

October 23, 2020

To Whom It May Concern:

Listed Company's Name:	Keihin Corporation
Representative:	Keiichi Aida President and CEO
(Code:	7251, TSE 1st Section)
Contact:	Mitsutoshi Sato, General Manager, Accounting Department
(Telephone:	03-3345-3411)

**Notice regarding Transfer of Consolidated Subsidiary
(Share Transfer) and Recording of Quarterly Loss from
Discontinued Operation in connection with Partial
Transfer of Air Conditioning Business**

Keihin Corporation (Headquarters: Shinjuku-ku, Tokyo, President: Keiichi Aida; herein the "Company") hereby announces regarding a part of air conditioning business of the Company mentioned in "Notice of Memorandum on Conclusion Concerning Cooperation in Air Conditioning Business (Progress of Disclosure Item)" dated March 24, 2020 that the Company has resolved to transfer all shares of Keihin Thermal Technology Corporation ("KTT") to MAHLE Behr Japan K.K. ("MAHLE Behr Japan"), an affiliate of MAHLE Behr GmbH & Co. KG (together with its affiliates "MAHLE Behr") at the meeting of the board of directors of the Company held today (the transfer of all shares of KTT to MAHLE Behr Japan is herein referred to as the "Share Transfer") and executed the share purchase agreement. The Company also hereby announces that the Company will record quarterly loss from discontinued operation in connection with the Share Transfer.

1. Reason and Method of the Transfer

The Company, as announced on October 30, 2019, had resolved to conduct a business integration with Hitachi Automotive Systems, Ltd., Showa Corporation, and Nissin Kogyo Co., Ltd. and entered into a basic contract regarding the business integration with the aim of growth into a mega supplier which offers global and competitive solutions in next-generation technology areas such as electrification of mobility including automobiles, driving safety support system and automated driving system. Against this backdrop, the Company had continued to consider to transfer the air conditioning business of the Company to a third party to enhance the competitiveness of the air conditioning business, as stated in "Notice Concerning Scheduled Transfer of Air Conditioning Business" dated the same day.

Meanwhile, the Company had executed a memorandum of understanding with MAHLE Behr, regarding the air conditioning business in Japan, Thailand and the U.S. (the "Air Conditioning Business") and continued discussions, as stated in "Notice of Memorandum on Conclusion Concerning Cooperation in Air Conditioning Business (Progress of Disclosure Item)" dated March 24, 2020.

The Company now has resolved to transfer all shares of KTT, which operates the Air Conditioning Business, to MAHLE Behr Japan under above conditions at the meeting of the board of directors of the Company held today, based on the decision that transfer of the Air Conditioning Business to MAHLE Behr Japan is optimal for future improvement of the value of the Air Conditioning Business, since MAHLE Behr, one of the largest global suppliers, has been highly competitive in the areas of air conditioning products in recent years. Keihin Thermal Technology of America, Inc. (located at 10500 O'Day Harrison Rd., Mt. Sterling, OH 43143 U.S.A.) and Keihin Thermal Technology (Thailand) Co., Ltd. (located at Rojana Industrial Park, 46 Moo 9, Tambol Thanu, Amphur U-Thai, Ayutthaya 13210 THAILAND), both of which are subsidiaries of KTT and parts of the Air Conditioning Business, will be transferred to MAHLE Behr Japan in connection with transfer of shares of KTT. However, Keihin

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Thermal Technology Czech, s.r.o.(located at Unhošťská 2747, Kladno-Krocehlavy CZECH) will not be transferred to MAHLE Behr Japan.

2. Overview of Subsidiary to be Transferred

(1) Name	Keihin Thermal Technology Corporation		
(2) Location	1-480, Inuzuka, Oyama-shi, Tochigi		
(3) Name and position of representative	Representative Director and President, Yusuke Takayama		
(4) Business activities	Manufacturing and sales of heat exchanger for air conditioning systems for automobiles etc.※		
(5) Capital	400 Million JPY		
(6) Date of Establishment	June 16, 2011		
(7) Major shareholder and percentages of shares held	Keihin Corporation 100.0%		
(8) Relationships between KTT and listed company	Capital relationship	The Company owns all outstanding shares of KTT.	
	Personal relationship	The Company has 348 employees on secondment to KTT.	
	Trading relationship	The Company purchases air conditioning products for four-wheeled vehicles and their component parts from KTT.	
(9) Business performance and financial position for the last 3 years of KTT			
Fiscal year	Fiscal year ended March 2018	Fiscal year ended March 2019	Fiscal year ended March 2020
Net assets	8,536Million JPY	7,396Million JPY	8,776Million JPY
Total assets	12,195Million JPY	10,665Million JPY	14,832Million JPY
Revenue	12,092Million JPY	12,612Million JPY	11,050Million JPY
Operating Profit	103Million JPY	△135Million JPY	△295Million JPY
Net income	1,753Million JPY	△495Million JPY	1,380Million JPY

※ The Company's Tochigi R&D center and Suzuka factory will be succeeded to KTT by a company split effective on October 1, 2020, to the extent relating to the Air Conditioning Business, and will be transferred to MAHLE Behr Japan by the transfer of shares of KTT. For details about the company split, please refer to "Notice of Company Split with Consolidated Subsidiaries (simple absorption-type split)" dated August 6, 2020.

3. Overview of the Other Party of Share Transfer

(1) Name	MAHLE Behr Japan K.K.	
(2) Location	1-9-12 Kita-otsuka, Toshima-ku, Tokyo	
(3) Name and position of representative	Daniel Bentele	
(4) Business activities	Developing, sales and providing services of engine cooling, air conditionings and battery cooling for EV	
(5) Date of establishment	June 11, 1998	
(6) Major shareholders and percentage of shares held	MAHLE Behr GmbH & Co. KG 100%	
(7) Relationships between MAHLE and listed company	Capital relationships	n/a
	Personal relationships	n/a

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	Related party information	n/a
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4. Number of the Shares to be Transferred, Transfer Price and Information of the Shares Hold

(1) Number of the shares held before transfer	11 shares (Number of voting rights : 11) (Percentage of voting rights : 100%)
(2) Number of shares to be transferred	11 shares (Number of voting rights : 11)
(3) Transfer price	Transfer price will be 100 Japanese yen, which is enterprise value, with adjustment in accordance with the price of assets and debts on the date of execution of the Share Transfer. ※
(4) Number of shares hold after the transfer	0 share (Number of voting right: 0) (Percentage of voting rights : 0%)

※In addition to the adjustment of the transfer price, the Company plans to contribute funds or bear funding as follows in connection with the execution of the Share Transfer.

- ① Invest approximately 6.54 billion Japanese yen (subject to change of the amount due to exchange fluctuations) into KTT for business operations (underwriting KTT's capital increase by the Company) by the execution of the Transfer.
- ② Contribution of the cost of business restructuring planned by KTT in connection with the Air Conditioning Business (currently estimated to be about 4.8 billion Japanese yen).

5. Schedule

(1) Date of board meeting	October 23, 2020
(2) Date of execution of transfer agreement	October 23, 2020
(3) Date of transfer of shares	February 1, 2021 (planned)

6. Information about Quarterly Loss from Discontinued Operation

Due to the Share Transfer, the Company will record in total approximately 15.1 billion Japanese yen as quarterly loss from discontinued operation in the second quarter of the fiscal year ending March 2021, consists from approximately 3.8 billion Japanese yen as transfer loss, approximately 6.54 billion Japanese yen as investment for business operations and 4.8 billion Japanese yen as business restructuring costs.

7. Future Prospect

The Company has not disclosed earnings forecast for the fiscal year ending March 2021 since the Company will become a wholly owned subsidiary of the tender offeror and the shares of the Company will be delisted as result of the tender offer and series of subsequent transactions, as the Company announced in the press release, "Notice of Position Statement regarding the Scheduled Commencement of the Tender Offer by Honda Motor Co., Ltd., an Affiliate, for the Management Integration of Hitachi Automotive Systems, Ltd., Keihin Corporation, Showa Corporation (Securities Code: 7274), and Nissin Kogyo Co., Ltd. (Securities Code: 7230)" dated October 30, 2019.

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