed a scheme of step-by-step acquisition under which (A) all of the Target Company Common Shares, excluding the portion held by Fujitsu, will be acquired through the Tender Offer and the Share Consolidation to be conducted after the Tender Offer; and (B) half of the Target Company Common Shares held by Fujitsu will be acquired through the Target Company's Share Repurchase after those shares are delisted following the processes of the Tender Offer and the Share Consolidation, and also proposed that the ratio of voting rights attached to the Target Company Common Shares that remain with Fujitsu be decreased to 25% by taking procedures such as adjustment of the number of shares constituting one unit and that the class of those shares be changed to class A preferred shares in order to ensure economic interest by creating certain preferential rights regarding the distribution of surplus, etc. While it will be necessary for the Target Company to continue to use Fujitsu's brand and the IT environments and other infrastructure services currently provided and maintain technology inflows (see note) for a certain period after the completion of the Transactions, the Longreach Group explains that, by adopting the above scheme, the Target Company will be able to maintain the collaborative relationship with the Fujitsu Group after the completion of the Transactions through to its full independence from the Fujitsu Group and, by setting the acquisition price per share as of today with regard to the Target Company's Share Repurchase (the "**Repurchase Price (Per Share Pre-Consolidation)**") at a price lower than the Tender Offer Price, it will be possible to offer to minority shareholders a price based on the level of actual market prices while taking into consideration the market price of the Target Company's shares and the assessment of the intrinsic corporate value of the Target Company's business, that is, a price inclusive of a premium at an appropriate level that is not disadvantageous to the minority shareholders, and at the same time it will be possible to offer to Fujitsu, who hold 11,201,866 shares (ownership ratio: 76.57%) of the Target Company Common Shares, an opportunity to sell half of the Target Company Common Shares held by it at the Repurchase Price (Per Share Pre-Consolidation). However, in the case where the Tender Offer Price and the Repurchase Price (Per Share Pre-Consolidation) are determined based on the total share value of the Target Company Common Shares, a conflict of interest will arise between the minority shareholders of the Target Company and Fujitsu because if either one of the prices is increased, the other price will be decreased, and thus the Target Company had consultations with the Longreach Group and Fujitsu about the Tender Offer Price and the Repurchase Price (Per Share Pre-Consolidation) in order to make a fair price determination.

Following this, the Longreach Group had consultations and negotiations with Fujitsu and the Target Company on multiple occasions, reviewed the terms and conditions including an increase in the Tender Offer Price, and made a revised proposal to Fujitsu in the middle of October 2017.

In addition, the Longreach Group conducted due diligence with respect to the Target Company in pushing forward with the Target Company's privatization (the due diligence commenced in early December 2017 and ended in late January 2018) and further increased its understanding of the business details of, the business environment surrounding, and the management issues concerning, the Target Company and conducted an additional examination of the Target Company's future growth strategies. As a result, the Longreach Group reached the conclusion that it is possible to contribute to the expansion of the Target Company's business scale by providing the knowledge that the Longreach Group has cultivated through the operation of funds that perform a role in the support for business growth, its networks in the industry, and the expertise in areas such as business alliance, M&A, and financing and, therefore, submitted a final letter of intent regarding the Transactions to Fujitsu on February 28, 2018. After the submission of the final letter of intent, the Longreach Group continued to conduct examinations, consultations, and negotiations with Fujitsu about the terms and conditions for the Tender Offer, including whether it is appropriate to conduct the Transactions, the details of the scheme of the Transactions, the Tender Offer Price, and the Repurchase Price (Per Share Pre-Consolidation). After that, in response to the Target Company's announcement of the downward revision of its business performance for fiscal 2017 in the press release "Notice Regarding Revision of Performance Forecast" released on March 15, 2018, the Longreach Group submitted a revised final letter of intent on April 19, 2018 and continued further consultations and negotiations and, on June 22, 2018, established the Tender Offeror as a company for the purpose of acquisition in order to conduct the Transactions. Then, the Longreach Group Fund made a final proposal on July 26, 2018 to Fujitsu and the Target Company regarding its intention to set the Tender Offer Price at 935 yen and the Repurchase Price (Per Share Pre-Consolidation) at 765 yen, on which the three parties agreed, and thus the Tender Offeror finally decided to conduct the Tender Offer and entered into the Basic Agreement and the Shareholders Agreement with the Longreach Group Fund and Fujitsu on July 26, 2018.

(Note): "Technology inflows" means the inflows of new technologies that lead to future business opportunities for the Target Company.

(C) Decision-Making Process of, and Reasons for the Decision by, the Target Company

According to the Target Company's Press Release, the Target Company has been deliberating how to strengthen its finance structure, expand its business and improve its productivity and profitability based on "(B) Consultation between the Tender Offeror and the Target Company and Fujitsu and Decision-Making Process of the Tender Offeror." The Target Company's parent company, Fujitsu, announced in its Management Policy of October 2015 that it would position the Device Business Group, of which the Target Company is a part, as an independent business that could independently develop competitive products and move forward as a business while continuing to pursue synergies within the group. At that time, the Target Company's performance was still recovering, and it did not develop a specific policy in response to Fujitsu's policy. The Target Company's consolidated accounts have remained in the black during the period from Y.E. March 2011 to Y.E. March 2018 (excluding the consolidated accounts for Y.E. March 2013 in which the Target Company recorded a deficit). On the other hand, the equity ratio of the Target Company on a consolidated basis is 7.1% as of March 31, 2018, indicating the fact that despite improvements the financial condition of the Target Company is still not solid, and thus it has the task of improving productivity and profitability by expanding business scale. In the past five years, the Target Company's profitability and growth have been sustained by the relay business, mainly for automotive use, and the touch panel business, which are its specialty areas. While large-scale investment in 2013 and 2014 contributed to business expansion, profitability and growth, the subsequent rapid changes in the business environment have made it necessary to allocate investment funds and human and business resources for expansion into new areas in order to take the next step toward growth. The Target Company intends to use its existing components business and custom products business as the basis to start a proposal-based business model that focuses on achieving customers' aspirations. In the proposal-based business, the Target Company will fill the customers' needs in partnership business models adopted by the customers in which the customers will leverage external resources by focusing on its specialties and outsourcing hardware design and manufacturing. The Target Company believes that the technological expertise built up through the development of its existing products, and the supporting expertise in production and production technology will be important in filling such customers' needs. This will require a greater investment of engineers, facilities, testing equipment and other technical resources than before, and may necessitate a renewal of the Target Company's business model itself, so the Target Company considers securing resources for these purposes to be one of its remaining challenges. With these policies and awareness of the challenges faced by the Target Company, and after reevaluating the Target Company's finances and resources, the Target Company and Fujitsu determined that it was essential for the acceleration of growth to pursue further synergies with a wide range of customers including the Fujitsu Group and increase capital and funds, and chose several candidate funding partners from which it received proposals. After comparing each proposal, the Target Company judged that the scheme proposed by the Longreach Group would contribute to the Target Company's development by promoting corporate value enhancement strategies that utilize the domestic and international networks and resources of the Longreach Group as well as the operating base built up by the Target Company. Specifically, the Tender Offeror plans to enhance the Target Company's capital through the Capital Increase by Third-Party Allotment and thereby improve the Target Company's financial situation and secure growth funding, and also plans to conduct preliminary funding into the Target Company's growth areas, including automotive relays and touch panels, in order to achieve strategic growth investment to realize and support growth in the automotive and industrial machinery fields. Furthermore, the Longreach Group proposed a wide range of support including (i) building a rapid and flexible decision-making system by securing senior management and front-line staff to strengthen the Target Company's business management, (ii) strengthening of customer bases, especially in North America and Asia, by utilizing the Hong Kong location and international networks, and (iii) formulating and enacting business strategies based on management standards that utilize the Longreach Group's past investments in management, accounting, and HR expertise; the Target Company therefore judged that collaboration proposed by the Longreach Group was the most appropriate way to achieve its objectives. The Target Company negotiated and coordinated with Fujitsu and the Longreach Group in order to be able to maintain a certain amount of capital and business cooperation with Fujitsu, considering that the Target Company's business has its origins in the Fujitsu Group, and that sales to Fujitsu, while representing a small proportion of the total, have been connected with product development involving the implementation of important technologies. The Target Company determined that it was possible to achieve both the enhancement of capital and finances and continued collaboration with the Fujitsu Group, because it would be possible for the Target Company, Fujitsu and the Longreach Group to agree to continued use of the Fujitsu brand, continued provision of IT environments and other infrastructure services, and maintenance of technology inflows until the Target Company's full independence from the Fujitsu Group. The Target Company determined that by achieving both of those aims, the Transactions will make it possible to construct a basis to enable future growth and changes in the Target Company's business while maintaining its basic business structure. Having received Fujitsu's agreement in a meeting held on June 27, 2018, the Target Company's board of directors resolved at a meeting on June 27, 2018, with the unanimous support of all directors present (eight out of nine directors in total; Mr. Ryuji Kushida was absent), to commence detailed deliberation of the proposals, which included up-front investment in the Target Company's growth areas such as automotive relays in order to improve the Target Company's finances and secure growth funding through strengthening its capital structure, enhancement of cost competitiveness, further enhancement of independent management processes including streamlining decision-making, and acquiring and fostering necessary human resources.

In the process of deliberating the Tender Offer, as a currently listed company, the Target Company naturally considered the possibility of maintaining its status as a listed company. However, as stated in "(A) Business environment surrounding the Target Company and management issues concerning the Target Company" above, the Target Company's consolidated accounts have remained in the black during the period from Y.E. March 2011 to Y.E. March 2018 (excluding the accounts for Y.E. March 2013 in which the Target Company recorded a deficit). On the other hand, the equity ratio of the Target Company on a consolidated basis is 7.1% as of March 31, 2018, indicating that the Target Company has not recovered to a level where its shareholders can hold their shares with confidence. Furthermore, the Target Company has been unable to declare a dividend since June 2008 because of its accumulating losses, and it is expected that at the current level of profitability it will be unable to return profits to shareholders via dividends (one of the expectations for a listed company) for some time. Moreover, even if the Target Company were able to produce enough funds for a dividend by conducting a capital reduction, in the rapidly changing business environment, it remains necessary to secure capital in order to strengthen the Target Company's finances and conduct policies for business growth over the medium to long term. Performing a capital increase for this purpose would involve having new investors purchase long-term bets on the Target Company just when its net assets are insufficient, meaning that those new investors would have to accept risk and a dilution of their shareholding in order to improve the company's financial balance, and also bringing a significant dilution of existing shareholders' ownership, and by extension risking a reduction in share price; however, securing the funds through loans would not improve the Target Company's financial structure, and might not contribute to expanding its business and securing growth in the medium to long term; thus, the Target Company judged that in the current situation it is difficult to strike a balance between the current need for financing and financial soundness and the Target Company's duties as a listed company.

Furthermore, the Target Company believes that the Transactions will have no effect on employees or the community, because the scheme will involve no particular changes with respect to treatment of employees or corporate structure, and therefore the Target Company believes it has given sufficient consideration to these points. In light of the foregoing, the Target Company concluded that providing minority shareholders with the opportunity to sell the Target Company Common Shares at an appropriate price through the Tender Offer is an option that takes current shareholder interests into account.

In order to ensure fairness and avoid conflicts of interest in the Tender Offer—and in light of the fact that the Tender Offeror plans to execute the Basic Agreement with Fujitsu, the controlling shareholder (parent company) of the Target Company, whose interests may not necessarily align with those of the minority shareholders of the Target Company—the Target Company has appointed SMBC Nikko Securities Inc. ("**SMBC Nikko Securities**") for the purpose of obtaining a valuation of the Target Company's share price by a third-party valuation organization independent of the Target Company, the Tender Offeror and Fujitsu, and has appointed Shuhei Takahashi Law Office for the purpose of obtaining advice from a law firm independent of the Target Company, and additionally established a third-party committee composed of members including external experts who are independent from the Target Company, Fujitsu and the Tender Offeror and have no conflicts of interest with the controlling shareholder, from the standpoint of eliminating arbitrariness and possible conflicts of interest in the decision-making processes of the Target Company's board of directors as well as of ensuring the fairness of the decision-making processes on June 28, 2018, as described in "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below. For details regarding the these measures, please refer to "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below. The Target Company received a preliminary proposal regarding the terms of the Transactions, including the proposed Tender Offer Price of 392 yen per share, from the Tender Offeror at the end of April 2017, and the Tender Offeror proceeded to conduct due diligence on the Target Company. On March 15, 2018, the Target Company announced the downward revision of its business performance forecast for fiscal 2017, disclosed the downward revision of its budgets for fiscal 2018 to the Tender Offeror, and it was found that the Target Company's net interest-bearing liabilities will be increased; a revised final letter of intent was submitted on April 19, 2018. The Target

Company consulted and negotiated with the Tender Offeror and Fujitsu on multiple occasions thereafter regarding the Tender Offer Price and other terms of the Transactions, including the Repurchase Price (Per Share Pre-Consolidation), the Tender Offer Price, and their relative values, and taking into account the opinions of the third-party committee after its establishment; the final proposal, which set the Repurchase Price (Per Share Pre-Consolidation) at 765 yen and the Tender Offer Price at 935 yen per share in order to secure a sufficient premium for the Target Company's minority shareholders, was received on July 26, 2018. Having received the final proposal, the Target Company deliberated the terms of the Transactions with the utmost care from the perspective of increasing corporate value based on the share valuation report (the "**Target Company's Share Valuation Report**") received from SMBC Nikko Securities and the legal advice received from Shuhei Takahashi Law Office, both dated July 25, 2018, and observing to the maximum possible extent the deliberations, and the Written Report dated July 25, 2018, of the Third Party Committee.

The Target Company determined that the Tender Offer Price was appropriate and that the Tender Offer provides a reasonable opportunity for shareholders of the Target Company to sell their shares, through comprehensive consideration of the fact that:

- the Tender Offer Price exceeds each of SMBC Nikko Securities' valuations of the Target Company Common Shares by the market price method, comparable company analysis, and discounted cash flow analysis ("DCF Analysis") as stated in "(A) Obtainment by the Target Company of Share Price Valuation Report from Independent Third-Party Appraiser" in "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below;
- the Tender Offer Price represents a premium of 11.18% (rounded to two decimal places; the same applies to all share price premiums hereinafter) on 841 yen, the closing price of the Target Company Common Shares on the Second Section of the Tokyo Stock Exchange as of July 25, 2018, the business day preceding the issuance of the Target Company's press release dated July 26, 2018, although the actual premium is considered to be more significant considering the recent rapid increase in share price;
- the Tender Offer Price represents a premium of 32.25% on 707 yen (rounded to the nearest yen; the same applies to all closing price averages hereinafter), the simple average closing price of the Target Company Common Shares over the one-month period from June 26, 2018 to July 25, 2018;
- the Tender Offer Price represents a premium of 29.32% on 723 yen, the simple average closing price over the three-month period from April 26 2018 to July 25, 2018;
- the Tender Offer Price represents a premium of 14.86% on 814 yen, the simple average closing price over the six-month period from January 26 2018 to July 25, 2018;
- the measures to secure the fairness of the Tender Offer stated in "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below have been adopted, and the Target Company considers the interests of minority shareholders to have been taken into account; and

- the Tender Offer Price was determined after the measures to secure the fairness of the Tender Offer were adopted.

Based on the above, the Target Company resolved at its board of directors meeting held on July 26, 2018 to express its opinion in favor of the Tender Offer and recommend that the shareholders of the Target Company tender their shares in the Tender Offer. For details regarding the Target Company's board of directors resolution, please refer to "(D) Approval of All Disinterested Directors (Including Audit and Supervisory Committee Members) of the Target Company" in "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below.

(D) Management Policy After the Tender Offer and the Transactions, Etc.

As set out in "(1) Outline of the Tender Offer" above, the Tender Offeror intends to ultimately cause Fujitsu to hold class A preferred shares representing 25% of the voting rights of the Target Company and the Longreach Group Fund to hold common shares representing 75% of the voting rights of the Target Company through the following procedures if the Tender Offer is completed:

(i) making Fujitsu and the Tender Offeror the only shareholders of the Target Company through the Share Consolidation;

(ii) the Capital Increase by Third-Party Allotment and the Capital Decrease, Etc. to be conducted by the Target Company for the purpose of procuring funds for conducting the Target Company's Share Repurchase and a distributable amount;

(iii) the Target Company's Share Repurchase and changing the class of the Target Company Common Shares that constitute the Untendered Shares and are not subject to the Target Company's Share Repurchase from common shares to class A preferred shares and carrying out a set of other transactions and procedures accompanying or relating thereto; and

(iv) an absorption-type merger in which the Target Company is the surviving company and the Tender Offeror is the absorbed company.

After the completion of the Transactions, the Target Company will in principle continue to use Fujitsu's brand and the IT environments and other infrastructure services currently provided and maintain technology inflows until the Target Company's full independence from the Fujitsu Group, and it is assumed that the collaborative relationship between the Fujitsu Group and the Target Company will be maintained.

After the Transactions are completed, the Tender Offeror will promote measures to enhance corporate value by utilizing the domestic and overseas networks and resources of the Longreach Group, while at the same time utilizing the business foundation that the Target Company has built thus far. Specifically, the Tender Offeror intends to improve the Target Company's financial condition and procure funds for growth by reinforcing the capital of the Target Company through the Capital Increase by Third-Party Allotment as part of the Transactions, and to use these funds to make up-front investment in growing areas such as automotive relays. Also, the Longreach Group will provide a wide range of support to the Target Company, including support in (i) establishing a flexible and rapid decision-making structure by acquiring management executives and working-level personnel who reinforce the business operation of the Target Company, (ii) strengthening customer bases especially in North America and Asia by utilizing the Longreach Group's base in Hong Kong and overseas networks, and (iii) introducing corporate management standards that utilize the Longreach Group's expertise in management, finance, and human resources based on its past investments and formulating and implementing business strategies based on those standards.

In addition, after the Transactions are completed, the Longreach Group and Fujitsu will set the number of directors of the Target Company at a maximum of seven, one of whom will be elected by Fujitsu as part-time outside director and the rest of whom will be elected by the Tender Offeror, but the specific persons who are to be elected as directors have not yet been decided as of present.

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

In order to ensure the fairness of the Tender Offer Price and avoid conflicts of interest—and in light of the fact that the Tender Offeror and the Longreach Group Fund has executed the Basic Agreement with Fujitsu, the controlling shareholder (parent company) of the Target Company, whose interests may not necessarily align with those of the minority shareholders of the Target Company—the Tender Offeror and the Target Company took the following measures. Among the statements below, matters relating to the measures implemented by the Target Company are based on the explanations given by the Target Company.

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

According to the Target Company's Press Release, the Target Company has, in relation to determining its opinion on the Tender Offer, requested SMBC Nikko Securities, which is a third-party appraiser that is independent from the Target Company and the Tender Offeror, to evaluate the Target Company's share value, and received the Target Company's Share Valuation Report on July 25, 2018. SMBC Nikko Securities is not a party affiliated with the Target Company or the Tender Offeror and does not have a material interest in the Target Company or the Tender Offeror regarding the Transactions, including the Tender Offer. The Target Company did not receive an opinion letter regarding the fairness of the price of the Tender Offer (a fairness opinion) from SMBC Nikko Securities.

In order to collect and examine information required for evaluating the Target Company's share value, SMBC Nikko Securities obtained information on the Target Company's current and forecasted future business and received explanations about these matters from the Target Company's management and evaluated the Target Company's share value based on the information. SMBC Nikko Securities evaluated the Target Company's share value by using (i) the market price method, since the shares of the Target Company are listed on the Second Section of the Tokyo Stock Exchange and market prices exist, (ii) the comparable company analysis, since it is possible to infer the Target Company's share value in comparison with the market values of comparable listed companies, of which there are several, and (iii) DCF Analysis, in order to reflect the value of future business operations in the assessment.

The following are the ranges of values per Target Company Common Share that were calculated by SMBC Nikko Securities based on each calculation method set out above.

Market price method: From 707 yen to 814 yen

Comparable company analysis: From 125 yen to 358 yen

DCF Analysis: From 368 yen to 789 yen

The range of values per Target Company Common Share obtained from the market price method is 707 yen to 814 yen, which is calculated based on 707 yen, 723 yen, and 814 yen, the simple average closing prices for the Target Company Common Shares quoted on the Second Section of the Tokyo Stock Exchange over the preceding one-month, three-month, and six-month periods, respectively, as of the evaluation reference date of July 25, 2018 (the business day before the announcement date of the Tender Offer).

The range of values per Target Company Common Share obtained from the comparable company analysis is 125 yen to 358 yen, which is calculated in comparison with market prices and financial indices that indicate the profitability of listed companies engaged in businesses that are relatively similar to those that the Target Company operates, namely, Hirose Electric Co., Ltd., IRISO Electronics, Co., Ltd., Dai-ichi Seiko Co., Ltd., SMK Corporation, and Honda Tsushin Kogyo Co., Ltd., and using an enterprise-value-to-EBITDA multiple. The enterprise-value-to-EBITDA multiple is reported to be 5.4 to 6.5.

The range of values per Target Company Common Share obtained from the DCF Analysis is 368 yen to 789 yen, which is calculated by discounting the cash flow that is expected to be generated based on the Target Company's business plan for Y.E. March 2019 to Y.E. March 2021as of July 25, 2018 that was submitted by the Target Company to SMBC Nikko Securities and future revenue forecasts of the Target Company taking into consideration certain factors such as publicly released information. The weighted average cost of capital (WACC) was used for determining the discount rate, and the rate of 7.01% to 9.01% was adopted. When calculating the going concern value, SMBC Nikko Securities adopted the exit multiple method, and used the enterprise-value-to-EBITDA multiple of 5.4 to 6.5. The business plan used by SMBC Nikko Securities includes business years during which a significant increase or decrease in revenue is expected. Specifically, by clarifying certain existing business areas on which the Target Company will not focus and from which the Target Company will withdraw and shifting its resources to the focused areas, the Target Company expects increased revenue and improved profitability due to changes in the business portfolio structure in the human interface business as well as significant year-on-year increases in operating income for each period as follows: consolidated sales of 54,666 million yen (a 10.2% increase from the previous period) and operating income of 1,901 million yen (a 195.9% increase from the previous period) for Y.E. March 2020; and consolidated sales of 58,807 million yen (a 7.6% increase from the previous period) and operating income of 2,731 million yen (a 43.7% increase from the previous period) for Y.E. March 2021. The business plan is not based on the assumption that the Transactions will be conducted. The specific figures of the Target Company's financial forecasts used as the basis for calculation by the DCF Analysis are as follows.

(Units: Hundred million yen)

	Fiscal 2018	Fiscal 2019	Fiscal 2020
Sales	49,609	54,666	58,807
Operating income	643	1,901	2,731
EBITDA	2,864	4,201	5,081
Free cash flow	(204)	(628)	1,252

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

According to the Target Company's Press Release, the Target Company appointed Shuhei Takahashi Law Office as its legal adviser independent from the Tender Offeror and the Target Company and receives legal advice on the methods and processes of, and other matters to be noted in relation to, decision-making by the Target Company's board of directors regarding the Tender Offer and the procedures to be taken after the Tender Offer, in order to ensure the fairness and appropriateness of decision-making by the Target Company's board of directors.

(C) Establishment of a third-party committee at the Target Company and Obtainment of an Opinion from the third-party committee

According to the Target Company's Press Release, in order to ensure fairness and avoid conflicts of interest—and in light of the fact that the Tender Offeror and the Longreach Group Fund has executed the Basic Agreement with Fujitsu, the controlling shareholder (parent company) of the Target Company, whose interests may not necessarily align with those of the minority shareholders of the Target Company—the Target Company established on June 28, 2018 the third-party committee composed of external experts who are independent from the Target Company, Fujitsu, and the Tender Offeror and have no interest in the controlling shareholder from the standpoint of eliminating arbitrariness and possible conflicts of interest in the decision-making processes of the Target Company's board of directors as well as of ensuring the fairness of the decision-making processes (the Target Company appointed Mr. Yoji Suzuki, an outside director and audit and supervisory committee member of the Target Company, Takeshi Nakano, an attorney-at-law and certified public accountant (Oku, Katayama & Sato Law Office), and Akira Nishida, an attorney-at-law (Nishida Law Office), as the members of the third-party committee). The members of the third-party committee have not been changed since its establishment.

The Target Company consulted the third-party committee on (i) the justifiability of the purpose of the Transactions, (ii) the fairness of the procedures involved in the negotiation process of the Transactions, (iii) the reasonableness of the consideration to be delivered to the Target Company's minority shareholders as a result of the Transactions, and (iv) whether the decision-making of the Target Company regarding the Transactions is not disadvantageous to the Target Company's minority shareholders based on the matters set out in (i) through (iii) and other matters (collectively, the "**Consulted Matters**") with respect to the Transactions including the Tender Offer, as a basis for deliberation of the opinion to be declared by the Target Company regarding the Tender Offer.

According to the Target Company, the third-party committee held its meeting six times in total during the period from June 28, 2018 to July 25, 2018 and they discussed and examined the Consulted Matters. Specifically, the third-party committee received explanations from the Target Company, the Tender Offeror, and SMBC Nikko Securities about matters such as (a) the purpose of the Transactions, (b) the details of the scheme of and procedures for the Transactions, (c) the status of negotiation of the terms and conditions for the Transactions, (d) matters stated in the Target Company's Share Valuation Report prepared by SMBC Nikko Securities, a third-party appraiser, and the evaluation methods used therein, and (e) legal advice from Shuhei Takahashi Law Office, and held question-and-answer sessions regarding these matters.

The third-party committee prudently discussed and examined the Consulted Matters based on the details of the explanations and matters discussed in the question-and-answer sessions described above and, as a result, submitted to the Target Company's board of directors a written report (the "**Written Report**") on July 25, 2018 with a unanimous approval of the members. An outline of the Written Report is set out in (i) to (iv) below.

(i) Justifiability of purpose of the Transactions (Consulted Matter 1)

The purpose of the Transactions is to enhance corporate value by removing constraints on (a) resources due to the Target Company's financial standing, namely the equity ratio of 7.1% and (b) the implementation of risky policies such as investment in automation to counter increased personnel costs and further investment in technical resources, etc. because of the status as a listed company, which have restricted the Target Company's activities for improving revenue in spite of the essential need for further investments in the midst of intensified competition with competitors, and implementing drastic improvement and reform measures in a short term. Also, it is clear that such purpose of the Transactions does not constitute an inappropriate purpose such as Fujitsu's enhancement of its or third-parties' interests by utilizing its status as the parent company of the Target Company at the sacrifice of the Target Company's minority shareholders, and therefore it can be said that the purpose of the Transactions is justifiable.

(ii) Fairness of procedures for the Transactions (Consulted Matter 2)

The fairness of the procedures for the Transactions is ensured because (A) the reasons for implementing each of the Transactions are reasonable, the circumstances behind each transaction are fully disclosed and, judging from the entire scheme, the fairness of the procedures will not be harmed by the fact that such scheme has been adopted, (B) the legality of each of the Transactions is ensured, (C) the processes of selecting the acquirer and negotiation of the price and other terms and conditions for the Transactions have been properly followed, (D) as measures for avoiding structural conflicts of interest, (a) a share valuation report has been obtained from an independent third-party appraiser, (b) advice from an independent law firm has been obtained, (c) the third-party committee has been established and negotiation has been conducted based on the opinions of the committee, (d) persons with an interest in Fujitsu have been eliminated from the deliberation and resolution at the board of directors meetings, (e) the minimum limit has been set based on the majority of the minority provision, which can be evaluated as an important measure for respecting the intent of minority shareholders and ensuring the fairness and appropriateness of the Tender Offer Price, and (f) measures have been taken to secure an opportunity for other offerors to carry out a tender offer, and (E) the second-step procedure after the Tender Offer is a scheme using a share consolidation, in which a right to claim for purchase of shares and a right to claim for determination of purchase price are ensured, the rights of minority shareholders are fully protected, and it is planned that a method of calculation will be used so that the amount of money to be delivered to each of the minority shareholders who does not tender shares in response to the Tender Offer will be equal to the amount calculated by multiplying the Tender Offer Price by the number of Target Company Common Shares held by that minority shareholder.

(iii) Terms and conditions for the Transactions (Consulted Matter 3)

The terms and conditions for the Transactions and the process of determining those terms and conditions are based on the following circumstances, and thus it is possible to consider the prices to be appropriate.

- The Target Company spent more than a year selecting the Tender Offeror and negotiating the Tender Offer Price. After the selection of the Tender Offeror, the Tender Offer Price was negotiated between the Tender Offeror and Fujitsu and the Target Company. The Tender Offeror proposed a share value late in April 2017, and after that conducted due diligence with respect to the Target Company. On March 15, 2018, the Target Company announced the downward revision of its business performance forecast for fiscal 2017, disclosed the downward revision of its budgets for fiscal 2018 to the Tender Offeror, and it was found that the Target Company’s net interest-bearing liabilities will be increased. This means that the share value that is recognized as a difference of the Target Company’s corporate value less the net interest-bearing liabilities, etc. is decreased, but Fujitsu and the Target Company and the Tender Offeror continued negotiations and consultations about the share value and, as a result, the Tender Offeror did not decrease the share value and the Tender Offer Price was effectively increased.
- The Tender Offer Price is a price inclusive of a premium of 11.18% on the closing price of the Target Company Common Shares traded on the Tokyo Stock Exchange Second Section on July 25, 2018 (the business day before the announcement date of the Tender Offer), and a premium of 32.25%, 29.32%, and 14.86% on the simple average closing price of the Target Company Common Shares traded on the Tokyo Stock Exchange Second Section over the period of one month, three months, and six months through July 25, 2018, respectively, and above the maximum limit of the range of the calculation results based on the DCF Analysis.
- The Target Company also continued negotiation with Fujitsu until the last minute regarding the relative values of the Tender Offer Price and the Repurchase Price (Per Share Pre-Consolidation) based on the opinions of the third-party committee in order to include an adequate premium in the price offered to the minority shareholders of the Target Company and, as a result, was able to maintain a ratio which enables the Target Company to include an

adequate premium in the price offered to the minority shareholders of the Target Company.

- In addition, the Target Company has implemented the measures set out in (ii)(D) above as measures to ensure the fairness of the Transactions and to avoid conflicts of interest.
- The second-step procedure after the Tender Offer is a scheme using a share consolidation, in which a right to claim for purchase of shares and a right to claim for determination of purchase price are ensured, the rights of minority shareholders are fully protected, and it is planned that a method of calculation will be used so that the amount of money to be delivered to each of the minority shareholders who does not tender shares in response to the Tender Offer will be equal to the amount calculated by multiplying the Tender Offer Price by the number of Target Company Common Shares held by that minority shareholder.

Due to the above circumstances, the appropriateness of these prices are ensured.

(iv) Decision-making of the Target Company is not disadvantageous to the Target Company's minority shareholders based on the matters set out in (i) to (iii) and other matters (Consulted Matter 4)

In light of the matters stated in (i) to (iii) above, the Target Company's decision making regarding the Transactions is not disadvantageous to the Target Company's minority shareholders.

(D) Approval of All Disinterested Directors (Including Audit and Supervisory Committee Members) of the Target Company

According to the Target Company's Press Release, the Target Company prudently deliberated and examined the terms and conditions for the Tender Offer by reference to the matters stated in the Target Company's Share Valuation Report and legal advice obtained from Shuhei Takahashi Law Office and by respecting to the maximum extent possible the matters stated in the Written Report obtained from the third-party committee.

As a result, the Target Company believes that the Tender Offer Price is appropriate and based on a scheme under which consideration is equally delivered to the shareholders of the Target Company and therefore not unreasonable as set out in "(C) Decision-Making Process of, and Reasons for the Decision by, the Target Company" of "(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer and the Transactions" above. The Target Company's board of directors meeting held on July 26, 2018, all directors present (six out of nine directors in total; Mr. Ryuji Kushida, Mr. Koichi Takahashi, and Mr. Hiroaki Kondo were excluded because they may possibly have a special interest, as set out below) unanimously approved the resolution to the effect that the Target Company will declare its present opinion in support of the Tender Offer and recommend that the Target Company's shareholders tender shares in response to the Tender Offer if the Tender Offer is commenced.

According to the Target Company, among the directors of the Target Company, Mr. Ryuji Kushida and Mr. Koichi Takahashi concurrently serve as the executive officer and the head of the Corporate Planning and Audit Office at Fujitsu, respectively, and Mr. Hiroaki Kondo has served as an executive officer in the last five years. Therefore, from the standpoint of avoiding any suspicion of conflicts of interest and ensuring the fairness of the Transactions by excluding Fujitsu employees from all involvement in the Transactions, Mr. Koichi Takahashi and Mr. Hiroaki Kondo do not participate in any board of directors resolutions where examinations and deliberations about the Transactions are conducted, except for resolutions to ensure the fairness of the Transactions, such as by appointing the Third Party Committee and requesting a share valuation; Mr. Ryuji Kushida does not participate in any board of directors resolutions where examinations and deliberations about the Transactions are conducted. None of the three directors with possible conflicts of interest participates in any examination of the Transactions or discussion or represent the Target Company in negotiation with the Tender Offeror and Fujitsu regarding the Transactions.

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

While the shortest period of a tender offer under laws and ordinances is 20 business days, the Tender Offeror set the period of the Tender Offer (the "**Tender Offer Period**") to 30 business days. By setting the Tender Offer Period to a relatively long period, the Tender Offeror ensures that the Target Company's shareholders are provided with an opportunity to make an appropriate decision on whether or not to tender shares in response to the Tender Offer and parties other than the Tender Offeror are provided with an opportunity to carry out a counter tender offer, and thereby giving consideration to ensuring the fairness of the Target Offer Price.

Further, the Tender Offeror and the Target Company have not reached any agreement that includes deal protection provisions to prohibit the Target Company from contacting a counter offeror or other agreement that restricts the counter offeror from contacting the Target Company. By securing an opportunity for a counter tender offer, as well as by setting a relatively long Tender Offer Period in this way, the Tender Offeror intends to ensure the fairness of the Tender Offer.

(F) Setting Minimum Number of Shares to be Acquired at a Number Equivalent to Majority of Minority

The Tender Offeror has set a requirement that the total number of the Tendered Share Certificates, Etc. should be equal to or more than the minimum number of shares to be purchased (1,713,900 shares) as a condition for the completion of the Tender Offer. The minimum number of shares to be purchased is a majority of the difference (3,427,720 shares) of the total number of issued shares of the Target Company as of June 30, 2017 (14,629,626 shares) stated in the Target Company's Q1 Financial Statement less the number of treasury shares held by the Target Company as of June 30, 2018 (40 shares) and the Untendered Shares held by Fujitsu (11,201,866 shares). In other words, the minimum number of shares to be purchased corresponds to the "majority of the minority." In this way, the Tender Offeror places importance on the intent of the minority shareholders of the Target Company and, if the consent of the majority of shareholders other than interested parties of the Tender Offeror is not obtained, the Tender Offeror will not conduct the Transactions, including the Tender Offer.

(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the "Two-Step Acquisition")

As stated in "(1) Outline of the Tender Offer," above, the purpose of the Tender Offer is to privatize the Target Company and make the Tender Offeror and Fujitsu the only shareholders of the Target Company, and in the event that the Tender Offeror is unable to obtain all of the Target Company Common Shares (excluding the Untendered Shares held by Fujitsu and treasury shares held by the Target Company) under the Tender Offer, the Tender Offeror intends, after the successful completion of the Tender Offer, to request the Target Company to implement the following procedures and carry out a set of procedures necessary for making the Tender Offeror and Fujitsu the only shareholders of the Target Company.

Specifically, the Tender Offeror intends to request the Target Company to hold an extraordinary shareholders' meeting at which a partial amendment to the Target Company's Articles of Incorporation will be proposed that would abolish the share unit number provisions on the condition that the Share Consolidation is conducted and the Share Consolidation becomes effective (the "**Extraordinary Shareholders' Meeting**"). The Tender Offeror and Fujitsu intend to approve the proposal 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 Common 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 such shareholder of the Target Company will receive an amount of cash obtained by selling the Target Company Common Shares equivalent to the total number of shares less than one unit (with such aggregate sum rounded down to the nearest whole number) to the Target Company or the Tender Offeror 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 Common Shares 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 Tender Offeror, Fujitsu 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 Common Shares held by each such shareholder. A petition will be filed to the court for permission to purchase such Target Company Common Shares on this basis. Although the ratio of the Share Consolidation of the Target Company Common Shares has not been determined as of today, it is intended that shareholders (excluding the Tender Offeror, Fujitsu 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 Tender Offeror and Fujitsu to become the owner of all of the issued shares of the Target Company (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 Common Shares in accordance with Articles 182-4 and 182-5 of the Companies Act and other applicable laws and regulations. In the event that holders of shares less than one unit file the above petition with the court, the acquisition price will be finally determined by the court.

With regard to the above procedure, it is possible that, depending on amendments to, implementation and interpretation of the relevant laws and regulations by authorities, the shareholding percentage of the Tender Offeror and Fujitsu after the Tender Offer, and the ownership of Target Company Common Shares by shareholders other than the Tender Offeror and Fujitsu, the timing or methods may be altered to implement the procedure. However, even in such a case, it is intended that a method will be used whereby the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror, Fujitsu and the Target Company) will ultimately receive cash consideration equal to the number of Target Company Common Shares held by such shareholder multiplied by the Tender Offer Price in exchange for their shares.

If the Extraordinary Shareholders' Meeting is held, it will be held around late October 2018 and the Target Company, after consulting with the Target Company, will announce specific details and expected timing promptly once determined. It is further noted that shareholders of the Target Company will not be solicited to agree to the Tender Offer at the Extraordinary Shareholders' Meeting. All shareholders of the Target Company are solely responsible for seeking their own specialist tax and other advice with regard to the tax consequences of tendering their shares in the Tender Offer or the procedures outlined above.

(5) Prospects and Reasons for Delisting

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

Also, even in the event that the delisting criteria are not met upon completion of the Tender Offer, the Tender Offeror plans to make the Tender Offeror and Fujitsu the only shareholders of the Target Company and privatize the Target Company in accordance with the procedures stated in "(4) Policy for organizational restructuring, etc. 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 Common Shares will be delisted through the prescribed procedures in accordance with the delisting criteria of the Tokyo Stock Exchange. After delisting, the Target Company Common Shares will no longer be traded on the Second Section of the Tokyo Stock Exchange.

The reasons why delisting is a purpose of the Tender Offer and the impact of the delisting on minority shareholders, as well as the Target Company's views thereon, are stated in "(C) Decision-Making Process of, and Reasons for the Decision by, the Target Company" of "(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer and the Transactions" above.

(6) Material Agreements Regarding the Tender Offer

(A) The Basic Agreement

Upon conducting the Tender Offer, the Tender Offeror, the Longreach Group Fund and Fujitsu executed the Basic Agreement dated July 26, 2018 under which Fujitsu agreed not to tender the Untendered Shares (11,201,866 shares).

The following matters are agreed in the Basic Agreement: (i) the Tender Offeror will request the Target Company to conduct the Share Consolidation if the Tender Offeror is not able to acquire all of the Target Company Common Shares (excluding treasury shares and the Untendered Shares held by the Target Company) after the successful completion of the Tender Offer, (ii) on the condition that the Tender Offeror and Fujitsu become the owners of all of the Target Company Common Shares (excluding treasury shares held by the Target Company) as a result of the Tender Offer and Share Consolidation (the "**Squeeze Out**"), the Tender Offeror will request the Target Company to conduct the Capital Increase by Third-Party Allotment and the Capital Decrease, Etc., (iii) subject to the Squeeze Out, Fujitsu will sell to the Target Company one half of the Target Company Common Shares that Fujitsu holds at that time (5,600,933 Target Company Common Shares as of today (ownership ratio: 38.28 %)) through the Target Company's Share Repurchase for a total amount of consideration of 4,284,713,745 yen (the "**Repurchase Price (Total)**"), and (iv) subject to the completion of the Target Company's Share Repurchase, the Target Company will change the class of the Untendered Shares that are not subject to the Target Company's Share Repurchase from common shares to class A preferred shares (Note 1), and concurrently, the Target Company will establish in its Articles of Incorporation provisions regarding the number of shares constituting one unit for the class A preferred shares or common shares, or both, so that Fujitsu comes to hold class A preferred shares representing 25% of voting rights of the Target Company and the Tender Offeror comes to hold common shares representing 75% of voting rights of the Target Company.

On the other hand, if a tender offer for the Target Company Common Shares is commenced by a person other than the Tender Offeror by the last day of the Tender Offer Period (such tender offer, the "**Counter Tender Offer**") and (i) the tender offer price for the Target Company Common Shares in the Counter Tender Offer is at least 5% higher than the Tender Offer Price and (ii) upon consultation between the Tender Offeror and Fujitsu the Tender Offer Price is not changed to an amount that is equal to or greater than the tender offer price in the Counter Tender Offer by the earlier of the date on which ten business days have passed since the consultation is commenced and the day before the last day of the Tender Offer Period, Fujitsu may tender shares in response to the Counter Tender Offer.

(Note 1): The amount of preferential dividends per class A preferred share is calculated by multiplying 765 yen by the annual preferential dividend rate (Note 4) for each business year.

(Note 2): Unless provided for in laws and ordinances, the Target Company will be able to acquire all or part of the remaining class A preferred shares at any time from and after April 1, 2021 by giving notice in advance in exchange for the delivery of an amount of money equivalent to the base value (Note 5) per share. In addition, the Target Company will be able to acquire all or part of the remaining class A preferred shares on a date separately determined by the Target Company's board of directors that falls on or after the date on which a resolution is passed to file an application for listing the Target Company's common shares on a securities exchange or on which a share transfer provided for in the Articles of Incorporation of the Target Company is approved, in exchange for the delivery of an amount of money equivalent to the base value per share.

(Note 3): A holder of class A preferred shares may request the Target Company to repurchase of all or part of the class A preferred shares held by the holder of class A preferred shares by giving notice in advance at any time from and after the day on which ten years have passed since the class A preferred shares are issued, in exchange for the delivery of an amount of money equivalent to the base value per share.

(Note 4): "Annual preferential dividend rate" means 1.00% per annum. However, the annual preferential dividend rate for the business year to which belongs the first reference date for dividends falling at least five years after the class A preferred shares were issued is 5.00% per annum, and it will be increased by 1.00% per annum upon the passage of each business year. The maximum limit of the annual preferential dividend rate is 10.00% per annum.

(Note 5): "Base value" means the sum of 765 yen per class A preferred share plus the amount of accrued dividends per share.

(B) The Shareholders Agreement

The Tender Offeror and the Longreach Group Fund entered into the Shareholders Agreement dated July 26, 2018 with Fujitsu, whereby the Tender Offeror and Fujitsu have agreed on matters such as the business operation of the Target Company and handling of shares to be issued by the Target Company after the Transactions.

2. Outline of Tender Offer

(1) Outline of the Target Company

(A) Name	Fujitsu Component Limited
(B) Address	12-4, Higashi-shinagawa 4-chome, Shinagawa-ku, Tokyo
(C) Title and Name of Representative	Hiroaki Kondo, President and Representative Director
(D) Description of Business	Manufacture and sale of electronic and magnetic products such as relays, connecting components such as connectors, input/output components such as touch panels and keyboards, and other electronic appliances and equipment.

(E) Capital	6,764 million yen (as of March 31, 2018)		
(F) Date of Establishment	September 17, 2001		
(G) Major Shareholders and Shareholding Ratios (as of March 31, 2018)	Fujitsu Limited		76.56%
	Matsui Securities Co., Ltd.		1.41%
	Minoru Yoshida		0.98%
	Mizuho Bank, Ltd. (standing proxy: Trust & Custody Services Bank, Ltd.)		0.85%
	Hatsugoro Takiguchi		0.41%
	Etsuko Kazama		0.38%
	Noriyuki Horikoshi		0.36%
	Kita Aichi Lease Co., Ltd.		0.33%
	Mitsuhiro Saito		0.31%
	Mito Securities Co., Ltd.		0.30%
(H) Relationship between the Tender Offeror and the Target Company (as of March 31, 2018)	Capital Relationship	None	
	Personnel Relationship	None	
	Business Relationship	No material transactions to be stated.	
	Status as Related Party	None	

(Note): "(G) Major Shareholders and Shareholding Ratios (as of March 31, 2018)" are based on the information stated in the "Status of the Major Shareholders" in the Securities Report for the 17th Term submitted by the Target Company on June 22, 2018.

(2) Type of Share Certificates, Etc. to be Purchased

Common shares

(3) Schedule, Etc.

(A) Schedule

Date of public notice of commencement of tender offer	July 27, 2018 (Friday) An electronic public notice will be conducted, and a notice to that effect will be published in the Nikkei. (URL of the electronic public notice: http://disclosure.edinet-fsa.go.jp/)
Date of filing the Tender Offer Registration Statement	July 27, 2018 (Friday)

(B) Initial period of tender offer as of registration

From July 27, 2018 (Friday) to September 6, 2018 (Thursday) (30 business days)

(C) Possibility of extension upon request by the Target Company

Not applicable.

(4) Price of Tender Offer

935 yen per common share

(5) Basis of Valuation, Etc. regarding Price of Tender Offer

(A) Basis of valuation

In deciding the Tender Offer Price, the Tender Offeror conducted a multifaceted and comprehensive 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 Common Shares are traded on a financial instruments exchange, the Tender Offeror also referred to 841 yen, which was the closing price for the Target Company Common Shares quoted on the Second Section of the Tokyo Stock Exchange on July 25, 2018 (which was the business day immediately preceding the announcement date of the Tender Offer); 707 yen (to be rounded to the nearest whole yen; the same applies to each simple average closing price below), which was the simple average closing price for the Target Company Common Shares over the one-month period from June 26, 2018 to July 25, 2018; and 723 yen, which was the simple average closing price for the Target Company Common Shares over the three-month period from April 26, 2018 to July 25, 2018. In addition, the Tender Offeror comprehensively considered, among other things, examples of the premiums on the tender offer prices paid in tender offers conducted in the past, trends in the market price of Target Company Common Shares over the last three months, the results of discussion and negotiation between the Target Company and Fujitsu, the support for the Tender Offer by the Target Company's board of directors, and the estimated number of shares to be tendered in the Tender Offer and the Tender Offeror finally decided on the Tender Offer Price of 935 yen per share on July 26, 2018.

As the Tender Offeror decided on the Tender Offer Price based on the discussion and negotiation between the Target Company and Fujitsu, while comprehensively taking into account the factors stated above, the Tender Offeror did not obtain a share price valuation report from a third-party appraiser.

The Tender Offer Price of 935 yen per share represents a premium of 11.18% on 841 yen, which was the closing price for the Target Company Common Shares quoted on the Second Section of the Tokyo Stock Exchange on July 25, 2018 (which was the business day immediately preceding the announcement date of the Tender Offer); a premium of 32.25% on 707 yen, which was the simple average closing price for the Target Company Common Shares over the one-month period from June 26, 2018 to July 25, 2018; a premium of 29.32% on 723 yen, which was the simple average closing price for the Target Company Common Shares over the three-month period from April 26, 2018 to July 25, 2018; and a premium of 14.86% on 814 yen, which was the simple average closing price over the six-month period from January 26, 2018 to July 25, 2018.

(B) Background of valuation

(Background of the decisions on the Tender Offer Price)

The Longreach Group has long been acquainted with Fujitsu and, in the course of discussions with Fujitsu about a variety of capital policies, had consultations with Fujitsu regarding the possibility of transferring the Target Company Common Shares held by Fujitsu as an option for contributing to the Target Company's growth and enhancement of corporate value over the medium- to long term.

In order to conduct more concrete examination of the possibility of collaboration with the Target Company, from March 2017, the Longreach Group commenced the analysis and examination of management measures for the enhancement of the Target Company's corporate value over the medium to long term based on the prospects for the Target Company's business and information on matters such as management policies provided by the Target Company. Based on the examination, the Longreach Group determined that, in order for the Target Company to realize further growth of its business under the current and expected business environment going forward, it is essential to work to enhance the Target Company's corporate value by taking the following measures: improving financial condition and by reinforcing the capital of the Target Company; making up-front investment in growing areas such as automotive relays by ensuring funds for growth; strengthening cost competitiveness; further strengthening the independent management structure including more prompt decision-making processes; and acquiring necessary personnel and conducting education and other activities for the personnel. On the other hand, the Longreach Group also determined that overcoming the Target Company's management issues and achieving its sustainable growth could not be realized as an extension of the business that the Target Company currently conducts, and there is a possibility that it would be difficult for the Target Company to concurrently work on two tasks, namely (i) the implementation of business strategies necessary for strengthening competitiveness over the medium to long term and (ii) the maximization of profits for each fiscal year, which the Target Company must place importance on as a listed company. In other words, the Tender Offeror shared with the Target Company the understanding that during the process of overcoming the management issue of enhancing the Target

Company's corporate value over the medium to long term, there will be increased uncertainty in its business, and it is assumed that this will in turn lead to a situation in which general shareholders of the Target Company are subject to the risk of declines in share prices due to the deterioration of cash flows in connection with short-term decreases in sales and profits and increased capital investment and the business structural reform when taking medium- to long-term measures such as allocating human and business resources for expansion into new business areas, as well as preparing to handle issues expected in the near future, such as plant and equipment obsolescence and investment in automation, allowances for plants and other facilities, etc. to counter increased personnel costs, mainly at overseas plants. In particular, the Target Company intends to use its existing components business and custom products business as the basis to start a proposal-based business model that focuses on achieving customers' aspirations. In the proposal-based business, the Target Company will fill the customers' needs in partnership business models adopted by the customers in which the customers will leverage external resources by focusing on its specialties and outsourcing hardware design and manufacturing. The Target Company believes that the technological expertise built up through the development of its existing products, and the supporting expertise in production and production technology will be important in filling such customers' needs. The Tender Offeror also shared with the Target Company the understanding that this will require a greater investment of engineers, facilities, testing equipment and other technical resources than before and may necessitate a renewal of the Target Company's business model itself, so securing resources for these purposes is considered to be one of its remaining challenges, and in this process, there is a possibility that it would be difficult for the Target Company to concurrently work on these challenges and maximize profits for each fiscal year, which the Target Company must place importance on as a listed company. For these reasons, the Longreach Group reached the conclusion that it is essential to enhance capital and procure funds in order to achieve the business plan from a medium- to long-term perspective as described above, and the shares of minority shareholders will be diluted if a large-scale capital increase is conducted while the shares of the Target Company are listed, and therefore it will be possible to achieve enhancement of corporate value by privatizing the Target Company and implementing the reconstruction of business strategies under a simplified shareholder structure that enables the Target Company to make flexible management decisions without being influenced by short-term changes in business performance, and thus made a proposal to Fujitsu for privatizing the Target Company in the middle of June 2017.

In the above proposal, the Longreach Group proposed a scheme of step-by-step acquisition under which (A) all of the Target Company Common Shares, excluding the portion held by Fujitsu, will be acquired through the Tender Offer and the Share Consolidation to be conducted after the Tender Offer; and (B) half of the Target Company Common Shares held by Fujitsu will be acquired through the Target Company's Share Repurchase after those shares are delisted following the processes of the Tender Offer and the Share Consolidation, and also proposed that the ratio of voting rights attached to the Target Company Common Shares that remain with Fujitsu be decreased to 25% by taking procedures such as adjustment of the number of shares constituting one unit and that the class of those shares be changed to class A preferred shares in order to ensure economic interest by creating certain preferential rights regarding the distribution of surplus, etc. While it will be necessary for the Target

Company to continue to use Fujitsu’s brand and the IT environments and other infrastructure services currently provided and maintain technology inflows for a certain period after the completion of the Transactions, the Longreach Group explains that, by adopting the above scheme, the Target Company will be able to maintain the collaborative relationship with the Fujitsu Group after the completion of the Transactions through to its full independence from the Fujitsu Group and, by setting the “Repurchase Price (Per Share Pre-Consolidation) at a price lower than the Tender Offer Price, it will be possible to offer to minority shareholders a price based on the level of actual market prices while taking into consideration the market price of the Target Company’s shares and the assessment of the intrinsic corporate value of the Target Company’s business, that is, a price inclusive of a premium at an appropriate level that is not disadvantageous to the minority shareholders, and at the same time it will be possible to offer to Fujitsu, who hold 11,201,866 shares (ownership ratio: 76.57%) of the Target Company Common Shares, an opportunity to sell half of the Target Company Common Shares held by it at the Repurchase Price (Per Share Pre-Consolidation). However, in the case where the Tender Offer Price and the Repurchase Price (Per Share Pre-Consolidation) are determined based on the total share value of the Target Company Common Shares, a conflict of interest will arise between the minority shareholders of the Target Company and Fujitsu because if either one of the prices is increased, the other price will be decreased, and thus the Target Company had consultations with the Longreach Group and Fujitsu about the Tender Offer Price and the Repurchase Price (Per Share Pre-Consolidation) in order to make a fair price determination.

Following this, the Longreach Group had consultations and negotiations with Fujitsu and the Target Company on multiple occasions, reviewed the terms and conditions including an increase in the Tender Offer Price, and made a revised proposal to Fujitsu in the middle of October 2017.

In addition, the Longreach Group conducted due diligence with respect to the Target Company in pushing forward with the Target Company’s privatization (the due diligence commenced in early December 2017 and ended in late January 2018) and further increased its understanding of the business details of, the business environment surrounding, and the management issues concerning, the Target Company and conducted an additional examination of the Target Company’s future growth strategies. As a result, the Longreach Group reached the conclusion that it is possible to contribute to the expansion of the Target Company’s business scale by providing the knowledge that the Longreach Group has cultivated through the operation of funds that perform a role in the support for business growth, its networks in the industry, and the expertise in areas such as business alliance, M&A, and financing and, therefore, submitted a final letter of intent regarding the Transactions to Fujitsu on February 28, 2018. After the submission of the final letter of intent, the Longreach Group continued to conduct examinations, consultations, and negotiations with Fujitsu about the terms and conditions for the Tender Offer, including whether it is appropriate to conduct the Transactions, the details of the scheme of the Transactions, the Tender Offer Price, and the Repurchase Price (Per Share Pre-Consolidation). After that, in response to the Target Company’s announcement of the downward revision of its business performance for fiscal 2017 in the press release “Notice Regarding Revision of Performance Forecast” released on March 15, 2018, the Longreach Group submitted a revised final letter of intent on April 19, 2018 and continued further consultations and negotiations and, on June 22, 2018, established the Tender Offeror as a company for the purpose of acquisition in order to conduct the Transactions. Then, the Longreach Group Fund made a final proposal on July 26, 2018 to Fujitsu and the Target Company regarding its intention to set the Tender Offer Price at 935 yen and the Repurchase Price (Per Share Pre-Consolidation) at 765 yen, on which the three parties agreed, and thus the Tender Offeror decided to conduct the Tender Offer on July 26, 2018 and decided to set the Tender Offer Price at 935 yen as stated in "Basis of valuation" above.

(C) Relationship with appraiser

The Tender Offeror did not obtain a share price valuation report from any third-party appraiser upon determining the Tender Offer Price, so this item is not applicable.

(6) Number of Share Certificates, Etc. to be Purchased

Number of share certificates, etc. to be purchased	Minimum number of share certificates, etc. to be purchased	Maximum number of share certificates, etc. to be purchased
3,427,720 shares	1,713,900 shares	– shares

(Note 1): If the total number of Tendered Share Certificates, Etc. is less than the minimum number of the share certificates, etc. to be purchased (1,713,900 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of Tendered Share Certificates, Etc. is equal to or more than the minimum number of the share certificates, etc. to be purchased (1,713,900 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

(Note 2): In the Tender Offer, the Tender Offeror has not set a maximum number of shares to be purchased, and thus the number of shares to be purchased is stated as the maximum number of share certificates, etc. of the Target Company to be acquired by the Tender Offeror through the Tender Offer (3,427,720 shares). The maximum number of shares to be purchased in the Tender Offer is the number of shares (3,427,720 shares) representing (i) the total number of issued shares (14,629,626 shares) as of June 30, 2018), as stated in the Target Company's Q1 Financial Statement, minus (ii) the 40 treasury shares held by the Target Company as of June 30, 2018 and the number of Untendered Shares (11,201,866 shares) held by Fujitsu.

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

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

(7) Changes in Ownership Ratio of Share Certificates, Etc. through Tender Offer

Number of voting rights	0	(Ownership ratio of share

represented by share certificates, etc. held by the Tender Offeror before tender offer	voting rights	certificates, etc. before tender offer: 0.00%)
Number of voting rights represented by share certificates, etc. held by special related parties before tender offer	112,018 voting rights	(Ownership ratio of share certificates, etc. before tender offer: 76.57%)
Number of voting rights represented by share certificates, etc. held by the Tender Offeror after tender offer	34,277 voting rights	(Ownership ratio of share certificates, etc. after tender offer: 23.43%)
Number of voting rights represented by share certificates, etc. held by the special related parties after tender offer	112,018 voting rights	(Ownership ratio of share certificates, etc. after tender offer: 76.57%)
Number of voting rights of all shareholders of the Target Company	146,286 voting rights	

(Note 1): "Number of voting rights represented by share certificates, etc. held by special related parties before tender offer" is the total number of voting rights represented by share certificates, etc. held by each of the special related parties (excluding the Target Company).

(Note 2): "Total number of voting rights of all shareholders of the Target Company" is the number of voting rights of all shareholders, etc. of the Target Company as of March 31, 2018 stated in the Target Company's Securities Report for the 17th Term submitted by the Target Company on June 22, 2018. However, since shares less than one unit (excluding treasury shares less than one unit held by the Target Company) are subject to the Tender Offer, when calculating "Ownership ratio of share certificates, etc. before tender offer" and "Ownership ratio of share certificates, etc. after tender offer," the number of voting rights (146,295) represented by 14,629,520 shares, which is the total number of issued shares (14,629,626 shares) of the Target Company as of June 30, 2018 stated in the Target Company's Q1 Financial Statement less the number of treasury shares held by the Target Company (40 shares) and the number of Untendered Shares held by Fujitsu minus the number of Target Company Common Shares less than one unit (66 shares), is used as the denominator.

(Note 3): "Ownership ratio of share certificates, etc. before tender offer" and "Ownership ratio of share certificates, etc. after tender offer" have been rounded to two decimal places.

(8) Purchase Price

3,204 million yen

(Note): “Purchase price” is the amount calculated by multiplying the number of share certificates, etc. to be purchased (3,427,720 shares) in the Tender Offer by the Tender Offer Price (935 yen).

(9) Method of Settlement

(A) Name and address of head office of securities firm, bank, or other financial institution in charge of settlement of tender offer

Mizuho Securities, Co., Ltd. 1-5-1, Otemachi, Chiyoda-ku, Tokyo

(B) Commencement date of settlement

September 20, 2018 (Thursday)

(C) Method of settlement

A notice regarding the purchase under the Tender Offer will be mailed to the address of shareholders who tender their shares in the Tender Offer (the **‘Tendering Shareholders, Etc.**”) (or the address of the standing proxy in the case of shareholders residing in foreign countries (including corporate shareholders) (“**Non-Resident Shareholders**”)) without delay after the expiration of the Tender Offer period. The purchase will be settled in cash. The tender offer agent will, in accordance with the instructions given by the Tendering Shareholders, Etc. (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, Etc. or pay the purchase price into the Tendering Shareholder, Etc.’s account with the tender offer agent through which the shares were tendered.

(D) Method of return of share certificates, etc.

In the event that all of the Tendered Share Certificates, Etc. will not be purchased under the terms set forth in “(A) Conditions set forth in each item of Article 27-13, Paragraph 4 of the Act and the details thereof” or “(B) Conditions of withdrawal, etc. of the tender offer, details thereof and method of disclosure of withdrawal, etc.” in “(10) Other conditions and methods of purchase” below, the tender offer agent will revert the relevant shares to their original condition at the time of the tender promptly after the business day immediately after the last day of the Tender Offer Period (or the day of withdrawal, etc. if the Tender Offeror withdraws the Tender Offer).

(10) Other conditions and methods of purchase

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

If the total number of Tendered Share Certificates, Etc. is less than the minimum number of Share Certificates, Etc. to be purchased (1,713,900 shares), the Tender

Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of Tendered Share Certificates, Etc. is equal to or more than the minimum number of Share Certificates, Etc. to be purchased (1,713,900 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

(B) 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, and Item (4), as well as Article 14, Paragraph 2, Items (3) through (6) of the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended; the "**Enforcement Order**") occurs, the Tender Offeror may withdraw the Tender Offer. The "events 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 Enforcement Order refers to either (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, or (ii) the case where any of the facts listed in Article 14, Paragraph 1, Items (3)1 through (3)7 of the Enforcement Order occurs in respect of a significant subsidiary of the Target Company.

In addition, if the Minister of Finance and the competent minister for the business find, by the day before the expiration date of the Tender Offer Period (including any extended period), that the notification given pursuant to the provisions of Article 27, Paragraph 1 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended) falls under an inward direct investment, etc. pertaining to national security, etc. and the waiting period before the Tender Offeror is allowed to acquire the Target Company Common Shares is extended, the Tender Offeror may withdraw the Tender Offer due to such event falling under a case where the Tender Offeror is not able to obtain "permission, etc." under Article 14, Paragraph 1, Item (4) of the Enforcement Order.

If the Tender Offeror intends to withdraw the Tender Offer, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set out in Article 20 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer (Ministry of Finance Order No. 38 of 1990, as amended; the "**Cabinet Ordinance**") and give a public notice immediately after the announcement.

(C) 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 Tender Offeror may reduce the purchase price in accordance with the standards set out in the provision of Article 19, Paragraph 1 of the Cabinet Ordinance.

If the Tender Offeror intends to reduce the purchase price, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Tender 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 Tender Offeror will also purchase the Share Certificates, Etc. tendered on or before the date of the public notice at the reduced purchase price.

(D) Matters concerning right of Tendering Shareholders, Etc. to terminate the agreement

The Tendering Shareholders, Etc. may, at any time during the Tender Offer Period, terminate their agreement under the Tender Offer. The Tendering Shareholders, Etc. who wish to terminate their agreements must deliver or send a termination notice stating that such Tendering Shareholder terminates its agreement under the Tender Offer (the "**Termination Notice**") , with a receipt of acceptance of the Tender Offer attached, to the head office or any domestic branch of the tender offer agent that received the application by 3:00 p.m. on the last day of the Tender Offer Period. The termination of agreement will take effect at the time when the Termination Notice is delivered to, or reaches, the tender offer agent. Therefore, the Tendering Shareholders, Etc. should be aware that if the Termination Notice is sent by mail, the Tendering Shareholders, Etc. may not terminate the agreement unless the termination notice reaches the tender offer agent by no later than 3:00 p.m. on the last day of the Tender Offer Period.

The Tender Offeror will not make any claim for damages or a penalty payment due to the Tendering Shareholders, Etc.'s cancellation of their agreements. Further, the cost of returning Tendered Share Certificates, Etc. to the Tendering Shareholders, Etc. will be borne by the Tender Offeror. If a Tendering Shareholder, Etc. terminates an agreement, the Tendered Share Certificates, Etc. will be promptly returned following the completion of termination process by the method set out in "(D) Method of return of Share Certificates, Etc." of "(9) Method of settlement" above.

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

The Tender 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 Tender Offeror intends to change any conditions, etc. of the Tender Offer, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the notice by the last day of the Tender Offer Period, the Tender 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 Tender Offeror will also purchase the Share Certificates, Etc. tendered on or before the date of the public notice in accordance with the changed conditions, etc. of the Tender Offer.

(F) Method of disclosure if amendment statement is filed

If an amendment statement is submitted to the Director-General of the Kanto Local Finance Bureau (unless otherwise provided for in the proviso in Article 27-8, Paragraph 11 of the Act), the Tender Offeror will immediately make a public announcement of the content of that 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 Tender Offeror will also immediately amend the explanatory statement of the Tender Offer and deliver the amended explanatory statement to the Tendering Shareholders, Etc. who have already received the previous explanatory statement. However, if the amendments are limited in scope, the Tender Offeror may instead prepare and deliver to Tendering Shareholders, Etc. a document stating the reason for the amendments, the matters amended, and the details thereof.

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

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.

3. Policies after Tender Offer and Future Prospects

Please refer to "(4) Policy for Organizational Restructuring after the Tender Offer (Matters relating to the "Two-Step Acquisition")," and "(5) Prospects and Reasons for Delisting" in "1. Purpose of Tender Offer, Etc."

4. Other Matters

(1) Agreements between the Tender Offeror and the Target Company or its Directors or Officers, and the Contents Thereof

(A) Opinion in favor of the Tender Offer

According to the Target Company's Press Release, the Target Company resolved at its board of directors meeting held on July 26, 2018 to express its opinion in favor of the Tender Offer and recommend that its shareholders tender shares in response to the Tender Offer.

For details, please refer to the Target Company's Press Release and "(D) Approval of All Disinterested Directors (Including Audit and Supervisory Committee Members) of the Target Company" in "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" under "1. Purpose of Tender Offer, Etc." above.

(B) Capital Increase by Third-Party Allotment

The Tender Offeror intends to request the Target Company to conduct, as part of the Transactions and after the Share Consolidation to be conducted after the completion of the Tender Offer takes effect, a capital increase by a third-party allotment through which shares are allotted to the Tender Offeror in order to procure funds required for the Target Company's Share Repurchase and a distributable amount.

(C) Target Company's Share Repurchase

According to the Target Company's Press Release, the Target Company intends to acquire from Fujitsu, as part of the Transactions and after the Share Consolidation to be conducted after the completion of the Tender Offer takes effect, half of the Untendered Shares held by Fujitsu (5,600,933 Target Company Common Shares (ownership ratio: 38.28%) as of today) in exchange for the Repurchase Price (Total). For details, please refer to "(A) The Basic Agreement" in "(6) Important Agreements relating to the Tender Offer" under "1. Purpose of Tender Offer, Etc." above.

(2) Other Information that is Deemed to be Required by Investors when Determining Whether it is Appropriate to Tender Shares in Response to Tender Offer

(A) "Summary of Financial Results for the First Quarter of Year Ending March 31, 2019 (Japanese GAAP) (Consolidated)"

The Target Company released the "Summary of Financial Results for the First Quarter of Year Ending March 31, 2019 (Japanese GAAP) (Consolidated)" on July 26, 2018. The status of profits and losses for that fiscal period based on the release are as follows. According to the Target Company, the summary of financial results has not been audited by an audit firm for a quarterly review as provided for in Article 193, Paragraph 2, Item (1) of the Act. In addition, the following summary is a sampling of the information released by the Target Company. Please refer to the Target Company's release for details.

(i) Status of profits and losses (consolidated)

Fiscal period	First Quarter of Year Ending March 31, 2019 (18th Term)
Net sales	11,938 million yen
Cost of sales	9,497 million yen
Selling, general and administrative expenses	2,634 million yen
Non-operating income	101 million yen
Non-operating expenses	63 million yen
Net income attributable to owners of the parent	(243 million yen)

(ii) Profit and loss per share (consolidated)

Fiscal period	First Quarter of Year Ending March 31, 2019 (18th Term)
Net income per share	(16.67 yen)

Dividend per share	- yen

(B) "Notice Regarding Calculation of Extraordinary Income and Revision of Performance Forecast"

The Target Company released the "Notice Regarding Calculation of Extraordinary Income and Revision of Performance Forecast" on July 26, 2018. The summary of that release is as follows. Note that the following summary is a sampling of the information released by the Target Company, and the Tender Offeror is not able to independently assess the accuracy of that information, nor has it done so. Please refer to the Target Company's release for details.

(i) Revised Cumulative Performance Forecast for Second Quarter of Year Ending March 2019 (April 1, 2018 through September 30, 2018)

Units: Million yen

	Net sales	Operating profit	Ordinary income	Quarterly profit attributable to shareholders of the parent company	Quarterly profit per share (yen)
Announced forecast (A)	24,100	50	(50)	(130)	(8.89)
Revised forecast (B)	24,100	50	(50)	(30)	(2.05)
Difference (B-A)	–	–	–	100	–
Difference (%)	–	–	–	–	–
Reference: Previous Q2 results (Q2 of Y.E. March 2018)	24,303	320	450	295	20.23

(ii) Revised Annual Consolidated Performance Forecast for Year Ending March 2019 (April 1, 2018 through March 31, 2019)

Units: Million yen

	Net sales	Operating profit	Ordinary income	Annual profit attributable to shareholders of the parent company	Annual profit per share (yen)

Announced forecast (A)	49,600	650	500	350	23.92
Revised forecast (B)	49,600	650	500	450	30.76
Difference (B-A)	–	–	–	100	–
Difference (%)	–	–	–	28.6	–
Reference: Previous results (Y.E. March 2018)	49,420	628	514	200	13.71

End