

August 22, 2014

To all the persons concerned

Company name: Elematec Corporation  
(Code: 2715, 1st Section of Tokyo Stock Exchange)  
Company representative: Satoshi Sakurai,  
Chairman of the Board  
Contact: Atsuo Isogami, Executive Vice President  
(TEL.: 03-3454-3526)

**Announcement of our acquisition of all the shares (and ownership) of TOMUKI CORPORATION  
and absorption-type merger with TOMUKI CORPORATION (short form merger)**

Elematec Corporation ("Elematec") hereby informs you that the Board of Directors of Elematec adopted a resolution in its Board meeting held on August 22, 2014 to acquire all the shares issued by TOMUKI CORPORATION ("Tomuki") according to the procedure detailed below (hereinafter referred to as "Share Acquisition"), thereby making Tomuki a wholly owned subsidiary of Elematec.

In addition, the Board of Directors of Elematec also adopted a resolution in the same Board meeting to merge with Tomuki in the form of an absorption-type merger according to the procedure detailed below (hereinafter referred to as "Merger"; and the Share Acquisition and the Merger shall be collectively referred to as "Transaction").

1. Reasons for the Share Acquisition and purpose of the Merger

Elematec is an independent trading company specialized in electronics, originally founded as Takachiho Electric Co., Ltd. ("Takachiho Electric") in April 1947 for the purpose of selling electrical insulating materials as its main business line. Currently Elematec is selling a wide range of electric and electronic materials, parts and components, including those customized for liquid crystal displays (LCDs), cellular phones and TVs. Utilizing its broad operating base serving 5,000 corporate customers and purchasing from 4,000 suppliers through its domestic and international business network consisting of 59 locations worldwide, Elematec is conducting business mainly in Japan, China and other Asian countries, as well as North America and East Europe.

In October 2009, Takachiho Electric changed the company name to the present "Elematec Corporation", by merging with Ohnishi Denki Co., Ltd. whose main customers were based in the Kansai region which had been a relatively untapped market for Takachiho Electric. In August 2011, in order to reinforce its business with the automotive industry, Elematec entered into a Capital and Business Alliance Agreement with Toyota Tsusho Corporation ("Toyota Tsusho"), thereby building up even more solid business foundations as a member company of Toyota Tsusho Group.

On the other hand, Tomuki was founded in October 1956 as TOKYO MUSEN KIZAI K.K., and subsequently became a subsidiary of Tomen Corporation in August 1990; and changed the company name to the present "TOMUKI CORPORATION" in October 2005; and became a subsidiary of Toyota Tsusho in April 2006.

Since its foundation, Tomuki has been operating as an electronic component distributor by continuously providing solutions centered on passive component parts, as well as semiconductors and peripheral devices, to industrial-equipment industries in Japan as its main customers.

Although Tomuki reported a net loss for the most recent fiscal year, which was chiefly by reason of sluggish domestic demand, the company's earnings conditions are currently taking an upturn through the efforts to promote

operational efficiency, including reduction of selling, general and administrative expenses.

With these backgrounds, for the purpose of expanding Elematec's business to industrial-equipment industries where demand is expected to grow in the future, Elematec has determined to acquire from Toyota Tsusho all of the shares issued by Tomuki, which are currently all held by Toyota Tsusho, to make Tomuki a wholly owned subsidiary of Elematec; and then merge with Tomuki in the form of an absorption-type merger where Elematec will be the merging and surviving company and Tomuki will be the merged and extinct company.

Once the Transaction is completed, Elematec will sell its electric/electronic materials and other products to Tomuki's existing customers, and in turn sell Tomuki products to Elematec's existing customers, with an aim to generate synergy. And further, as a specialized trading company that globally provides a wide range of materials, parts and components associated with electronics, Elematec will strive to drive earnings growth by expanding its customer base, diversifying the range of products and services to better serve the needs of customers, and by conducting its business in a more efficient manner.

## 2. Overview of the Share Acquisition

### (1) Outlines of the transferor of the shares

(1)	Company name	Toyota Tsusho Corporation ("Toyota Tsusho")											
(2)	Address	9-8, Meieki 4-chome, Nakamura-ku, Nagoya-shi											
(3)	Company representative	Jun Karube, President											
(4)	Lines of business	Domestic, export, import and offshore trading of various commodities; contracting for construction work; insurance agency business, etc.											
(5)	Capital	64,936 million yen											
(6)	Date of foundation	July 1, 1948											
(7)	Net assets	472,170 million yen											
(8)	Total assets	2,178,592 million yen											
(9)	Major shareholders and ratio of shareholding	<table border="0"> <tr> <td>Toyota Motor Corporation</td> <td style="text-align: right;">21.57%</td> </tr> <tr> <td>TOYOTA INDUSTRIES CORPORATION</td> <td style="text-align: right;">11.12%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (trust account)</td> <td style="text-align: right;">5.47%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (trust account)</td> <td style="text-align: right;">4.00%</td> </tr> <tr> <td>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</td> <td style="text-align: right;">2.29%</td> </tr> </table>		Toyota Motor Corporation	21.57%	TOYOTA INDUSTRIES CORPORATION	11.12%	The Master Trust Bank of Japan, Ltd. (trust account)	5.47%	Japan Trustee Services Bank, Ltd. (trust account)	4.00%	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2.29%
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(10)	Relationship between the listed company (Elematec) and this company (Toyota Tsusho)	<table border="0"> <tr> <td>Capital ties</td> <td>Toyota Tsusho holds 10,441,500 Elematec shares, which accounts for 49.36% of the total number of Elematec shares issued.</td> </tr> <tr> <td>Personal relationship</td> <td>Elematec's Board members include Directors and Auditors dispatched from or concurrently incumbent at Toyota Tsusho.</td> </tr> <tr> <td>Business relationship</td> <td>Elematec has business relationship with Toyota Tsusho through sales/purchase transactions.</td> </tr> <tr> <td>Applicability of the definition of a "related party"</td> <td>Toyota Tsusho is Elematec's parent company, so Toyota Tsusho falls under the definition of a related party of Elematec.</td> </tr> </table>	Capital ties	Toyota Tsusho holds 10,441,500 Elematec shares, which accounts for 49.36% of the total number of Elematec shares issued.	Personal relationship	Elematec's Board members include Directors and Auditors dispatched from or concurrently incumbent at Toyota Tsusho.	Business relationship	Elematec has business relationship with Toyota Tsusho through sales/purchase transactions.	Applicability of the definition of a "related party"	Toyota Tsusho is Elematec's parent company, so Toyota Tsusho falls under the definition of a related party of Elematec.			
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(Note) The data in Item No. (9) (Major shareholders and ratio of shareholding) in this table are as of March 31, 2014.

(2) Number of shares acquired, acquisition value, and condition of shareholding before and after the Share Acquisition

- (i) Number of Tomuki shares held by Elematec prior to the Share Acquisition:  
None (ratio of voting rights held: 0.0%)
- (ii) Number of Tomuki shares to be acquired by Elematec:  
1,440,000 shares (ratio of voting rights held: 100.0%)
- (iii) Acquisition value: One (1) yen
- (iv) Number of Tomuki shares held by Elematec after the Share Acquisition:  
1,440,000 shares (ratio of voting rights held: 100.0%)

(Note) Prior to the Share Acquisition by Elematec, Tomuki will newly issue 960,000 common shares, all of which will be underwritten and acquired by Toyota Tsusho (the total amount of capital paid in by Toyota Tsusho for such acquisition will be 480 million yen, resulting in increase of Tomuki's capital and capital reserve each by 240 million yen), for the purpose of reinforcing the composition of Tomuki's net assets. Upon and subject to effective issuance of the said common shares as a condition precedent, Tomuki will decrease its capital on the same day as the Effective Date of the issuance of the said common shares (resulting in decrease of Tomuki's capital by 240 million yen). All the Tomuki shares outstanding as of the date of the Share Acquisition (1,440,000 shares in total, including the said 960,000 common shares) will be acquired by Elematec from Toyota Tsusho.

(3) Time schedule of the Share Acquisition

- (i) Date of resolution of Elematec's Board of Directors: August 22, 2014
- (ii) Effective Date of the Share Transfer Agreement: August 22, 2014
- (iii) Date of execution of the Share Acquisition (Share Transfer): October 31, 2014 (plan)

(4) Matters concerning calculation of the acquisition value

Elematec obtained a Share Value Calculation Statement dated July 31, 2014 from Ernst & Young Transaction Advisory Services Co., Ltd. ("EY"), which is a third-party calculation agency designated by Elematec for such calculation and is independent of any of Elematec, Tomuki and Toyota Tsusho. EY does not fall under the definition of a related party of any of Elematec, Tomuki and Toyota Tsusho, nor do they have any material interest in any of Elematec, Tomuki and Toyota Tsusho.

EY performed analysis of the value of Tomuki shares using the Adjusted Book Value Method and the Discounted Cash Flow ("DCF") Method.

Using each of these methods, the range of the per-share value of Tomuki's common shares has been calculated as follows:

Adjusted Book Value Method: 285 yen

DCF Method: ranging from (31) yen to 22 yen

Where the Adjusted Book Value Method is used, EY calculated the share value on the basis of the amount of the net assets reported in Tomuki's balance sheet as of the end of March 2014, by performing a fair value adjustment of assets and liabilities whose fair value can be determined, and then by recalculating the amount of net assets reflecting unrealized profit and loss which is an amount of difference between the assets and liabilities estimated after such fair value adjustment.

Where the DCF Method is used, EY evaluated the corporate value by discounting future cash flows into a present-value cash flow by applying a certain discount rate, on the basis of the financial forecast by Tomuki for its business for the period from the year ending March 2015 to the year ending March 2019. Such financial forecast

does not include any year in which significant increase or decrease of earnings is expected. In addition, such financial forecast was made on the assumption that this Merger will take place.

### 3. Overview of the Merger

#### (1) Time schedule of the Merger

- (i) Date of resolution of Elematec's Board of Directors: August 22, 2014
- (ii) Effective Date of the Merger Agreement: August 22, 2014
- (iii) Date of execution (Effective Date) of the Merger: December 1, 2014 (plan)

From the standpoint of Elematec being the merging and surviving company, this Merger is a short form merger defined in Article 796. 3 of the Companies Act. Accordingly, the Merger will take effect without obtaining approval by resolution of a general meeting of shareholders of Elematec for the Merger Agreement that applies to the Merger. In addition, this Merger is subject to the Share Acquisition by Elematec, and therefore, from the standpoint of Tomuki being the merged and extinct company, this Merger is a short form merger defined in Article 784. 1 of the Companies Act. Accordingly, the Merger will take effect without obtaining approval by resolution of a general meeting of shareholders of Tomuki for the Merger Agreement that applies to the Merger.

#### (2) Type of the Merger

This is an absorption-type merger where Elematec will be the merging and surviving company and Tomuki will be the merged and extinct company.

#### (3) Allotment of shares and other assets made in association with the Merger

As a result of the Share Acquisition, Elematec will hold all of the outstanding shares of Tomuki as of the Effective Date of the Merger. Therefore, this Merger will not involve any issuance of new shares, any capital increase or any payment of cash-out due to merger.

#### (4) Handling of share-subscription rights and bonds with share-subscription rights granted/issued by the extinct company

This section is not applicable because there is no share-subscription right granted by Tomuki and no bond with a share-subscription right issued by Tomuki.

#### (5) Measures to ensure fairness

With consideration for the nature of this Transaction that consists of a series of transactions including the Share Acquisition by Elematec to acquire all the outstanding Tomuki shares from Elematec's parent company Toyota Tsusho, and the absorption-type merger where Tomuki will be merged and extinct, Elematec has taken the following measures to ensure fairness that Elematec considers to be necessary:

##### (i) Obtaining a Share Value Calculation Statement

For the sake of minority shareholders, Elematec obtained a Share Value Calculation Statement dated July 31, 2014 from EY, which is a third-party calculation agency designated by Elematec for such calculation and is independent of any of Elematec, Tomuki and Toyota Tsusho. Please refer to Section 2. (4) above for the summary of the calculation results reported in the Statement.

##### (ii) Advice from independent law firm

On March 27, 2014, Elematec designated an independent law firm Anderson Mori & Tomotsune LPC as the legal adviser on this Transaction, and since then Elematec has been receiving advice from them with regard to its

decisions on this Transaction. Anderson Mori & Tomotsune LPC does not have any material interest in any of Elematec, Tomuki and Toyota Tsusho.

(6) Measures to avoid conflict of interests

With consideration for the nature of this Transaction that consists of a series of transactions including the Share Acquisition by Elematec to acquire all the outstanding Tomuki shares from Elematec's parent company Toyota Tsusho, and the absorption-type merger where Tomuki will be merged and extinct, which involve a certain structure that has or may lead to conflict of interests, Elematec has taken the following measures to avoid conflict of interests:

(i) Obtaining opinions from Outside Auditors

In order to prevent conflict of interests from arising in connection with the Transaction, Elematec's Board of Directors consulted Hiroshi Mizukami and Sosuke Seki, both being Elematec's Independent Outside Auditors, on July 4, 2014 (note: "Independent" means that they have no interest that may conflict with interests of general shareholders). Subsequently, Mizukami and Seki jointly submitted a written opinion to the Board of Directors on August 19, 2014, stating that "Mizukami and Seki believe that the purpose of this Transaction is to enhance the corporate value of Elematec; and fair procedures are taken in this Transaction so as not to make adverse impact on the interests of shareholders; and therefore, this Transaction should not be considered as disadvantageous to the interests of minority shareholders."

(ii) Approval of all the Directors and Auditors, except those who have personal interest

Of all the members of Elematec's Board of Directors, Akira Yokode is a dispatched/loaned staff from Toyota Tsusho; Hideki Yanase is concurrently incumbent as a Director at Toyota Tsusho; and Yasushi Okamoto and Hideyuki Iwamoto are concurrently incumbent as Executive Officers at Toyota Tsusho. Taking these facts into consideration, the Board decided to take a two-step approach in adopting resolutions in the Board meeting held on August 22, 2014 from the viewpoint of avoiding conflict of interests.

First, three (3) Elematec Directors, not including Akira Yokode, Hideki Yanase, Yasushi Okamoto and Hideyuki Iwamoto, discussed the proposed Share Transfer Agreement that applies to the Share Acquisition and the proposed Merger Agreement that applies to the Merger, and adopted an unanimous resolution to approve both of these proposals. Next, to constitute the quorum for board meetings required in Article 369.1 of the Companies Act, four (4) Elematec Directors, by adding Akira Yokode to the said three Directors, re-discussed the same proposals and adopted an unanimous resolution to approve the proposed Share Transfer Agreement that applies to the Share Acquisition and the proposed Merger Agreement that applies to the Merger.

In addition, this Board meeting was also attended by Koichi Hiraga and Hiroshi Mizukami from among Elematec's Auditors excluding Mikio Asano who is concurrently incumbent as a Representative Director at Toyota Tsusho, and as a result, both Hiraga and Mizukami expressed their opinions as having no objection to the resolutions above-mentioned. (Furthermore, Elematec has confirmed that Sosuke Seki, Elematec's Auditor who could not attend the Board meeting for an unavoidable reason, also has no objection to the resolutions above-mentioned.)

It should be noted that Hideki Yanase being concurrently incumbent as a Director at Toyota Tsusho and Yasushi Okamoto and Hideyuki Iwamoto being concurrently incumbent as Executive Officers at Toyota Tsusho, who have or may have conflict of interests with Elematec in connection with the Transaction, have not participated in any part of Elematec's discussions and negotiations with Toyota Tsusho and Tomuki, in their capacity as Directors of Elematec.

4. Overview of the Parties to the Merger (as of August 22, 2014)

	Merging and surviving company	Merged and extinct company								
(1) Company name	Elematec Corporation	TOMUKI CORPORATION								
(2) Address	3-5-27, Mita, Minato-ku, Tokyo	2-29-24, Honkomagome, Bunkyo-ku, Tokyo								
(3) Company representative	Satoshi Sakurai, Chairman of the Board Jun Kato, President	Osamu Minokawa, President								
(4) Lines of business	Sales, export and processing of electric materials, electronic parts and mechanism components	Sales of various electronic parts and semiconductors								
(5) Capital	2,142 million yen	150 million yen								
(6) Date of foundation	April 28, 1947	October 15, 1956								
(7) Number of shares issued	21,152,473 shares	480,000 shares								
(8) Account closing date of each fiscal year	March 31	March 31								
(9) Number of employees	(Non-consolidated) 357 (as of March 31, 2014)	(Non-consolidated) 37 (as of March 31, 2014)								
(10) Main customers	Japan Display Inc. Sony Corporation TOSHIBA CORPORATION Minebea Co., Ltd.	Advantest Corporation Mitsui Electronics Inc. Furukawa NDK Co., Ltd.								
(11) Main financing bank	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	The Bank of Tokyo-Mitsubishi UFJ, Ltd.								
(12) Major shareholders and ratio of shareholding	Toyota Tsusho Corporation 49.36% BBH for Fidelity Low-Priced Stock Fund (principal all sector sub-portfolio) (standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.) 5.53% Splanning Corporation 4.54% Elematec Corporation 3.21% Satoshi Sakurai 2.84%	Toyota Tsusho Corporation 100.0%								
(13) Relationship between the Parties	<table border="1"> <tr> <td>Capital ties</td> <td>Both Elematec and Tomuki are consolidated subsidiaries of Toyota Tsusho. There is no capital tie between Elematec and Tomuki.</td> </tr> <tr> <td>Personal relationship</td> <td>Mr. Yasushi Okamoto, Managing Director of Toyota Tsusho, is concurrently holding the position of a Director at both Elematec and Tomuki.</td> </tr> <tr> <td>Business relationship</td> <td>There is no reportable business/transactional relationship between Elematec and Tomuki.</td> </tr> <tr> <td>Applicability of the definition of a "related party"</td> <td>Tomuki has the parent company in common with Elematec, so Tomuki falls under the definition of a related party of Elematec.</td> </tr> </table>		Capital ties	Both Elematec and Tomuki are consolidated subsidiaries of Toyota Tsusho. There is no capital tie between Elematec and Tomuki.	Personal relationship	Mr. Yasushi Okamoto, Managing Director of Toyota Tsusho, is concurrently holding the position of a Director at both Elematec and Tomuki.	Business relationship	There is no reportable business/transactional relationship between Elematec and Tomuki.	Applicability of the definition of a "related party"	Tomuki has the parent company in common with Elematec, so Tomuki falls under the definition of a related party of Elematec.
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(14) Business results and financial condition of the most recent fiscal year		
Fiscal period	Elematec Corporation (consolidated)	TOMUKI CORPORATION
	Year ended March 2014	Year ended March 2014
Net assets	36,943 million yen	(23) million yen
Total assets	73,425 million yen	1,479 million yen
Net assets per share (yen)	1,793 yen	(47) yen
Sales	143,442 million yen	3,343 million yen
Operating income	5,246 million yen	(128) million yen
Ordinary income	5,644 million yen	(124) million yen
Net income	3,863 million yen	(157) million yen
Net income per share (yen)	189 yen	(329) yen
Dividend per share (yen)	57 yen	No dividend

(Note 1) The data in Item No. (12) (Major shareholders and ratio of shareholding) in this table are as of March 31, 2014.

(Note 2)

Prior to the Share Acquisition by Elematec, Tomuki will newly issue 960,000 common shares, all of which will be underwritten and acquired by Toyota Tsusho (the total amount of capital paid in by Toyota Tsusho for such acquisition will be 480 million yen, resulting in increase of Tomuki's capital and capital reserve each by 240 million yen), for the purpose of reinforcing the composition of Tomuki's net assets. Upon and subject to effective issuance of the said common shares as a condition precedent, Tomuki will decrease its capital on the same day as the Effective Date of the issuance of the said common shares (resulting in decrease of Tomuki's capital by 240 million yen). All the Tomuki shares outstanding as of the date of the Share Acquisition (1,440,000 shares in total, including the said 960,000 common shares) will be acquired by Elematec from Toyota Tsusho.

## 5. Overview of the surviving company after the Merger

(1) Trade name: Elematec Corporation

(2) Lines of business: Sales, export and processing of electric materials, electronic parts, mechanism components, etc.

(3) Principal office: 3-5-27, Mita, Minato-ku, Tokyo

(4) Company representative: Satoshi Sakurai, Chairman of the Board

Jun Kato, President

(5) Capital: 2,142 million yen

(6) Total assets: Not fixed as of the date of this announcement

(7) Net assets: Not fixed as of the date of this announcement

(8) Outlines of account processing:

This Transaction falls under "a transaction between entities under common control" defined in the Accounting Standard for Business Combination.

(9) Account closing date of each fiscal year: March 31

## 6. Future prospect

This Transaction will have insignificant impact on Elematec's full-year business results for the fiscal year ending March 2015.

## 7. Matters concerning transactions with the controlling shareholder

### (1) Applicability of the definition of "a transaction with the controlling shareholder" and measures taken to protect minority shareholders

Prior to executing any transaction that may substantively have a conflict of interests between Toyota Tsusho being the controlling shareholder and other minority shareholders of Elematec, the Board of Directors of Elematec will determine a course of action through multifaceted discussions also by consulting external experts if necessary.

In this regard, as noted in Section 2. (4) and Section 3. (5) (i) and (ii), Elematec consulted external experts about the Transaction prior to making the decision to enter into the Transaction.

### (2) Matters concerning measures to ensure fairness and to avoid conflict of interests

As noted in Sections 3. (5) and (6), Elematec took measures to ensure fairness and to avoid conflict of interests prior to making the decision to enter into the Transaction.

### (3) Summary of opinions obtained from persons who do not have any interest in the controlling shareholder about whether the Transaction is not disadvantageous to minority shareholders

As noted in Section 3. (6) (i), Elematec obtained opinions from Hiroshi Mizukami and Sosuke Seki, both being Elematec's Independent Outside Auditors, stating jointly that they believe that this Transaction should not be considered as disadvantageous to the interests of minority shareholders.

- End of report -

(Reference) Consolidated earnings outlook for the current fiscal period (published on April 24, 2014) and consolidated earnings for the previous fiscal period

Unit: million yen

	Consolidated sales	Consolidated operating income	Consolidated ordinary income	Consolidated net income
Outlook for consolidated earnings for the current period (Year ending March 2015)	160,000	5,600	5,650	4,000
Consolidated earnings for the previous period (Year ended March 2014)	143,442	5,246	5,644	3,863