

Notification of conclusion of basic agreement between Aisin Seiki and Shiroki on
integration of management through Share Exchange

Aisin Seiki Co., Ltd. (hereinafter “Aisin Seiki”, President: Fumio Fujimori) and Shiroki Corporation (hereinafter “Shiroki”, President: Takuo Matsui) concluded a basic agreement, at the meeting of the Boards of Directors of both companies held today, on integration of management through a share exchange (hereinafter the “Share Exchange”) in which Aisin Seiki will be the wholly owning parent company and Shiroki the wholly owned subsidiary.

Until now, auto body parts have been a major component of Aisin Seiki’s business, and in addition to an extensive product lineup featuring virtually every type of auto body part from external decorative elements to functional parts, the company has expanded its business on the strength of its electronically controlled systems including power sliding doors, in which it boasts global top share. However, in order for the company to achieve further growth, efficient management of development resources has become a pressing need.

Meanwhile, Shiroki has built on strengths in cost-competitiveness and extremely lightweight products utilizing materials such as aluminum, based on the proprietary technologies it has accumulated over the years, and has achieved growth in door frames as well as in the auto external body parts field with products like seats and window regulators. In recent years the company has accelerated efforts to expand its business overseas, but these are still in the early stages.

In the coming years, as automakers continue to globalize at an increasingly rapid pace, cost competition will become fiercer especially in emerging nations, and there are expected to be growing technological development needs in terms of weight reduction and safety.

The two companies have determined that in order to address their respective challenges and achieve sustained growth in the above-described environment, they will seek to boost competitiveness through management integration. In addition to optimizing production through reciprocal shared utilization of global bases, they expect to achieve synergy by heightening the efficiency of development resources, with Aisin Seiki concentrating on system and modular products and Shiroki on external and functional parts, as well as expanding sales through reciprocal sharing of customer bases. With regard to seat parts, they will seek to strengthen and expand this segment with the exception of business units that are scheduled for transfer from both companies to Toyota Boshoku Corporation (hereinafter “Toyota Boshoku”).

Moving forward, Aisin Seiki and Shiroki will consolidate their strengths and aim for growth as a united force in the global market, building on Aisin Seiki’s product development and global supply capabilities and Shiroki’s low-cost technologies and ability to meet the needs of a wide range of customers in a flexible, highly targeted manner.

Outline of management integration (See ensuing pages for further details)

1. Integration method: Transformation of Shiroki into a 100% subsidiary of Aisin Seiki via exchange of shares

(Shiroki will be delisted in advance of the date the Share Exchange goes into effect)

Note: implementation of the Share Exchange is dependent on conditions including the above-mentioned transfer of the seat parts business unit to Toyota Boshoku, the permission and authorization of the Fair Trade Commission and other authorities in Japan and elsewhere, and the approval of the Shiroki's shareholders' meeting.

2. Date of integration: Apr. 1, 2016 (date that scheduled exchange of shares goes into effect)
3. Consolidation of business units:
 - Aisin Seiki is to concentrate resources on system and modular products
 - External and functional parts (door frames, moldings, window regulators, seat adjusters / seat recliners [with the exception of business units to be transferred from both companies to Toyota Boshoku], back door locks and trunk locks, etc) are to be concentrated at Shiroki, with further details to be deliberated on.
4. Company name / Headquarters: Shiroki is to retain its current name and headquarters location.
5. Human resources / Organization: Shiroki will retain its current management structure and employees.

1. Summary of management integration

(1) Management integration schedule

Date of approval of basic agreement and decision by Board of Directors	(both companies)	Dec. 19, 2014 (Today)
Date of conclusion of basic agreement	(both companies)	Dec. 19, 2014 (Today)
Date of agreement on and announcement of share exchange ratio	(both companies)	Mid May, 2015 (Scheduled date)
Date of conclusion of share exchange contract	(both companies)	Late Dec., 2015 (Scheduled date)
Date of record of extraordinary meeting of shareholders	(Shiroki)	Mid Jan., 2016 (Scheduled date)
Date of extraordinary meeting of shareholders for approval of share exchange contract	(Shiroki)	Late Feb., 2016 (Scheduled date)
Date of delisting	(Shiroki)	Mar. 29, 2016 (Scheduled date)
Date exchange of shares goes into effect		Apr. 1, 2016 (Scheduled date)

(Note) The management integration schedule is subject to change as needed in light of the necessary processes of permission and approval by authorities in Japan and elsewhere, registration, submission of notifications, etc., and any other relevant circumstances. The transfer to Toyota Boshoku of the seat parts business units of both companies, through which parts are directly supplied to Toyota Motor Corporation and Toyota Boshoku, is a prerequisite for the Share Exchange.

(2) Management integration method:

With the Share Exchange, Aisin Seiki is to become the wholly owning parent company and Shiroki the wholly owned subsidiary. Shiroki shareholders are to be allotted ordinary shares in Aisin Seiki as a consideration in the Share Exchange.

(3) Details of allotment in the Share Exchange

The share exchange ratio in the Share Exchange is to be determined and disclosed upon consultation among the related parties after considering evaluation and advice, etc., by external experts and conducting due diligence.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights in the Share Exchange

Shiroki does not issue stock acquisition rights or bonds with stock acquisition rights.

2. Expectation of delisting

As a result of the Share Exchange, Shiroki will become a wholly owned subsidiary of Aisin Seiki as of the effective date of the Share Exchange. In advance of this, Shiroki shares will be delisted through prescribed procedures in accordance with the securities listing regulations and the share delisting standards of the Tokyo Stock Exchange and Nagoya Stock Exchange.

3. Outline of companies participating in the Share Exchange

(As of September 30, 2014 unless otherwise stated)

	Wholly owning parent company	Wholly owned subsidiary
(1) Name	Aisin Seiki Co., Ltd.	Shiroki Corporation
(2) Location	2-1 Asahi-machi, Kariya, Aichi, Japan	2, Kiri-hara-cho, Fujisawa City, Kanagawa Prefecture
(3) Name and title of representative	Fumio Fujimori, President	Takuo Matsui, President and Representative Director
(4) Businesses	Manufacture and sales of automotive parts (drivetrain, body, brake and chassis, engine, information technology-related), lifestyle- and energy-related products (sewing machines, beds, gas heat pump products, etc.), and wellness-related products	Manufacture and sales of automotive internal functional parts, external body parts and commuter train car seats
(5) Capital	45,049 million yen	7,460 million yen
(6) Established	August 31, 1965	March 18, 1946
(7) Outstanding shares	294,674,634	89,003,624
(8) Fiscal year end	March 31	March 31
(9) Employees	(Consolidated) 93,471	(Consolidated) 3,533
(10) Major customers	Toyota Motor Corporation Daihatsu Motor Co., Ltd. Hino Motors, Ltd.	Toyota Motor Corporation Toyota Boshoku Suzuki Motor Corporation
(11) Main banks	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation	Mitsubishi UFJ Trust and Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd.
(12) Major shareholders and ratio of shares held	Toyota Motor Corporation 22.25% Toyota Industries Corporation 7.03% Japan Trustee Services Bank, Ltd. (trust account) 3.76%	Toyota Motor Corporation 19.80% Tokyu Corporation 13.08% Aisin Seiki Co., Ltd. 12.64%

	Wholly owning parent company	Wholly owned subsidiary				
(13)	Relationship between the participating companies					
	Capital	Aisin Seiki owns 11,254 shares of Shiroki stock.				
	Personnel	One executive officer of Aisin Seiki also serves as an auditor at Shiroki.				
	Trade	Buying and selling of body parts is carried out between the two companies.				
	Special circumstances applying to the participants	None apply.				
(14)	Operating results and financial status over the past three years (Unit: million yen, unless otherwise stated)					
	Aisin Seiki (Consolidated)			Shiroki		
End of fiscal year	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2012	March 31, 2013	March 31, 2014
Consolidated net assets	969,307	1,136,343	1,328,503	33,710	35,701	40,379
Consolidated gross assets	2,073,836	2,248,100	2,587,623	72,374	70,001	78,960
Consolidated net asset worth per share (yen)	2,573.95	3,038.88	3,542.60	378.42	400.59	452.74
Consolidated sales	2,304,168	2,529,964	2,822,215	110,510	109,850	117,937
Consolidated operating income	121,832	148,892	171,196	5,331	2,506	2,730
Consolidated ordinary income	129,140	158,725	189,462	5,358	3,063	3,251
Consolidated earnings for the period	55,497	77,518	90,089	2,407	1,586	2,036
Consolidated earnings for the period per share (yen)	197.04	275.05	319.48	27.16	17.90	22.97
Dividend per share (yen)	50.00	75.00	95.00	5.00	5.00	5.00

(Note) With regard to the operating results and financial status of Shiroki, royalties, etc. earned by the company were previously calculated as "Non-sales income," but starting from the first-quarter consolidated accounting period of the fiscal year ended March 31, 2015, they have been included among "Sales." For this reason, figures shown here for the year ended March 31, 2014 have been retroactively revised to reflect the change in categorization.

4. Future outlook

There is no revision in earnings forecasts for the period resulting from the conclusion of the basic agreement of Share Exchange. Any projected impact on future operating results will be disclosed as soon as it has been identified and verified.