

[Translation]

October 26, 2018

To whom it may concern:

Company Name:	Clarion Co., Ltd.
Name of Representative:	Atsushi Kawabata, Representative Executive Officer, President & CEO, (Code No.: 6796, Tokyo Stock Exchange First Section)
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Title of a Person in Charge:	General Manager, Management Strategy Division
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Our Parent Company:	Hitachi, Ltd.
Name of Representative:	Toshiaki Higashihara, Representative Executive Officer, President & CEO, (Code No.: 6501, Tokyo Stock Exchange and Nagoya Stock Exchange)

**Announcement Concerning Opinion on Tender Offer
by Hennape Six SAS (Subsidiary of Faurecia)**

Clarion Co., Ltd. (the “Company”) hereby announces that with respect to a tender offer (the “Tender Offer”) from Hennape Six SAS (the “Offeror”), which is a subsidiary of Faurecia S.A. (“Faurecia”, collectively together with its affiliates, “Faurecia Group”), targeting the stock of the Company (the “Company Shares”), the Company resolved at a meeting of the board of directors held today that, as the current opinion of the Company, it expresses an opinion supporting the Tender Offer and recommends the shareholders of the Company to tender their shares in the Tender Offer when the Tender Offer is commenced.

According to the “Announcement regarding Tender Offer for Common Shares of Clarion Co., Ltd. (Code: 6796)” released by the Offeror today (the “Offeror Press Release”), the Offeror intends to commence the Tender Offer promptly once the Offeror completes the necessary procedures and actions under the competition laws of Japan and other countries, or confirms that such procedures and actions can be completed and if the Conditions Precedent to the Tender Offer (defined in “(1) Details of the opinion” of “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer” below) have been satisfied (or waived by the Offeror).

As of today, the Offeror expects to commence the Tender Offer in January 2019, but, because the Offeror is unable to accurately predict the amount of time the domestic and foreign competition authorities will require for their review and the Independent Committee established by the Company expressed the opinion which stated that if any changes occur, such as those in which the market price of the Company Shares exceeds the Tender Offer Price during the period until the commencement of the Tender Offer, different consideration may be required, as stated in “(ii) The Company has established an independent committee and obtained its opinion” of “(6) Measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure the fairness of the Tender Offer” under “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer” below, the board of directors above has decided to, upon commencement of the Tender Offer, request that the Independent Committee examine whether there are any changes in the opinion they expressed to the board of directors as of October 25, 2018, and if there is no change, state to such

effect, and if there are changes, state their new opinion to the board of directors of the Company, and re-express the opinion of the board of directors concerning the Tender Offer based on such opinion of the Independent Committee.

In addition, the resolution of the board of directors above has been made on the assumption that the Offeror intends to make the Company a wholly-owned subsidiary of the Offeror after the Tender Offer and the series of procedures to be conducted thereafter and that the Company Shares are planned to be delisted.

1. Outline of the Offeror

(1) Name	Hennape Six SAS	
(2) Location	2, rue Hennape, 92000 Nanterre, France	
(3) Title and Name of Representative	Nolwenn Delaunay, President	
(4) Type of Business	Acquisition and management of shares, etc.	
(5) Amount of Capital	€10,000 (¥1,293,000) (Note 1)	
(6) Date of Incorporation	December 22, 2016	
(7) Major Shareholders and Shareholding Ratio	Faurecia S.A.: 100%	
(8) Relationship between the Company and the Offeror		
	Capital Relationship	N/A
	Personnel Relationship	N/A
	Transaction Relationship	N/A
	Status as a Related Party	N/A

Note 1: Converted at Telegraphic Transfer Middle Rate of Mitsui Sumitomo Bank as of October 22, 2018, 1 euro = 129.33 yen, the same applies to the following.

2. Purchase Price

¥ 2,500 (the “Tender Offer Price”) per common stock

3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer

(1) Details of the opinion

Based on the grounds and reasons described in “(2) Grounds and reasons for the opinion” below, the Company resolved at a meeting of the board of directors held today, that, as the current opinion of the Company, it expresses an opinion supporting the Tender Offer and recommends that the shareholders of the Company tender their shares in the Tender Offer when the Tender Offer is commenced.

Please note that, as stated above, when the procedures and actions required by the domestic and foreign competition laws are completed, or it is confirmed that such procedures and actions can be completed and, the conditions precedent for commencement of the Tender Offer set out in the Tender Agreement (defined in “(i) Summary of the Tender Offer” of “(2) Grounds and reasons for the opinion” below) (Note 1) and the conditions precedents for commencement of the Tender Offer set out in the TOB Agreement (defined in “(i) Summary of the Tender Offer” of “(2) Grounds and reasons for the opinion” below) (Note 2) (such conditions precedent to the Tender Offer, collectively, the “Conditions Precedent to the Tender Offer”) are fulfilled (or waived by the Offeror), the Tender Offer will promptly be commenced. As of today, the Offeror expects to commence the Tender Offer in January

2019. However, since it is difficult to accurately predict the time period for the procedures, etc. required by foreign and domestic competition authorities and the Independent Committee established by the Company expressed the opinion which stated that if any changes occur, such as those in which the market price of the Company Shares exceeds the Tender Offer Price during the period until the commencement of the Tender Offer, different consideration may be required, as stated in “(ii) The Company has established an independent committee and obtained its opinion” of “(6) Measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure the fairness of the Tender Offer” below, the board of directors above has decided to, upon commencement of the Tender Offer, request that the Independent Committee examine whether there are any changes in the opinion they expressed to the board of directors as of October 25, 2018, and if there is no change, state to such effect, and if there are changes, state their new opinion to the board of directors of the Company, and re-express the opinion of the board of directors concerning the Tender Offer based on such opinion of the Independent Committee.

Furthermore, the above-mentioned resolution by the meeting of board of directors was resolved pursuant to the method described in “(iv) The Transaction has received the unanimous approval of the Company’s directors with no conflict of interest” of “(6) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer” below.

Note 1: The Tender Agreement sets forth the following conditions: (i) the resolution that expresses support of the Tender Offer shall have been approved at the meeting of the board of directors of the Company and not revoked and no resolution of the Company’s board of directors has been made to extend the Offer Period, (ii) the representations and warranties of Hitachi, Ltd. (“Hitachi”) shall have been true and correct in all material respects, (iii) each of the obligations of Hitachi at such time as it is required to be performed under the Tender Agreement shall have been duly performed in all material respects, (iv) the TOB Agreement and the agreements in relation to provisions of the transition services from Hitachi to the Company and business partnership as described in “4. Matters Regarding Material Agreements Regarding the Tender Offer” shall remain in effect and all conditions precedent to commence the Tender Offer under the TOB Agreement (Note 2) have been satisfied (to the extent not expressly waived by the Offeror), (v) no temporary restraining order, preliminary or permanent injunction or any other decision preventing the consummation of the Tender Offer shall have been in effect, and no laws shall have been enacted or shall be deemed applicable to the Tender Offer which makes the consummation of the Tender Offer illegal, and (vi) the Offeror shall have no material undisclosed information regarding the Company which falls within the scope of the information listed under Article 166 of the Financial Instruments and Exchange Act of Japan (*kinyuu-shohin-torihiki-ho*) (Law No. 25 of 1948) (“FIEA”).

Note 2: The TOB Agreement sets forth the following conditions: (i) the resolution that expresses support of the Tender Offer shall have been approved at the meeting of the board of directors of the Company and not revoked and no resolution of the Company’s board of directors has been made to extend the Offer Period, (ii) the representations and warranties of the Company shall have been true and correct in all material respects, (iii) each of the obligations of the Company at such time as it is required to be performed under the TOB Agreement shall have been duly performed in all material respects, (iv) the Tender Offer Agreement and the agreements in relation to provisions of the transition services from Hitachi to the Company and business partnership as described in “4. Matters Regarding Material Agreements Regarding the Tender Offer” shall remain in effect and all conditions precedent to commence the Tender Offer under the Tender Agreement (Note 1) have been satisfied (or waived by the Offeror), (v) no temporary restraining order, preliminary or permanent injunction

or any other decision preventing the consummation of the Tender Offer shall have been in effect, and no laws shall have been enacted or shall be deemed applicable to the Tender Offer which makes the consummation of the Tender Offer illegal and (vi) the Offeror shall have no material undisclosed information regarding the Company which falls within the scope of the information listed under Article 166 of the FIEA.

(2) Grounds and reasons for the opinion

(i) Summary of the Tender Offer

The Offeror is a simplified corporation incorporated in France on December 22, 2016, the primary goal of which is to acquire the Company Shares through the Tender Offer and hold the Company Shares following completion of the Tender Offer. As of today, all issued shares of the Offeror are owned by Faurecia. As of today, neither the Offeror nor Faurecia owns any Company Shares.

As announced in the Offeror Press Release, the Offeror decided today to conduct the Tender Offer, as part of transactions for acquiring all of the Company Shares (excluding treasury shares held by the Company), such that the Company will become a wholly-owned subsidiary of the Offeror (such transactions, the “Transactions”) once the Offeror completes the necessary procedures and actions under the competition laws of Japan and other countries, or confirms that such procedures and actions can be completed and if the Conditions Precedents to the Tender Offer have been satisfied (or waived by the Offeror).

The Offeror, Faurecia and Hitachi, the parent company of the Company, executed an agreement (the “Tender Agreement”) as of today pursuant to which Hitachi will tender all of its Company Shares (35,963,034 shares, representing an ownership percentage (Note 1) of 63.80% of the Company) (“Hitachi Tendered Shares”) in the Tender Offer. Further, the Offeror, Faurecia and the Company executed a TOB agreement (the “TOB Agreement”) as of today setting forth matters in relation to the cooperation between the Offeror and the Company for the implementation of the Transactions. For details regarding the Tender Agreement and the TOB Agreement, please refer to “4. Matters Regarding Material Agreements Regarding the Tender Offer”.

Note 1: The “Ownership Percentage” is the ratio against the number of Company Shares (56,364,034 shares) obtained by deducting the Adjusted Number of Treasury Shares (Note 2) (184,803 shares) from the Adjusted Total Number of Company Shares (Note 2) (56,548,837 shares) and rounding up or down to the nearest second decimal place. Same applies to the following statements regarding the ownership percentage.

Note 2: The Company consolidated the Company Shares with effect from October 1, 2018 at the rate of five to one. The “Adjusted Total Number of Company Shares” is the number of shares (56,548,837 shares), which was stated as the number of total issued shares of the Company as of September 30, 2018 assuming that the consolidation of shares became effective as of the beginning of the preceding fiscal year in the “Consolidated Financial Results for the Second Quarter Ending March 31, 2019 [IFRS]” of the Company announced on October 25, 2018 (the “Company 2Q2019 Financial Information”). The “Adjusted Number of Treasury Shares” is the number of shares (184,803 shares), which was stated as the number of treasury shares owned by the Company as of September 30, 2018 assuming that the consolidation of shares became effective as of the beginning of the preceding fiscal year in the Company 2Q2019 Financial Information. Same applies to the following

statements regarding Adjusted Total Number of Company Shares and Adjusted Number of Treasury Shares.

The Offeror has set 37,576,000 shares (representing an ownership percentage of 66.67% (Note 3) of the Company) as the minimum number of shares to be purchased in the Tender Offer. If the total number of the Company Shares tendered by shareholders in the Tender Offer (the “Tendered Shares”) is less than the minimum number of shares to be purchased in the Tender Offer (37,576,000 shares), then the Offeror will not purchase any of the Tendered Shares. The Offeror has not set a maximum number of shares to be purchased in the Tender Offer, because the Offeror intends for the Company to become a wholly-owned subsidiary of the Offeror, and if the total number of Tendered Shares is equal to or exceeds the minimum threshold of 37,576,000 shares, the Offeror will purchase all of the Tendered Shares. The minimum number of shares to be purchased in the Tender Offer (37,576,000 shares) has been calculated by multiplying two-thirds (375,760) of the number of voting rights (563,640) corresponding to the number of shares (56,364,034 shares) obtained by the Adjusted Total Number of Company Shares (56,548,837 shares) minus Adjusted Number of Treasury Shares (184,803 shares), by 100, the number of shares of the Company per unit.

Note 3: The minimum number of shares to be purchased is a tentative figure based on information available as of today. Changes, etc. from today may result in a different figure as the actual minimum number of shares to be purchased in the Tender Offer. The minimum number of shares to be purchased will be finally determined before the commencement of the Tender Offer, taking into account the latest number of treasury shares owned by the Company available at the date of the commencement of the Tender Offer.

If the Offeror is unable to acquire all of the Company Shares (other than the treasury shares held by the Company) in the Tender Offer, then, following successful completion of the Tender Offer, the Offeror intends to undertake a series of procedures to become the sole shareholder of the Company (for details, see “(5) Matters relating to ‘Two-Step Acquisition’” below) as part of the Transaction.

The Offeror intends to obtain the necessary funds for settlement of the Tender Offer by receiving the necessary funding from Faurecia, through a capital investment and loan (the “Faurecia Equity and Loan”). The Offeror intends to obtain the Faurecia Equity and Loan by the two (2) business days prior to the commencement of settlement for the Tender Offer, subject to conditions including the successful completion of the Tender Offer.

- (ii) Background, purpose and decision-making process leading to the Offeror’s decision to conduct the Tender Offer, and management policy following the Tender Offer

The background, purpose and decision-making process leading to the Offeror’s decision to conduct the Tender Offer as well as the management policy following the Tender Offer are described below.

- (a) The business environment of the Company

The Company was formed as a manufacturing company of battery-operated household radios in December 1940, and since the earliest days of in-vehicle devices, it has consistently been providing epoch-making products, such as by launching Japan’s first car radio as well as Japan’s first car stereo and other devices. At present, the Company mainly engages in development, manufacture, sales of, and provision of services related to system products

such as in-vehicle information systems, in-vehicle audio equipment, safety and information systems and cloud information network services for automobiles. The Company has also been endeavoring to expand its business as a consolidated subsidiary of Hitachi since 2006.

The Company listed its shares on the Second Section of the Tokyo Stock Exchange in August 1962 and was upgraded to the First Section of the Tokyo Stock Exchange in February 1970 where it continues to be listed at present.

Currently, the Company has 30 sites in 16 countries worldwide and has established a system enabling timely supply of optimal products and services to clients worldwide through advanced value chains covering markets based on region/customer/product with four regions, Japan, North, Central and South America, Europe and Asia/Oceania, respectively having controlling functions. Above all, a production system with technological capabilities and high flexibility earns favorable evaluation from the global market, and especially as an original equipment manufacturer (OEM) that delivers genuine equipment to clients, the Company has established strong relationships of trust with global automobile manufacturers (such as Renault-Nissan and Ford) over a long time.

In the automotive industry surrounding the Company, technological innovations such as Connected (external/mutual connectivity), Autonomous (realization of autonomous driving), Sharing (response to the needs such as car sharing), and Electric (electrification) progress, and new growth opportunities have been expanding together with the structural changes in the markets and increasingly fierce global competition. Under this market environment, in line with the Company's corporate philosophy of "contributing to enrichment of society by seeking to develop the relationship between sound, information, and human interaction, and by creating products that meet those needs," it has been seeking a business transformation from a former "in-vehicle device manufacturer" to a "solution provider for in-vehicle information systems" that provides added value by "connecting" a vehicle with information under the concept of Smart Cockpit® that integrates four core technologies of sound technology, integrated HMI (human machine interface (Note 1)) technology, cloud and edge computing technology (Note 2), as well as an automatic parking technology centered on camera and sensing technology (Note 3) that have been built to date.

Note 1: Human machine interface: measures by which humans manipulate machines, or machines inform humans of the current status and results, and tools therefor

Note 2: Edge computing technology: technology that enables faster processing of recognition, judgments, real-time updates of cloud data and the like through advanced data processing on a terminal device

Note 3: Sensing technology: technology to accurately understand own-vehicle position and peripheral information by use of a sensor (detector) or the like (key technology to realize autonomous driving)

- (b) Discussions between Faurecia, the Company and Hitachi, and the decision-making process of Faurecia, etc.

Faurecia which owns entire outstanding shares in the Offeror is headquartered in Nanterre in France and its shares are listed on the Euronext Paris. Faurecia is a consolidated subsidiary of Peugeot S.A. which owns 46.34% of its share and 63.11% voting rights (as of September 30, 2018). Faurecia Group, one of the top 10 worldwide automotive supplier in respect of revenue amount (*Crain Communications Inc. as of 25 June 2018 Automotive News*), owns three strategic businesses: Faurecia Seating, Faurecia Interiors and Faurecia Clean Mobility that engages in lightweighting and fuel economy solutions for ICE and hybrid engines, emissions reduction for passenger cars and commercial vehicles, solutions for electric vehicles and fuel cell vehicles. Faurecia Group client base is diversified with clients from all geographies, and with sales of 17 billion euro (approximately 2.2 trillion JPY) in 2017, Faurecia Group has 50% of its revenue in Europe, 26% in North America, 17% in Asia, 5% in South America and 2% for the rest of the world.

Faurecia Group's profitability has been continuously improving including its increase in operating income from 2013 (3% of revenues with 538 million euro (approximately 69.6 billion JPY)) to 2017 (6.9% of sales with 1,170 million euro (approximately 151.3 billion JPY)). Faurecia Group has a global wide footprint with 300 sites in 35 countries of which approximately 30 R&D sites. Faurecia has approximately 109,000 employees globally.

With 7.1 billion euro (approximately 918.2 billion JPY) of product sales, Faurecia Seating develops and produces seat systems that optimize the comfort and safety of occupants (solutions for comfortable thermal in vehicle and driving postural, care for health of persons on board and advanced safety) while offering premium quality to its customers. With 5.4 billion euro (approximately 698.4 billion JPY) of product sales, Faurecia Interiors develops and produces full interior systems including instrument panels, door panels, center consoles as well as smart surfaces (combination of decorative surface material and additional functionalities such as lighting, touch control etc.), aiming at providing solutions for Human Machine Interfaces which can be operated easily and comfortable cabin climate that addresses the needs of each person on board. The new focus for development is to introduce new devices of communication between the vehicle and the occupants (HMI) to provide comfortable seating position and right temperature and lighting in-vehicle infotainment etc. for comfortable driving or moving. Being present in both Seating and Interiors, Faurecia Group provides smart life on board which includes solutions such as automatic adjustment of seat position, automotive adjustment of in-vehicle temperature based on smart surface, connectivity of in-vehicle infotainment (Note 1) and HMI systems, advanced safety, health and wellness as well as the fully-integrated cockpit. With 4.5 billion euro (approximately 582 billion JPY) of product sales, Faurecia Clean Mobility develops and supplies innovative solutions to improve drive mobility and industry toward zero emissions of Nox and CO₂. Its solutions for improving emission of clean air, energy efficiency and acoustic performance and facilitating engine electrification leads the high horsepower engine applications and address the needs of vehicles manufacturers, surrounding industries as well as cities and fleet operators such as bus operators and transport companies.

Following the 100% acquisition of the French company Parrot Automotive SAS ("Parrot") and the acquisition of 50.1% shares in the Chinese company Jiangxi

Coagent Electronics Co., Ltd. (current name is “Faurecia Coagent Electronics S&T Co., Ltd.”) (“Coagent”) both of which are companies that engage in in-vehicle infotainment, based on a strategy to become a leading global player in cockpit solutions, including software integration in the field of automotive interior, Faurecia Group entered the IVI (in-vehicle infotainment system, next generation in-vehicle information and communication systems) market since December 2016. As Faurecia Group was searching for a candidate to collaborate in a mutually complementary form with Faurecia having Parrot and Coagent in order to establish a leading position in IVI, connectivity (Note 2) and cockpit solutions, Faurecia highly evaluated the Company’s technological capabilities in HMI, connectivity solutions, sound design, information systems and safety systems, especially in technological capabilities in in-vehicle infotainment, sound management, automated parking, cloud information management, and strong positions for automated parking in the Japanese market and for in-vehicle infotainment (display audio and navigation) and audio system in the U.S. market and determined that the Company is a company with high complementary and strategic compatibility with Faurecia.

Since the second half of October 2017, Faurecia and the Company have deepened both companies’ understanding through discussions for technical cooperation in the fields of cockpit and sound tuning, etc. Therefore, Faurecia initially approached Hitachi, the Company’s parent company, in the first half of May 2018 regarding a capital and business alliance, including sales of the Company’s shares, and Hitachi introduced it to Hitachi Automotive Systems, Ltd., which is Hitachi’s subsidiary and works with the Company on the automotive business in the Hitachi Group (“Hitachi Automotive Systems”). Through the discussion with Hitachi and Hitachi Automotive Systems in the second half of July 2018, to further understand both parties’ business and objectives, Faurecia considered the acquisitions of 100% shares of the Company will create a powerful global cockpit electronics business, fully integrating the resources and technical capabilities of the Company and Faurecia Group including Parrot and Coagent, which enables to respond to the demand of car users and car manufactures. In late July 2018, it made an initial proposal (the “Initial Proposal”) to the Company, Hitachi and Hitachi Automotive Systems regarding the acquisition of 100% shares of the Company Shares as well as expected concrete synergies (such as developing IVI business building on the regional strengths of the Company and Faurecia Group) and the Company’s position in the Faurecia Group after the acquisition.

Triggered by the Initial Proposal from Faurecia, the Company, Hitachi and Hitachi Automotive Systems initiated concrete discussions and considerations for the Tender Offer with Faurecia from first half August 2018. Based on the discussions and considerations and the result of due diligence conducted from mid-September 2018 to the first half of October 2018, Faurecia presented an acquisition proposal to the Company, Hitachi and Hitachi Automotive Systems in early October 2018 (the “Final Proposal”). Following the Final Proposal, Faurecia held discussions and negotiations with the Company, Hitachi, and Hitachi Automotive Systems on the terms and conditions of the Transactions. As a result, since Faurecia reached agreement with the Company, Hitachi and Hitachi Automotive Systems on the terms and conditions of the Transaction including offer price for the Tender Offer (the “Tender Offer Price”) in second half of October 2018, Faurecia executed the Tender Agreement with Hitachi and executed the TOB Agreement with the Company respectively as of today. Faurecia has determined to conduct the Tender Offer when the procedures and actions required by the domestic and foreign competition laws are completed,

or it is confirmed that such procedures and actions can be completed and the Conditions Precedent to the Tender Offer are fulfilled (or waived by the Offeror). Regarding the employees of the Company after the Tender Offer, in principle it is expected that their current treatment will be maintained.

Note 1: In-vehicle infotainment: product that offers a wide range of functions of "information" and "entertainment" to cars. It includes, among others, car navigation, location information service, voice communication, Internet connection, access to multimedia playback such as music and movies, news, e-mail access, search function and everything that appears on the displays in a vehicle.

Note 2: Connectivity: communication between the car and all kind of equipment inside the car, with infrastructure, broadcast equipment and other vehicles.

(c) Post-tender offer management policy, etc.

The objective of the Transaction of Faurecia that has the vision to provide consumers with “safe, sustainable, productive & enhance mobility freedom”, is to integrate the global activities in cockpit electronics (Note 1) including Faurecia Group’s existing business and to create a fourth business group based in Japan in addition to current three groups, interiors, seating, and clean mobility business groups. After the Transaction, Faurecia Group would reinforce its technological superiority in in-vehicle infotainment, connectivity and cloud solution, comfort and safety related driver assistance system, sound management, HMI solutions (Note 2), and CV (commercial vehicle) and Fleet management solution, that can be leveraged by Faurecia Group to develop its “smart life on board” (concept of the company describing the future benefits of infotainment, connectivity, autonomous driving and artificial intelligence on passengers and drivers in the car) and “sustainable mobility” (concept of the company describing the aim to develop mobility solution less impacting for the environment such as reducing CO2 and pollutant emission) solutions linked to its seating and interiors activities. If the Company becomes a wholly-owned subsidiary, Faurecia considers it will create a powerful combination between the Company and Faurecia Group and both companies can develop and deliver to the customers selling proposals for the cockpit of the future which Faurecia thinks best for the customers. By combining the strengths and businesses of Faurecia Group and the Company in in-vehicle infotainment, a high global presence in the field of the cockpit electronics would be established and with Faurecia Group’s diversified customer base and the current cooperative relationship with European and US OEMs, Faurecia Group would accelerate the Company’s business growth with global customers and strengthen the competitiveness and enhance the corporate value of the Company.

After the completion of the Tender Offer, Faurecia commits to invest in the Company's technology and R&D actively to maintain and develop its superiority in competitiveness in cockpit electronics field, and contribute to further development of the business of the Company by developing links with the rest of the business of Faurecia Group so as to benefit from synergies and leading the business transformation of the Company.

Note 1: Cockpit electronics: electronic systems that will manage cockpit functions such as in-vehicle infotainment, HMI, seat adjustment, thermal comfort and control software used for cockpit.

Note 2: HMI solutions; solutions regarding interaction of human and machine (human machine interface) such as voice activation, touch screens, buttons, switches, camera recognition.

(iii) Decision-making process and reasons leading to the Company's support for the Tender Offer

As described in "(ii) Background, purpose and decision-making process leading to the Offeror's decision to conduct the Tender Offer, and management policy following the Tender Offer" above, the Company, received and considered a sounding with respect to Faurecia's intent to acquire the Company Shares with the objective of strengthening the competitiveness and enhancing the corporate value of the Company, carefully discussed and examined the terms and conditions regarding the Transaction, including the Tender Offer, (a) after taking each measure described in "(6) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer" below, (b) taking into consideration the details of the share valuation report (the "Share Valuation Report") obtained from an independent financial advisor, Daiwa Securities Co. Ltd. ("Daiwa Securities") and legal advice from an independent legal advisor, Nishimura & Asahi, and (c) giving the utmost consideration to the report (the "Independent Committee Report") obtained from the Independent Committee established as an advisory body to the board of directors of the Company to examine Faurecia's proposal concerning the acquisition of 100% of the Company Shares (for constituents of committee and specific consulted matters etc., please refer to "(ii) The Company has established an independent committee and obtained its opinion" of "(6) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer" below).

The Company received the Initial Proposal from Faurecia in late July 2018, and requested that Faurecia explain the expected synergies and its post-tender offer management policy. As a result, considering that there was a good possibility that the Initial Proposal would enhance the Company's corporate value because certain synergies described below could be expected, the Company decided to accept a due diligence conducted by Faurecia from mid-September 2018. Following that, in early October 2018, the Company, Hitachi and Hitachi Automotive Systems received from Faurecia the Final Proposal based on the results of the due diligence, and discussed and negotiated with Faurecia the terms and conditions of the Transaction. Also, when deliberating on the Company's long-term business structure and capital policy, the Company examined candidates for new partners in lieu of Hitachi Group globally from broad business areas. The Company approached, for the alliance with the Company, multiple candidates which it believes have strategic rationalities, and concurrently with the discussions with Faurecia, examined candidates for the best partner to enhance the Company's corporate value. Consequently, the Company has come to the conclusion that an alliance with Faurecia will further accelerate the Company's growth and enhance its corporate value as a result of (i) developing and introducing integrated systems and services that create new value, (ii) reinforcing sales and marketing strategies by which customers will recognize the advanced technological advantages to cockpit electronics products represented by audio equipment and HMI solutions which the Company has cultivated, and (iii) transforming production development systems and sales and service systems of the Company, therefore, Faurecia is the best partner. More specifically, the following points can be enumerated as synergies with Faurecia Group: (i) the expansion of the sales network as a result of both companies having a mutual complementarity regarding the regions and client base; (ii) the fact that by participating in Faurecia

Group, which provides cockpit solutions integrated seamlessly in connection with both of software and hardware, it will be possible to deal with OEM customers' needs which have been highly upgraded in recent years; (iii) reduction of costs and fusion of technology and know-how by sharing production and development bases and resources with Parrot and Coagent, which are responsible for the IVI business at Faurecia Group, etc.

With respect to the strategic cooperative relationships with Hitachi Group in the areas of the safety and information system business, developing leading-edge technology of high-level safe driving systems utilizing information, and the business of cloud information network services for automotive use, although the details are still under discussion, the Company plans to continue them based on an agreement on the basic framework for such relationships because such relationships are important from the Company's business operational perspective.

In order to deal with the competitive environment in the automotive industry, the intensity of which is increasing globally, and new business opportunities, and to continue to provide customers with the Company's unique added value, the Company believes that it is essential to reestablish conventional development, production, sales and service systems, and to realize the transformation to a "solution provider for in-vehicle information systems," to continuously enhance its corporate value. However, it will require certain costs and time for such reestablishment and transformation to yield results. Further, because it is necessary to flexibly implement additional investments, there are concerns about the possibility that such reestablishment and transformation will entail a risk that business performance will temporarily deteriorate due to prior investment burdens, and the Company considers that it is likely that such reestablishment and transformation, together with the ongoing fierce competitive environment, will also adversely affect share prices and bring disadvantages for shareholders of the Company. In order for the Company to grow in the changing of the market structures and in the ongoing fierce global competitive environment, client development and ensuring development resources have become urgent problems. The Company believes that cooperating with Faurecia Group's client and business base, and with Parrot's and Coagent's (both of which are under the umbrella of Faurecia Group) resources and technical capabilities is the best way to solve such problems. In order to promptly realize it, as stated in "(c) Post-tender offer management policy, etc." of "(ii) Background, purpose and decision-making process leading to the Offeror's decision to conduct the Tender Offer, and management policy following the Tender Offer" above, it is necessary to integrate the global cockpit electronics business of Faurecia Group with that of the Company, and make it the fourth business group of Faurecia Group which has Parrot and Coagent. The Company has decided that it is essential that the Company will become a wholly-owned-subsiary of Faurecia Group so as to implement such integration.

For the above reasons, the Company has come to the conclusion that, in order to enhance the Company's corporate value in the competitive environment which is expected to intensify, it is essential to implement the above measures now to realize the transformation to a "solution provider for in-vehicle information systems," for which the Company aims.

Also, the Company determined that the Tender Offer (2,500 yen) will provide the shareholders of the Company a reasonable opportunity to sell the shares in light of the fact that, among others, (i) the Tender Offer Price exceeds the upper range of the calculation results based on the market share price method and is within the range of the calculation results of the discounted cash flow method (the "DCF Method") among the calculation results of the share value of the Company Shares provided by Daiwa

Securities as described in “(ii) Outline of the calculation” of “(3) Matters regarding calculation” below; (ii) the Tender Offer Price represents a price which respectively adds (a) a premium of 10.47% (rounded off to the second two decimal points; the same applies for calculations of premium rates hereinafter) on ¥ 2,263, the closing price of the Company Shares on the Tokyo Stock Exchange as of October 25, 2018, which is the business day immediately preceding the date of the announcement of the Tender Offer (today), (b) a premium of 31.16% on ¥ 1,906, the simple average closing price for the most recent 1-month period (rounded off to the nearest one yen; the same applies for calculations of the simple average closing price hereinafter), (c) a premium of 49.43% on ¥ 1,673, the simple average closing price for the most recent 3-month period, and (d) a premium of 58.63% on ¥ 1,576, the simple average closing price for the most recent 6-month period; and it can be considered as a price with a proper amount of premium added compared to the past cases of tender offer for share certificates, etc. by person other than the issuer; (iii) it is found that each measure to ensure the fairness of the Tender Offer as described in “(6) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer” below is taken, and the interests of minority shareholders have been taken into consideration; and (iv) the Tender Offer Price is a price that was determined after each measure to ensure the fairness of the Tender Offer was taken.

Thus, the Company believes that the Transaction, including the Tender Offer conducted by the Offeror, will contribute to enhancing the corporate value of the Company and that, based on (i) through (iv) above, the Tender Offer Price is reasonable.

As a result of such consideration, the Company resolved at a meeting of the board of directors held today that, as the current opinion of the Company, it expresses an opinion supporting the Tender Offer and recommends that the shareholders of the Company tender their shares in the Tender Offer when the Tender Offer is commenced, as well as executing the TOB Agreement as of today.

Furthermore, according to the Offeror Press Release, when the procedures and actions required by the domestic and foreign competition laws are completed, or it is confirmed that such procedures and actions can be completed and the Conditions Precedent to the Tender Offer are fulfilled (or waived by the Offeror), the Tender Offer will promptly be commenced. As of today, the Offeror expects to commence the Tender Offer in January 2019. However, since it is difficult to accurately predict the time period for the procedures, etc. required by foreign and domestic competition authorities and the Independent Committee established by the Company expressed the opinion which stated that if any changes occur, such as those in which the market price of the Company Shares exceeds the Tender Offer Price during the period until the commencement of the Tender Offer, different consideration may be required, as stated in “(ii) The Company has established an independent committee and obtained its opinion” of “(6) Measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure the fairness of the Tender Offer” below, the board of directors above has decided to, upon commencement of the Tender Offer, request that the Independent Committee examine whether there are any changes in the opinion they expressed to the board of directors as of October 25, 2018, and if there is no change, state to such effect, and if there are changes, state their new opinion to the board of directors of the Company, and re-express the opinion of the board of directors concerning the Tender Offer based on such opinion of the Independent Committee.

For details regarding the resolution by the meeting of board of directors of the Company, please refer to “(iv) The Transaction has received the unanimous approval of the Company’s directors with no conflict of interest” of “(6) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer” below.

(3) Matters regarding calculation

(i) Financial advisor’s name and relationship with the Offeror, the Company and Hitachi

In determining the Company’s opinion concerning the Tender Offer, the Company requested Daiwa Securities, which is a financial advisor independent from the Company, Hitachi Group and Faurecia Group, to calculate the value of the Company Shares. Daiwa Securities is not a related party of the Company, Hitachi Group or Faurecia Group, and does not have any material interest in the Transaction.

(ii) Outline of the calculation

Daiwa Securities calculated the per-share value of the Company Shares by using the market share price method and the DCF Method, and submitted the Share Valuation Report to the Company on October 25, 2018. After examining which method to adopt to calculate the value of the Company Shares among various methods, Daiwa Securities, based on the understanding that evaluating the value of the Company Shares from multiple aspects would be appropriate on the premise of the Company being a going-concern, adopted the market share price method, which considers the trend of market price of the Company Shares, because the Company Shares have their market price as a listed share on the First Section of the Tokyo Stock Exchange, and the DCF Method in order to reflect the details and forecasts etc., of the Company’s business performance into evaluation. The Company has not obtained a fairness opinion on the Tender Offer Price from Daiwa Securities.

According to the Share Valuation Report, the range of per-share value of the Company Shares calculated based on the above-mentioned each method is as follows:

Market share price method: ¥ 1,576 to ¥ 2,263

DCF Method: ¥ 2,231 to ¥ 3,162

Based on the market share price method, using October 25, 2018, the business day before the date on which the implementation of the Tender Offer was announced, as the reference date of calculation (the “Reference Date”), the per-share value of the Company Shares has been calculated to range from ¥1,576 to ¥ 2,263, based on the closing price (¥ 2,263) on the First Section of the Tokyo Stock Exchange as of the Reference Date, and the simple average closing price for the most recent 1-month period (¥ 1,906), the most recent 3-month period (¥ 1,673), and the most recent 6-month period (¥ 1,576) on the Tokyo Stock Exchange.

Based on the DCF Method, the corporate value of the Company and the value of the Company Shares have been analyzed, by taking the future cash flows projected to be generated by the Company based on the future earnings forecast and the investment plan described in the Company’s business plan (for 5 years, the fiscal years ending March 2019 through March 2023), conducting an interview with the Company, examining publicly disclosed information and other various factors, and determining the present value of such future cash flows by discounting them by a certain discount rate, such that the per-share value of the Company Shares has been calculated to range from ¥ 2,231 to ¥ 3,162.

The business plan of the Company, which was used as the basis of the DCF Method contains fiscal years being expected to result in significant increase or decrease in earnings compared with the preceding fiscal year. Specifically, the operating profit in the fiscal year ending March 2019 is expected to decrease by more than 30% compared to the preceding fiscal year, due to the expected reduction of production by auto makers, the Company's customers, the deceleration of growth of the safety and information system business, which is the field the Company is focusing on, and other causes, in relation to the business environment, as well as the cost for business portfolio restructuring to expedite the business operation as "solution provider for in-vehicle information systems." On the other hand, the operating profit in the fiscal years ending March 2020 through March 2022 are respectively expected to increase by more than 30% compared to the preceding fiscal year, due to the business portfolio restructuring including the consolidation of operation resources into the growing field, such as HMI, and the business expansion in the global market by focusing on each growing field depending on the geographical area. Also, such business plan is not made on the premise of the implementation of the Transaction.

(4) Possibility of, and reasons for, delisting

The Company Shares are listed on the First Section of the Tokyo Stock Exchange as of the date hereof. However, since the Offeror, in the Tender Offer, has not set a maximum limit on the number of share certificates, etc. to be purchased, the Company Shares may be delisted through prescribed procedures in accordance with the stock delisting criteria of the Tokyo Stock Exchange, depending on the result of the Tender Offer.

Additionally, even in the event that the delisting criteria are not met upon completion of the Tender Offer, the Offeror intends to acquire all the Company Shares (except for the treasury shares owned by the Company) as stated in "(5) Matters relating to 'Two-Step Acquisition'" below after successful completion of the Tender Offer: therefore, after each procedure described in "(5) Matters relating to 'Two-Step Acquisition'" below is implemented, the Company Shares will also be delisted through the prescribed procedures in accordance with the stock delisting criteria of the Tokyo Stock Exchange. After the Company Shares have been delisted, they can no longer be traded on the Tokyo Stock Exchange.

(5) Matters relating to "Two-Step Acquisition"

As stated in "(i) Summary of the Tender Offer" of "(2) Grounds and reasons for the opinion," the objective of the Tender Offer is for the Company to become a wholly-owned subsidiary of the Offeror, and, in the event that the Offeror is unable to obtain all of the Company Shares (except treasury shares owned by the Company) through the Tender Offer, then, after the successful completion of the Tender Offer, the Offeror intends to take the following actions to obtain all of the Company Shares (except for the treasury shares owned by the Company).

Specifically, if the Offeror comes to own 90% or more of the total voting rights in the Company after successful completion of the Tender Offer and becomes a special controlling shareholder of the Company as stipulated in Article 179, paragraph 1 of the Companies Act (Act No. 86 of 2005, as amended), the Offeror intends, promptly following the settlement of the Tender Offer, to require all shareholders of the Company (excluding the Offeror and the Company) (the "Selling Shareholders") to sell their Company Shares to the Offeror (the "Demand for the Sale of Shares"), pursuant to Part II, Chapter 2, Section 4-2 of the Companies Act.

A Demand for the Sale of Shares will provide that each of the Company Shares owned by each Selling Shareholder (excluding the Offeror and the Company) will be exchanged for cash consideration equal to the Tender Offer Price. In such an event, the Offeror will notify the

Company of the Demand for the Sale of Shares, and seek the Company's approval thereof. If the Company approves the Demand for the Sale of Shares by a resolution of the board of directors, then, in accordance with the procedures under applicable law, and without the consent of individual shareholders of the Company, on the date of acquisition stipulated by the Demand for the Sale of Shares, the Offeror will acquire all Company Shares held by shareholders of the Company. The Offeror intends to deliver to each Selling Shareholder an amount of cash consideration per share held by such shareholder equal to the Tender Offer Price. In addition, if the Company receives a notice from the Offeror of the Demand for the Sale of Shares from the Offeror and the items enumerated under Paragraph 1 of Article 179-2 of the Companies Act, the Company's board of directors intends to approve the Demand for the Sale of Shares.

According to the provisions of the Companies Act that aim to protect the rights of minority shareholders in relation to the Demand for the Sale of Shares, including Article 179-8 of the Companies Act and other related laws and regulations, in the event of a Demand for the Sale of Shares, the Selling Shareholders will be able to file a petition with the court for a determination of the sale price for their Company Shares. In such a case, the purchase price will be finally determined by the court.

Alternatively, if the Offeror comes to own less than 90% of the total voting rights in the Company after successful completion of the Tender Offer, the Offeror intends to request either that an extraordinary shareholders' meeting of the Company be convened (the "Extraordinary Shareholders' Meeting") the agenda for which include among other things the following proposals or that the Company include the following proposals in the agenda for the ordinary shareholders' meeting of the Company to be held in June 2019 (the "Ordinary Shareholders' Meeting" and, this or the Extraordinary Shareholders' Meeting, the "Shareholders' Meeting"): (i) a consolidation of the Company Shares (the "Share Consolidation"); and (ii) an amendment to the Company's articles of incorporation to abolish the share unit number provisions, subject to the Share Consolidation taking effect. The date of the Extraordinary Shareholders' Meeting has not been determined as of today in case it is convened. The Offeror intends to approve such proposals (including requesting Hitachi to approve such proposals pursuant to the Tender Agreement) at the Shareholders' Meeting.

If the proposal for the Share Consolidation is approved at the Shareholders' Meeting, the shareholders of the Company will, on the effective date of the Share Consolidation, hold the number of Company Shares corresponding to the ratio of the Share Consolidation that is approved at the Shareholders' Meeting. If, due to the Share Consolidation, a fraction less than one share emerges, shareholders of the Company will receive amounts of cash obtained by selling the Company Shares equivalent to the total number of such fractional shares (with such aggregate sum rounded down to the nearest whole number) to the Offeror or the Company as per the procedures specified in Article 235 of the Companies Act and other applicable laws and regulations. Regarding the purchase price for the aggregate sum of such fractional shares in the Company, it is intended that the amount of cash received by each shareholder who did not tender its shares in the Tender Offer (excluding the Company) would be equal to the price obtained by multiplying the Tender Offer Price by the number of Company Shares owned by each such shareholder. The Company will request permission from the court to authorize the purchase of such Company Shares on this basis.

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

Also, in the interest of protecting the rights of minority shareholders in relation with the Share Consolidation, the Companies Act provides that if the Share Consolidation occurs and there are fractional shares as a result, each shareholder may request that the Company purchase all such fractional shares at a fair price, and such shareholders may file a petition to the court to determine the price of the Company Shares, in accordance with Articles 182-4 and 182-5 of the Companies Act and other related laws and regulations. Since, as stated above, it is intended that the number of the Company Shares held by the shareholders who did not tender their Company Shares in the Tender Offer (excluding the Offeror and the Company) would result in fractional shares in the Share Consolidation, those shareholders who oppose to the Share Consolidation will, as stipulated in Article 182-4 and Article 182-5 of the Companies Act and other related laws and regulations, be able to file such petition to determine the price of the Company Shares. In the event that holders of fractional shares file a petition with the court, the purchase price will be finally determined by the court.

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

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

In the above-mentioned case, the Company will announce specific procedures and its expected timing, etc. promptly once determined.

Please note that the Tender Offer is not meant to solicit shareholders of the Company for an approval vote at the Shareholders' Meeting. All shareholders of the Company are solely responsible for seeking their own specialist tax advice with regard to the tax consequences of tendering into the Tender Offer or participating in the procedures outlined above.

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

Taking into consideration that the Transaction including the Tender Offer will fall under "significant transactions, etc. with controlling shareholder" as Hitachi, the parent company of the Company, entered into the Tender Agreement with the Offeror, and therefore the Tender Offer is conducted on the premise of Hitachi's tender, the Company has taken the following measures in order to ensure the fairness of the Tender Offer and to avoid conflicts of interest.

Although the Offeror does not make the so-called "Majority of Minority" tendering their Company Shares in response to the Tender Offer a condition to the successful completion of the Tender Offer, the Offeror considers that the interests of the minority shareholders of the Company are adequately respected because the Company has taken the following measures:

- (i) The Company's procurement of a share valuation report from an independent financial advisor

The Company has obtained the Share Valuation Report from Daiwa Securities, a financial advisor independent from the Company, Hitachi Group and Faurecia Group, in order to ensure the fairness in the decision-making process concerning the Tender Offer Price presented by Faurecia. For an outline of the Share Valuation Report,

please refer to “(ii) Outline of the calculation” under “(3) Matters regarding calculation” above.

- (ii) The Company has established an independent committee and obtained its opinion

On September 20, 2018, the Company established an independent committee for the purpose of avoiding arbitrariness and ensuring the fairness, transparency and objectivity of the Company’s decision-making process concerning the Transaction, including the Tender Offer. The Independent Committee is comprised of three members, who are independent from the Company, Hitachi Group and Faurecia Group, i.e., Mr. Masahito Kamijo (outside director of the Company and independent executive), and Mr. Hidetaka Nishina (attorney-at-law, Nakamura, Tsunoda & Matsumoto) and Mr. Omou Yamazaki (certified public accountant and tax accountant, GG Partners Co., Ltd.), outside experts. The Company requested the Independent Committee to advise the Company as to (i) the rationality of the purpose of the Transaction (including whether the Transaction contributes to the enhancement of corporate value of the Company), (ii) the fairness and reasonableness of the terms and conditions of the Transaction, (iii) the transparency and fairness of the procedures in the Transaction, (iv) whether it is appropriate that the board of directors of the Company express an opinion supporting the Tender Offer and recommend the shareholders of the Company to tender their shares in the Tender Offer, and (v) whether the Transaction is not disadvantageous to the minority shareholders of the Company (collectively, the “Matters of Inquiry”).

The Independent Committee has met 6 times from September 20, 2018 to October 25, 2018 to discuss and consider the Matters of Inquiry. Specifically, the Independent Committee collected information regarding the Transaction for consideration and discussion as follows: (i) the Independent Committee (a) requested that the Company and Daiwa Securities explain the Company’s understanding of its current business and the influence of the Transaction on the Company, and the progress of the negotiations between the Company, Hitachi and Faurecia, etc., and (b) conducted a question-and-answer session, (ii) the Independent Committee requested Daiwa Securities to explain the results of its share value calculations, and conducted a question-and-answer session, and (iii) related information regarding the Transaction, etc. was submitted.

Based on these considerations, the Independent Committee deliberated on and examined the Matters of Inquiry. As a result, as of October 25, 2018, the Independent Committee unanimously approved and submitted the Independent Committee Report to the board of directors of the Company stating its opinion as follows: as a result of deliberating on and examining (i) the rationality of the purpose of the Transaction (including whether the Transaction contributes to the enhancement of the corporate value of the Company), (ii) the fairness and reasonableness of the terms and conditions of the Transaction, (iii) the transparency and fairness of the procedures in the Transaction, (iv) whether it is appropriate that the board of directors of the Company express an opinion supporting the Tender Offer and recommend the shareholders of the Company to tender their shares in the Tender Offer, and (v) whether the Transaction is not disadvantageous to the minority shareholders of the Company, “(i) the purpose of the Transaction is deemed reasonable, (ii) the fairness and reasonableness of the terms and conditions of the Transaction are deemed to have been ensured, (iii) the transparency and fairness of the procedures in the Transaction are deemed to have been ensured, (iv) it is appropriate that the board of directors of the Company expresses an opinion supporting the Tender Offer and recommending the shareholders of the Company to tender their shares in the Tender Offer at the time of the announcement of the Tender Offer, and (v) the Transaction is deemed not to be disadvantageous to the minority shareholders of the Company; provided, however,

that with respect to (ii) and (iv) above, because there is expected to be a certain period of time between the announcement and the commencement of the Tender Offer, if any changes occur, such as those in which the market price of the Company Shares exceeds the Tender Offer Price during the period until the commencement of the Tender Offer, different consideration may be required.”

According to the Independent Committee Report received from the Independent Committee, the main factors considered by the Independent Committee in submitting the above-mentioned opinion were as follows:

(i) Nothing unreasonable was found in the explanations received from the Company regarding the reasons for the implementation of the Transaction (including the matters stated in “(ii) Background, purpose and decision-making process leading to the Offeror’s decision to conduct the Tender Offer, and management policy following the Tender Offer” and “(iii) Decision-making process and reasons leading to the Company’s support for the Tender Offer” of “(2) Grounds and reasons for the opinion” above) and the Transaction will contribute to solving the Company’s current problems. Thus it is deemed that the Transaction will contribute to the enhancement of the corporate value of the Company and the purpose of the Transaction is reasonable.

(ii) Regarding the transparency and fairness of the procedures in the Transaction, considering the following matters, the interest of the minority shareholders of the Company has been respected through fair procedures, and the procedures in the Transaction are deemed to be transparent and fair:

(a) Adequate and precise disclosure has been made in the Company’s press release, respecting the interest of the minority shareholders of the Company and shareholders who oppose the Transaction.

(b) The Company established the Independent Committee as an advisory body to the board of directors of the Company, and requested the Independent Committee to advise the Company as to the Matters of Inquiry.

(c) At the board of directors meeting which will express its opinion on the Tender Offer, the Company will take a two-stage procedure. Firstly, the board of directors of the Company will consider the matter and unanimously resolve it at an earlier board of directors meeting with only two out of the six directors of the Company (i.e., excluding Mr. Hidetoshi Kawamoto, Mr. Atsushi Kawabata, Mr. Kazumichi Fujimura, and Mr. Hiroyuki Okada, all of whom have disclosed their interest in Hitachi Group). Subsequently, in order to secure the quorum required for a resolution of the board of directors meeting, all six directors, including Mr. Hidetoshi Kawamoto, Mr. Atsushi Kawabata, Mr. Kazumichi Fujimura, and Mr. Hiroyuki Okada, will consider the matter and unanimously resolve it at a later board of directors meeting.

(d) The Company appointed Nishimura & Asahi as a legal advisor that is independent from the Company, Hitachi Group and Faurecia Group, and has been receiving necessary legal advice from such law firm at the discussions and negotiations with Faurecia, and consideration, regarding the terms and conditions of the Transaction.

(e) The Company requested Daiwa Securities, which is a financial advisor independent from the Company, Hitachi Group and Faurecia Group, to calculate the value of the Company Shares, and obtained the Share Valuation Report from Daiwa Securities.

(f) There is expected to be a certain period of time between the announcement and the commencement of the Tender Offer because it is necessary to deal with the anti-trust laws of each relevant country. Such certain period of time prior to the commencement of the Tender Offer will provide each shareholder of the Company with an adequate deliberation period to consider whether to tender its shares in the Tender Offer, and ensures that a potential purchaser other than the Offeror would have an opportunity to make a competing tender offer for the Company Shares.

(g) Although the TOB Agreement between the Company and Faurecia provides provisions which restrict such competing transaction as stated in “(ii) TOB Agreement” of “4. Matters Regarding Material Agreements Regarding the Tender Offer” below, it also provides a Fiduciary Out provision, and does not always prohibit the Company from negotiating with a potential purchaser other than the Offeror in the case where a reasonable competing offer has been made.

(iii) Considering the following matters, the fairness and reasonableness of the terms and conditions of the whole Transaction are deemed to have been ensured:

(a) Based on the results of the hearing of the Company regarding the process of, and method for, preparing the Company’s business plan, and on Daiwa Securities’ explanations regarding the calculation method for, and evaluation process of, the Company Shares, and examination process of the share valuation, Daiwa Securities’ calculation method of the Company Shares value, and the result thereof are sufficiently reliable to be a basis for the determination.

(b) The Share Valuation Report by Daiwa Securities states that the range of per-share value of the Company Shares is ¥ 1,576 to ¥ 2,263 by the market share price method, and ¥ 2,231 to ¥ 3,162 by the DCF Method, and the Tender Offer Price (2,500 yen per share) exceeds the upper range of the calculation results of per-share value of the Company Shares based on the market share price method and is within the range of the calculation results of per-share value of the Company Shares based on the DCF Method. Therefore, the Tender Offer Price reaches the level which is not disadvantageous for the minority shareholders.

(c) The Tender Offer Price represents a price which respectively adds (i) a premium of 10.47% on ¥ 2,263, the closing price of the Company Shares on the Tokyo Stock Exchange as of October 25, 2018 (the “Latest Date”), (ii) a premium of 31.16% on ¥ 1,906, the simple average closing price for the most recent 1-month period from the Latest Date, (iii) a premium of 49.43% on ¥ 1,673, the simple average closing price for the most recent 3-month period from the Latest Date, and (iv) a premium of 58.63% on ¥ 1,576, the simple average closing price for the most recent 6-month period from the Latest Date. Based on the above, the standard of premiums which is comparable to that of the recent other tender offers (delisting cases) has been ensured. However, because there is expected to be a certain period of time between the announcement and the commencement of the Tender Offer, if any changes occur, such as those in which the market price of the Company Shares exceeds the Tender Offer Price during the period until the commencement of the Tender Offer, different consideration may be required.

(d) In the Transaction, it has been ensured that the minority shareholders will receive consideration equivalent to the Tender Offer Price, whether through the Tender Offer, or Demand for the Sale of Shares or the Share Consolidation.

(iv) As a result of deliberating on (i) through (iii) above, the Independent Committee does not consider that the Matters of Inquiry (i) through (iii) are problematic, thus, it is reasonable that the board of directors of the Company expresses, as of the announcement of the Tender Offer, its opinion supporting the Tender Offer and recommending the shareholders of the Company to tender their shares in the Tender Offer. However, there is expected to be a certain period of time between the announcement and the commencement of the Tender Offer, if any changes occur, such as those in which the market price of the Company Shares exceeds the Tender Offer Price during the period until the commencement of the Tender Offer, different consideration may be required. For the same reasons, the Independent Committee also considers that the Transaction is not disadvantageous for the minority shareholders of the Company based on the circumstances as of the submission of the Independent Committee Report.

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

In order to ensure the transparency and rationality of the decision-making process concerning the Transaction, including the Tender Offer, the Company appointed Nishimura & Asahi as a legal advisor that is independent from the Company, Hitachi Group and Faurecia Group. The Company has been receiving necessary legal advice from such law firm concerning the method and process of decision-making regarding the Transaction, including the Tender Offer, and other related matters.

Nishimura & Asahi is not a related party of the Company, Hitachi Group or Faurecia Group, and does not have any material interest in relation to the Transaction.

(iv) The Transaction has received the unanimous approval of the Company's directors with no conflict of interest

The board of directors of the Company has carefully discussed and examined the terms and conditions regarding the Transaction, including the Tender Offer, taking into considerations the details of the Share Valuation Report obtained from Daiwa Securities and the legal advice from Nishimura & Asahi and other related materials, as well as giving the utmost consideration to the Independent Committee Report obtained from the Independent Committee.

As a result, the Company, as stated in "(iii) Decision-making process and reasons leading to the Company's support for the Tender Offer" of "(2) Grounds and reasons for the opinion," has concluded that the Transaction, including the Tender Offer conducted by the Offeror, will contribute to enhancing the corporate value of the Company, and that the Tender Offer Price is reasonable, and the Company resolved at its board of directors meeting held today that, as the Company's current opinion, it expresses an opinion in support of the Tender Offer and recommends that the Company's shareholders tender their Company Shares in response to the Tender Offer when the Tender Offer is commenced.

At the above board of directors meeting, because the Company considers that none of the Company's directors fall under the scope of directors who should be excluded from the deliberation and resolution by the Company's board of directors regarding

the Tender Offer and the discussions with Faurecia regarding the Tender Offer, due to their potential conflicts of interest on the Tender Offer, no directors were excluded from the discussions with Faurecia regarding the Tender Offer. However, in consideration of the fact that Mr. Atsushi Kawabata, Mr. Kazumichi Fujimura, and Mr. Hiroyuki Okada, who are originally from Hitachi, Mr. Kazumichi Fujimura, who is also an incumbent director of Hitachi Automotive Systems, which is a wholly-owned subsidiary of Hitachi, and Mr. Hidetoshi Kawamoto, who, although not originally from Hitachi or an incumbent officer and/or employee of Hitachi or Hitachi Automotive Systems, had concurrently worked as an officer and/or employee of Hitachi Automotive Systems in the past, the Company has taken a two-stage procedure in order to take the utmost care and to avoid any doubt about any conflict of interest concerning the Transaction, including the Tender Offer. Firstly, the board of directors of the Company considered the matter and unanimously made the above-mentioned resolution at an earlier board of directors meeting with only two out of the six directors of the Company (i.e., excluding Mr. Hidetoshi Kawamoto, Mr. Atsushi Kawabata, Mr. Kazumichi Fujimura, and Mr. Hiroyuki Okada). Subsequently, in order to secure the quorum required for a resolution of the board of directors meeting, all the six directors, including Mr. Hidetoshi Kawamoto, Mr. Atsushi Kawabata, Mr. Kazumichi Fujimura, and Mr. Hiroyuki Okada, considered the matter and unanimously made the above-mentioned resolution at a later board of directors meeting.

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

The Offeror intends for the period of the Tender Offer (the “Tender Offer Period”) to be set at 20 business days. While it is comparatively short, the Offeror expects to commence the Tender Offer in January 2019, and the Company believes that the long period prior to the commencement of the Tender Offer will provide each shareholder of the Company with an appropriate opportunity to consider whether to tender its shares in the Tender Offer, and ensures that a potential purchaser other than the Offeror would have an opportunity to make a competing tender offer for the Company Shares.

Also, as stated in “(iii) Decision-making process and reasons leading to the Company’s support for the Tender Offer” of “(2) Grounds and reasons for the opinion” above, when deliberating on the Company’s long-term business structure and capital policy, the Company examined candidates for new partners globally from broad business areas, and approached multiple candidates which it believes have strategic rationalities. Faurecia Group has been selected as the final tender candidate by comparison with other candidates under a certain competitive environment. Therefore, the Company believes that there has already been sufficient opportunity for a purchaser other than the Offeror to make a tender offer for the Company Shares.

As stated in “(ii) TOB Agreement” of “4. Matters Regarding Material Agreements Regarding the Tender Offer” below, although the TOB Agreement provides certain deal-protection provisions, if (i) a certain competing offer is made by a third party other than the Offeror and (ii) the Company’s board of directors determines on reasonable grounds that announcement and maintenance of the Endorsement would lead to a breach of the duty of care of a good manager of the directors and executive officers of the Company, and (iii) the Offeror has not revised the terms in relation to the Transaction to the ones no less favorable than the competing offer, then, the board of directors of the Company may withdraw its opinion to support the Tender Offer and express its opinion to support such competing offer made by the third party. Therefore, the Company believes that the tender opportunities from a potential purchaser other than the Offeror have been ensured.

4. Matters Regarding Material Agreements Regarding the Tender Offer

(i) Tender Agreement

As of today, the Offeror, Faurecia and Hitachi have executed the Tender Agreement pursuant to which Hitachi will tender Hitachi Tendered Shares (35,963,034 shares, representing an ownership percentage of 63.80% of the Company) in the Tender Offer. Also, under the Tender Agreement, Hitachi is, directly or indirectly, prohibited from inducing, recommending to, negotiating with, agreeing with, or supplying information to any party other than Faurecia Group in relation to the investment in the Company, the disposition of the Hitachi Tendered Shares held by Hitachi, or the disposition of the business or material assets of the Company. Provided, however, that the above will not apply if (i) (a) a competing offer is made by a third party other than the Offeror before the closing date of the Tender Offer Period and (b) consummation of such competing offer, if successful, would result in the third party owning, directly or indirectly, all the Company Shares, and (ii) Hitachi's board of directors determines on reasonable grounds, including the offer price and other relevant factors, with respect to such competing offer and the Tender Offer that the tender to the Tender Offer would lead to a breach of the duty of care of a good manager of the directors and executive officers of Hitachi under applicable laws considering the competing offer, and (iii) the Offeror has not revised the terms in relation to the Transaction to the ones no less favorable than the competing offer.

The Tender Agreement provides the following conditions precedent for Hitachi to tender its shares in the Tender Offer: as of the launch date of the Tender Offer, (i) the Tender Offer has commenced and the Offeror shall have duly performed all obligations required to be performed by it under applicable laws in connection with the Tender Offer; (ii) no temporary restraining order, preliminary or permanent injunction or any other decision preventing the consummation of the Tender Offer shall be in effect (iii) no law or regulation applicable to the Tender Offer shall have been enacted which makes the consummation of the Tender Offer illegal; (iv) the Offeror has performed, in all material respects, its obligations under the Tender Agreement to be performed or complied with (Note 1); and (v) the representations and warranties of the Offeror (Note 2) are true and correct in all material respects. However, even if all or part of the above conditions precedent are not satisfied, there is no restriction preventing Hitachi from waiving any of the conditions and tendering in the Tender Offer at its decision. If the Tender Offer is completed and settlement has occurred, and a shareholders' meeting of the Company is held (with a record date of exercising rights on or before the date immediately preceding the commencement date of settlement of the Tender Offer), Hitachi has the obligation regarding the exercise of its voting rights for each Tendered Share and all other rights at such shareholders' meeting to either, as elected by the Offeror, (i) grant a comprehensive authority of representation to a third party (including the Offeror) designated by the Offeror comprehensive or (ii) exercise voting rights as instructed by the Offeror.

Note 1: The Offeror owes, under the Tender Agreement, an obligation to commence the Tender Offer, an obligation to make all appropriate filings required by the merger control laws with respect to the Tender Offer, an obligation of confidentiality, an obligation to bear expenses that it incurs in connection with the Tender Agreement and an obligation not to transfer its rights or obligations thereunder.

Note 2: The Offeror's representations and warranties under the Tender Agreement address the following matters: (i) due and valid existence and establishment of

the Offeror; (ii) authority of the Offeror to execute the Tender Agreement, and completion of all necessary procedures; (iii) validity and enforceability of the Tender Agreement; (iv) absence of conflict with laws or regulations; and (v) the Offeror or Faurecia has cash available or has existing borrowing facilities which together are sufficient to enable it to consummate the Offer.

(ii) TOB Agreement

In entering the Tender Offer, as of today, the Company, Faurecia and the Offeror have entered into the TOB Agreement.

The TOB Agreement provides that if the Offeror commences the Tender Offer, the Company shall announce its opinion to support the Tender Offer and to recommend the shareholders of the Company to tender their shares in the Tender Offer except for the case where such recommendation would lead to a breach of the duty of care of a good manager of the directors and executive officers (collectively, the “Endorsement”), maintain the Endorsement during the Tender Offer Period, and not support a tender offer commenced by any third party other than the Offeror. Also, under the TOB Agreement, the Company is, directly or indirectly, prohibited from inducing, recommending to, negotiating with, agreeing with, or supplying information to any party other than Faurecia Group in relation to the investment in the Company, the disposition of the Company Shares held by Hitachi, or the disposition of the business or material assets of the Company. Provided, however, that the above will not apply if (i) (a) a competing offer is made by a third party other than the Offeror before the closing date of the Tender Offer Period and (b) consummation of such competing offer, if successful, would result in the third party owning, directly or indirectly, all the Company Shares, and (ii) the Company’s board of directors determines on reasonable grounds, including the offer price and other relevant factors, with respect to such competing offer and the Tender Offer that announcement and maintenance of the Endorsement would lead to a breach of the duty of care of a good manager of the directors and executive officers of the Company under applicable laws considering the competing offer, and (iii) the Offeror has not revised the terms in relation to the Transaction to the ones no less favorable than the competing offer.

The TOB Agreement also provides the following items as conditions precedent to the Company’s obligations to announce the Endorsement: (i) the Tender Offer has been commenced, and the Offeror shall have duly performed all obligations required to be performed by it under applicable laws in connection with the Tender Offer, (ii) the representations and warranties of the Offeror (Note 1) shall be true and correct in all material respects, (iii) each of the obligations of the Offeror required to be performed or complied with under the TOB Agreement (Note 2) shall have been duly performed in all material respects, (iv) no temporary restraining order, preliminary or permanent injunction or any other decision preventing the consummation of the Tender Offer shall be in effect, (v) no law or regulation applicable to the Tender Offer shall have been enacted which makes the consummation of the Tender Offer illegal. However, in the event that all or part of the above-mentioned conditions are unsatisfied, the Offeror may elect at its discretion to waive such conditions and announce the Endorsement.

Regarding the obligations of the Company other than the above, the Company has agreed to (i) conduct its business in the ordinary and usual course after the date of the TOB Agreement and prior to the settlement date of the Tender Offer, (ii) provide to the Offeror and the relevant competition authority such information as it may be required for anti-trust law procedures, (iii) implement no material actions such as issuance of the Company’s shares, merger, distribution of dividends, and dissolution, (iv) disclose

insider information related to the Company if it is aware of it prior to the launch date of the Tender Offer, and (v) use its commercially reasonable efforts to procure, prior to the settlement date of the Tender Offer, the consents from the third parties required under the contracts with respect to the consummation of the transactions contemplated under the TOB Agreement, (vi) provide cooperation necessary for the procedures in which the Offeror will acquire all of the Company Shares, if the Tender Offer is completed successfully, (vii) maintain confidentiality, and (viii) not assign any rights or obligations to any third party under the TOB Agreement.

Note 1: The TOB Agreement provides the following items as the Offeror's representations and warranties: (i) the Offeror is duly and validly formed and existing, (ii) the Offeror has the requisite authority and power to execute the TOB Agreement, and the TOB Agreement has been duly and validly authorized by requisite corporate actions, (iii) the TOB Agreement is valid and enforceable, and (iv) the execution of the TOB Agreement does not violate any laws and regulations.

Note2: The Offeror is obligated under the TOB Agreement to commence the Tender Offer, to maintain confidentiality, and to not assign any rights or obligations to any third party under the TOB Agreement.

(iii) Agreement in relation to Provisions of Transition Services and Business Partnership

Although the Company will cease to be a subsidiary of Hitachi having no capital relationship with Hitachi after the successful completion of the Tender Offer, the relevant parties will enter into the agreements in relation to the provision of transition services by Hitachi to the Company and business partnership in order to smoothly continue the Company's business operations.

5. Details of Profits Received from the Offeror or its Specially Related Parties

N/A

6. Policy for Responses Regarding Basic Policies on the Control of the Company

N/A

7. Inquiries to the Offeror

N/A

8. Request for Extension of the Tender Offer Period

N/A

9. Future Prospects

Please refer to the description in "(ii) Background, purpose and decision-making process leading to the Offeror's decision to conduct the Tender Offer, and management policy following the Tender Offer" of "(2) Grounds and reasons for the opinion", "(4) Possibility of, and reasons for, delisting" and "(5) Matters relating to 'Two-Step Acquisition'" under "3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer" above.

10. Matters Concerning Transactions, etc. with the Controlling Shareholder

- (1) Applicability of the transactions, etc. with the controlling shareholder and status of compliance with the policy on measures to protect minority shareholder interests

Since the Offeror has entered into the Tender Agreement with Faurecia and Hitachi, the Company's controlling shareholder (the parent company), and the Tender Offer is conducted on the premise of the Offeror acquiring the Company Shares from Hitachi, to express the opinion by the board of directors of the Company regarding the Tender Offer will fall under "transactions, etc. with controlling shareholder."

In relation to the Transaction, the status of compliance with "The Policy on Measures to Protect the Minority Shareholder When Conducting Transactions, etc. with the Controlling Shareholder" indicated in the Corporate Governance Report which was disclosed by the Company on June 29, 2018 is as follows:

"The Policy on Measures to Protect the Minority Shareholder Interests When Conducting Transactions, etc. with the Controlling Shareholder" indicated in the Corporate Governance Report which was disclosed by the Company on June 29, 2018, states, "In order to avoid transactions that favor the controlling shareholder over others, the Company has established a system to determine the terms and conditions of transactions, etc. pursuant to basic agreements or internal rules. Further, in order to avoid transactions, etc. that have the possibility of causing conflicts of interests between the controlling shareholder, etc. and minority shareholders of the Company, the Company has been making its decisions through appropriate procedures pursuant to internal rules." As stated in "(6) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer" under "3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer," the Company has taken measures to ensure the fairness of the Tender Offer, such as obtaining the Independent Committee Report from the Independent Committee to the effect that the Transaction (including the Company's board of directors stating the opinion supporting the Tender Offer and recommending the shareholders of the Company to tender in the Tender Offer) is not disadvantageous to the minority shareholders of the Company, obtaining the Stock Valuation Report from Daiwa Securities, an independent financial advisor, receiving legal advice from Nishimura & Asahi, and making the above-mentioned board of directors resolution concerning the expression of opinion by obtaining unanimous approval of all the directors excluding the directors with interest. Consequently, the Company is aiming to protect the minority shareholders in the Transaction under a stricter framework than the policy.

- (2) Matters regarding measures to ensure the fairness and avoid conflicts of interest

Please refer to the description in "(6) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest and other measures to ensure the fairness of the Tender Offer" under "3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer" above.

- (3) Outline of opinion that such transaction, etc. is not disadvantageous to the minority shareholders of the Company obtained from parties having no interest with the controlling shareholder

The Company has received an opinion from the Independent Committee, dated as of October 25, 2018, to the effect that the Transaction (including the Company's board of directors stating the opinion supporting the Tender Offer and recommending the shareholders of the Company to tender in the Tender Offer) is not disadvantageous to the minority shareholders of the Company. For details, please refer to the description in "(ii) The Company has established an independent committee and obtained its opinion" of "(6) Measures to ensure the fairness of the

Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer” under “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer” above.

11. Others

The Company resolved at the board of directors meeting held today not to make dividends for the fiscal year ending March 2019 on the condition of the successful completion of the Tender Offer, amending the dividend forecast for the same fiscal year. For details, please refer to the “Announcement Regarding Revision of Dividend Forecast for the Fiscal Year Ending March 2019” as of today.

End

(Reference) Summary of the Tender Offer

Please refer to the attached material issued by the Offeror today, titled “Announcement regarding Tender Offer for Common Shares of Clarion Co., Ltd. (Code: 6796)”.

Note: This is an English translation of the Japanese press release disclosed to Tokyo Stock Exchange. If there is any inconsistency between the English and the Japanese releases, the Japanese-language documentation will prevail.