



November 22, 2016

To whom it may concern:

Company Name	Ichikoh Industries, Ltd.
Representative	Ali Ordoobadi, Representative Director and President (Securities Code: 7244; TSE First Section)
Contact	Tatsuaki Watanabe, General Manager Legal Department (Tel. 0463-96-1756)

Notice of Expression of Opinion Regarding Tender Offer for Shares of the Company by Valeo Bayen

This is to notify that the Company has resolved at its Board of Directors' meeting held on November 22, 2016, to express an affirmative opinion regarding the tender offer of the common stock of the Company (the "Company Stock") (the Tender Offer"), and to leave the determination to tender their shares in the Tender Offer to the shareholders of the Company.

The Tender Offer is so called partial tender offer setting a cap as the maximum number of shares to be purchased and the Company's shares will remain listed after consummation of the Tender Offer.

1. Summary of Offeror

(1) Name	Valeo Bayen
(2) Address	43 rue Bayen, 75017 Paris, France
(3) Position and Name of Representative	Chairman Robert Charvier
(4) Line of Business	1. The research, manufacture, sale, and provision of services concerning all devices and mechanical, electrical, and electronic equipment of all kinds for industry in general, 2. The research, filing, acquiring, operating, and transfer of all patents, licenses, sub-licenses, processes, manufacturers' trademarks, and expertise relevant in some way or indirectly to industry and trade relating to such products and services, 3. Investment in any other company or similar business through the creation of new companies, taking interests, contribution, merger or otherwise and generally all financial, commercial, movable asset and fixed asset transactions directly or indirectly related to the purposes stated above and likely to facilitate its development or achievement.
(5) Capital	147,261,855.00 Euro (16,945,000,000 Yen) (Note 1)

(6)	Date of Establishment	November 30, 1990				
(7)	Major Shareholders and Shareholding Ratio (as of November 22, 2016)	<table> <tr> <td>1 . Société de Participations Valeo</td> <td>99.9999999%</td> </tr> <tr> <td>2 . Equipement 11</td> <td>0.0000001%</td> </tr> </table>	1 . Société de Participations Valeo	99.9999999%	2 . Equipement 11	0.0000001%
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2 . Equipement 11	0.0000001%					
(8)	Relationship between the Listed Company and Offeror					
	Capital Relationship	As of today, the Offeror holds 30,339,000 shares of common stock of the Company (Holding Ratio (Note 2): 31.58%) and the Company is an affiliated company of the Offeror to which equity method applies.				
	Personal Relationship	Among the Directors of the Company, ① one takes the concurrent position as the Representative Director, President of Valeo Japan Co.,Ltd., which is the wholly owned subsidiary of Valeo) and ② another is an employee of Valeo S.A.				
	Business Relationship	The Company has the relationship of business partner on the automotive lighting products with the Offeror.				
	Related Party Status	The Company is an affiliated company of the Offeror to which equity method is applied and falls under the category of the affiliated company.				

(Note 1) Converted using the current exchange rate 1 EUR= JPY 115.7 as of October 31, 2016

(Note2) “Holding Ratio” means a ratio to the numbers (96,220,851 shares) calculated by deducting treasury shares held by the Company as of September 30, 2016 (147,478 shares), reported in the Company’s “Quarterly Earnings Summary for the Second Quarter of fiscal year ended March 2017 (Japanese GAAP) (Consolidated)” published on November 7, from the total number of issued shares of the Company as of September 30, 2016 (96,220,851 shares), stated in the Company’s “Quarterly Report for the Second Quarter of fiscal year ended March 2017” (the Quarterly Report) published by the Company on November 9, 2016, which percentage is rounded to two decimal places. The same applies hereinafter.

2. Tender Offer Price

408 yen per share of Common Stock

3. Content, basis and reason of the opinion regarding the Tender Offer

(1) Content of the opinion

The Board of Directors of the Company, based on the basis and reason described in “(2) Basis and reason of the opinion regarding the Tender Offer,” has resolved at its Board of Directors’ meeting held on November 22, 2016, to express an affirmative opinion regarding the Tender Offer, and to leave the determination to tender their shares in the Tender Offer to the shareholders of the Company considering that it is sufficiently reasonable to select the option to continuously hold the Company Stock after the consummation of the Tender Offer because it is not planned that the Tender Offer will result in a delisting with the maximum number of shares to be purchased i.e., it is planned that the Company’s shares will remain listed after consummation of

the Tender Offer.

(2) Basis and reason of the opinion regarding the Tender Offer

① Outline of the Tender Offer

We are explained that the Offeror is a holding company and a French simplified joint-stock company established on November 30, 1990. As of today, all of the equity in the Offeror is held by Société de Participations Valeo (holding ratio: 100.00%, percentage is rounded to two decimal places.) and Equipement 11 (holding ratio: 0.00%, percentage is rounded to two decimal places.), two subsidiaries of Valeo S.A., a company incorporated in France (“Valeo”, Head Office: Paris, France, Chairman of the Board of Directors and CEO: Jacques Aschenbroich), and listed on Euronext Paris Stock Exchange (a part of the CAC 40 share price index (first forty listed capitalizations of Euronext’s Paris benchmark index)). We are explained that, as of today, the Offeror holds 30,339,000 shares of the Company Stocks (Holding Ratio: 31.58%) listed on the First Section of the Tokyo Stock Exchange, Inc. (“TSE”), and the Offeror and Valeo fall under other affiliated company of the Company. We are explained that, at this time, the Offeror decided to conduct the Tender Offer with the decision of the President on November 22, 2016, aiming to make the Company consolidated company.

We are explained that, as the Offeror aims to make the Company consolidated subsidiary through the Tender Offer, the Offeror intends to remain a listing of the Company Stocks after the consummation of the Tender Offer. We are explained that, therefore, the Offeror sets a cap of 22,582,468 shares (23.51 % (Note 1)) as the maximum number of shares to be purchased.. If the total number of tendered shares applied to the Tender Offer (“Tendered Shares”) exceeds the maximum number of shares to be purchased (22,582,46), all or a portion of the amount in excess will not be purchased, and the transfer and other settlement for the purchase of the shares will be conducted using a method involving proportional distribution as per Article 27-13, paragraph 5, of the Law and Article 32 of the Cabinet Office Ordinance. We are explained that the Holding Ratio of the Company Stocks held by the Offeror together with the existing holding portion will be 55.08% after purchasing 22,582,468 shares which is the maximum number of shares to be purchased whereas the Holding Ratio of the Company Stocks (52,921,468 shares) held by the Offeror and special related parties (However, those to be excluded from special related parties in accordance with Article 3, Paragraph 2, Item 1 of the Cabinet Ordinance in calculating the percentage of ownership of shares, as set forth in the respective items of Article 27-2, Paragraph 1 of the Act (“Small-Scale Holders”) and the Company are excluded.) will be 55.09%. We are explained that, on the other hand, as the Offer aims to make the Company a consolidated subsidiary company through the Tender Offer, the Offeror sets a floor of 17,781,048 shares as the minimum number of shares to be purchased so that Holding Ratio of the Offeror represents majority after the consummation to the Tender Offer (shares ratio:18.51%. the Holding Ratio of the Company Stocks held by the Offeror together with the existing holding portion will be 50.09% (48,120,048 shares) after purchasing 17,781,048 shares which is the minimum number of shares whereas the Holding Ratio of the Company Stocks (48,120,048 shares) held by the Offeror and special related parties (However, Small-scale Holders and the Company to be excluded)) will be 50.09%, and, therefore, if the total number of the Tendered Shares does not reach the minimum number of shares to be purchased (17,781,048 shares), the Offeror shall not purchase all of the Tendered Shares.

(Note 1) The number shall be 22,582,46 shares, which is calculated that a) 52,921,468

shares (rounded to the nearest integer) which is equivalent to 55% of the total number of issued shares of 96,220,851 shares as of September 30, 2016, stated in the Company's Quarterly Report minus b) 30,339,000 shares of the Company Stocks which is held by the Offeror as of the filing date of hereof.

② Decision-making process leading to the decision to implement the Tender Offer of the Offeror

The Offeror explained to the Company about the decision-making process leading to the decision to implement the Tender Offer of Offeror as follows:

We are explained that the Offeror, which is a wholly indirectly owned subsidiary of Valeo through the direct holding by Société de Participations Valeo and Equipement 11 as of today, aims to hold shares of companies.

We are explained that Valeo and its 131 subsidiaries, i.e. entities whose capital and voting rights are held at 50% and more, and 25 affiliates (including the Company), i.e. in which the Valeo shareholding ratio is below 50%, (which are collectively referred to as the "Valeo Group") is an independent corporate group specializing in the design, development, manufacturing and sales of automotive parts, components, systems and modules. Valeo recorded EUR 14.5 billion (Approximately JPY 1,900.5 billion (converted at 1EUR=JPY 131.07 as of December 31, 2015 exchange rate)) consolidated revenue sales in the fiscal year ended December 31, 2015, and has 134 manufacturing facilities in major world automotive production areas, and employs 82,800 people in 30 countries as of December 31, 2015.

We are explained that business activity structure of Valeo Group consists of 1) "Comfort and Driving Assistance Systems Business Group" which develops interface systems (Note 1) between the driver, the vehicle and the surrounding environment, which help to improve comfort, safety, connectivity (That is to attempt to improve safety and comfort of the driving by connecting the vehicle and external network.) and environmental performance, 2) "Powertrain (Note 2) Systems Business Group" which develops powertrain systems and components including electrical systems, transmission systems, combustion engine systems and powertrain electronics seeking with the objective to offer innovative powertrain solutions aiming at reducing fuel consumption and CO2 emissions, without compromising driving performance and pleasure, 3) "The Thermal Systems Business Group" which develops and manufactures systems, modules and components to ensure thermal energy management of the powertrain and in-vehicle comfort during all phases of vehicle use and for all types of powertrain., 4) "The Visibility Systems Business Group" designs and produces wiper systems and lighting interior and exterior systems including efficient and innovative solutions with the objective to support the driver and passengers in all weather, day and night conditions, and in their various on-board activities, and 5) "Valeo Service" which supplies original equipment spare parts to automakers and replacement parts and adaptable products to the independent IAM(Note 3).

We are explained that Valeo Group has built its growth strategy on the following drivers: (i) its market leading position and sustained Research and Development efforts focused on CO2 emissions reduction and intuitive driving operation; (ii) its presence in high-growth potential countries, especially in Asia and emerging countries.

We are explained that, also, Valeo Group's corporate culture is built on excellence in operations, high production quality standards, the values shared by all of the Group's employees, and its strong commitment to corporate social responsibility issues. We are explained that, to maintain its competitive edge over other automotive suppliers and become automakers' preferred partner,

Valeo Group offers innovative technology (Note 4) and ensures total customer satisfaction in terms of quality, costs and delivery. We are explained that, to this end, Valeo Group has developed the 5 Axes methodology, which is a system designed to ensure total customer satisfaction while achieving sustainable, profitable growth. The 5 Axes comprise (i) involvement of personnel, (ii) constant innovative product development, (iii) total quality, (iv) Valeo Production System (set of methods and tools designed to support the Valeo Group's industrial strategy) and (v) suppliers integration.

We are explained that Valeo has started its activities in Japan as soon as 1985 by establishing its first subsidiary Valeo Japan Co.,Ltd. We are explained that, in addition, Valeo has founded (i) in April, 2000, Valeo Unisia Transmissions Japan K.K., as a joint-venture with Hitachi Automotive Systems, Ltd., dedicated to torque converter assembly and components (The total capital of which was acquired by Valeo in September, 2016) and (ii) in July, 2000, Zexel Valeo Climate Control, as a joint-venture with the Bosch group dedicated to climate control and compressor activities in Asia (the Bosch group made company spin-off of automotive climate change control and compressor business division and contributed its Zexel business to the said joint-venture). We are explained that the Bosch participation in this joint-venture was acquired in April, 2005 by the Valeo Group, and the name of the company was changed to Valeo Thermal System Japan Corporation, and it was finally merged into Valeo Japan Co., Ltd.

We are explained that, in June, 2011, Valeo acquired Niles Co.,Ltd., a manufacturer of automotive switching systems, dedicated to interior control systems which is today part of the Comfort and Driving Assistance Business Group. We are explained that Niles was finally merged into Valeo Japan Co.Ltd. on November 1, 2013.

We are explained that, as of December 31, 2015 Valeo Group has in Japan 3 subsidiaries, (Valeo Japan, Valeo Unisia Transmission and Nitto Manufacturing Co Ltd, a subsidiary of Niles Co., Ltd. acquired by Valeo in 2011), 9 production sites, 3 research and development centers and employs about 2,600 employees. We are explained that Valeo Japan Co, Ltd has the responsibility of sales and research and development for Japanese global automotive companies.

In January 2014, the takeover by Valeo of a 50% shareholding in Osram GmbH (German lighting source maker and general lighting device supplier) in their North American lighting operation joint-venture (Valeo Sylvania) drove successful growth with all American customers and helped reinforcing the business alliance with the Company's Japanese customers in North America.

On the other hand, the Company, Ichikoh Industries, was established in 1968 as a result of merger between Hakkosha founded in 1903 and established in 1939 respectively (Hakkosha changed its name to Hakkosha Kogyo in 1957), and Ichikawa Seisakusho founded in 1916. Hakkosha became listed in 1961 in Tokyo Stock Exchange Section II and Ichikoh Industries became listed in 1971 in Tokyo Stock Exchange Section I.

The Company Group is consisted of the Company, its 10 subsidiaries, 2 affiliated companies under equity method and 1 non-equity method affiliated company. The Company Group's principal line of business is manufacturing and sales of automotive lighting products and mirrors as well as automotive bulbs and wipers mainly for aftermarket customers.

The Company Group's Corporate Mission states "Reflect and Shine: Create a driving environment that feels safer, offers more protection and provides more comfort". Further, Vision statement sets Group's goal, "As a deep rooted Monozukuri company, we at Ichikoh continuously endeavor to become a corporation that satisfies both customers and society by

pioneering the frontiers of technology and supplying optimal solutions while simultaneously being ecologically minded”.

The Company Group’s foundation consists in the strong trust relationship with customers, mainly with Japanese automotive manufacturers, which was nurtured and established in its more than 110 years of history.

Moreover, the Company Group has actively pursued in its technology innovations, as demonstrated by its world first products such as the automatic folding mirror system and manufacturing of innovative LED (light-emitting diode) light source module product nowadays.

Geographically, The Company Group has production facilities in 5 countries, Japan, three major automotive production countries in ASEAN (Thailand, Indonesia, Malaysia) and China. R&D functions exist in 3 countries, Japan, Thailand and China.

According to the projections for automotive production, Japan domestic market will become saturated due to low birthrate and longevity. On the other hand, growth of demand by increasing production volume can be expected in China and ASEAN.

Accordingly, in Japan domestic market, the Company Group will pursue growth by increasing added value in products such as higher usage of LED (light-emitting diode) and mirror less camera systems, by capitalizing on Group’s high R&D capabilities. On the other hand, in ASEAN and China, the Company Group’s strategy will be to capture increasing demand derived from production volume increase in the region, by best utilizing technological advantage developed in Japan.

In recent years, functions required for automotive components are becoming increasingly diversified, as illustrated by rapid progress of autonomous driving. More than ever rapid change will take place in automotive technology field. Under such trends, demand for automotive components will become two sided; highly value added products and lower cost products. Therefore, it will become increasingly important to enhance not only R&D capabilities for new products, but also production engineering capabilities for low cost production.

In order to respond to these changes, the alliance between the Company Group and Valeo Group has become increasingly important.

As for the relationships between Valeo Group and the Company, on April 27th, 2000, the Offeror purchased from Nissan Motor Co., Ltd 19,851,000 shares of Company Stocks (the ratio to 96,036,851 shares of total number of issued shares at that time was 20.67%.); the Offeror then gradually acquired additional shares resulting in 30,339,000 shares (31.58% Holding Ratio) as of today.

On July 26th, 2000 Valeo and the Company concluded a business alliance (“Business Alliance”) consisting of a business alliance agreement, a shareholding agreement (“Shareholding Agreement”) and cross licenses of intellectual property based on the business alliance (“Comprehensive Business Alliance”).

The Comprehensive Business Alliance is a cooperation for global customer platforms among Valeo and the Company, established to allow these companies to make global and competitive proposals for the supply to OEMs and aftermarket (OES (Note 5)) customers, of automotive lighting products i.e., head lamps, rear lamps, fog lamps, small lamps and centered high mounted stop lamps (CHMSL (Note6)), interior lighting products as well as parts and accessories thereof, including head lamp washing systems and head lamp leveling systems. The purpose of the Comprehensive Business Alliance is to allow Valeo and the Company to better meet customers’ needs to source products on a global scale and thus to join their respective strengths in

commercial relationship, manufacturing, sales, supply organization, design and development always in consultation with customers.

The Shareholding Agreement provides that (i) Valeo Group shall not acquire more than an aggregate of 20 percent of the shares of the Company for a period of 3 years commencing from the closing date of July 31, 2000 of the Business Alliance Agreement based on the Comprehensive Business Alliance, (ii) Valeo Group shall sell the shares of the Company purchased from Nissan Motor Co., Ltd., which exceed 20 percent of total shareholdings, (iii) whenever the Company issues new shares within the period of 3 years mentioned in (i) above, Valeo Group shall have the preemptive right to subscribe for new shares in order to maintain its shareholding ratio, (iv) Valeo Group shall have the right to nominate 1 outside director to the Board of the Company, etc. Subject to this Shareholding Agreement, Valeo Group executed the sale of the shares of the Company mentioned in (ii) above.

Valeo and the Company have cross access to their respective lighting product technology and process technology (subject to license contracts), as well as supply tools and networks.

On June 29th, 2006 Valeo and the Company established a 50/50 joint-venture in China (Foshan Ichikoh Valeo Auto Lighting Systems Co. Ltd.) for the development, manufacturing and sale of lighting systems to OEMs in the Foshan region in China.

On May 30, 2008, in order to strengthen the relationship with Valeo in accordance with several increases in Valeo's shareholding in its share capital on 2007 (holding ratio: 31.58%), the Company made certain changes in its the governance structure consisting of (i) the appointment of 2 Representative Directors with equal management power nominated respectively each 1 by the Company and Valeo, (ii) a reduction of number of Board Members from nineteen to nine with 6 proposed by the Company and 3 by Valeo and (iii) the appointment by Valeo of Directors and Executive Officers in charge of quality, R&D, electronic engineering, purchasing, financial control and several production sites.

On June 26, 2009, the Company's Board of Directors has decided a further evolution of its governance structure consisting of a sole Representative Director appointed by Valeo.

On September 7th, 2012 Valeo and the Company signed an agreement ("Business Agreement regarding China") for the establishment of a two joint entity, respectively

- (i) "Valeo Ichikoh Holding Ltd." (85% owned by Valeo and 15% owned by the Company) a holding entity to which the Valeo and the Company respective lighting systems businesses in China (including their respective participation in above joint-venture Foshan Ichikoh Valeo) were contributed; and
- (ii) "Valeo Ichikoh (China) Auto Lighting Co. Ltd" (85% owned by Valeo and 15% owned by Ichikoh), through the Company's acquisition of some parts of equity of a Chinese lighting system business initially 100% owned by Valeo.

The purpose of the joint-venture group is the strengthening the client service and expand Valeo and the Company lighting business in Chinese market.

Valeo and the Company believe that time has come to consolidate their Business Alliance in a single group, in order to speak with a unique voice with all Japanese customers and hence better serve them on a worldwide basis. Since its establishment in 2000 the Business Alliance between Valeo and the Company has indeed ensured that the two groups remain independent from each other, hence preventing each partner to fully benefit from the other's strengths in the automotive lighting systems on a worldwide scale. Among such strengths are:

- (i) Valeo footprint, operating and sales performance in North and South America, Europe

- and India (where the Company is not present) as well as China (where the Company has only a minority position in joint ventures with Valeo);
- (ii) the Company footprint, operating and sales performance in Japan and Asean (where Valeo is not present);
 - (iii) each partner investment and R&D capacity, in particular
 - (a) Valeo capacity in electronic content in lighting systems
 - (b) the Company capacity in mirrors

Following Valeo's acquisition of a controlling share in the Company, the Company and Valeo will henceforth fully benefit from each other's strengths based on their respective assets and performance within one consolidated group. Given the current and deep transformation of Automotive Lighting Market environment in particular the increasing electronic content in lighting systems with the use of LED (light-emitting diode), Valeo and the Company also need to combine their strengths, investment and R&D capacities and to coordinate their project, industrial and purchasing resources in order to meet the customers' expectations.

Under the background mentioned above, in the beginning of July 2016, Valeo presented to the Company its Tender Offer project, and started discussions with the Company on the benefits of a closer cooperation through such Tender Offer. From the beginning of September, 2016 to the latter of October, 2016, Valeo conducted due diligences of the Company in order to consider the opportunity of the contemplated Tender Offer. Concurrently, Valeo and the Company had several discussions and considered how the cooperation should be conducted after the Tender Offer and as to whether it will lead to enhance the corporate value of both parties. We are explained that, as a result, Valeo's and the Company's respective management reached the decision that it would be indispensable to conduct the Tender Offer, aiming to make the Company a consolidated company, and to consolidate their Business Alliance in a single group, based on a consensus on the necessity to pursue the synergy effect by further cooperation with making use of the business base of the Valeo and the Company and mutual know-how effectively in order to cope with the diversifying requests from the car makers.

We are explained that, thus, at the Board of Directors' meeting held on October 20, 2016, Valeo judged that making the Company consolidated subsidiary of the Offeror would contribute to improve the corporate value of the Valeo Group, and to achieve the goals set forth above (improvement of the product offer, customer service, and resources), and resolved & authorized that the Offeror, which is a wholly indirectly owned subsidiary of Valeo through the direct holding by Société de Participations Valeo and Equipement 11, conducted the Tender Offer. Thus, the Offeror decided to conduct the Tender Offer with the decision of the President on November 22, 2016.

We are explained that, concretely, Valeo Group believes that the following effects are expected from making the Company its consolidated subsidiary:

1. Joint development of new products, reduction of selling, general and administrative expenses, joint procurement (in particular in electronics) and joint research and development, by the benefit of economy of scale. All such effects to result in the improvement of growth and profitability of the Company and Valeo;

2. As regards to the Company's mirror business, Valeo will support this activity to reach a technological breakthrough thanks to Valeo's expertise in video signal treatment and cameras whereas the Company will be in charge of the development of exterior parts of electric mirror in

which the camera is installed. Also, the Company will benefit from Valeo expertise in LED (light-emitting diode) technology;

3. The acquisition of additional market shares thanks to the aggressive marketing activities in cooperation with Valeo and the Company;

4. Expansion of the customer base of both Valeo and the Company as well as territorial complementarity (for Ichikoh ASEAN and Japan, for Valeo Europe, North and South America and China);

5. Cross-selling to the Company and Valeo respective customers of the Company and Valeo products offers (including mirrors as the Company's products, and wipers as Valeo's products) will become more feasible;

6. Personnel exchange:

- The Company's employees will have access to all Valeo training programs;
- International mobility of the Company's employees will be facilitated by the transaction;
- Communication between Valeo and the Company's employees will be simplified, and more active communication and opinion exchange will be expected;
- Access to Valeo other Business Group activities and worldwide based entities will create new career opportunities.

We are explained that all such benefits improving wellbeing at work and performance of the Company's employees.

(ii) Management policy after the Tender Offer

As for the management policy, we are explained that, even subsequent to the execution of the tender offer, in addition to continuing the current business management in the Company Group, cooperative programs will be promoted to deepen the cooperation with the Company and enhance the corporate value of both the Company and Offeror. As for the structure of the management board of the Company after the Tender Offer, we are explained that it is not decided as of today. We are explained that, however, Valeo's intentions are (i) that the Outside Independent Directors (Mr. Hideo Aomatsu and Mr. Bernard Delmas), who are independent from Valeo Group and the Company, shall continue to participate in the management of the Company and (ii) to appoint two additional directors of the Company who concurrently work as officers or employees of Valeo Group or who are temporarily transferred from Valeo Group companies to the Company. With respect to the execution structure of the Company, we are explained that Valeo plans to further increase the number of officers who concurrently work as officers or employees of Valeo Group or officers who are temporarily transferred from Valeo Group to the Company to an extent within the timescale and the scope that will have to be discussed with the Company. We are explained that, it is not planned to amend the Comprehensive Business Alliance, or the Business Agreement regarding China, for the time being.

(Note 1) Interface systems help to improve:

- comfort thanks to intuitive human machine interfaces (displays, head up displays, switches, interior cameras);
- safety and the automation of the driving (ultrasonic sensors, cameras, radar, laser scanner and the corresponding electronic central unit);
- connectivity as an attempt to improve safety and comfort of the driving by

connecting the vehicle to the outside network and to the cloud and by helping the access and the start of the car (telematic central unit, gateway, passive entry passive start systems).

- (Note 2) Powertrain is devices such as engine, clutch, transmission, which transmit revolving power generated in engine to driving wheel.
- (Note 3) Independent After Market. (“IAM”) consists of independent wholesalers, fast-fitters (spare parts retailers who provide the service to install immediately the purchased spare part on the vehicle), centralized purchasing groups and supermarket chains, which do not belong to specific OEM. In IAM, original or adaptable spare parts are sold through the independent distribution channels.
- (Note 4) Regarding innovative technology, Valeo developed new products on the basis of cutting edge technologies and in particular new lighting products using LED or laser, new wiper electronized motors for wiping systems, stop and starts systems and electric supercharger with which Powertrain System Business Group offers more ecological efficient products for new powertrain systems from hybridization to full electric powertrain systems, and new thermal products dedicated to the temperature management of the new powertrain systems including cooling management of batteries.
- (Note 5) OES is the abbreviation of Original Equipment Spare Parts and refers genuine parts sold to automakers.
- (Note 6) Center High Mounted Stop Light means the third stop light mounted in the rear of a vehicle.

③ Decision-making process leading to the decision to implement the Tender Offer of the Company

From the beginning of July 2016, the Company started discussions aimed at further expanding operations and improving the corporate value of the Company with the Offeror and subsequently held numerous discussions up until the the middle of November 2016.

As part of that discussions, because we consider the Offeror to be an important business partner for automotive lighting products, which are the main business of the Company, and because we partner in the global design, production, and sales organizations to respond to customers’ needs, it is essential that the increasingly diversifying needs of automotive manufacturers, which are customers of Valeo and the Company, are met, and that both companies employ their corporate infrastructures and knowhow to further enhance the partnership through the synergy effect, leading us to the conclusion that there are great advantages for us to further deepen the friendly relationship which we have enjoyed thus far. Especially, the Company considered that advantages of enabling easy access to resources of Valeo’s products and development of manufacturing technologies by strengthening the alliance with Valeo was important in order to enhance not only development capabilities but also cost of development investment both in R&D for the products which respond to two sided highly valued added components and lower cost and the development of manufacturing technologies for lower cost production. Also, the Company considered that the strengthening of a capital relationship was essential in order to further promote the implementation of more extensive joint procurement and cost reduction. Furthermore, the Company determined that the synergy effect in acquiring non-Japanese customers was significant by combining the customer network of the non-Japanese automotive manufacturers which Valeo owns and the production sites in Japan and ASEAN

countries of the Company.

With these discussions as a backdrop, the Company has come to believe that the Tender Offer is extremely effective from the standpoint of strengthening the relationship with Valeo Group by making the Company as a consolidated subsidiary of the Tender Offeror and, by extension, improving the corporate value of both companies and improving management resources for product development and customer service.

The Company obtained a share value calculation report from Nomura Securities Co., Ltd. (hereinafter, "Nomura Securities"), the Company's financial advisor as a third party calculation agent (refer to the below (3) Items Regarding Evaluation), and also we have received legal advice regarding legal procedures from the Company's legal advisor, Nagashima, Hashimoto & Yasukuni Law Office (refer to the below (6) ③ Advice in the Company from an Independent Law Firm). Having done that, we carefully studied the terms of the Tender Offer, including offered price per share in the subject Tender Offer (hereinafter, "subject tender offered price"). As a result, having judged that the subject tender offer raises the Company's corporate value and, by extension, provides for an increased value for shareholders of the Company, because the Tender Offer Price is above the upper limit of the valuation under market share price standard method, and it falls within the evaluation price range under comparable companies method and discounted cash flow method (hereinafter the "DCF method") indicated in the written evaluation obtained from Nomura Securities on November 21, 2016, and because sufficient consideration is given to the protection of the interests of minority shareholders, all eight directors of the Company attended a Board of Directors meeting held on November 22, 2016 unanimously resolved to express an affirmative opinion regarding the Tender Offer.

Because the Tender Offer does not have the intent of delisting the Company Stocks and has as a policy the continued market listing of the Company Stocks after the consummation of the Tender Offer, seen from shareholders of the Company, it is recognized that sufficient consideration has been given to the rationality of the option of holding the Company Stock even after the consummation of the Tender Offer, it was also resolved to leave the determination to tender their shares in the Tender Offer to the shareholders of the Company.

Furthermore, there are no Directors having a special interest with the Offeror, as set forth in the Article 369 (2) of the Company Act (Law No. 86 of Heisei 17, including the amendment thereafter. Hereinafter the "Company Act"), For that reason, all of the Directors of the Company participated in the deliberations and decisions regarding the Tender Offer, including the decision of endorsement of the Tender Offer at the above-noted meeting of the Board of Directors held on November 22, 2016.

All of the 3 Corporate Auditors (3) attended the above-noted meeting of the Board of Directors and all of the Corporate Auditors indicated that they had no objections to the items for decisions at the meeting of the Board of Directors. None of the above-noted Corporate Auditors have a special interest regarding the Tender Offer.

(3) Matters relating to calculation of tender price

To express an opinion regarding the Tender Offer, the Company requested the evaluation of the common stock of the Company to Nomura Securities, a third party calculation agent independent of the Offeror, Valeo Group and the Company, and obtained the share value calculation report on November 21, 2016. Nomura Securities does not fall under the category of the related party of the Offeror, Valeo Group and the Company, and does not have any

important interest with the Offeror, Valeo Group and the Company on the Tender Offer. The Company has not obtained an opinion regarding the fairness of the Tender Offer Price (fairness opinion) from Nomura Securities.

For the purpose of collecting and considering information necessary to make an evaluation of the price of the Company Stocks, Nomura Securities obtained information and a description of the current status and future outlook of the Company's business from the management team of the Company and, based on that information, performed price evaluation regarding the Company Stocks.

Nomura Securities studied the calculation method to be used to evaluate the Company Stock among the various share valuation method and, based on the consideration that it is appropriate to evaluate the Company Stock from various aspects, calculated the value of the Company Stock using each of the market share price standard method because the Company is listed at the Tokyo Stock Exchange and the Company Stock has market price, comparable company comparison method because comparable similar companies exist and estimation of stock price by comparable company comparison method is possible, and DCF Method in order to reflect the future business activities to the evaluation. The range of value per share of the Company Stock calculated under each of these methods above is as follows:

Market share price standard method:	JPY 298 to JPY 332
Comparable company comparison method:	JPY 260 to JPY 419
DCF method:	JPY 332 to JPY 608

Under the market share price standard method, using November 21, 2016 as the record date, the per-share value of the Company Stocks is analyzed to be in the range of JPY 298 to JPY 332 based on the closing price of the Company Stocks on the First Section of the TSE on the record date (JPY 332), the simple average of the closing prices for the last one-week period (JPY 332), the simple average of the closing prices for the last one-month period (JPY 318), the simple average of the closing prices for the last three-month period (JPY 311), and the simple average of the closing prices for the last six-month period (JPY 298).

Under the comparable company comparison method, the per-share value of the Company Stocks is analyzed, through a comparison with the market share prices and financial indicators representing profitability of listed companies engaged in business that is relatively similar to that of the Company, to be in the range of JPY 260 to JPY 419.

Under the DCF method, the value of the Company stocks is analyzed by discounting the cash flows expected to be generated in the future by the Company in and after the fiscal year ending March 2017, based on various factors such as the Company's business plan from the March 2017 fiscal year to the March 2022 fiscal year, and publicly available information, to its present value at a certain discount rate, and the per-share value of the Company Stocks is analyzed to be in the range of JPY 332 to JPY 608.

Also, the financial forecasts which Nomura Securities adopted for calculation include the fiscal year in which significant increase in profit is expected compared with the previous fiscal year. This is because, in fiscal year ending March 2017, over 30% increase in the consolidated operating profit is expected compared with the previous fiscal year (fiscal year ending March 2016) due to the progress of business recovery of overseas subsidiaries in ASEAN, and the effect of an increase in domestic sales, etc., and over 60% increase in the net income attributable to

parent company shareholders is also expected compared with the previous fiscal year (fiscal year ending March 2016) due to the effect of recording deferred tax assets based on the improvement of domestic revenue. Furthermore, in fiscal year ending March 2021, over 30% increase in the net income attributable to parent company shareholders is also expected compared with the previous fiscal year (fiscal year ending March 2020) due to the improvement of productivity as a result of continuous implementation of capital expenditure, etc.

(4) Possibility of and reasons for delisting

As of today, the Company Stocks are currently listed on the Section I of the TSE. We are explained that, however, the Tender Offer is not intended to result in a delisting of the Company Stocks, and as the Offeror conduct the Tender Offer, setting a cap of 22,582,468 shares (Holding Ratio: 23.51%, Holding Ratio after summing up the existing portion of the Offeror (55.08%)) and intends to remain a listing of the Company stocks on the First Section of the TSE. The number of holding shares of the Company Stocks held by the Offeror after the purchase of the Tender Offer shall be 52,921,468 shares (55.08 %). Thus, the listing of the Company Shares is planned to remain listed after the consummation of the Tender Offer.

(5) Matters relating to so-called 2 step acquisition

We are explained that, as the Offeror aims to conduct the Tender Offer to make the Company a consolidated subsidiary, the Offeror does not intend to purchase additional Company stocks after the Tender Offer in case such objective is achieved through the Tender Offer.

(6) Measures to ensure fairness of the Tender Offer such as measures to ensure the fairness of the Tender Offer price and to avoid conflicts of interest

The Company as of today is not the Offeror's subsidiary and the Tender Offer does not fall under a tender offer by controlling shareholders. However, having considered that 1) the Offeror holds 30,339,000 shares of the Company's Stocks (31.58%), 2) the Offeror and Valeo fall under other affiliated company of the Company, and 3) two outside directors (Mr. Ryuji Saito (Representative Director, President of Valeo Japan Co.,Ltd., which is the wholly owned subsidiary of Valeo) and Mr. Thivoyon Bruno (a staff of Valeo)) of the Target Company concurrently work as officers or employees of Valeo Group, the Company and the Offeror implemented the following measures to ensure fairness and prevent conflicts of interest, respectively. The measures stated below that have been implemented by the Offeror are based on an explanation received from the Offeror.

① Obtainment of the share value calculation report from a third party calculation agent who is independent from the Company by the Offeror

We are explained that, to determine the Tender Offer Price, the Offeror requested Mizuho Securities Co., Ltd. ("Mizuho Securities"), a third party calculation agent independent of the Offeror, the Valeo Group and the Company, to calculate the value of the Company's shares, and obtained the share value calculation report dated November 21, 2016, and referred to the report. Mizuho Securities does not fall under the category of the related party of the Offeror, Valeo Group and the Company and does not have any important interest with the Offeror, Valeo Group and the Company on the Tender Offer. The Offeror has not obtained an opinion regarding the fairness of the Tender Offer Price (fairness opinion) from Mizuho Securities.

Mizuho Securities calculated the value of the Company Stocks using each of the market share price standard method and DCF method. The range of value per share of the Company Stock calculated under each of these methods above is as follows:

Market share price standard method:	JPY 298 to JPY 332
DCF method:	JPY 319 to JPY 387

Under the Market share price standard method, using November 21, 2016 as the record date, the per-share value of the Company Stocks is analyzed to be in the range of JPY 298 to JPY 332 based on the closing price of the Target Company Stocks on the First Section of the TSE on the record date (JPY 332), the simple average of the closing prices for the last one-month period (JPY 318; rounded off to the nearest whole number; the same applies in case of the simple average price of the closing price hereinafter), the simple average of the closing prices for the last three-month period (JPY 311), and the simple average of the closing prices for the last six-month period (JPY 298).

Under the DCF method, the value of the Company Stocks is analyzed by discounting the cash flows expected to be generated in the future by the Company in and after the fiscal year ending March 2017, based on various factors such as the Target Company's business plan from the March 2017 fiscal year to the March 2022 fiscal year, and publicly available information, to its present value at a certain discount rate, and the per-share value of the Target Company Stocks is analyzed to be in the range of JPY 319 to JPY 387. Also, in the Target Company's financial forecasts in the future, which were a premise of the DCF method, there was fiscal year showing a substantial profit increase. Concretely, this is because, in fiscal year ending March 2017, over 30% increase in the consolidated operating profit is expected compared with the previous fiscal year (fiscal year ending March 2016) due to the progress of business recovery of overseas subsidiaries in ASEAN and the effect of an increase in domestic sales, etc., and over 60% increase in the net income attributable to parent company shareholders is also expected compared with the previous fiscal year (fiscal year ending March 2016) due to the effect of recording deferred tax assets based on the improvement of domestic revenue.

The Offeror referred to the results of the each calculation method of the value of the Target Company Stocks in the share value calculation report obtained from Mizuho Securities, and after taking into consideration the result of the due diligence conducted to the Company, the actual examples of premiums that were actually paid in past tender offers by offerors other than the issuing companies, the movement in the market price of the Company Stocks during the past 6 months through the discussions and negotiations with the Company, whether or not the Board of Directors of the Company will endorse the Tender Offer, and the prospects of acceptance of the Tender Offer, etc., provided as a result of the consideration by the Target Company after the Offeror proposed the final Tender Offer Price per-share on November 20, ultimately decided on November 22, 2016 that the Tender Offer Price per-share will be JPY 408.

The Tender Offer Price of JPY 408 represents a premium of 22.89 % (rounded to two decimal places; to the same applies in case of calculation of the premiums) over the closing price of the Target Company Stocks (JPY 332) on the First Section of the TSE on November 21, 2016, which is the Business Day before the announcement date of the Tender Offer, a premium of 28.30 % over the simple average of the closing prices for the past one-month period ending on said date (JPY 318), a premium of 31.19 % over the simple average of the closing prices for the past

three-month period ending on said date (JPY311), and a premium of 36.91 % over the simple average of the closing prices for the past six-month period ending on said date (JPY 298).

- ② Obtainment of the valuation report from a third party calculation agent who is independent from the Offeror by the Target Company

Please refer to “(3) Matters relating to the calculation” above.

- ③ Advice from an independent law firm by the Company

The Company, in order to ensure fairness of the decision-making process leading to the decision on the Tender Offer of the Offeror, we have received legal advice regarding legal procedures, Nagashima, Hashimoto & Yasukuni Law Office, as an outside legal advisor who are independent from the Offeror, Valeo Group and the Company

- ④ Approval by all of the Directors who do not have a special interest of the opinion without objection by all Corporate Auditors of the Company without conflicts of interest

The Company has resolved at its Board of Directors’ meeting held on November 22, 2016, based on the basis and reasons stated in “(2) Basis and reason of the opinion regarding the Tender Offer” to express an affirmative opinion regarding the Tender Offer unanimously by all of the Directors attended. Because the Tender Offer does not have the intent of delisting the Company Stocks with setting a cap in the number of shares to be purchased in the Tender Offer and has as a policy the continued market listing of the Company Stocks after the consummation of the Tender Offer, seen from shareholders of the Company, it is recognized that sufficient consideration has been given to the rationality of the option of holding the Company Stock even after the Tender Offer, it was also decided to leave the determination to tender their shares in the Tender Offer to the shareholders of the Company.

Furthermore, the Company determined that, because 2 officers who concurrently work as officers or employees of Valeo Group do not have a structural conflict of interest regarding the Tender Offer, and because, according to the statuses and activities based on their official positions, there should be no individual situations that will cause any doubt as to fairness, those 2 officers do not have the special interests stipulated in Article 369, Paragraph 2 of the Companies Act and that it is not necessary to exclude those 2 officers from voting on the resolution of the Board of Directors from the perspective of avoiding a conflict of interest. In addition, no other Directors have a special interest with the Offeror, as set forth in the Article 369 paragraph 2 of the Company Act, For that reason, all of the Directors of the Company participated in the deliberations and decisions regarding the Tender Offer, including the decision of endorsement of the Tender Offer at the above-noted meeting of the Board of Directors held on November 22, 2016.

All of the Corporate Auditors (3) attended the above-noted meeting of the Board of Directors and all of the Corporate Auditors indicated that they had no objections to the items for decisions at the meeting of the Board of Directors. None of the above-noted Corporate Auditors have a special interest regarding the Tender Offer.

4. Items regarding important agreement between the Offeror and the Company related to acceptance of the Tender Offer

Not applicable.

5. Details regarding giving benefits by the Tender Offer and parties with a special relationship thereto

Not applicable.

6. Policies concerning the basic policies regarding management of the Company

Not applicable.

7. Question to the Offeror

Not applicable.

8. Request to extend the period of the Tender Offer Period

Not applicable.

9. Future outlook

(1) Direction after the Tender Offer

Refer to the above “3. (2) Basis and Reasons for the Opinion Regarding the Tender Offer” and “3. (4) Outlook Regarding Market Delisting and Reasons Therefore” and “3. (5) Items Regarding So-called Two-Step Acquisition.”

(2) Outlook for the effect on future performance

An investigation is currently ongoing regarding the influence of the Tender Offer on the Company’s performance, and prompt disclosure will be made regarding the necessity for forecasted performance revisions and items that should be disclosed.

END

Appendix

Please refer to the “Notice Regarding the Commencement of the Tender Offer by Valeo Bayen for Share Certificates of ICHIKOH INDUSTRIES, LTD. (Securities Code 7244)” published today by Company in accordance with the Article 30, Section 2, paragraph 4 of the Order for Enforcement of the Financial Instruments and Exchange Act based on the request from the Offeror.