

Notification Concerning Stock Acquisition of New Well Co., Ltd.
(Acquisition in line with the procedures to obtain
company's own stocks from specific shareholders)

This notification is served pursuant to a resolution at Board of Directors meeting held on February 18, 2020 to acquire outstanding stocks of New Well Co., Ltd. (hereinafter referred to as "New Well"), making it to a 100% owned subsidiary of Tamron Co., Ltd. (hereinafter referred to as the "Transaction") subject to approval at the 73rd ordinary General Shareholders Meeting scheduled on March 26, 2020.

New Well, the party to acquire the stocks from, is an asset managing company owned by the family of the founder of Tamron Co., Ltd. with the vast majority of its assets being comprised of stocks of the company, and it is under the consideration of Tamron to buy them back at some point in the future to retain as the treasury stock. Under those circumstances and in order to keep fairness to our shareholders and investors while ensuring transparency of the Transaction, it is deemed appropriate to initiate the procedures in a manner equivalent to acquiring the company's own stocks retained by specific shareholders in conformity with the provisions of paragraph 1 of the Article 156, paragraph 1 of the Article 160 and the Article 161 of the Companies Act.

For reasons aforementioned, it has been decided to propose the Transaction for approval at the 73rd ordinary General Shareholders Meeting to take place on March 26, 2020, then to proceed with the execution after validated by the consent of the shareholders.

1. Background of the stock acquisition

Tamron's fundamental corporate policy is to consider R&D, capital expenditure, and other investments to solidify its management structure, develop new businesses, and make other improvements from a long-term perspective, strive to pay dividends commensurate with business performance, and maintain stable profit sharing with shareholders, focusing on continuous dividend payment with a payout ratio of approximately 35%.

Equally important is the enhancement of capital efficiency by exercising proactive management of equity vividly responding to the ever changing business environment.

In November 2019, Tamron and its founder's family agreed to initiate discussions on the purchase of stocks of New Well, an asset management company of the founder's family, by Tamron, taking into account factors such as the current absence of the founder's family in the management of Tamron. The number of stocks of Tamron held by New Well as of February 18, 2020, was 4,898,000, representing 18.87% of the total number of shares outstanding of Tamron, which was 25,950,000. Subsequently, the founder's family offered Tamron a certain discount on the market price of Tamron stocks held by New Well.

In light of this situation, Tamron has considered practical measures and has held discussions with the founder's family, taking into consideration its financial position, to prevent a potential decline in stock value if Tamron were to decline the offer and such a substantial number of stocks were put into market in a short period of time, causing an undesirable negative impact to the benefit of Tamron's shareholders.

After thorough assessment and deliberation, Tamron has reached to a conclusion that it would be best served to acquire stocks of New Well as proposed on the ground that: (1) it is possible to use the Transaction as a leverage for enhancing the stock value for the shareholders by virtue of increasing the earning per share (EPS); (2) Tamron will be able to buy back its own stocks at a discounted amount relative to the prevailing market value, realizing a lower acquisition cost for our own stocks compared to the regular transaction on the market; (3) and to accept the proposed offer will result in mitigating the risk of unexpected disadvantage to the shareholders should the stocks owned by New Well be traded in the open market with significant numbers, thus contributing to the benefit of all the shareholders of the company.

As for the fund required to procure the stocks of New Well, Tamron is prepared to allocate the whole amount from the company's own cash on hand. Since the total amount of cash and money in deposit as of December 31, 2019 stood at 28,384 million yen, it will be sufficient to cover the payment in full. In addition, cash-flow to be generated through our regular business operations will be positively accumulated going forward. In view of those circumstances, sanity and stability of the company's financial standing shall remain intact even after completion of the Transaction.

However, as stated above, following procedures equivalent to acquiring the company's own stocks from specific shareholders, which are in conformity with the provisions of paragraph 1 of the Article 156, paragraph 1 of the Article 160, and the Article 161 of the Companies Act, and approval of the company's shareholders will be a premise to validate the Transaction. In these procedures, New Well and its shareholders will be unable to exercise their voting rights associated with their stocks of Tamron. Therefore, the Transaction will be implemented on the condition of approval by the shareholders of Tamron without an interest in the Transaction.

With respect to disposition of the stocks currently held by New Well, Tamron is considering the merger of New Well, in which Tamron will be the surviving company, after acquiring the stocks of New Well and the purchase of the stocks of Tamron held by New Well as treasury stocks, since New Well is an asset management company whose principal business is to hold the stocks of Tamron. However, this is not a final decision and Tamron will announce the specifics as soon as they are finalized.

In terms of the disposition of Tamron's own stocks after the acquisition, Tamron plans to retain a portion of them as treasury stocks, taking into account the potential for effective use such as future M&As, and to retire the rest to increase shareholder value and capital efficiency.

2. Outlines of the new subsidiary company (New Well)

(1) Company name	New Well Co., Ltd.		
(2) Address	388-3, Higashi-monzen, Minuma-ku, Saitama-shi, Saitama		
(3) Representative, office	Hiroaki Arai, Representative Director		
(4) Main businesses	Selling/buying of valuable securities		
	Selling, buying, leasing, renting, operation and management of real estate		
(5) Capital	95 million yen		
(6) Established	May 14, 1985		
(7) Main shareholders and their holding ratio	Mr. Hiroaki Arai, Representative Director and his 6 family (total 7) own 100% of issued stocks (excluding common treasury stocks)		
(8) Relationship between the company and listed companies	Capital	18.87% of Tamron stocks owned by the company.	
	Personal	Nothing in particular	
	Transaction	Nothing in particular	
(9) Business performance and financial standing of the company in the last 3 years			
Fiscal term (ended in)	March 2017	March 2018	March 2019
Total net assets (million yen)	6,179	6,369	6,582
Total assets (million yen)	6,198	6,388	6,602
Net assets per share (yen)	865,460.91	892,105.48	921,894.98
Net sales (million yen)	3	3	3
Operating income (million yen)	(19)	(25)	(43)
Ordinary income (million yen)	271	241	272
Net income (million yen)	213	190	212
Net income per share (yen)	29,886.48	26,644.57	29,789.50
Cash dividends per share (yen)	—	—	—

3. Outline of the company of which stocks being planned to acquire

(1) Names	Representative Director Mr. Hiroaki Arai and his 6 family members (total 7 individuals)
(2) Relationship between a listed company and related individuals	Mr. Hiroaki Arai, Representative Director of New Well Co., Ltd., is the former Corporate Vice President of Tamron Co., Ltd.

4. Number of stocks to be acquired, amount involved and disposition of stocks after the acquisition

(1) Number of stocks owned before the change	— stocks (number of voting rights: —) (ratio of voting rights: — %)
(2) Number of stocks to be acquired	7,140 stocks (number of voting rights: 7,140)
(3) Total amount involved	Ordinary stocks of New Well (approx. amount) 14,477 million yen Advisory expenses, etc. (approx. amount) 4 million yen Total (approx. amount) 14,482 million yen
(4) Number of stocks owned after the change	7,140 stocks (number of voting rights: 7,140) (ratio of voting rights eligible: 100.0%)

(Remarks)

For valuation of the company's stocks currently retained by New Well, clear and objective indicators should be employed and it is deemed appropriate to reflect a reasonable prevailing market unit price of the common stocks. Weighing the interest of the shareholders benefit as the top priority, the scheme is being laid out to fix the per share value not exceeding the current market price in order to minimize the spill of the assets outside the company.

To be more specific, a scheme is set to compare (1) the value obtained by multiplying 0.94 on the average closing price at Tokyo Stock Exchange Market for the three consecutive months from November 18, 2019 through February 17, 2020, which comes up to Yen 2,385, and (2) the closing price at TSE as of March 25, 2020, namely one day prior to the date of the 73rd ordinary General Shareholders Meeting of the company, then adopt the lower of the two, which shall be taken as the per share value of the stocks for acquisition.

The acquisition value of the stocks of New Well will be determined based on the value of its assets other than the stocks of Tamron held by New Well as appraised by a third party (Hayabusa Audit Corporation) and the value of the stocks of Tamron held by New Well calculated by the method described above.

For your information, the approximate acquisition value as stated above is thought to be the approximate evaluated value of stocks New Well has in our company. In this case, the value is obtained by multiplying the average closing price of stocks of our company during three months from November 18, 2019 through February 17, 2020 at TSE.

5. Schedule

(1) Resolution by Board of Directors meeting	February 18, 2020
(2) Date for the contract execution	February 18, 2020
(3) Date to transfer the related stocks	March 31, 2020 (planned date)

(Remarks)

The above schedule is subject to approval by our shareholders at the ordinary General Shareholders Meeting of the company to be held on March 26, 2020.

Be aware that Tamron may cancel the submission of this proposal to the 73rd ordinary General Meeting of Shareholders if a matter that will or may have a significant impact on the implementation of the Transaction arises, a reason to expect that approval of shareholders necessary for the Transaction will not be obtained emerges, or any such issue arises before the date of said meeting of shareholders.

6. Outlook going forward

The influence of the Transaction to the consolidated business performance of the company for the current fiscal term ending December 31, 2020 is anticipated to be negligible. You shall be promptly informed of the results as soon as becoming known and when a necessity arises.

7. Other remarks

In executing the Transaction, pertinent procedures shall be taken in line with cases equivalent to the acquisition of our own stocks from specific shareholders. As for the evaluated value of stocks of our company held by New Well among its assets, as stated in the remarks of the above paragraph number 4 “Number of stocks to be acquired, amount involved and situations of stocks after the acquisition”, it does not exceed the value obtained by the method specified in the Article 161 of the Companies Act and the Item 1 of the Article 30 of the Ordinance for Enforcement of the Companies Act (namely, the final price of our stocks at the TSE on March 25, 2020, the day before the opening day of the 73rd ordinary General Meeting of Shareholders of our company). Accordingly, sellers’ claim right as specified in the Paragraphs 2 and 3 of the Article 160 of the Companies Act will not occur on the side of our shareholders other than the party of this Transaction.

(For your information) State of holding of own stocks as of December 31, 2019

Total number of stocks issued (excluding own stocks)	25,734,246 stocks
Number of own stocks	215,754 stocks