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CONTACTS:

**TOYOTA TSUSHO CORPORATION**

Jun KARUBE

President

(TSE CODE : 8015)

Person in charge: Naoyuki HATTORI,

Public Relations Manager

(TEL . 03-4306-8200)

CONTACTS:

**ELEMATEC CORPORATION**

Satoshi SAKURAI

Chairman of the Board

(TSE CODE : 2715)

Person in charge: Atsuo ISOGAMI,

Executive Vice President

(TEL . 03-3454-3526)

**Announcement of the Capital and Business Alliance of TOYOTA TSUSHO CORPORATION and  
ELEMATEC CORPORATION**

TOYOTA TSUSHO CORPORATION ("TTC") and ELEMATEC CORPORATION ("ELEMATEC"), upon the resolution of the meetings of their respective boards of directors held on August 1, 2011, announced today that they have entered into a Capital and Business Alliance Agreement (the "Agreement"), pursuant to which TTC will aim to acquire the majority of the voting rights of ELEMATEC, by means of a public tender offer (the "Tender Offer"). TTC and ELEMATEC have agreed that ELEMATEC will maintain the listing of its common stock on the Tokyo Stock Exchange after consummation of the Tender Offer.

TTC will commence the Tender Offer as soon as practical, subject to the conditions, such as completion of the procedures and measures necessary under domestic and overseas competition laws and regulations, are fulfilled. It is expected that such procedures and measures will take a certain amount of time. TTC and ELEMATEC will provide updated information with respect to the status of such procedures and measures by the end of October 2011.

DESCRIPTION

1 . Purpose of Capital and Business Alliance:

TTC, which was established in 1948 as "NISSHIN TSUSHO KAISHA, Ltd", has developed steadily mainly in the automotive field as the trading house of the TOYOTA group. In 2006, TTC merged with TOMEN Corporation, which was involved in various activities other than the automotive field, and has further developed as a trading company to contribute to the development of society through a wide range of business fields.

In particular, in the electronics segment, which TTC positions as one of its most important strategic segments, TTC's group electronics companies include TOMEN ELECTRONICS Corporation (TSE Code: 7558), TOMEN DEVICES CORPORATION (TSE: 2737), and TOYOTA TSUSHO ELECTRONICS Corporation (non-listed, 100% owned), which specialize in the semi-conductors agency business, and TOMUKI Corporation (non-listed, 100% owned) which handles electronics components. TTC achieved approx. 450 billion yen of sales on a

consolidated basis in the fiscal year 2011 in the electronic devices-related business, making TTC the leading Japanese electronic devices trading house. In addition, the TTC's group companies include TOYOTSU SYSCOM Corporation, which focuses in system software and hardware integrations, and TDMobile Corporation, which specializes sales of handsets for mobile phones. TTC achieved approx. 550 billion yen of sales in TTC's electronics business units in the fiscal year 2011, making the electronics-related operations the core business within the TTC organization. To this date, the electronics-related operations of the TTC group have developed mainly in the fields of semiconductors and electronics devices with the demand from and production increase of Japanese electrical and automotive manufacturers.

In accordance with TTC's long-term strategy to utilize know-how accumulated in the automotive field to create synergies in other fields and incubate and establish a second/third core businesses, TTC needs to further expand its activities not only in the fields of semiconductors and electronics devices, but also in other electronics-related businesses.

ELEMATEC was established in April 1947 with the purpose of selling electrical insulating materials, as "TAKACHIHO Electronics Co., Ltd.", an independent electronics trading house in Japan. ELEMATEC currently engages in the sales of specially-customized electrical and electronics materials, such as LCDs, mobile phones and televisions. ELEMATEC has business relationships with 4,800 companies as their customers and 4,600 companies as suppliers, and through its business network of 55 offices in Japan and outside Japan, has established its business mainly in Japan and China, the rest of Asia, North America and Eastern Europe. In October 2009, ELEMATEC merged with OHNISHI DENKI Co., Ltd., which had strong clients base in western Japan, where ELEMATEC was not as active, and subsequently changed its corporate name to ELEMATEC Corporation and solidified their management base.

In order to survive the global competition, Japanese electrical manufacturers, who constitute ELEMATEC's main customers, have been implementing measures to concentrate their efforts on procuring highly-efficient parts and securing the most efficient production sites from an assembly and transportation cost perspective. Under such circumstances, ELEMATEC has had to take necessary and prompt actions to strengthen its marketing attractiveness and investments to secure business opportunities in order to meet the various customers' requirements and to expand its sales channels for overseas electronics manufacturers and EMS manufacturers, and has been striving to find a new business partner. In addition, ELEMATEC had been recognizing a strong need to develop their business in the automotive field, where high-technological electronics are continuously advancing, there is more potential for growth.

Historically, the speed of technological developments in the electronics field have been swift and requests from customers have been diversified. In addition, due to the recent rapid global economic changes, the speed of changes in the market environment has progressively accelerated. As a result, since April 2011, TTC and ELEMATEC began discussions regarding making ELEMATEC part of the TTC group to discuss in more detail plans regarding a potential capital and business alliance between the two parties with the understanding that new business synergies could be achieved. Because ELEMATEC's growth strategy is to expand into the automotive field, the amusement and semi-conductors fields, TTC and ELEMATEC concluded that high synergies could be expected, in which TTC has strong business relationships. In addition, TTC and ELEMATEC shared a common view that both companies complement the other in their products and their sales channels, and through an exchange of mutual technologies and personnel, they would be able to expand their services to customers.

As a result of the above discussions, in view of ELEMATEC's intention to remain a listed company and maintain its management independence, and in order to maximize their respective enterprise values, on August 1, 2011, TTC and ELEMATEC entered into the Agreement.

## 2. Capital and Business Alliance:

### (1) Capital Alliance

i) The Tender Offer

TTC intends to commence a Tender Offer, after certain conditions, such as the completion of the procedures and measures necessary under applicable domestic and overseas competition laws and regulations, to purchase 10,441,500 shares (which by subtracting 678,659 shares repurchased by ELEMATEC as described in the 65th securities report of March 31, 2011 from 21,152,473 shares, their total number of issued shares, constitutes 51.0% (rounded to the nearest hundredths decimal, and herein after similarly for all percentages)) of the common stock of ELEMATEC (the "ELEMATEC Shares"), to obtain a majority of the ELEMATEC's voting rights. If the Tender Offer is commenced, TTC intends to fix the Tender Offer price at 1,540 yen per share. TTC has engaged an independent financial advisor, NOMURA SECURITIES Co., Ltd., as an independent third-party valuation institution and while TTC has already obtained a share valuation report on August 1, 2011, TTC has not yet obtained a fairness opinion from NOMURA SECURITIES Co., Ltd. on the fairness of the tender offer price .

The Tender Offer will limit the maximum number of shares to be purchased to 51.0% of ELEMATEC's voting rights. In such a case where more shares than the maximum number allowed by the Tender Offer are tendered, such excess shares will not be purchased and the transfer of shares and other settlements of the sale and purchase of the tendered shares will be conducted using the method of proportional distribution provided under the Japanese Financial Instruments and Exchange Law (Law No. 25 of 1948, as amended), Article 27-13, Item 5 and Cabinet Office Ordinance on the Disclosure of Tender Offer for Shares by Offerors other than the Issuer (Ministry of Finance Ordinance No. 38 of 1990, as amended) Article 32. The Tender Offer will not fix a minimum number of shares to be purchased; therefore, in case that less than the maximum number of shares to be purchased are tendered, all such shares will be purchased.

ELEMATEC has engaged an independent financial advisor, MITSUBISHI UFJ MORGAN STANLEY SECURITIES Co., Ltd. as an independent third-party valuation institution and has obtained a share valuation report on July 29, 2011; however, MITSUBISHI UFJ MORGAN STANLEY SECURITIES Co., Ltd. has not expressed an opinion on the fairness of the Tender Offer price.

Once the date of the Tender Offer is fixed, ELEMATEC will express its affirmative view on this Tender Offer, and recommend that its shareholders tender their shares in the Tender Offer.

ELEMATEC implemented its "Countermeasures for Large -Scale Purchases (Takeover Defense Plan)" pursuant to a resolution of the 61st shareholders' meeting held on June 22, 2007, which was further revised at the 62nd shareholders' meeting held on June 20, 2008. This Takeover Defense Plan was terminated at the 65th shareholders' meeting held on June 17, 2011; however, the Takeover Defense Plan was still applicable to any acquisition of substantial shareholdings proposed before its termination date. ELEMATEC's board of directors resolved at the board meeting held on August 1, 2011 to approve the Tender Offer proposed by TTC and, also resolved that the Takeover Defense Plan did not apply to the Tender Offer .

TTC entered into agreements for the tender of ELEMATEC Shares with the major shareholders of ELEMATEC, Mr. Satoshi SAKURAI (holdings: 2,035,808 shares, or 9.9%), S PLANNING Co., Ltd.(holdings: 1,812,592 shares, or 8.9%) and Mr. Shunichi ONISHI (holdings: 624,980 shares, or 3.1%), respectively, on August 1, 2011. Mr. Satoshi SAKURAI and Mr. Shunichi ONISHI agreed to tender 1,635,808 ELEMATEC Shares and 424,980 ELEMATEC Shares owned by them, respectively. S PLANNING Co., Ltd agreed to tender all of the ELEMATEC Shares owned by it. In addition, Mr. Satoshi SAKURAI's family (holdings: 71,000 shares, or 0.4%) and Mr. Shunichi ONISHI's family (holdings: 215,600 shares, or 1.1%) have also agreed to tender all of their ELEMATEC Shares, through Mr. Satoshi SAKURAI and Mr. Shunichi ONISHI, respectively. Therefore, the number of shares agreed to be tendered totals 4,159,980 shares, or 20.3%.

ii) ELEMATEC Shares to be acquired by TTC through the Tender Offer.

Shares held by TTC before Tender Offer	0 share (ratio to issued shares, excluding treasury shares : 0%)
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Shares to be acquired through Tender Offer	10,441,500 shares (ratio to issued shares, excluding treasury shares : 51.0%)
Shares after Tender Offer	10,441,500 shares (ratio to issued shares, excluding treasury shares : 51.0%)
Tender Offer price	1,540 yen per share

(Note 1) In the calculation of "issued shares, excluding treasury shares", 20,473,815 shares, which is calculated by subtracting 678,658 shares of treasury stock held by ELEMATEC as described in the 65th securities report of March 31, 2011 from 21,152,473 shares, or the total number of issued shares of ELEMATEC, is used as the denominator (rounded to the nearest hundredths decimal).

## (2) Contents of the Agreement

TTC and ELEMATEC have duly agreed as follows:

### (i) Business Alliance :

- TTC and ELEMATEC will mutually treat each other as business partners and will discuss the business alliance in detail, including, 1) common sales channel, 2) common utilization and consolidation of logistics, 3) mutual exchange and joint research for technology and know-how, 4) personnel exchange, among others.
- TTC and ELEMATEC will, after the Tender Offer, establish a Committee for Business Alliance in order to discuss the details of the business alliance and how to create a new business, among others.

### (ii) Tender Offer :

- TTC will commence the Tender Offer, after the conditions such as completion of the procedures and measures that are necessary under applicable domestic and overseas competition laws and regulations, are fulfilled.
- If TTC is not able to acquire the majority of ELEMATEC's voting rights by means of the Tender Offer, TTC and ELEMATEC will discuss the different ways in which ELEMATEC can collaborate with TTC in order for TTC to acquire the majority of the voting rights in ELEMATEC.

### (iii) Management after the Tender Offer

- TTC and ELEMATEC have mutually confirmed that ELEMATEC intends to elect its president among the current board members for the five-year period following the first general shareholders' meeting to be held after the Tender Offer (the "General Shareholders' Meeting"), and that TTC will respect ELEMATEC's intentions during this period, unless a reasonable cause exists otherwise .
- After the Tender Offer has been completed, TTC will have the right to appoint (a) in the case that TTC obtains 40% or more of the voting rights of ELEMATEC, including any additional acquisition, a majority of the board members (for the time being, part-time board member other than one full-time board member) and one auditor (part-time), or (b) in the case that TTC obtains less than 40% of the voting rights of ELEMATEC, including any additional acquisition, board members (at least one) in proportion to TTC's voting rights (part-time board member other than one full-time board member) and one auditor (part-time).
- ELEMATEC will propose new board members and auditors, including those appointed by TTC to be board members and auditors and will use its best efforts to have the above appointments approved at the General Shareholders' Meeting and the subsequent shareholders' meetings.
- After the Tender Offer has been completed, ELEMATEC, as an affiliated company of TTC, will report, inform and obtain TTC's prior approval for certain corporate matters, such as, change of the articles of incorporation, dividends on the surplus income, change of the capital amount, company re-organization, or any action which may cause to dilute the voting right ratios or share ratios of TTC.

- (iv) Maintenance of Listing
- TTC will respect ELEMATEC's board of directors' intention to maintain ELEMATEC's listing for the time being after the completion of the Tender Offer, unless a reasonable cause exists otherwise .
- (v) TTC's shares after the Tender Offer
- After the completion of the Tender Offer, if TTC decides to sell or transfer to third parties (except for subsidiaries or affiliates of TTC), or put, pledge or mortgage (including transfer mortgage), all or part of TTC's holdings of ELEMATEC shares, TTC will discuss this in advance with ELEMATEC

### 3. Company profiles of TTC and ELEMATEC

#### (1) Company profile of TOYOTA TSUSHO Corporation

1	Company Name	TOYOTA TSUSHO Corporation		
2	Principal Office	Century TOYOTA Bldg., 4-9-8 Meieki, Naka-ku, Nagoya, AICHI, JAPAN		
3	Representative	Jun KARUBE, President		
4	Principal Lines of Business	Domestic and international trade of goods, export and import of goods, construction undertaking, insurance agents, among others		
5	Capital Stock	64,936 million yen (consolidated basis)		
6	Date of Incorporation	July 1, 1948		
7	Major Shareholders and Shareholding Ratio (as of March 31, 2011)	TOYOTA MOTOR Corporation	21.8%	
		TOYOTA INDUSTRIES Corporation	11.2%	
		The Master Trust Bank of Japan, Ltd.	4.9%	
		Japan Trustee Services Bank, Ltd.	4.2%	
		The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2.3%	
8	Relationship between TTC and ELEMATEC			
	Capital Relationship	N/A		
	Transactional Relationship	Business relationship between TTC and ELEMATEC.		
	Personal Relationship	N/A		
	Relationship with Related Parties	N/A		
9	Consolidated business results and financial data for the three previous fiscal years of TTC			
		March 2009	March 2010	March 2011
	Net Assets	586,996 mil.yen	650,215 mil.yen	667,378 mil.yen
	Total Assets	2,130,089 mil.yen	2,274,547 mil.yen	2,436,248 mil.yen
	Net assets per share	1,515.64 yen	1,671.68 yen	1,703.06 yen
	Sales amount	6,286,996 mil.yen	5,102,261 mil.yen	5,743,649 mil.yen
	Operating income	91,017 mil.yen	55,591 mil.yen	85,297 mil.yen
	Ordinary Income	98,396 mil.yen	67,379 mil.yen	104,218 mil.yen
	Net income	40,224 mil.yen	27,339 mil.yen	47,169 mil.yen
	Net income per share	114.73 yen	78.08 yen	134.78 yen
	Dividend per share	26.00 yen	16.00 yen	28.00 yen

(Note) The share ratio in the item "Major Shareholders" is calculated excluding TTC's treasury shares (4,144,005 shares).

## (2) Company profile of ELEMATEC

1	Company Name	ELEMATEC Corporation		
2	Principal Office	3-5-27, MITA, MINATO-KU, TOKYO, JAPAN		
3	Representative	Satoshi SAKURAI, Chairman of the Board		
4	Principal Lines of Business	Electronics trading house • Sales of electrical materials, electronics parts and optical parts and materials • import and export and processing of materials		
5	Capital Stock	2,142 million yen (consolidated basis)		
6	Date of Incorporation	April 28, 1947		
7	Major Shareholders and Shareholding Ratio (as of March 31, 2011)	Satoshi SAKURAI	9.9%	
		S PLANNING Co., Ltd	8.9%	
		BBH for Fidelity Low Price Stock Fund (proxy: The Bank of Tokyo-Mitsubishi UFJ, LTD.	8.7%	
		ELEMATEC Employee Stockholding	7.0%	
		Wahei TAKEDA	3.5%	
8	Relationship between ELEMATEC and TTC			
	Capital Relationship	N/A		
	Transactional Relationship	Business relationship between ELEMATEC and TTC.		
	Personal Relationship	N/A		
	Relationship with Related Parties	N/A		
9	Consolidated business results and financial data for the three previous fiscal years of ELEMATEC			
		March 2009	March 2010	March 2011
	Net Assets	23,705 mil.yen	26,895 mil.yen	27,826 mil.yen
	Total Assets	38,592 mil.yen	51,987 mil.yen	56,091 mil.yen
	Net assets per share	1,288.22 yen	1,297.27 yen	1,349.03 yen
	Sales amount	86,455 mil.yen	88,299 mil.yen	110,614 mil.yen
	Operating Income	2,293 mil.yen	2,905 mil.yen	4,113 mil.yen
	Income before sales tax	2,605 mil.yen	2,988 mil.yen	3,784 mil.yen
	Net income	1,666 mil.yen	1,868 mil.yen	2,450 mil.yen
	Net income per share	91.10 yen	95.46 yen	119.68 yen
	Dividend per share	30.00 yen	30.00 yen	40.00 yen

(Note) The share ratio in the item "Major Shareholders" is calculated excluding ELEMATEC's treasury shares (678,658 shares).

## 4 . Schedule

Date of execution of the Agreement: August 1, 2011

## 5. Forecast

After entering into the Agreement and before the commencement of the Tender Offer, it will take some time until the completion of the procedures and measures necessary to be taken under domestic and overseas competition laws and regulations. Therefore, we do not anticipate that TTC's acquisition of the majority of the voting rights of ELEMATEC will have a significant impact on the business forecast of either of TTC and ELEMATEC. Disclosure will be promptly made if there is a significant impact on the business forecast of either of TTC or ELEMATEC after the Tender Offer.

TTC and ELEMATEC agree that ELEMATEC will maintain the listing of its common stock on the Tokyo Stock Exchange for a certain period after the consummation of the Tender Offer.

(REFERENCE) Consolidated business outlook for the current fiscal year and business results for the previous fiscal year

### (1) TOYOTA TSUSHO Corporation

	Sales amount	Operating income	Ordinary income	Net income
Business outlook (March 2012)	5,800,000 mil. yen	86,000 mil. yen	100,000 mil. yen	47,000 mil. yen
Business results (March 2011)	5,743,649 mil. yen	85,297 mil. yen	104,218 mil. yen	47,169 mil. yen

(Note) Business outlook published on June 14, 2011

### (2) ELEMATEC Corporation

	Sales amount	Operating income	Ordinary income	Net income
Business outlook (March 2012)	112,000 mil. yen	3,900 mil. yen	4,000 mil. yen	2,650 mil. yen
Business results (March 2011)	110,614 mil. yen	4,113 mil. yen	3,784 mil. yen	2,450 mil. yen

(Note) Business outlook published on May 10, 2011

## **DISCLAIMERS**

### **Insider trading regulations**

Please be advised that pursuant to Article 167, Item 3 of the Financial Instruments and Exchange Law and Article 30 of the Enforcement Ordinance, any person who has received information concerning the Tender Offer through this press release may be restricted from purchasing or otherwise trading the shares of TTC and ELEMATEC as a first-hand recipient of information under the regulations on insider trading, for 12 hours from the publication of this press release on August 1, 2011, on the EDnet of the Tokyo Stock Exchange. Please also note that if you purchase or sell shares TTC and ELEMATEC in violation of the applicable insider trading regulations, you could be subject to criminal, civil or administrative charges.

### **Solicitation regulations**

This press release has been prepared for the purpose of informing the public of the Tender Offer. This has not been prepared for soliciting sales, purchases or application in relation to the Tender Offer. When conducting any sales, you should make appropriate judgment after reviewing the Tender Offer explanatory statement, which TTC will prepare and publish soon. Neither this press release nor any part hereof constitutes a document to subscribe for, solicit the sales of, or apply for the purchase of, shares in the Tender Offer. Neither this press release nor its distribution shall be interpreted to be the basis of any agreement in relation to the Tender Offer, nor may it be relied on or become the basis for the Tender Offer.

### **Forward-looking statements**

This press release contains future business predictions, including business forecasts and strategies, which have been prepared by TTC and ELEMATEC based on information presently obtainable. Actual results may differ materially from these predictions.

### **Foreign jurisdictions**

Certain countries, regions and other jurisdictions may impose certain restrictions on the release, issuance or distribution of this press release under their laws and regulations. In such cases, you are required to pay attention to, and comply with, such restrictions. In any country or region where the implementation of the Tender Offer is illegal, even if you receive this press release, such receipt shall not constitute any application for the sale of, or solicitation for the application for the purchase of, shares, etc. in relation to the Tender Offer, and this press release shall be deemed as the distribution of information for reference only.

Although the Tender Offer is being conducted in accordance with the procedures and disclosure standards prescribed by Japanese law, such procedures and disclosure standards may not always coincide with those of the United States. In particular, the rules and regulations under Sections 13(e) and 14(d) of the U.S. Securities Exchange Act of 1934, as amended, do not apply to the Tender Offer and the Tender Offer is not being conducted in accordance with the procedures and requirements thereunder.

### **English translation**

This English translation has been prepared solely for the convenience of non-Japanese speaking shareholders of TTC and ELEMATEC. While this English translation is believed to be generally accurate, it is subject to, and qualified by, in its entirety, the official Japanese-language original filed with the EDnet of the Tokyo Stock Exchange. Such Japanese-language original shall be the controlling document for all purposes.