September 22, 2017

Company Name:	Murata Manufacturing Co., Ltd.
Name of Representative:	Tsuneo Murata Chairman of the Board, President and Representative Director (Code Number: 6981, First Section of the Tokyo Stock Exchange)
Contact:	Takumi Ikushima General Manager of Corporate Communication Department (Phone: 075-955-6786)

Announcement: Acquisition of Vios Medical, Inc., USA and Disposal of Treasury Shares by Third-Party Allotment

Murata Manufacturing Co., Ltd. (the "**Company**") has passed a resolution at its board of directors meeting held on September 22, 2017 (the "**Acquisition Resolution Date**"), to have the Company's subsidiary, PJ Florence Acquisition Co., Ltd., established on September 21, 2017 (Headquarters: Delaware, USA., President: Mr. David Kirk, hereinafter referred to as the "**Special Purpose Acquisition Company**" or "**SPAC**") acquire Vios Medical, Inc. (Headquarters: Minnesota, USA, CEO: Amit Patel, hereinafter referred to as "**Vios**"), a company which provides chest sensors which can measure heart rate, respiratory rate, electrocardiogram, etc., as well as software and cloud services, etc. to monitor the same, to have Vios, a surviving company, become its subsidiary company (the "**Acquisition**") and has executed a merger agreement between the SPAC and Vios (the "**Merger Agreement**"). Furthermore, we hereby announce, as specified below, that a resolution has been passed for disposal of treasury shares by third-party allotment of shares to supplement part of the consideration to be paid in relation to the Acquisition (the "**Consideration**").

I. Acquisition of Vios

1. Reasons for Acquisition

The Company aims to contribute to the advancement of electronics in society by pursuing basic technology to pioneering technology for the next generation and developing and supplying its original products in accordance with its basic policy that "New electronic devices begin with new electronic components; new electronic components begin with new materials...". In addition, the Company has positioned the healthcare and medical field as one of the markets we will focus on, in parallel with the automotive and energy fields, in order to realize the business goals set forth in the "Mid-term Direction 2018" announced in December 2015, and seeks market diversification and growth, by obtaining a first-class medical device marketing license to thereby create a new business model and customer value.

Vios is a US healthcare IT emerging company established in December 2012, which engages in the development of chest sensors (Note 1) which can measure the heart rate, respiratory rate, electrocardiogram, etc., as well as the development and provision of software and cloud services, etc. to monitor the same. It will become possible to monitor, in real time, the "vital signs" data acquired through the chest sensor (FDA approved (Note 2)) through bedside and central monitors (Note 3) installed with software developed by Vios. Vios is currently proactively carrying out trials at hospitals across the U.S., as well as in India where a subsidiary company is located, working towards developing business.

Vios technology features a real-time monitoring system enabled through the processing of vital information obtained through a sensor using Vios' original patented algorism. In addition, such data can also be analyzed in a semi real-time manner though low-price commercial devices such as ready-made tablet devices or personal computers, thus significantly reducing implementation costs at medical institutions, compared to using expensive, pre-existing monitoring devices. Furthermore, by using a wireless network, it enables continuous monitoring of patients in hospital without being affected by their movement. Such technology is also effective for home care (remote supervising), which has seen increased need in recent years, as well as home monitoring or remote medical care assistance after the patient leaves the hospital.

Vios has various monetize models, in addition to the sales of monitoring devices, the usage fees for such devices proportionate to the amount of use, and the fees for analyzed data relating to the vital information obtained through such devices, and the Company believes that the acquisition of Vios shows good prospects for the creation of a new business model and increased customer value in the healthcare and medical field, and this is in line with the Company's business strategy and will contribute to the improvement of corporate value through the synergies expected with the Company's sensor and transmission technology.

The Company has had an investment stake in Vios (625,000 shares of Class B Preferred Shares, amounting to 3.6% of the voting rights as of the Acquisition Resolution Date) since 2016, as part of its expansion into the sales of electronic components and various modules for the healthcare market, and building networks in the medical business market. The Company is now working toward further expanding its business by focusing on the Acquisition as a foothold for expanding its healthcare and medical business abroad by effectively utilizing Vios' network of overseas hospitals.

(Notes)

1. A chest sensor is a vital sensor device worn on the patient's chest, and vital signs information obtained therefrom will be sent to the bedside monitor in real time.
2. The U.S. Food and Drug Administration
3. A bedside monitor is a wireless monitoring device for displaying vital signs information at the

bedside, such as electrocardiogram, etc. obtained from the patient, and a central monitor is a device for collectively displaying, in a nurses' station or the like, the vital signs information obtained from more than one patient.

2. Consideration for Acquisition

The total amount of the Consideration (the "**Total Consideration**") that the Company will pay to the Vios shareholders (except for the Company as mentioned below) and stock option holders shall be approximately USD 102 million (Note: Approximately JPY 11.4 billion). It should be noted that, as indicated in "1. Reasons for Acquisition" above, although the Company currently owns Class B Preferred Shares of Vios, since the Company is excluded from the targets for the payment of the Consideration, the Company will not be receiving the payment for the Consideration. The breakdown of the Total Consideration shall be as follows:

(i) The Company's common stock equivalent to approximately USD 75.73 million (Approximately JPY 8.5 billion) in total (for the specific amount of the disposal, please refer to "II. Outline of disposal of treasury shares by third-party allotment of shares, etc. 1. Overview of disposal" as mentioned below); and

(ii) Cash equivalent to approximately USD 25.88 million(Approximately JPY 2.9 billion) in total

(Note) For the sake of convenience, the USD/JPY exchange rate as of September 21, 2017 is converted at USD 1 = JPY 112.5. The same shall apply hereafter.

The Consideration will be delivered to Vios shareholders, except for the Company, and stock option holders on the date the Acquisition takes place (Scheduled for October 13, 2017, the "**Closing Date**"). The number of Vios shareholders, except for the Company, which will receive the delivery of shares on the Closing Date will be 34, and the number of Vios stock option holders which will receive cash on the Closing Date will be 27.

As for the consideration in items (i) and (ii) above, the Company's common stock for the consideration in item (i) will be delivered by way of the SPAC (as defined below), which is the scheduled disposal target, issuing a total of 507,104 shares of the Company's common stock that were issued by way of the Company's disposal of treasury shares by third-party allotment of shares (the "**Disposal of Treasury Shares**"). In addition, the cash for the consideration in item (ii) will be paid in by the portion of the funds provided by way of the scheduled disposal target issuing new common stock to the Company by October 12, 2017, and the Company making payment related to such stock (approximately JPY 11.4 billion, equivalent to the Total Consideration), (it should be noted that the Company has necessary and sufficient cash reserves to make such payment).

In determining the Total Consideration, the Company will obtain a share valuation report prepared by Nomura Securities Co., Ltd. (Representative Executive Officer and President: Toshio Morita, Headquarters: 1-9-1 Nihonbashi, Chuo-ku, Tokyo), a third party valuation agency independent from the

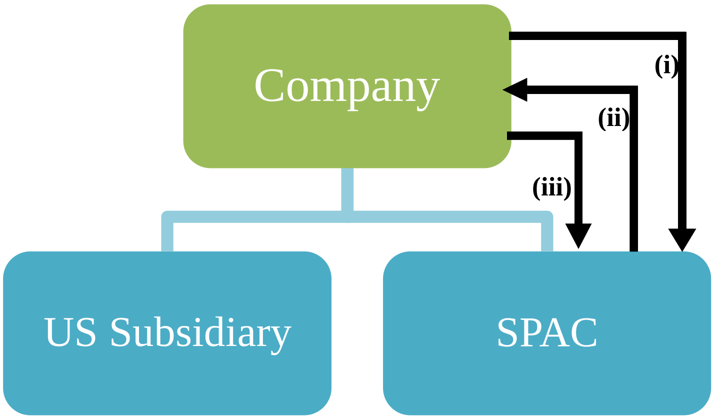
Company and Vios, and, upon reviewing the valuation results, the Company will consult and negotiate with the Vios shareholders to determine the final result.

3. Method of Acquisition

The Acquisition will be carried out by: (i) the Disposal of Treasury Shares to a subsidiary company which will be newly established by the Company in the US for the purpose of the Acquisition (the "**SPAC**"); (ii) the subsidiary company conducting a reverse triangle merger (Note) with such subsidiary company as a absorbed company and Vios as a surviving company in accordance with the provisions of the Delaware General Corporation Law (the "**DGCL**"); and (iii) as mentioned in "2. Acquisition Price," the shares that are to be retained by the SPAC through the Disposal of Treasury Shares or the cash being transferred or paid to Vios shareholders, except for the Company, and stock option holders as consideration for the Acquisition. The specific procedures are outlined as follows:

(Note) The reverse triangle merger mentioned herein shall mean a merger conducted in accordance with the Agreement and Plan of Merger governed by the DGCL in which the company conducting the Acquisition (the "**Buyer**") establishes a wholly owned subsidiary (the "**Buyer Subsidiary**") which becomes the absorbed company and the company subject to the Acquisition (the "**Acquired Company**") becomes the surviving company. Specifically, the shares of the Buyer Subsidiary retained by the Buyer will be converted into shares of the Acquired Company to be newly issued and will therefore cease to exist, as will the existing shares retained by the shareholders of the Acquired Company (as a result, only the Buyer will be retaining the Acquired Company's shares; however, as mentioned below, in the Acquisition, the existing shares of the Acquired Company retained by the Company in which, although it is a Buyer, it is also a shareholder of the Acquired Company, will not cease but will instead continue to exist.). As consideration for such shares retained by the shareholders of such Acquired Company ceasing to exist and the acquisition of the Acquired Company's shares by the Buyer through these procedures, shares, etc. of the Buyer will be delivered (directly or indirectly through the absorbed company) to the shareholders of the Acquired Company by the Buyer. This series of transactions (i.e. the reverse triangle merger) will be hereinafter collectively referred to as the "**Merger**".)

[1st and 2nd Steps] Establishment of SPAC, funding, disposal of treasury shares

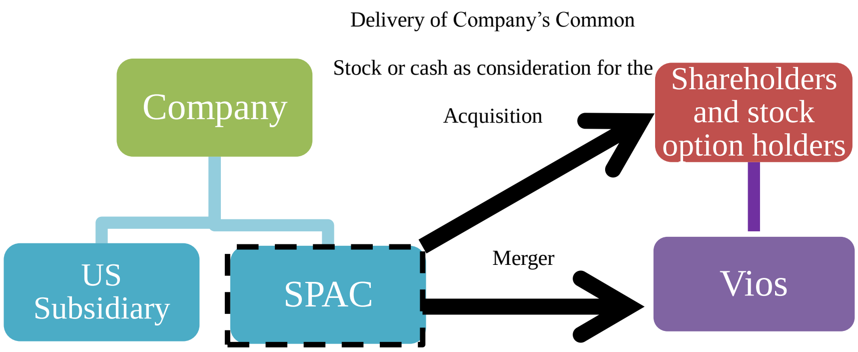


(i) Funding by way of subscribing to the allotment
(ii) Payment for disposal of the Company's treasury shares
(iii) Disposal of the Company's treasury shares

In the first step, the Company has established the SPAC (which will be the scheduled disposal target) on September 21, 2017. The Company is contributing, to the SPAC, the necessary funding to pay for the disposal of the Company's treasury shares by a third-party allotment of shares, as well as the funds corresponding to the cash amount to be paid to Vios shareholders, except for the Company, and the stock option holders in relation to the Merger with Vios, by way of the Company subscribing for the shares to be issued by the SPAC by October 12, 2017 .

In the second step, the Company will dispose of its treasury shares to the SPAC and the SPAC will subscribe for the same, in order to have the SPAC acquire the Company's common stock as consideration for the Merger with Vios.

[3rd Step] Merger of SPAC and Vios

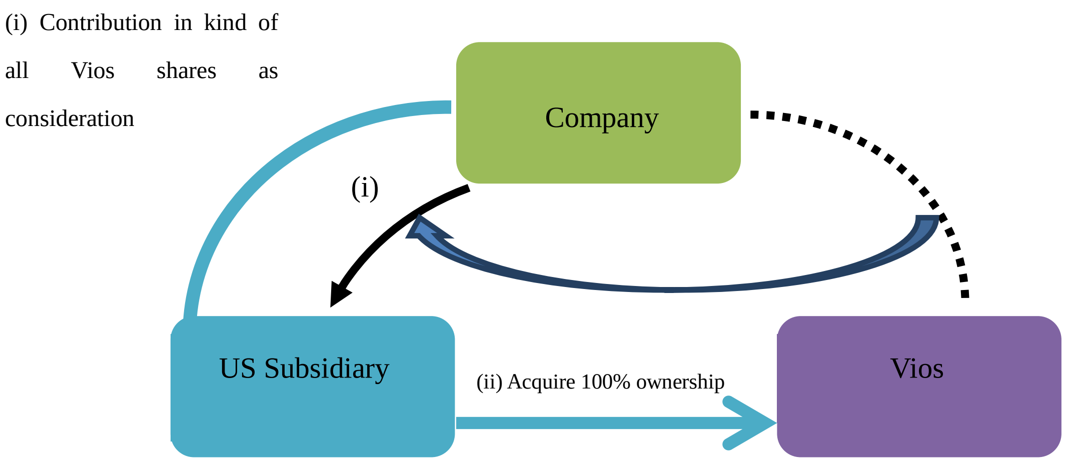


In the third step, the Merger will take place with Vios as the surviving company and the SPAC as the absorbed company. In accordance with the Agreement and Plan of Merger (i.e. the Merger Agreement), which is governed by the DGCL (i) the Vios shares, excluding the Class B Preferred Shares currently held by the Company, will cease to exist, (ii) the shares of the SPAC currently held by the

Company will be converted to shares of Vios to be newly issued and will therefore cease to exist, (iii) the stock options issued by Vios will cease to exist, and (iv) Vios shareholders except for the Company, and the stock option holders whose stock options will cease to exist, will receive, as consideration for the Vios shares or stock options ceasing to exist as a result of the Merger Agreement, the Company's common stock or cash. Therefore, as a result of the Merger, the existing Vios shareholders, except for the Company, and the stock option holders will no longer be retaining Vios shares and stock options, and as a result of such disposal (and the Class B Preferred Shares of Vios currently held by the Company), Vios will become a 100% subsidiary of the Company.

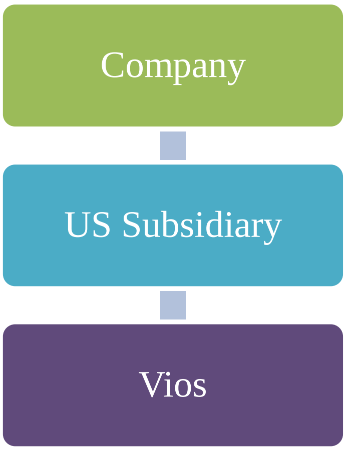
It should be noted that, in an absorption-type merger in accordance with the Japanese Companies Act, no consideration will be delivered to the shareholders of the company surviving an absorption-type merger. However, the above-described merger is a merger method under the DGCL, and, in contrast to the absorption-type merger under the Japanese Companies Act, consideration will be delivered to the shareholders of the company surviving an absorption-type merger.

[4th Step] Transfer of Vios shares to US subsidiary company as a contribution in kind



Furthermore, immediately after the third step, as a fourth step, the Company will make an in-kind contribution of all of the Vios shares held by the Company to a consolidated subsidiary company of the Company (100% subsidiary), Murata Electronics North America, Inc. (Headquarters: 2200 Lake Park Drive, Smyrna, Georgia, USA, President: David Kirk, the "**US Subsidiary**"). As a result of the foregoing, Vios shall become a 100% subsidiary of the US Subsidiary (i.e. Vios shall become the Company's 100% sub-subsidiary company) (It should be noted that, since the **DGCL** does not set forth such system of share exchange or share transfer as exists in the Japanese Companies Act, a situation as indicated in [Completed Figure] below will be created through taking the various steps in the procedure. In addition, under U.S tax practice, in order to constitute the Acquisition as a non-taxable corporate reorganization, we will adopt a structure in which the U.S. subsidiary will not directly acquire 100% ownership of Vios, but the Company will instead firstly acquire 100% ownership of Vios and will then make a contribution in kind of Vios shares to the U.S. subsidiary.)

[Completed Figure]



The status after the completion of the Acquisition is as illustrated above.

4. Outline of subsidiary to be transferred (Vios)

<table>
<tr><td>(1) Company Name</td><td colspan="2">Vios Medical, Inc.</td></tr>
<tr><td>(2) Location of Head Office</td><td colspan="2">7300 Hudson Boulevard North, Suite 140 St. Paul, MN 55128</td></tr>
<tr><td>(3) Title and Name of Representative</td><td colspan="2">CEO, Amit Patel</td></tr>
<tr><td>(4) Details of Business</td><td colspan="2">Development and sale of healthcare products</td></tr>
<tr><td>(5) Capital</td><td colspan="2">USD 2,675,000 (approximately JPY 301 million) (as of the end of June 2017)</td></tr>
<tr><td>(6) Date of Incorporation</td><td colspan="2">November 13, 2012</td></tr>
<tr><td>(7) Major Shareholders and Shareholding Ratio</td><td colspan="2">1. Nisha Y. Manicka (23.9%)
2. Trustee of Ajay Y. Manicka Opportunity Trust (11.4%)
3. Trustee of Amit Y. Manicka Opportunity Trust (11.4%)
4. ANA Flora Private Limited (7.3%)
5. Amit Patel (6.3%)</td></tr>
<tr><td rowspan="3">(8) Relationship between Listed Companies and the Company Concerned</td><td>Capital Relationship</td><td>The Company holds approximately 3.6% (based on the voting rights) of the issued shares of the company concerned.</td></tr>
<tr><td>Personnel Relationship</td><td>Not applicable</td></tr>
<tr><td>Business Relationship</td><td>Not applicable</td></tr>
<tr><td colspan="3">(9) Consolidated Operational Results and Consolidated Financial Conditions for the Last Three (3) Years of the Company Concerned</td></tr>
</table>

Accounting Period	Fiscal Year Ending in December 2014	Fiscal Year Ending in December 2015	Fiscal Year Ending in December 2016
Consolidated Net Assets	USD 527,000 (app. JPY 59 million)	USD 2,597,000 (app. JPY 292 million)	USD 4,869,000 (app. JPY 548 million)
Consolidated Total Assets	USD 869,000 (app. JPY 98 million)	USD 6,520,000 (app. JPY 734 million)	USD 9,720,000 (app. JPY 1094 million)
Consolidated Net Assets per Share	-	-	-
Consolidated Net Sales	-	-	-
Consolidated Operating Income	- USD 1,793,000 (app. -JPY202 million)	- USD 1,817,000 (app. -JPY 204 million)	-USD 1,842,000 (app. -JPY 207 million)
Consolidated Ordinary Income	-	-	-
Net Income Attributable to Shareholders of Parent Company	- USD 1,698,000 (app.-JPY 191 million)	- USD 1,725,000 (app. -JPY 194 million)	-USD 1,884,000 (app. -JPY 212 million)
Consolidated Net	-	-	-

Income per Share			
Dividend per Share	-	-	-

(Note) Consolidated financial figures of Vios have not been audited.

5. Number of shares to be acquired, acquisition price and number of shares held before and after transfer by the Company, concerning Vios shares

(1) Number of Shares Held Before Transfer	Class B Preferred Shares: 625,000 shares (Number of Voting Rights: 625,000) (Ratio of Voting Rights Held: 3.6%)
(2) Number of Shares to be Acquired	Common Stock: 2 shares Total: 2 shares (Number of Voting Rights: 2) (Ratio of Voting Rights to be Acquired: 96.4%)
(3) Acquisition Price	Common Stock: approximately USD 102 million (approximately JPY 11.4 billion) (As a breakdown thereof, common stock of the Company equivalent to approximately USD 75.73 million (approximately JPY 8.5 billion) and cash in the amount of approximately USD 25.88 million (approximately JPY 2.9 billion) are scheduled to be allotted.) Cost for Advisory Services, etc. (approximate value): JPY 216 million In total (approximate value): approximately USD 104 million (JPY 11.6 billion)
(4) Number of Shares Held After Transfer	625,002 shares (consisting of 2 shares of common stock and 625,000 Class B Preferred Shares) (Number of Voting Rights: 625,002 in total) (Ratio of Voting Rights Held: 100 %)

6. Schedule

(1) Date of Resolution at Meeting of the Board of Directors	September 22, 2017
(2) Date of Execution of Agreement concerning the Acquisition	September 22, 2017
(3) Date of Implementation of the Acquisition (Closing Date) (Note)	October 13, 2017 (Scheduled)

(Note) This date corresponds to the date on which the 3rd (third) step set out in “I. Acquisition of Vios, 3. Method of Acquisition” above is scheduled to be completed.

II. Outline of disposal of treasury shares by third-party allotment of shares, etc.

1. Overview of disposal

(1) Disposal Date	October 13, 2017
(2) Number and Type of Shares to be Disposed	507,104 shares of common stock
(3) Disposal Price	JPY 16,800 per share
(4) Amount of Capital to be Funded	JPY 8,519,347,200 (As described in "I. Acquisition of Vios, 1. Reasons for Acquisition" above, the Disposal of Treasury Shares is implemented between the Company and the SPAC for the purpose of the Acquisition and the above-mentioned Disposal Price shall be paid in by the funds provided by the Company to the scheduled disposal target by undertaking a capital increase of the scheduled disposal target. Therefore, the Disposal of Treasury Shares will not be conducted for the purpose of fund raising by the Company.).
(5) Disposal Method	Third-party allotment
(6) Scheduled Disposal Target	PJ Florence Acquisition Co., Ltd.
(7) Other	The Disposal of Treasury Shares is subject to the coming into force of filings to be made pursuant to the Financial Instruments and Exchange Act.

2. Purposes and reasons for disposal

In the course of the discussions and negotiations the Company engaged in with Vios in connection with the conduct of the Acquisition, the Company decided to deliver the Company's common stock or cash to Vios shareholders, and to deliver cash to Vios' stock option holders, as consideration for the Acquisition after considering the degree of dilution that could occur if the Company's common stock are delivered as consideration, the financial impact which may result if the entirety of the Consideration is delivered in cash, and other optimal ways of conducting the Acquisition, etc., in order to comply with the intent of some Vios shareholders who wish to receive the Company's common stock in order to realize tax benefits in relation to the Acquisition. Accordingly, as described in "I. Acquisition of Vios, 1. Reasons for acquisition" above, the Company will dispose of its treasury shares by third-party allotment of shares to the SPAC, which has been established as a wholly-owned subsidiary of the Company, for the purpose of conducting the Acquisition. Therefore, the Disposal of Treasury Shares will not be conducted for the purpose of fund raising by the Company.

Please see "I. Acquisition of Vios 5. Number of shares to be acquired, acquisition price and number of shares held before and after transfer by the Company, concerning Vios shares, (3) Acquisition Price" for the breakdown of the Consideration. In addition, please see "II. Outline of disposal of treasury shares by third-party allotment of shares, etc., 5. Rationality of disposal conditions, etc., (2) Basis for determining that the volume of shares to be disposed of and the scale of stock dilution are rational" for the impact on the existing shareholders due to the dilution of shares. The acquisition of the Company's common stock by the SPAC constitutes the acquisition of a parent company's shares by a subsidiary under the provisions of Article 800 of the Companies Act of Japan.

3. Amount, use and scheduled timing of disbursement of funds to be procured

(1) Amount of funds to be procured (Estimated net amount after deductions)

1) Total Amount of Disposal Price	JPY 8,519,347,200
2) Estimated Amount of Issuance Expenses	JPY 250,000
3) Estimated Net Amount after Deductions	JPY 8,519,097,200

(Notes) 1. The estimated amount of issuance expenses is exclusive of consumption tax, etc.
2. A breakdown of the estimated amount of issuance expenses shows the expenses for preparing securities registration statements, etc.

(2) Specific use of funds to be procured

As described in "I. Acquisition of Vios, 1. Reasons for Acquisition" above, the Disposal of Treasury Shares will be conducted for the purpose of the Acquisition, with the SPAC being the disposal target which will supplement part of the Consideration. The disposal price for such Disposal of Treasury Shares shall be paid in by part of the funds provided by the Company in order to pay for the common shares newly issued by the scheduled disposal target to the Company (approximately JPY 11.4 billion which is equivalent to the Total Consideration) by October 12, 2017, and the Disposal of Treasury Shares will not be conducted for the purpose of fund raising (it should be noted that the Company has necessary and sufficient cash reserves to make such payment). The estimated net amount after deductions (JPY 8,519,097,200) stated above is scheduled to be appropriated to the operating funds to contribute to the general corporate usage in and after October 2017, during the fiscal year ending in

March, 2018, and shall be managed in the Company's bank deposit account until it is actually used.

4. Views regarding rationality of use of funds

As described in "II. Outline of disposal of treasury shares by third-party allotment of shares, etc., 3. Amount, use and scheduled timing of disbursement of funds to be procured, (2) Specific use of funds to be procured" above, the Disposal of Treasury Shares will not be conducted for the purpose of fund raising.

5. Rationality of disposal conditions, etc.

(1) Details and basis for calculation of disposal price

The Company has decided that the disposal price shall be the closing price of the Company's common stock on the Tokyo Stock Exchange, Inc. (the "**TSE**") on September 21, 2017, which is the trading day immediately preceding the day of the resolution of the Board of Directors for the Disposal of Treasury Shares. The reason why the Company has chosen to adopt the closing price of the trading day immediately preceding the day of the resolution of the Board of Directors is due to the Company deeming that the closing price represents the Company's fair corporate value in the share market, and is more objective and reasonable than other measures.

In addition, such disposal price (JPY 16,800) is the closing price (JPY 16,800) on September 21, 2017, which is the trading day immediately preceding the day of the resolution of the Board of Directors stated above, and is a 0.20% premium on the average closing price (JPY 16,766) during the one (1) month period prior to the immediately preceding trading day, a 1.50% discount on the average closing price (JPY 17,055) during the three (3)-month period prior to the immediately preceding trading day, and a 3.22% premium on the average closing price (JPY 16,276) during the six (6)-month period prior to the immediately preceding trading day. As a result of taking the above matters into consideration, the Company contemplates that the disposal price for the Disposal of Treasury Shares is not particularly advantageous and is reasonable since such disposal price is in line with the "Guidelines of Capital Increase by Third Party Allotment of Shares" of the Japan Securities Dealers Association and each of the discount rates is less than 10% compared to the simple average price of the closing prices for the one (1) month, three (3)-month and six (6)-month periods prior to the immediately preceding trading day.

(2) Basis for determining that the volume of shares to be disposed of and the scale of stock dilution are rational

Since the amount of common stock to be disposed of by the Disposal of Treasury Shares is 507,104 shares and the dilution ratio to the Company's total number of shares issued as of March 31, 2017 (i.e. 225,263,592 shares) is 0.23% (0.24% of the number of voting rights), which is relatively small, the Company believes that the dilution of shares and the impact on the secondary market is minor. Furthermore, as described in "I. Acquisition of Vios, 1. Reasons for Acquisition" above, the Company has determined that the volume of shares to be disposed of and the scale of dilution of shareholders are rational since the Acquisition by the Disposal of Treasury Shares will contribute to the expansion and strengthening of its business in the healthcare and medical field which the Company regards as one of the fields it wishes to focus on in the "Mid-Term Direction 2018," and will also contribute to enhancing the Company's medium- and long-term corporate value and the interests of the existing shareholders.

6. Reasons for selecting the scheduled disposal target, etc.

(1) Outline of the scheduled disposal target

(1) Company Name	PJ Florence Acquisition Co., Ltd. (Note)
(2) Location of Head Office	Delaware, United States of America (251 Little Falls Drive, Wilmington, New Castle County, Delaware 19808, USA)
(3) Title and Name of Representative	President, Mr. David Kirk
(4) Details of Business	Established by the Company for the purpose of the Acquisition
(5) Capital	USD 1 (The amount of capital is scheduled to be increased by way of the Company's purchase of the common stock newly issued by the scheduled disposal target, by October 12, 2017.)
(6) Date of Incorporation	September 21, 2017
(7) Number of Issued Shares	1 share
(8) End of Fiscal Term	31 December
(9) Number of Employees	0
(10) Major Business Partners	None, since the company concerned is being established for the purpose of the Acquisition.
(11) Major Financing Banks	None, since the company concerned is being established for the purpose of the Acquisition.
(12) Major Shareholders and Shareholding Ratio	Company: 100%
(13) Relationship	

Between the Parties		
	Capital Relationship	The Company owns 100% of the total number of issued shares of the company concerned.
	Personnel Relationship	The officers, including the representative, are dispatched from the Company and the Company's subsidiary to the company concerned.
	Business Relationship	None, since the company concerned is being established for the purpose of the Acquisition.
	Status as a Related Party	The company concerned is expected to become a consolidated subsidiary of the Company; therefore, it is expected to become a Related Party of the Company.
(14) Operational Results and Financial Conditions for the Last Three (3) Years of the Company Concerned		None, since the company concerned is being established for the purpose of the Acquisition.

(Notes)

1. The "Special Purpose Acquisition Company (SPAC)" as described in "I. Acquisition of Vios 3. Method of Acquisition."
2. The scheduled disposal target for the Disposal of Treasury Shares is the Company's wholly owned subsidiary established for the purpose of the Acquisition and the officers thereof are dispatched from the Company and the Company's subsidiary. As described in "IV Matters Related to the Internal Control System 2. Basic Views on Elimination Anti-Social Forces" of the Corporate Governance Report (dated June 30, 2017) submitted to the Tokyo Stock Exchange, the Company provides, in its "Corporate Ethics Policy and Code of Conduct," that the Company will resolutely respond to all antisocial forces and activities and avoid using money for solution, and from the viewpoint of preventing involvement of antisocial forces in management activities and preventing damages from such entities, a structure is in place to respond with the entire organization. In addition, the Company has submitted to the Tokyo Stock Exchange a confirmation that the scheduled disposal target, its officers and shareholders have no relationship with any antisocial forces.

(2) Reasons for selecting the scheduled disposal target

As described in "I. Acquisition of Vios, 1. Reasons for Acquisition," our Group has decided to acquire Vios, in the expectation of creating new business models and customer value in the healthcare and medical field as one of the fields of focus for the Company in its aim to achieve the business objectives set forth in its "Mid-Term Direction 2018." The Acquisition shall be conducted by disposing the Company's treasury shares to the Special Purpose Acquisition Company (SPAC), which delivers such shares to Vios shareholders as part of the consideration for the Merger with the SPAC. For such purpose, PJ Florence Acquisition Co., Ltd. is appointed as the scheduled disposal target for the Disposal of Treasury Shares.

(3) The scheduled disposal target's Shareholding Policy

It is scheduled that SPAC, as the scheduled disposal target, shall deliver all of the disposed common stock of the Company to the Vios shareholders as part of the consideration for the Acquisition upon the Merger with Vios, as the surviving company, and SPAC, as the absorbed company.

(4) Matters confirmed regarding the existence of assets required for payment by the scheduled disposal target

In advance of the Disposal of Treasury Shares, it is scheduled that the SPAC, as the scheduled disposal target, will issue new common stock to the Company and procure the funds required for the Disposal of Treasury Shares (about JPY 8.5 billion). Therefore, the assets required for payment by the SPAC for the disposed shares will thereby be secured.

In addition, the Company's cash and deposits are approximately JPY 149 billion as of June 30, 2017, and the Company is convinced that there is no problem concerning the securing of funds required for making payment for the Acquisition.

7. Major shareholders and shareholding ratio after disposal

Before Disposal (as of March 31, 2017)	
JP Morgan Chase Bank 380055 (Standing Proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	8.2 %
Japan Trustee Services Bank, Ltd. (Trust Account)	5.1 %
The Master Trust Bank of Japan, Ltd. (Trust Account)	3.4 %
Nippon Life Insurance Company	3.3 %
State Street Bank And Trust Company (Standing Proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Services Department)	3.1 %
The Bank of Kyoto, Ltd.	2.3 %
Meiji Yasuda Life Insurance Company	2.3 %
JPMC OPPENHEIMER JASDEC LENDING ACCOUNT (Standing Proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd)	2.2 %
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.7 %

Before Disposal (as of March 31, 2017)	
The Shiga Bank, Ltd.	1.6 %

(Notes)

1. The major shareholders before and after the Disposal of Treasury Shares are unchanged.
2. The above is based on the Shareholder Registry as of March 31, 2017. The Company newly issued 7,835 shares of common stock as of July 28, 2017, but such newly issued shares are not included in the above.
3. In addition to the above, the number of shares of the Company’s treasury shares owned by the Company 12,525,306 shares (as of March 31, 2017) will be 12,018,202 shares after the disposal (not including any purchase or sale of shares in a number less than one unit after April 1, 2017).
4. Shareholding ratios indicated above are rounded to the nearest decimal place.

8. Matters related to procedures under the Corporate Code of Conduct

Since the dilution ratio is less than 25% and there is no change in the controlling shareholder, the procedures provided for in the Tokyo Stock Exchange Securities Listing Regulations are not required for the Disposal of Treasury Shares.

9. Business performance and status of equity finance in the last 3 years

(1) Business performance in the last 3 years (consolidated)

	Fiscal Year Ending in March, 2015	Fiscal Year Ending in March, 2016	Fiscal Year Ending in March, 2017
Net sales	JPY 1,043,542 million	JPY 1,210,841 million	JPY 1,135,524 million
Net Income Before Tax	JPY 238,400 million	JPY 279,173 million	JPY 200,418 million
Net Income Attributable to Shareholders	JPY 167,711 million	JPY 203,776 million	JPY 156,060 million
Net Income per Share Attributable to Shareholders of the Company	JPY 792.19	JPY 962.55	JPY 733.87
Dividends per Share	JPY 180	JPY 210	JPY 220
Price Book-Value Ratio (PBR)	JPY 5,304.98	JPY 5,806.06	JPY 6,366.48

(Notes)

1. The U.S. Generally Accepted Accounting Principles are used for consolidated accounting and “ordinary profit” is not indicated because such item is not included therein.
2. The U.S. Generally Accepted Accounting Principles are used for consolidated accounting and the value of “Price Book-Value Ratio (PBR)” is indicated instead of “consolidated net assets per share.”

(2) Status of number of issued shares and number of dilutive shares (as of July 28, 2017)

	Number of Shares	Ratio to Outstanding Shares
Number of Issued Shares	225,271,427 shares	100.00%
Number of Dilutive Shares	0	0.00%

(3) Status of recent stock price

(i) Status in the last 3 years

	Fiscal Year Ending in March, 2015	Fiscal Year Ending in March, 2016	Fiscal Year Ending in March, 2017
Opening Price	JPY 9,830	JPY 16,445	JPY 13,405
High Price	JPY 17,795	JPY 22,220	JPY 16,790
Low Price	JPY 8,192	JPY 11,610	JPY 10,365
Closing Price	JPY 16,535	JPY 13,570	JPY 15,835

(ii) Status in the last 6 months

	April	May	June	July	August	September
Opening Price	JPY 15,875	JPY 15,245	JPY 15,405	JPY 17,150	JPY 16,680	JPY 16,985
High Price	JPY 16,005	JPY 16,415	JPY 17,740	JPY 17,665	JPY 17,910	JPY 17,320
Low Price	JPY 14,000	JPY 15,205	JPY 15,400	JPY 16,515	JPY 16,510	JPY 15,890
Closing Price	JPY 14,945	JPY 15,350	JPY 17,070	JPY 17,180	JPY 16,840	JPY 16,800

(Note) The stock price in September 2017 shows the status until September 21, 2017.

(iii) Stock prices on the day before the disposal resolution date

	September 21, 2017
Opening Price	JPY 17,200
High Price	JPY 17,265

Low Price	JPY 16,800
Closing Price	JPY 16,800

(4) Status of equity finance in the last 3 years

None

III. Future prospects

Vios will become a consolidated subsidiary of the Company as a result of the Acquisition. The Company believes that the effects of the Acquisition on the consolidated results will be minor. In addition, if the need for disclosure arises hereafter, the Company will disclose the content of the Acquisition.

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