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This document is an English translation of a statement written initially in Japanese. The Japanese original should be considered as the primary version.

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Announcement in Relation to Commencement of Tender Offer Bid for Share Certificates of YANASE & Co., Ltd.

ITOCHU Corporation (hereinafter referred to as "ITOCHU" or the "Tender Offeror") herewith announces that ITOCHU has decided to obtain the common shares of YANASE & Co., Ltd. (hereinafter referred to as the "Target Company") today by way of a tender offer bid (hereinafter referred to as the "Tender Offer").

1. Objectives of the Tender Offer

(1) Outline

As of today, ITOCHU owns 18,636,000 common shares of the Target Company (Ownership Ratio (*Note 1): 39.49%), and it is the largest shareholder of the Target Company, to which the equity method is applied. ITOCHU has decided to conduct the Tender Offer effective May 25, 2017 and acquire additional common shares of the Target Company to make it a consolidated subsidiary for the purpose of creating a closer capital relationship with it.

The common shares of the Target Company are not listed on the financial instruments exchange, however the Target Company is an entity that must comply with Article 24-1-3 of the Financial Instruments and Exchange Act (hereinafter referred to as the "Act") and is required to submit an annual securities report, therefore ITOCHU, pursuant to the Act, is conducting the Tender Offer to acquire additional common shares of the Target Company.

(Note 1) The "Ownership Ratio" is based on the following calculation:

- with the number of shares (47,196,000 rounded to two decimal places) as a denominator,
- after obtaining this number by subtracting the number of the Target Company's treasury stock (19,874 as of September 30, 2016 as described in the Target Company's Security Report for the 144th term from October 1, 2015 to September 30, 2016; the same applies hereinafter) and fractional shares (44,126 excluding treasury shares) from the total number of the Target Company's issued shares as of September 30, 2016 (47,260,000 shares) as described in the Securities Report for the 144th term (from October 1, 2015 to September 30, 2016) submitted by the Target Company on December 22, 2016 (hereinafter referred to as "the Target Company's Securities Report for the 144th term"). The same applies hereinafter.

Through this Tender Offer, ITOCHU intends to make the Target Company a consolidated subsidiary, so in order for ITOCHU have 50.1% of the total number of voting rights (*Note 2) after the successful completion of this Tender Offer, ITOCHU has set 5,010,000 as the minimum limit (*Note 3) of the number of common shares to be purchased (hereinafter, the "Number to Be Purchased"). Where the aggregate number of tendered share certificates, etc. does not reach the above minimum limit (5,010,000), ITOCHU will not purchase all the share certificates for sale. In addition, as ITOCHU has set 12,042,000 as the maximum limit of the Number to Be Purchased (*Note 4), if the aggregate number of tendered share certificates, etc. exceeds the above maximum limit, ITOCHU will not purchase all or part of the excess over the maximum limit, and alternatively, will conduct settlements for the transfer of shares using the pro rata method in accordance with Article 27-13-5 of the Act and Article 32 of Cabinet Office Ordinance on Disclosure of Take Over Bid of Shares, etc. Conducted by Those Other than the Issuing Corporation (hereinafter referred to as the "Cabinet Office Ordinance").

(Note 2) "Total number of voting rights" refers to the number of voting rights (47,196) described in the Target Company's Securities Report for the 144th term. The same applies hereinafter.

(Note 3) The lower limit of the Number to Be Purchased is 5,010,000 shares. This is related to the number of voting rights (5,010), which is calculated as follows:
Subtract the total number of voting rights owned by ITOCHU (18,636) from 23,646, calculated by multiplying the total number of the Target Company's voting rights (47,196) by 50.1% and rounding it up after the decimal point.

(Note 4) The maximum limit of the Number to Be Purchased is 12,042,000. This is related to the number of voting rights (12,042), which is calculated as follows:
Multiply the total number of the Target Company's voting rights (47,196) by 65%, resulting in 30,678 (rounded up after the decimal point). Then subtract the number of ITOCHU's voting rights (18,636) from 30,678.

As described in "(3) Important Agreements Related to the Tender Offer," ITOCHU, for the purpose of this Tender Offer, concluded the Tender Offer application agreement with the following four companies, which are severally or collectively called "prospective applicant shareholders":

(i) Aioi Nissay Dowa Insurance Co., Ltd. (hereinafter referred to as "Aioi Nissay Dowa Insurance"),
(ii) Tokio Marine & Nichido Fire Insurance Co., Ltd. (hereinafter referred to as "Tokio Marine & Nichido Fire Insurance")
(iii) Mitsui Sumitomo Insurance Company, Ltd. (hereinafter referred to as "Mitsui Sumitomo Insurance"), and
(iv) Sompo Japan Nipponkoa Insurance Inc. (hereinafter referred to as "Sompo Japan Nipponkoa Insurance")

as of May 25, 2017. In this agreement, ITOCHU expresses its intention to undertake this Tender Offer (hereinafter, the Tender Offer application agreements concluded with the intended shareholders in (i) to (iv) above are collectively and separately called the "Application Agreement"). The table below shows the current number of shares that the prospective applicant shareholders intend to apply for (hereinafter referred to as "prospective shares to be applied for") and the ownership of the Target Company's common shares by the prospective applicant shareholders as of today.

(Table 1) Ownership of the Target Company's common shares by prospective applicant shareholders

Prospective Applicant Shareholders	Number of prospective shares to be applied for (Ownership ratio)	Number of owned shares (Ownership percentage, ranked by ownership)
Aioi Nissay Dowa Insurance	3,224,000 shares (6.83%)	4,030,000 shares (8.54%, 2nd)
Tokio Marine & Nichido Fire Insurance	2,918,000 shares (6.18%)	3,647,000 shares (7.73%, 3rd)
Mitsui Sumitomo Insurance Company	2,040,000 shares (4.32%)	2,550,000 shares (5.40%, 5th)
Sompo Japan Nipponkoa Insurance	1,200,000 shares (2.54%)	1,500,000 shares (3.18%, 8th)
Total	9,382,000 shares (19.88%)	11,727,000 shares (24.85%)

According to the Target Company, if this Tender Offer is approved at the Target Company's board meeting on May 25, 2017, the Target Company will be deemed to be a consolidated subsidiary of ITOCHU. As ITOCHU expressly intends to operate in accordance with the Target Company's management policy in order to contribute to the expansion of its business and profits, including overseas business development, even after the conclusion of this Tender Offer, ITOCHU judges that the Target Company could, if it becomes a consolidated subsidiary, expand and develop its businesses and profits, including overseas business development, with ITOCHU's cooperation, while improving the stability of its business management. Accordingly, ITOCHU passed a resolution to proceed with this Tender Offer. Every year since 2003, the Target Company has asked a capable expert institution (hereinafter referred to as the "evaluation institution") to evaluate its common shares based on its financial results to obtain reference data to determine their sale price at the employee shareholding association. The Target Company reported that the evaluated price was 914 yen per share in the most recent financial year ended in September 2016. The purchase price of the Target Company's common shares under the Tender Offer being ¥540 (hereinafter referred to as "the Tender Offer price") is determined as a final figure, agreed as a result of discussions and negotiations on the assumption that a relative transaction will be conducted between ITOCHU and the prospective applicant shareholders. As a result, the Target Company resolved to reserve its judgement on the appropriateness of the Tender Offer price and leave the judgement to the shareholders as to the application for this Tender Offer. As for the details of the Target Company's decision-making process, please refer to the following "(4) Measures to Ensure the Fairness of the Tender Offer price and to Avoid Conflicts of Interests and Measures to Ensure the Fairness of the Tender Offer," described in 2) "Unanimous Approval of Directors and Corporate Auditors Who Do Not Have Interests in the Target Company."

The articles of association of the Target Company rule to the effect that the acquisition of shares by assignment requires approval of a board meeting. The Target Company stated that it resolved to approve the acquisition of the shares concerned by ITOCHU, conditional upon the approval of the Tender Offer at the upcoming board meeting on May 25, 2017.

(2) Background and reason for the decision to undertake the Tender Offer, and management policy beyond the Tender Offer

ITOCHU was founded on December 1, 1949 and listed on both the Osaka and Tokyo Stock Exchanges in July 1950. Thereafter, it underwent numerous mergers and foundations of subsidiaries. The Company's group is a major general trading company consisting of ITOCHU, 207 consolidated subsidiaries and 101 companies to which the equity method is applied (as of March 31, 2017). It is engaged in domestic transactions, export/import and third-country trades in various fields including textiles, machinery, metals, energy, chemicals, foods, housing, information and banking. ITOCHU subscribed 5,208,000 shares of the Target Company through third party allocation in February 2003 (ratio to the total number (40,300,000) of the Target Company's issued shares immediately after the allocation of new shares to the third party: 12.92%), becoming the Target Company's largest shareholder. ITOCHU also obtained 5,208,000 shares of the Target Company through third party allocation in August 2008 (ownership ratio: 11.03 %). On February 26, 2013, it submitted notification of a Tender Offer, thereby purchasing 1,736,000 shares of the Target Company (ownership ratio: 3.68%) for the purpose of purchasing shares of the Target Company from Shimizu Corporation. ITOCHU submitted another Tender Offer notification on November 13, 2013, and purchased 6,484,000 shares of the Target Company (ownership ratio: 13.74%) through a Tender Offer for the purpose of purchasing shares of the Target Company from NIPPON TOCHI-TATEMONO Co., Ltd. As a result, ITOCHU came to own 18,636,000 shares in total (ownership ratio: 39.49%) as of today. Since the capital contribution in February 2003, ITOCHU has dispatched a full-time director, outside directors and two dispatched officers, thus being involved in the Target Company's management. In December 2011, Takeyoshi Ide, who is originally from ITOCHU, assumed the post of CEO and President (in office) of the Target Company.

The Target Company was founded as a private firm under the trade name "Yanase Shoukai" in May 1915, and after subsequent reorganizations and mergers it was eventually renamed YANASE & Co., Ltd. in December 1969. In the early stages, the Target Company was engaged in sales of American cars. Subsequently, it began to deal with sales of various imported cars, including German cars. As of today, the Target Company's trade includes sales of imported cars, including German cars, and their parts/accessories as well as maintenance and services. The sales volume of imported cars in Japan remained at 250,000 units per year. After the global financial crisis, however, sales plunged to 190,000 units in 2008 and 160,000 units in 2009. Subsequently, however, sales recovered and grew to 290,000 units in 2016. ITOCHU believes that sales of imported cars such as German cars will remain a stable market with a stable customer base that has good marketability and high loyalty (strong attachment to imported cars) because of their sophisticated design, reliable technology and brand appeal backed up by these advantages, even though the domestic car market is expected to shrink due to the low birth rate. Combined with the extensive lineup of small-sized cars and the launch of cars that benefit from the eco-car tax break, ITOCHU also believes that the Target Company will continue to achieve a traditional level of sales and maintain a stable presence in the imported car market.

The Target Company also stated that it is blessed with a long history and tradition, celebrating its 100th anniversary in 2015; however, it is fully aware that it cannot afford to be satisfied with the

current status and therefore intends to pursue further growth. To this end, the Target Company understands that its priorities are as follows:
- to invest steadily in critical markets, focusing on the metropolitan area that constitutes a major portion of sales in order to consolidate the sales structure;
- to further promote comprehensive sales to customers by means of a cross-functional customer management system covering multiple functions including new car sales, second-hand car sales and after-sales service; and
- to strengthen value chain management that enables the above comprehensive service to be offered to customers based on the chain of car sales processes.

To address these aspects, the Target Company completed the full refurbishment of its head office building as well as the proximate offices of Mercedes-Benz Tokyo Shibaura and Audi Shibaura in November 2012. Accordingly, the Target Company demonstrates its intention to promote a company-wide customer service standard review and business process reengineering (BPR), as well as to improve its cost and financial structures, thereby seeking to establish a solid profit structure.

The Target Company also stated that it is essential for it to expand its businesses and profits, including overseas business development, for future business development. Against this backdrop, the Target Company believes that it will be necessary to further strengthen its capital relationship with ITOCHU and leverage ITOCHU's tangible and intangible business resources such as the overseas networks for such development, so it is an effective option for it to become a consolidated subsidiary of ITOCHU.

ITOCHU is a leading shareholder of the Target Company and has long wished to contribute to the expansion and development of the Target Company's businesses and profits. However, ITOCHU's support may vary depending upon the Target Company's status, namely whether it is a related company to which the equity method is applicable or a consolidated subsidiary. To offer further support for the operations of the Target Company, including assistance with its overseas business development, ITOCHU has always considered it necessary to strengthen its capital relationship with the Target Company and make the Target Company a consolidated subsidiary. ITOCHU has concluded that operational coordination and synergy toward the development of the overseas businesses can be expected by making the Target Company a consolidated subsidiary, because such consolidation facilitates the achievement of operational coordination closer than ever as well as disclosing and providing both group companies' assets, expertise and management resources such as the client base.

As a result, ITOCHU and the Target Company commenced consultations on how to make the Target Company a consolidated subsidiary in early October 2016. As a prospective applicant shareholder, a major shareholder of the Target Company was considered to have the intention to agree with the sales of the Target Company's common shares, and the possible assignment of the shares from this prospective applicant shareholder to ITOCHU became an idea to be reviewed in the consultation. ITOCHU, with the cooperation of the subject, arranged an opportunity to talk to the prospective applicant shareholders in mid-February 2017, and asked the shareholders to sell the subject's common shares owned by the shareholder for approximately 540 yen per share for the purpose of achieving further growth by making the Target Company a consolidated subsidiary of ITOCHU. In mid-February 2017, the shareholders expressed its intention to discuss the sales positively.

ITOCHU and the Target Company continued the consultations on the establishment of a consolidated subsidiary and concurrently discussed the conditions on the acquisition of the above shares with the prospective applicant shareholders, focusing on a Tender Offer price.
As of May 25, 2017, the Application Agreement was concluded, in which it was decided that ITOCHU would acquire the abovementioned shares from the prospective applicant shareholders.

Beyond this Tender Offer, ITOCHU will continue to dispatch directors and temporary officers to the Target Company, as we do as of today, thereby following their management policy to formulate and promote a growth strategy that secures a new revenue source as well as to strengthen measures against management issues in which the Target Company is involved. Accordingly, ITOCHU intends to contribute more than ever to the expansion and development of the Target Company's businesses and revenues.
ITOCHU expects, upon the conclusion of this Tender Offer, that the majority of the Target Company's directors will be selected from ITOCHU's candidates appointed by us. As of today, however, the concrete plan for the candidacy has yet to be finalized.

(3) Important Agreements Related to the Tender Offer

On May 25, 2017, ITOCHU concluded Application Agreements with the prospective applicant shareholders to the effect that each of the prospective applicant shareholders would subscribe the Tender Offer with regard to a portion of the shares of common stock of the Target Company they hold respectively. Specifically (i) Aioi Nissay Dowa Insurance agreed to subscribe to the Tender Offer with regard to 3,224,000 shares (shareholding ratio:6.83%) of the common stock of the Target Company it holds, (ii) Tokio Marine and Nichido Fire Insurance agreed to subscribe to the Tender Offer with regard to 2,918,000 shares (shareholding ratio:6.18%) of the common stock of the Target Company it holds, (iii) Mitsui Sumitomo Insurance agreed to subscribe to the Tender Offer with regard to 2,040,000 shares (shareholding ratio:4.32%) of common stock of the Target Company its holds, and (iv) Sompo Japan Nipponkoa Insurance agreed to subscribe to the Tender Offer with regard to 1,200,000 shares (shareholding ratio:2.54%) of the common stock of the Target Company it holds. (Total number of shares to be tendered: 9,382,000 shares (shareholding ratio: 19.88%). Please see (Table 1) in Outline of the Tender Offer above for further details on the number of shares held, etc. of the Accepting Shareholders.)

The Application Agreements require in summary that the following conditions precedent be met:(i) ITOCHU's representation and warranty (* Note 1) is true and accurate in all material aspects as of the date of conclusion of the Application Agreement and the date of commencement of the Tender Offer, and (ii) the obligations (* Note 2) which the Tender Offerer is required to fulfil or observe under the Application Agreement have all been fulfilled or observed in all material aspects. There is no restriction on the prospective applicant shareholders subscribing to the Tender Offer, upon waiving these conditions precedent, in whole or in part, at their sole discretion. The conditions precedent of the Application Agreement outlined above are each stipulated separately in the Application Agreement concluded between ITOCHU and the prospective applicant shareholders, and a judgment on whether to subscribe to the Tender Offer even if the conditions precedent are not satisfied will, therefore, be made independently by each of the prospective applicant shareholders.

(Note 1)Under the Tender Offer Agreement, ITOCHU made the representation and warranty to the prospective applicant shareholders that it is not an antisocial force.

(Note 2)Under the Application Agreement, ITOCHU bears the following obligations: (i)obligation to notify the prospective applicant shareholders if it is clear that ITOCHU committed a material breach of any representation, warranty or obligation under the Application Agreement or if there are reasonable grounds for believing that this may occur,(ii)obligation to compensate damage resulting from a breach of any representation, warranty or obligation under the Application Agreement,(iii)non-disclosure obligation,(iv)obligation to observe prohibitions on the disposition of contractual status or rights and obligations pertaining to the Application Agreement、and (v) good faith consultation obligation.

(4) Measures to Ensure the Fairness of Tender Offer price and to Avoid Conflicts of Interests and Measures to Ensure the Fairness of the Tender Offer

Although the Target Company is not ITOCHU’s subsidiary as of today and the Tender Offer is not a Tender Offer by a controlling shareholder. However, in light of the fact that (i) ITOCHU is the largest shareholder and owns 18,636,000 shares of the common stock of the Target Company (shareholding ratio: 39.49%), and (ii) among the Directors of the Target Company, the President and Chief Executive Officer, Takeyoshi Ide, and Managing Executive Officer Yutaka Washizu are Directors of ITOCHU and Outside Director Hiroaki Hosoya is an employee of ITOCHU, according to the Target Company, the Target Company took the following measures with a view to ensuring the fairness of the Tender Offer.

1) Counsel from an Independent Law Firm

According to the Target Company, the Target Company elected Koga & Partners as a legal advisor independent of the Target Company, the prospective applicant shareholders and ITOCHU, in order to ensure transparency and reasonableness with respect to the decision-making process of the Board of Directors of the Target Company in relation to the Tender Offer. As required, this law firm provides legal counsel in relation to the Tender Offer with respect to the decision-making process and method of the Board of Directors of the Target Company and other points requiring attention.

2) Unanimous Approval of Directors and Corporate Auditors Who Do Not Have Interests in the Target Company

According to the Target Company, given that if the Tender Offer succeeds, the Target Company will become ITOCHU’s consolidated subsidiary and ITOCHU has stated to the effect that even after the Tender Offer it would continue to contribute to the expansion and development of the Target Company’s business and earnings, including overseas business operations, under the Target Company’s Management Policy, the Target Company also passed a resolution at the meeting of its Board of Directors held on May 25, 2017 expressing its opinion in favor of the Tender Offer, judging that if Tender Offer succeeds and the Target Company becomes ITOCHU’s consolidated subsidiary, the Target Company will, with ITOCHU’s cooperation, be able to seek expansion and development of business and earnings, including overseas business operations, and that improvement in the management stability of the Target Company will also be achieved. Meanwhile, the Target Company asked a valuation institution for a stock price valuation with respect to the shares of its common stock based on its financial results every year from FY2003 to use as a reference for determination of share purchase price by the employees shareholding association, and the valuation based on the financial results for the fiscal year ended September 30,2016, which is the most recent fiscal year, was ¥914 per share. However, given that the Tender Offer Price was ultimately determined, independent of this valuation, based on the outcome of much consultation and negotiation between ITOCHU and the prospective applicant shareholders on the assumption of a negotiated transaction, without any independent confirmation of the validity of the Tender Offer Price, the Target Company reserved its opinion, and passed a resolution at a meeting its Board of Directors held on May 25, 2017 to the effect that it would leave its shareholders to judge for themselves whether or not to accept the Tender Offer. According to the Target Company, at the meeting of the Board of Directors, of its eight Directors all five excluding the three directors mentioned below who may have a conflict of interests attended and the attending directors approved the abovementioned resolution unanimously. In addition, all four of the Target Company's Corporate Auditors (of whom three are outside corporate auditors) attended said meeting of the Board of Directors, each of whom stated that they had not objections to the above-mentioned resolution.

In order to avoid any suspicion of conflict of interest given that, among the directors of the Target Company, President and Chief Executive Officer, Takeyoshi Ide and Managing Executive Officer Yutaka Washizu are Directors of ITOCHU and Outside Director Hiroaki Hosoya is an employee of ITOCHU, these persons did not participate in deliberations and resolutions relating to the Tender Offer and did not participate in deliberations with ITOCHU from the position of the Target Company.

3) Objectivity to Ensure Fairness of the Tender Offer Price

The Tender Offeror has set the Tender Offer Period, which is legally stipulated to be a minimum of 20 business days, at 32 business days. By setting a relatively long Tender offer period in this way, the Tender Offeror intends to give the Target Company's shareholders the opportunity to properly judge whether to accept the Tender Offer and to ensure the fairness of the Tender Offer Price.

(5) Plans for Acquisition of Share Certificates, etc., following the tender Offer

ITOCHU aims to make the Target Company into its consolidated subsidiary. However, at this juncture, if this aim is reached through the Tender Offer, ITOCHU does not have any plans to acquire additional share certificates, etc. of the Target Company following the Tender Offer.

As mentioned in "(2) Background and reason for the decision to undertake the Tender Offer, and management policy beyond the Tender Offer," ITOCHU has been gradually increasing its ownership ratio of shares of common stock of the Target Company since its acquisition of shares of common stock of the Target Company. Similarly, in the future, if, in light of conditions after the Tender Offer, it is judged reasonable for ITOCHU to make additional purchases of shares of common stock of the Target Company to pursue the business growth and enhancement of the corporate value of both companies, ITOCHU may examine whether or not to make additional acquisitions of shares of common stock of the Target Company in a manner that does not breach applicable laws and regulations.

２． **Outline of the Tender Offer**

（1） Outline of the Target Company

1) Name	Yanase & Co., Ltd.	
2) Location	1-6-38 Shibaura Minato-Ku, Tokyo	
3) Tile and Name of Representative	Takeyoshi Ide, President and Chief Executive Officer	
4) Business Lines	Sale of automobiles (new and used vehicles) Sale of automotive components and accessories Repair and maintenance of automobiles Agency operations for automotive insurance Planning and production of advertising Agency operations for non-life insurance Group in-house benefits package services	
5) Capital	¥6,975 million (as of September 30, 2016)	
6) Date of Incorporation	January 27, 1920	
7) Major Shareholders and Percentage of Shareholdings (ratio to the total number of the issued common shares as of September 30, 2016)	ITOCHU Corporation 39.43% Aioi Nissay Dowa Insurance Co., Ltd. 8.53% Tokio Marine & Nichido Fire Insurance Co., Ltd. 7.72% Yanase Employees' Shareholding association 6.64% Mitsui Sumitomo Insurance Company, Limited 5.40% Orient Corporation 4.62% Mizuho Bank, Ltd. 4.23% Sompo Japan Nipponkoa Insurance Inc. 3.17% The Toa Reinsurance Company, Limited 1.16% NIPPON TOCHI-TATEMONO Co., Ltd. 0.97%	
8) Relationships between the Tendor Offeror and the Target Company	Capital Relationship	ITOCHU holds the equivalent of 39.43% of the total issued shares of common stock of the Target Company.
	Personal Relationship	ITOCHU has dispatched two full-time director and one outside director to the Target Company. Specifically, an employee of ITOCHU, Hiroaki Hosoya serves concurrently as an outside director of the Target Company. Further, the President and Chief Executive Officer of the Target Company, Takeyoshi Ide and Director and Senior Managing Executive Officer, Yutaka Washizu, are advisory members of ITOCHU. In addition, ITOCHU has loaned two personnel to the Target Company.
	Transactional Relationship	N/A
	Status as Related Party	The Target Company is an equity-method associated company of ITOCHU and therefore is considered a related party of ITOCHU.

(2) Schedule, etc.

1) Schedule

Date of Formal Decision by ITOCHU	May 25, 2017 (Thursday)
Date of Public Notice of the Commencement of the Tender Offer	May 26, 2017 (Friday) A public notice shall be issued electronically, and the issuance of this notice shall be published in the *Nihon Keizai Shimbun*. URL for issuance of public notice electronically: http://disclosure.edinet-fsa.go.jp/
Date of Filing the Tender Offer Explanatory Statement	May 26, 2017 (Friday)

2) Initial Tender Offer Period in the Explanatory Statement

From May 26, 2017 (Friday) to July 10, 2017 (Monday) (32 business days)

3) Possibility of Extending the Period Upon Request of the Target Company

Not applicable.

(3) The Tender Offer Price

¥540 per share of common stock

(4) Basis of Calculation of the Tender Offer Price

1) Basis of Calculation

In order to calculate the Tender Offer Price, in light of the fact that the shares of common stock of the Target Company are not listed on financial instrument exchanges and no market price exists, ITOCHU proposed to prospective applicant shareholders calculation of the share price based on comprehensive consideration of the Target Company's business results, financial position, and the outlooks for these, taking into account factors such as net book value of assets, the Price Book-value Ratio (PBR) of other companies listed in Japan which, like the Target Company, are mainly engaged in the automobile dealer business, and a discount for lack of liquidity. As a result of discussions and negotiations with the prospective applicant shareholders, a Tender Offer Price of ¥540 was determined on May 25, 2017.

In other words, ITOCHU proposed an acquisition price to the Accepting Shareholders using a share price calculated based on comprehensive consideration of factors, including the fact that the shares of common stock of the Target Company have extremely low liquidity because they are not listed on financial instruments exchanges and are shares with restriction on transfer and that the stock price valuation based on the financial results for the fiscal year ended September 30, 2016 obtained from a valuation institution by the Target Company in the middle of September 2016 was ¥914 per share.

Subsequently, as a result of a series of discussions and negotiations with Accepting Shareholders, a Tender Offer price of ¥540 was determined ultimately.

The above-mentioned stock valuation was obtained when the Target Company asked a valuation institution for a stock price valuation with respect to the shares of its common stock based on its financial results every year from FY2003 to use as a reference for determination of share purchase price by the employees shareholding association, and, according to the Target Company, it was calculated by the net asset approach.

In addition, ITOCHU did not obtain a share valuation report (including a so-called Fairness Opinion) from a third-party valuation institution because the Tender Offer Price was determined based on ITOCHU's own examination of the share price of the Target Company, which referred to information generally and publicly disclosed in the securities report of the Target Company, and in light of the result of subsequent discussions and negotiations with the Accepting Shareholders.

On February 26, 2013, ITOCHU submitted a Tender Offer Notification, and purchased 1,736,000 shares of common stock of the Target Company (shareholding ratio: 3.68%) by tender offer at ¥399 per share of common stock (price that was ¥141 lower than the Tender Offer Price). Further, on November 13, 2013, ITOCHU submitted a Tender Offer Notification, and purchased 6,484,000 shares of common stock of the Target Company (shareholding ratio: 13.74%) by tender offer at ¥509 per share of common stock (price that was ¥31 lower than the Tender Offer Price). The Tender Offer Price is different from the prices in each of the above tender offers because, at this juncture, the operating results and financial position of the Target Company are also different as more than three-and-a-half years have elapsed since the each of the above tender offers and because each of the above tender offer prices were prices determined through discussions and negotiations with shareholders of the Target Company other than the Accepting Shareholders, amongst other reasons.

2) Background of the Calculation

In order to calculate the Tender Offer Price, in light of the fact that the shares of common stock of the Target Company are not listed on financial instrument exchanges and no market price exists, ITOCHU proposed to Accepting Shareholders calculation of the share price based on comprehensive consideration of the Target Company's business results, financial position, and the outlooks for these, and presented a specific price of around ¥540. As a result of discussions and negotiations with the Accepting Shareholders, a Tender Offer Price of ¥540 was determined on May 25, 2017.

The background of the above is explained in more detail below.

According to the Target Company, the Target Company believed that becoming ITOCHU's consolidated subsidiary was an option that would be helpful in terms of conducting overseas business operations for its future business development. ITOCHU also thought that it was necessary to strengthen its capital relationship with the Target Company and make the Target Company into its consolidated subsidiary because the nature of the support ITOCHU could give the Target Company is different depending on whether the Target Company is ITOCHU's equity-method associated company or its consolidated subsidiary.

Under these conditions, at the beginning of October 2016, ITOCHU and the Target Company started to discuss the possibility of ITOCHU making the Target Company into a consolidated subsidiary. In these discussions, given that the Target Company thought that the Accepting Shareholders, who are major shareholders of the Target Company, might be willing to accept the sale of the shares of common stock of the Target Company, the idea that ITOCHU would receive shares of common stock of the Target Company from the Accepting Shareholders by transfer was examined. Consequently, with the cooperation of the Target Company, ITOCHU created an opportunity to make contact with the Accepting Shareholders in mid-February 2017, and when ITOCHU asked the Accepting Shareholders to sell the shares of common stock of the Target Company which they own at around ¥540 per share of common stock to achieve further growth by making the Target Company into ITOCHU's consolidated subsidiary, in mid-February 2017, the Accepting Shareholders expressed their intention to consider the request positively.

Subsequently, ITOCHU held discussions with the Target Company about making it into a consolidated subsidiary and, at the same time, conducted a series of discussions and negotiations with the Accepting Shareholders on the conditions for acquisition of the shares held by the Accepting Shareholders, in particular, the Tender Offer Price. As a result, a Tender Offer Price of ¥540 was determined.

When determining the Tender Offer Price, ITOCHU did not obtain a share valuation report (included a so-called Fairness Opinion) from a third-party valuation institution.

(5) Number of Share Certificates, etc. to Be Purchased

Number to Be Purchased	Minimum Limit of Number to Be Purchased	Maximum Limit of Number to Be Purchased
12,042,000 shares	5,010,000 shares	12,042,000 shares

Notes:

(Note1) If the aggregate number of tendered share certificates, etc. does not reach the minimum limit of the Number to Be Purchased (5,010,000 shares), ITOCHU shall not implement the purchase of all the tendered share certificates, etc. The minimum limit of the Number to Be Purchased is the number of shares (5,010,000 shares) representing the number of voting rights (5,010 units) obtained by deducting the number of voting rights held by ITOCHU (18,636 units) from the product of the total number of voting rights of the Target Company (47,196 units) and 50.1% (namely 23,646 units, rounded up to the nearest whole number).

(Note2). If the aggregate number of tendered share certificates, etc. exceeds the maximum limit of the Number to Be Purchased (12,042,000 shares), ITOCHU shall not implement the purchase of all or some of the amount exceeding the limit and shall implement the transfer of share certificates, etc. and other settlement procedures using the method of proportional distribution pursuant to Article 27-13-5 of the Act and Article 32 of the Cabinet Office Ordinance. The maximum limit of the Number to Be Purchased is the number of shares (12,042,000 shares) representing the number of voting rights (12,042 units) obtained by deducting the number of voting rights held by ITOCHU (18,636 units) from the product of the total number of voting rights of the Target Company (47,196 units) and 65% (namely 30,678 units, rounded up to the nearest whole number).

(Note3) ITOCHU does not plan to acquire the shares of treasury stock held by the Target Company through the Tender Offer.

(Note4)If shareholders exercise the right to request the purchase of shares of less than one unit pursuant to the Companies Act (Act No. 86 of 2005, including subsequent revisions; the "Companies Act"), the Target Company may purchase shares of treasury stock during the Tender Offer Period in accordance with legal procedures.

(6) Changes in the Shareholding Ratio of Share Certificates, etc. as a Result of the Tender Offer

Number of voting rights represented by share certificates, etc. held by ITOCHU before the Tender Offer	18,636 units	(Shareholding Ratio of Share Certificates, etc. before the Tender Offer: 39.49%)
Number of voting rights represented by share certificates, etc. held by specially related parties before the Tender Offer	150 units	(Shareholding Ratio of Share Certificates, etc. before the Tender Offer: 0.32%)
Number of voting rights represented by share certificates, etc. held by ITOCHU after the Tender Offer	30,678 units	(Shareholding Ratio of Share Certificates, etc. after the Tender Offer: 65.32%)
Number of voting rights held by all shareholders of the Target Company	47,196 units	

Notes:

(Note1). The "Number of voting rights represented by share certificates, etc. held by ITOCHU after the Tender Offer" is the number of voting rights (12,042 units) represented by the Number to Be Purchased in the Tender Offer (12,042,000 shares) added to the "Number of voting rights represented by share certificates, etc. held by ITOCHU before the Tender Offer" (18,636 units).

(Note2). The "Number of voting rights represented by share certificates, etc. held by specially related parties before the Tender Offer" is the sum of voting rights represented by share certificates, etc. held by the respective specially related parties (however, it excludes from the specially related parties those parties that are excluded from the specially related parties for the calculation of the Shareholding Ratio of share certificates, etc. pursuant to the respective items of Article 27-2-1 of the Act and Article 3-2-1 of the Cabinet Office Ordinance ("Small- Scale Owners")).

(Note3). The "Number of voting rights held by all shareholders of the Target Company (as of September 30, 2016) (units)" is the number of voting rights of all of the shareholders included in the securities report for the 144th term of the Target Company.

(Note4). Share certificates, etc. held by specially related parties are also included in the scope of the Tender Offer. Accordingly, if the specially related parties tender them, ITOCHU will purchase all or part of the share certificates, etc. tendered by the specially related parties. In the case of such a purchase, the "Shareholding Ratio of Share Certificates, etc. after the Tender Offer" will fall below 65.32%.

(Note5). The "Shareholding Ratio of Share Certificates, etc. before the Tender Offer" and the "Shareholding Ratio of Share Certificates, etc. after the Tender Offer" have been rounded to two decimal places.

(7) Tender Offer Cost: ¥6,502,680,000

Note: The Tender Offer Cost is the Tender Offer Price (¥540) multiplied by the Number to Be Purchased (12,042,000 shares) in the Tender Offer.

(8) Method of Settlement

1) Name and Location of the Head Office of the Financial Instruments Business Operator, Bank or Other Institution in Charge of the Settlement of Purchases

Tokai Tokyo Securities Co., Ltd.

4-7-1, Meieki, Nakamura-ku, Nagoya, Aichi Prefecture

2) Settlement Commencement Date

July 21, 2017 (Friday)

3) Method of Settlement

A notice of purchase shall be mailed to the address of the applying shareholder (or the standing proxies in the case of non-Japanese shareholders, etc.) without delay after the end of the Tender Offer Period. Purchases shall be made in cash. The proceeds from the sale of the share certificates, etc. purchased shall be remitted without delay from the Settlement Commencement Date onward in accordance with the instructions of Tendering Shareholders (or the standing proxies in the case of non-Japanese shareholders, etc.) by the Tender Offer Agents that receive the applications for the Tender Offer to the bank account designated by the Tendering Shareholders (or the standing proxies in the case of non-Japanese shareholders, etc.).

4) Method of Returning Share Certificates, etc. and Other Securities

If all or a portion of the tendered shares are not purchased by the Tender Offeror under the conditions stipulated in “1) Existence of Conditions Stipulated in Article 27-13-4 of the Act and Details of Any Such Conditions” or “2) Existence of Conditions for the Withdrawal of the Tender Offer, the Details of Any Such Conditions, and the Disclosure Method for Withdrawal” in “(9) Other Conditions and Methods of the Tender Offer” below, the Tender Offer Agents shall mail or deliver promptly from the Settlement Commencement Date onward (from the date of withdrawal if the Tender Offer is withdrawn) all unpurchased share certificates, etc. that are required to be returned to Tendering Shareholders (or the standing proxies in the case of non-Japanese shareholders, etc.).

(9) Other Conditions and Methods of the Tender Offer

1) Existence of Conditions Stipulated in Article 27-13-4 of the Act and Details of Any Such Conditions

If the aggregate number of tendered share certificates, etc. does not reach the minimum limit of the Number to Be Purchased (5,010,000 shares), ITOCHU shall not implement the purchase of all the tendered share certificates, etc. Further, if the aggregate number of tendered share certificates, etc. exceeds the maximum limit of the Number to Be Purchased (12,042,000 shares), ITOCHU shall not implement the purchase of all or some of the amount exceeding the limit and shall implement the transfer of share certificates, etc. and other settlement procedures using the method of proportional distribution pursuant to Article 27-13-5 of the Act and Article 32 of the Cabinet Office Ordinance.

If the total number of shares purchased from the Tendering Shareholders calculated by rounding the numbers of shares of less than one unit that result from the calculation using the method of proportional distribution is less than the maximum limit of the Number to Be Purchased, until the maximum limit of the Number to Be Purchased is reached, starting in order from the Tendering Shareholders with the largest number of shares rounded down as a result of rounding, one unit of tendered share certificates, etc. (if an additional purchase of one unit exceeds the number of tendered share certificates, etc. then up to the number of tendered share certificates, etc.) shall be purchased from each shareholder participating in the Tender Offer. However, if purchasing using this method from among each of a number of Tendering Shareholders that have an equal number of rounded-down shares results in the

number of shares purchased exceeding the maximum limit of the Number to Be Purchased to the extent that the number is not less than the maximum limit of the Number to Be Purchased, the shareholders to be purchased from shall be determined by lottery from among the said Tendering Shareholders.
If the total number of shares purchased from the Tendering Shareholders calculated by rounding the numbers of shares of less than one unit that result from the calculation using the method of proportional distribution is more than the maximum limit of the Number to Be Purchased, until a number that is not below the maximum limit of the Number to Be Purchased is reached, starting in order from the Tendering Shareholders with the largest number of shares rounded up as a result of rounding, one unit shall be deducted from the number of shares purchased for each shareholder participating in the Tender Offer (if, in the number of shares purchased calculated using the method of proportional distribution, a portion of the number of shares is less than one unit, then the said number of shares that are less than one unit). However, if the deduction from the number of shares purchased using this method from among each of a number of Tendering Shareholders who have an equal number of rounded-up shares results in the number of shares purchased being below the maximum limit of the Number to Be Purchased to the extent that the number is not less than the maximum limit of the Number to Be Purchased, the shareholders subject to a deduction in the number of shares purchased shall be determined by lottery from among the said Tendering Shareholders.

2) Existence of Conditions for Withdrawal of the Tender Offer, Details of Any Such Conditions, and the Disclosure Method for Withdrawal

The Tender Offer may be withdrawn if any event occurs that is stipulated in Article 14-1, 1.A. through 1.H., 1.L. through 1.R., 3.A. through 3.G., and 3.J., and 4. as well as Article 14-2, 3 through 6, of Order for Enforcement of the Financial Instruments and Exchange Act (hereinafter referred to as the “Order”). Further, with respect to the Tender Offer, “instances stipulated by Article 14-1-3.J. of the Order and corresponding to the instances stated in Article 14-1-3.A through 14-1-3.I. of the Order” refer to instances in which it becomes apparent that with regard to statutory disclosure documents filed in the past, the Target Company has made false statements about significant matters or omitted the inclusion of significant matters that should have been included where the Tender Offeror does not have any knowledge of such false statements, etc. and could not have had such knowledge after exercising due care.

If the Tender Offeror intends to withdraw the Tender Offer, it shall issue a public notice electronically and publish the fact that it has issued this notice in the *Nihon Keizai Shimbun*. However, if it is deemed difficult to issue a public notice on or prior to the last day of the Tender Offer Period, the Tender Offeror shall make a public announcement in the manner stipulated in Article 20 of the Cabinet Office Ordinance and issue a public notice immediately afterwards.

3) Existence of Conditions for Reduction of the Tender Offer Price, Details of Any Such Conditions, and the Disclosure Method for the Reduction of the Tender Offer Price

Pursuant to Article 27-6-1-1 of the Act, if the Target Company undertakes any action stipulated in Article 13-1 of the Order during the Tender Offer Period, the Tender Offeror may reduce the Tender Offer Price pursuant to the standard stipulated in Article 19-1 of the Cabinet Office Ordinance.

If the Tender Offeror intends to reduce the Tender Offer Price, it shall issue a public notice electronically and publish the fact that it has issued this notice in the *Nihon Keizai Shimbun*. However, if it is deemed difficult to issue a public notice on or prior to the last day of the Tender Offer Period, the Tender Offeror shall make a public announcement in the manner stipulated in Article 20 of the Cabinet Office Ordinance and issue a public notice immediately afterwards. If the purchase price for the Tender Offer is reduced, the Tender Offeror shall purchase all shares tendered on or before the date of the said public notice at the reduced Tender Offer Price.

4) Matters Concerning the Rights of Cancellation of Agreement of Tendering Shareholders

With regard to the method of cancellation, the Tendering Shareholders may, at any time during the Tender Offer Period, cancel any agreement related to the Tender Offer. Tendering Shareholders who wish to cancel the agreement for the Tender Offer must deliver or mail a document requesting the cancellation ("Cancellation Document"), with the receipt of the application for the Tender Offer attached, to the head office or branches in Japan of the Tender Offer Agent that receives the applications for the Tender Offer by 4 p.m. on the last day of the Tender Offer Period. The cancellation of the agreement shall become effective when the Cancellation Document is delivered to or arrives at the Tender Offer Agent. Accordingly, if mailing a Cancellation Document, please be aware that if it is not received by the Tender Offer Agent by 4 p.m. on the last day of the Tender Offer Period, the agreement cannot be cancelled.

Agent authorized to receive the Cancellation Document:
Tokai Tokyo Securities Co., Ltd.
4-7-1, Meieki, Nakamura-ku, Nagoya, Aichi Prefecture
(and other branches in Japan of Tokai Tokyo Securities Co., Ltd.)

If the Tendering Shareholders cancel the agreement, the Tender Offeror will not claim damages or the payment of a penalty against or from the Tendering Shareholders. In addition, the Tender Offeror shall bear the costs for the return of the share certificates, etc. tendered.

5) Disclosure Method for Changes in the Conditions or Other Terms of the Tender Offer

During the Tender Offer Period, the Tender Offeror may change the conditions or other terms of the Tender Offer except in the prohibited instances stipulated in Article 27-6-1 of the Act and Article 13 of the Order. If the Tender Offeror intends to change the terms and conditions of the Tender Offer, it shall issue a public notice electronically and publish the fact that it has issued this notice in the *Nihon Keizai Shimbun*. However, if it is deemed difficult to issue a public notice on or prior to the last day of the Tender Offer Period, the Tender Offeror shall make a public announcement in the manner stipulated in Article 20 of the Cabinet Office Ordinance and issue a public notice immediately afterwards. If the Tender Offeror changes the conditions or other terms of the Tender Offer, the Tender Offeror shall purchase share certificates, etc. tendered on or before the date of the said public notice in accordance with the conditions or other terms of the Tender Offer following the change.

6) Disclosure Method If an Amendment Statement Is Filed

If ITOCHU files an amendment statement with the Director of the Kanto Finance Bureau (excluding instances stipulated by Article 27-8-11 of the Act), ITOCHU shall immediately make a public announcement about the amendments that are relevant to the Tender Offer in the manner stipulated in Article 20 of the Cabinet Office Ordinance. Further, the Tender Offeror shall amend the Tender Offer Explanatory Statement immediately and send it to the Tendering Shareholders who have already been sent a Tender Offer Explanatory Statement. However, if the scope of the amendments is minimal, the Tender Offeror shall make amendments by preparing a document that explains the reasons for the amendments, lists the amended items, and provides details of these amended items, and by delivering the document to the Tendering Shareholders.

7) Disclosure Method for the Results of the Tender Offer

The Tender Offeror shall publicly announce the results of the Tender Offer in the manner stipulated in Article 9-4 of the Order and Article 30-2 of the Cabinet Office Ordinance on the day following the last day of the Tender Offer Period.

8) Other

The Tender Offer shall not, directly or indirectly, be conducted in or targeted at the United States. Moreover, the U.S. postal mail service or any other method or means of interstate commerce or international commerce (including, without limitation, telephone, telex, facsimile, e-mail and Internet communication) shall not be used to conduct the Tender Offer, and the Tender Offer shall not be conducted through any U.S. stock exchange facility. In addition, no application for this Tender Offer shall be made by any of the abovementioned methods or means, through the abovementioned facilities, or from the United States.

Further, the tender offer notification relating to this Tender Offer or the related tender documents shall not be sent or distributed to, in or from the United States by mail or any other method. Any application for the Tender Offer that is in violation of any of the abovementioned restrictions, either directly or indirectly, shall not be accepted.

At the time of the application for the Tender Offer, shareholders (or the standing proxies in the case of non-Japanese shareholders, etc.) are required to provide the Tender Offer Agent with representations and warranties stating the following.

The Tendering Shareholders are not located or do not reside in the United States at the time of applying for the Tender Offer and at the time of the sending of the Application Form for the Tender Offer. The Tendering Shareholders are not, directly or indirectly, receiving or sending out any information related to the Tender Offer to, in or from the United States. The Tendering Shareholders have not used and shall not use, directly or indirectly, in connection with the tendering of shares or the signature and submission of the Application Form for the Tender Offer, the U.S. postal mail service or any other method or by means of interstate commerce or international commerce (including, without limitation, telephone, telex, facsimile, e-mail and Internet communication) or any U.S. stock exchange facility. The Tendering Shareholders are not acting as a proxy for any other person without investment discretion or acting as a trustee or fiduciary of any other person (not including those who are providing instructions on the tendering of shares from outside the United States).

(10) Date of Public Notice of the Commencement of the Tender Offer

May 26, 2017 (Friday)

(11) Tender Offer Agent

Tokai Tokyo Securities Co., Ltd.

4-7-1, Meieki, Nakamura-ku, Nagoya, Aichi Prefecture

3. Policies after the Tender Offer and Future Outlook

(1) Policies after the Tender Offer

With respect to Policies after the Tender Offer, please refer to the abovementioned “(2) Background and reason for the decision to undertake the Tender Offer, and management policy beyond the Tender Offer” in “1.Objectives of the Tender Offer.”

(2) Future Outlook

The effect of the Tender Offer on the business results of ITOCHU will be limited.
ITOCHU’s forecast of the consolidated result in fiscal year ending March 2018
(i.e., Net profit attributable to ITOCHU (400 billion Japanese Yen)) is not changed.

4. Other Information

(1) Existence of Agreement between the Tender Offeror and the Target Company or Directors and Details of Any Such Agreement

According to the Target Company, a meeting of the Target Company’s Board of Directors convened on May 25, 2017 approved a resolution concurring with the Tender Offer. On the other hand, regarding the appropriateness of the Tender Offer Price, a resolution not to conduct independent confirmation, to reserve an opinion, and to entrust participation in the Tender Offer to the discretion of the shareholders of the Target Company was approved. For details of the process of the said decision making of the Target Company, please refer to the abovementioned “2) Unanimous Approval of Directors and Corporate Auditors Who Do Not Have Interests in the Target Company” in “(4) Measures to Ensure the Fairness of Tender Offer price and to Avoid Conflicts of Interests and Measures to Ensure the Fairness of the Tender Offer” in “1. Objectives of the Tender Offer.”

(2) Other Information Deemed Necessary for Investors to Determine Whether or Not to Participate in the Tender Offer

None.