January 28, 2025

To whom it may concern:

Name of Company: Makino Milling Machine Co., Ltd.
Name of Representative: President, Director
Shotaro Miyazaki
(Securities Code: 6135 (the Prime Market of the Tokyo Stock Exchange, Inc.))
Inquiries: Executive Vice President, Director
Executive Manager of Corporate Service Division
Toshiyuki Nagano
Tel: +81 46-284-1439

Notice Regarding Sending of "Letter of Inquiry" to Nidec Corporation

Makino Milling Machine Co., Ltd. (the "Company") received a "Letter of Intent Regarding Management Integration Aimed at Maximization of Corporate Value" (the "Letter of Intent") from Nidec Corporation ("Nidec") as of December 27, 2024, and Nidec is proposing a tender offer for the Company's shares with the aim of making the Company a wholly-owned subsidiary of Nidec (such tender offer, the "Tender Offer," and such proposal by Nidec in the Letter of Intent, etc. to make the Company its wholly-owned subsidiary, the "Proposal").

The Company is conducting a thorough and sincere examination of the Proposal, taking into account the Principle 1: Principle of Corporate Value and Shareholders' Common Interests set forth in the "Guidelines for Corporate Takeovers - Enhancing Corporate Value and Securing Shareholders' Interests - " (the "Guidelines") published by the Ministry of Economy, Trade and Industry on August 31, 2023. This principle, which should be respected in acquisitions of corporate control of listed companies in general, states that "whether or not an acquisition is desirable should be determined on the basis of whether it will secure or enhance corporate value and the shareholders' common interests." (Guidelines, p.11). In light of this, we are carefully evaluating whether the Proposal will enhance the corporate value of the Company, particularly from a medium- to long-term perspective. The Company hereby announces that it has sent an initial "Letter of Inquiry" (attached) (the "Letter of Inquiry") to Nidec as of today, based on the recommendations of the Special Committee (which has been receiving advice from independently selected advisors), in order to inquire about matters that the Company believes are necessary information for such evaluation.

Furthermore, the Guidelines state that “an acquisition should be materialized under transaction terms that increase the target company’s corporate value and ensure that the increase in corporate value is fairly distributed among the parties” (Guidelines, p.14). They also specify that with respect to the target company, “a reasonable effort should be made to ensure that the acquisition will be based on terms that will secure the interest which shareholders should enjoy, in addition to determining whether the acquisition is appropriate from the perspective of enhancing the company’s corporate value” (Guidelines, p.15). Based on this, we are currently making extensive preparations, with the assistance of an independent financial advisor, to assess whether the terms of the Proposal - particularly the benefits provided to shareholders (the consideration offered to shareholders) - are adequate. This includes formulating business plans necessary for evaluating the Company's intrinsic value.

Additionally, with the advice of our financial and legal advisors, the Company and the Special Committee are currently considering all strategic options, including whether the acquisition terms under the Proposal are sufficient and whether there are more favorable alternatives for shareholders. We will continue to respond to the Proposal in a sincere and appropriate manner based on such considerations.

Moreover, we are actively gathering and reviewing information on whether the synergies claimed by Nidec exist and the likelihood of their realization, as well as any potential dis-synergies that may arise from the Proposal. The Letter of Inquiry includes questions regarding these matters. However, for any matters that could not be fully addressed in the Letter of Inquiry, we plan to send additional questions once we have conducted sufficient information gathering and analysis, including questions regarding the materials relating to the Proposal that Nidec publicly disclosed on January 23, 2025.

Going forward, to ensure that our shareholders can make an informed judgment on the merits of the Proposal, the Company will continue to submit necessary and appropriate inquiries to Nidec to obtain sufficient information, and the Company will disclose the details of these inquiries and Nidec's responses in a timely and appropriate manner.

End

[Translation]

January 28 2025

To: Mr. Mitsuya Kishida,
Representative Director and President,
NIDEC CORPORATION:

Shotaro Miyazaki,
President, Director
Makino Milling Machine Co., Ltd.

Letter of Inquiry

We are pleased to hear of your company's continued success and prosperity.

Makino Milling Machine Co., Ltd. (the "Company") received a "Letter of Intent Regarding Management Integration Aimed at Maximizing Corporate Value" (the "Letter of Intent") from Nidec on Friday, December 27, 2024. In addition, on the same day, Nidec disclosed the "Notice Regarding Scheduled Commencement of Tender Offer for Makino Milling Machine Co., Ltd. (Securities Code: 6135)" (the "Press Release", and together with the Letter of Intent, collectively, the "Letter of Intent and Press Release"). According to the Letter of Intent and Press Release, Nidec has proposed a tender offer for the Company's shares to make the Company a wholly-owned subsidiary (the "Tender Offer"). The series of transactions aiming to make the Company a wholly-owned subsidiary is referred to as the "Transaction," and the proposal to make the Company a wholly-owned subsidiary, as outlined in the Letter of Intent and Press Release, is referred to as the "Proposal."

The Company believes that the sustainable improvement of its corporate value over the medium to long term is of utmost importance in maximizing the interests of all its stakeholders, including its shareholders, business partners, and employees, and is seriously considering whether the Proposal aligns with this objective.

However, in the course of these considerations, the Company believes that the information currently available is insufficient to determine whether, and to what extent, the Proposal will enhance its corporate value.

To make an informed determination regarding whether the Proposal will contribute to the Company's corporate value and the common interests of shareholders, the Company kindly requests that Nidec provide responses to the following items by Friday, January 31, 2025.

Please note that this document and responses from Nidec may be made public by the Company.

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1. Overview of Nidec and the Proposal

(1) Please inform us of the following matters regarding Nidec:

(i) capital structure of Nidec's group companies and the business of each group company;
(ii) details of investment policies, and details of investment (M&A) activities over the past ten years; and
(iii) Whether or not Nidec is a foreign investor, along with supporting information to substantiate this status.

(2) Please specifically inform us of the number of Company shares and other instruments held by Nidec and Nidec's group companies (including any Company shares and other instruments substantially held through equity swaps or other derivatives, etc.; the "Shares Held"). If, in the Shares Held, there are any Company shares or other instruments that are substantially held through equity swaps or other derivatives, etc., the number of such shares and other instruments, details of such derivatives, etc., and overviews of counterparties to the agreements related to the derivatives and other parties involved; the number of Shares Held that have been provided as collateral, etc. and overviews of persons who hold security interests, etc.; and transaction status of the Company shares and other similar instruments., including Shares Held by Nidec and Nidec's group companies within the last 60 days.

(3) Please inform us of the method of financing for the Tender Offer and the subsequent squeeze-out, whether conditions exist for the financing and, if so, their details and the likelihood that they will be achieved, whether collateral or covenants exist after the financing and, if so, their details, and the specific details of the related transactions.

2. Expected Synergies in the Proposal

(1) Complementarity of Products and Technologies

(i) In the Letter of Intent, as a synergy regarding "complementarity of products and technologies," Nidec stated that "Leveraging Nidec's expertise in gear cutting and the processing of large components will expand our customer offerings that will complement not only Makino's machining technology." However, we believe it is unclear how "Nidec's expertise in gear cutting and the processing of large components" specifically complements our machining technology. Furthermore, Nidec stated that "Nidec's main products are comprised of gear cutting machines, double column five- face milling machines, and horizontal boring mills. Our business style is to provide processing solutions based on machining technology . . . will be highly compatible with Makino's processing-centered business expansion." However, we also believe that it is unclear what kind of final products Nidec's machining technology for its main products is aimed at, or how it can complement our machining technology.

We believe that synergy will not occur simply because two companies are engaged in "processing-centered business expansion." We believe that the compatibility between the two companies' business development will be realized only when there are products for which the machining technologies of both companies can be utilized. Nidec's gear cutting machines and large components processing products are products aimed at special processing and heavy cutting at low speeds for heavy industries, while our machines are focused on high-speed, high-precision and high-quality, and our machining technology is specialized for our own unique machine structure. Therefore, although Nidec's products and ours have something in common in that they are both "machines with machining technology," there are many differences in the machining technology required, and at this point, we are not sure how compatible the two companies are.

Also, the development of high-added-value software, automation, and the ability to expand into peripheral equipment businesses are important factors in determining the direction of the machine tool industry. However, it is unclear whether Nidec's machining technology and ability to provide solutions based on machining technology contain these factors and whether these factors are compatible with the level of technology of our products or the way our customers use our products.

Based on the above, please explain in detail the synergies that will be created through the Transaction by mutually utilizing the machining technologies of Nidec and the Company.

(ii) In the Letter of Intent, as a synergy regarding "complementarity of products and technologies," Nidec stated that "Combining Nidec's turning, gear machining, and large parts machining technology with Makino's products and machining technology will make it possible to create advanced combined machining technologies, products, and know-how for the market." However, many of our customers purchase machine tools that require high speed, high precision, and high quality with our own technology, while many of Nidec's customers purchase machine tools that cater to a broader range of needs with more general-purpose technology. As a result, we believe our customer base differs significantly from Nidec's. Therefore, even if we could combine our "products and machining technology" with Nidec's "turning, gear machining, and large parts machining technology" "to create advanced combined machining technologies, products, and know-how," it is expected that a considerable amount of technological development and time will be required for that.

Given the above circumstances, please reassess whether the Transaction will generate the synergies mentioned earlier. If so, please provide a detailed explanation, outlining the specific reasons why these synergies would be realized.

(iii) Our machine tools achieve their quality by precisely matching elemental technologies such as machine design, control, and software. The synergies Nidec alleges regarding "complementarity of products and technologies" appear to be based on the premise that these elemental technologies are modular and easily exchangeable within the group. However, we have consistently provided high added value to our customers by developing products that require precise coordination between various elemental technologies. Placing an emphasis on modularity would make it unable to realize this added value, and as a result, we are concerned that we would no longer be able to meet the standards expected by our customers. In light of our concerns, please reconsider whether our machine tools would create synergies within the Nidec group, and if you believe they will, please provide a detailed explanation, outlining the specific reasons why you believe so.

(iv) The Company has improved the quality of its products by steadily and courteously responding to the unique requirements of each customer and continually innovating its products. On the other hand, we understand that during the meeting held on Friday, January 17, 2025 between the Company's Special Committee and six individuals from the Nidec side, including Nidec's Executive Vice President and First Senior Vice President, and representatives of your subsidiaries, Nidec Machine Tool Corporation ("Nidec Machine Tool") and Nidec OKK Corporation ("Nidec OKK") (the "Meeting"), Nidec said that its goal in the Transaction is to "definitely increase profits through expansion of scale." Please explain in detail whether the Company's philosophy mentioned above can survive without being compromised within the Nidec group, which is focusing on scaling its machine tool business, and if so, how you envision creating synergies.

(2) Complementarity of Production

(i) In the Letter of Intent, as the synergy related to "Complementarity of production", Nidec stated that "Including China and India, where both companies have production bases, and Makino's base in Singapore, there is complementarity of global production bases. Leveraging existing production bases will enable faster business expansion, and synergy effects can be expected in not only production but also in services, purchasing, hiring and training of technical personnel," but two of our three bases in Asia (China, India, and Singapore) overlap with those of Nidec. Based on the above circumstances, please explain in detail the extent to which you believe there are advantages to "complementarity" and the extent to which these advantages outweigh the disadvantages of reduced management efficiency due to overlapping production bases. In addition, please inform us of the operation policy of the two companies' bases in the overlapping areas.

(ii) In the Letter of Intent, Nidec stated that "In addition to the machine tool business, the Tender Offeror also has overseas offices and can provide support not only in production but also in the areas of finance, accounting, general affairs, and human resources.” Please explain in detail Nidec’s view on how its overseas bases, apart from those related to the machine tool business, will contribute to the Company’s production.

(iii) Furthermore, in the Letter of Intent, Nidec stated that “Leveraging existing production bases will enable faster business expansion,” but as you are aware, localization of production depends on whether a supply chain that matches final products in the area can be built. In addition, equipment to be procured varies greatly depending on the purpose, application, machining content, and quality level of a machine tool that will be the final product, and the supply chain becomes more complex as more machine lineups are produced at one base. Accordingly, in the machine tool business, the Company believes that it is difficult to improve efficiency simply by utilizing existing bases and having the same factory. Please explain in detail how Nidec assumes “Leveraging existing production bases will enable faster business expansion.”

(iv) Since the Company believes that a deep understanding of each customer’s needs and maintaining expected quality are of utmost importance, it has established a production system that specializes in specific product lines, including machining centers. Therefore, if the scope of manufacturing and bases are expanded, each employee would be required to manage a larger number of product lines, and we believe this may dilute each employee’s skills and understanding and confidence in products, and lead to a decline in organizational strength and quality. Please explain in detail Nidec’s view on this matter.

(v) In the Letter of Intent, as the synergy related to “Complementarity of production,” Nidec stated that “In addition to procuring European-made NC Controllers and other parts and units, using the purchasing route of Pama, Nidec’s European subsidiary, it will also be possible to realize joint purchasing using . . . global production bases . . .” Among them, as one example of a joint purchased product, Nidec mentioned European-made NC Controllers, but it is not easy to mount NC Controllers made by a manufacturer that is procured for the first time in the Company’s products, and even if joint purchasing is realized, synergy will not occur if the equipment cannot be mounted. The compatibility between NC Controllers and NC motors with machine tools is highly important, and they are important devices that determine the machining accuracy of machine tools. For this reason, the control technology that controls NC adopted by the Company at present is a technology that NC manufacturers and the Company have developed as partners for many years in terms of speed (jerk, acceleration), positioning accuracy, vibration suppression, etc., which determine the machining accuracy of machine tools. If such NC Controllers are replaced with European-made NC Controllers, the compatibility between NC Controllers and NC motors and machine tools would decline, and as a result, the performance of the entire machine tool would be reduced, and it would take many years of development time to improve it to a level equivalent to the current level.

In addition to NC Controllers, we do not have sufficient information at this time about what Nidec's key components are assumed for joint purchasing, and what kind of product level is required for them, and it is unclear whether the required level of key components is the same between Nidec and the Company, so we believe that it is difficult at this time to determine that joint purchasing is possible. As stated in (1) (ii) above, considering the qualitative differences in the products manufactured by the Company and Nidec, we believe that the materials that can be shared are extremely limited. Based on the above premise, please explain the specific reasons why Nidec believes "the purchasing route of Pama" should be used.

(vi) We are concerned that changing important control devices of machine tools, such as European-made NC Controllers, will result in the loss of reliability from and convenience for customers such as die & mold makers, aerospace manufacturers, and medical device manufacturers, which we have built up in the past and also again require manufacturing process certification, and that there is a high possibility of losing repeat order opportunities. In addition, for the core parts required to produce high-speed, high-precision, and high-quality machine tools, we exchange delivery specifications containing the Company's know-how with business partners with whom we have a long-term business relationship to ensure the reliability of our products, and we do not believe that they are suitable for promoting joint purchasing aimed at volume discounts. Please reconsider whether joint purchasing by Nidec and the Company will create synergies for the Company's machine tool business despite the circumstances above, and if you believe so, please explain in detail the basis for this belief.

(vii) We understand that many of the electrical components used in Nidec's products, such as those found in high-voltage panels and similar equipment, are made in China, but in the U.S. space and defense industries, which are our specialties, there are cases where the use of machines using printed circuit boards and electrical parts made in China is prohibited due to U.S. national security. Accordingly, we are concerned that joint purchasing of those parts by Nidec and the Company is difficult. Under such circumstances, please reconsider whether joint purchasing by Nidec and the Company will create the synergy for the Company's machine tool business, and if you believe so, please explain in detail the basis for this belief.

(viii) In the Meeting, with regard to the Company's suppliers after the Transaction, we heard Nidec explained that "We believe many Makino's suppliers will be worried. However, we will respond in consultation with Makino, because if we consult with each other, and if each of us does business with the best suppliers, some of our group companies may stop doing business with Nidec Machine Tool's suppliers and start doing business with Makino's suppliers. What is actually happening within our group, as is the case with OKK and Nidec Machine Tool, is that the sales of good suppliers are increasing rapidly. This is because the number of transactions with these suppliers is increasing. As a result, our group's profits have been increasing." We understand that this explanation means that the Company will focus on fields in which we have strengths compared to other companies in the Nidec group after the Transaction, and as a result, the volume of transactions with suppliers in this field will increase; on the other hand, the volume of transaction with suppliers in fields other than those in the relevant fields will decrease, but the profits of the Nidec group will increase as a whole. Please inform us of whether this understanding is correct.

(ix) In the Meeting, we heard Nidec explained that with regard to the companies acquired by Nidec, "In some cases, all organizations, including human resources department, remain as they are. In most cases, purchase department and sales department remain. It will cost a lot." We believe that this explanation is inconsistent with the statement in the Letter of Intent above, "making it possible to focus management resources on expanding overseas businesses." Please explain the specific details of Nidec's assumption on this matter, including how the Company's organizations will be operated after the Transaction.

(3) Complementarity of Sales Network and Services

(i) In the Letter of Intent, as the synergy related to "Complementarity of sales network and services," Nidec stated that "The Tender Offeror believes that by integrating and effectively utilizing the sales and service networks of the two companies, through joint purchasing, joint sales, complementary support systems, etc., the Target Company will be able to expand its sales and service network more efficiently than if the Target Company were to go it alone" and "The Tender Offeror believes that by effectively utilizing both the Tender Offerors Group-based sales and service network and the Target Company's sales and service network, we will be able to expand our market coverage," but we believe that these descriptions alone do not provide sufficient information for the Company's consideration of synergies.

In other words, cooperation between Nidec and the Company's distributors is indispensable in sales, and synergies cannot be created without the understanding of the distributors.

In addition, it is unclear whether the service personnel of both companies can be mutually utilized, including whether there are sufficient service personnel in the Nidec group to improve the repair parts and service revenue ratio of the Company's machine tools, and whether the Nidec group's human resources can provide after-sales service for the Company's products in a situation where the details of services are different due to different products and sales destinations between Nidec and the Company.

Furthermore, the Company has established its own strict export control system for machine tools, but it is not clear how Nidec's export control system is established, so we do not believe it can be said at this time that the sales networks of both companies can be effectively utilized.

Based on the perspectives above, please explain in detail how to "integrat[e] and effectively utiliz[e] the sales and service networks of the two companies, through joint purchasing, joint sales, complementary support systems, etc."

(ii) Nidec asserted that it will "integrat[e] and effectively utiliz[e] the sales and service networks of the two companies," but with regard to sales, it is necessary to fully understand a company's product concept and consider strategies and tactics to conduct sales activities. However, as stated in (1) (ii) above, due to the qualitative differences in the products manufactured by the Company and Nidec, the Company and Nidec have different product concepts, and we believe that it is difficult to sell them in using the same sales and service networks in the market. Based on these circumstances, please reconsider whether the synergy can be created by "integrating and effectively utilizing the sales and service networks of the two companies" through the Transaction, and if you believe so, please explain in detail the basis for this belief.

(iii) In the Letter of Intent, as the synergy related to "Complementarity of sales network and services," Nidec stated that the Company's "sales opportunities may increase" by leveraging Nidec's "existing sales network to existing customers in IT, OA, consumer electronics, industrial, commercial, automotive, aerospace, and other industries." Please let us know in detail which of the Company's products Nidec intends to increase the Company's sales opportunities by leveraging "existing sales network to existing customers in IT, OA, consumer electronics, industrial, commercial, automotive, aerospace, and other industries." In addition, since the Nidec group has a wide range of business partners and handled products, we infer that there are many competitors other than those in the machine tool industry. Please inform us of whether there were any cases in the past where such competitors refrained from purchasing machine tools from machine tool manufacturers acquired by Nidec which became Nidec group subsidiaries, and if so, please inform us of the specific number of the cases and the resulting decline in sales at these machine tool manufacturers.

(iv) In the Meeting, we heard Nidec explained that "If your company works together with our group, OKK, Takisawa, Pama, drive technology, machine tool services, and your company's services will be operated together." Although the Company has received a very high evaluation from its customers in the Company's after-sales service, please explain in detail the benefits that the Company or its customers can receive if the Company's services and the Nidec group's services are "operated together."

(v) As in (1) (ii), while the Company mainly manufactures machine tools that require high speed, high precision, and high quality with its own technology, Nidec manufactures machine tools that can meet a broader range of needs with more general-purpose technologies, so it will take a considerable amount of time for the Nidec group to acquire the technology that will enable repairs of the Company's products. Furthermore, unlike general consumer goods, with respect to machine tools, we can build a relationship of trust with customers only by continuing to provide services for 10, 20, or 30 years. Accordingly, we are concerned that if the number of machines for which the Company provides services increases, the quality of those services could deteriorate due to lack of sufficient technical acquisition, potentially damaging customer trust for the next 10, 20, or 30 years. Please reconsider whether the Transaction will create the synergy for the Company's services despite the circumstances above, and if you believe so, please explain in detail the basis for this belief.

(vi) The "Machine Tools" webpage of Nidec's website lists various types of machines, but the companies that handle each machine and the contact information for inquiries are divided into Nidec Machine Tool, Takisawa Machine Tool Co., Ltd. ("Takisawa"), and Nidec OKK, and it seems that customers are not able to make one-stop inquiries. In light of the above, it seems to us that Nidec's statement of "integrating and effectively utilizing the sales and service networks of the two companies" is not necessarily the case in reality. Please explain in detail how Nidec intends to "integrat[e] and effectively utiliz[e] the sales and service networks of the two companies" for the Company's products and provide better services to customers after the Transaction.

(4) Organization and Funding

(i) In the Letter of Intent, as a synergy regarding "organization and funding," Nidec stated that "by tapping into Nidec's financing capability backed by sales of over 2 trillion yen," it will be able to make it easier to "review and implement resource- intensive development projects and construct additional production sites." However, the Company's primary goal is not to become "a leading global machine tool manufacturing conglomerate." Rather, the Company's primary goal is to steadily address the issues its customers face, and to respond to their needs in depth by focusing on "high speed, high precision, and high quality" as the core of its product development. Therefore, we currently have no plans to "implement resource- intensive development projects and construct additional production sites." Furthermore, Nidec pointed out that machine tool manufacturers are in an environment where "there is no choice but to curtail investments necessary for sustained growth." However, since its establishment, the Company has independently continued to make necessary and sufficient investments for growth. In our published "FY2027 Goals," we announced that we will make growth investments in production facilities and technical centers, including new factories both in Japan and overseas, digital transformation investments aimed at improving operational efficiency, and environmental investments aimed at reducing greenhouse gas (GHG) emissions, etc. However, these investments are planned to be funded by cash generated through enhancing profitability by improving the cash conversion cycle (CCC), reducing cross-shareholdings, and utilizing interest-bearing debt, and will not require the raising of large amounts of funds. Therefore, from our perspective, we believe that the fact that it will be easier to "review and implement resource-intensive development projects and construct additional production sites" is not an effective synergy. Please explain Nidec's view on this point in detail (if Nidec has specific plans for implementing "resource-intensive development projects and constructing additional production sites," please include the details thereof).

(ii) In the Letter of Intent, Nidec pointed out that "Makino will be able to reduce listing-related housekeeping and cost to speed up management decisions" as a synergy under "organization and funding." Regarding this point, first, (i) with regard to "Makino will be able to reduce listing-related housekeeping and cost . . .," please explain in detail which specific aspects of the workload would be alleviated by the Company joining the Nidec group. In addition, (ii) with regard to "speed up management decisions," please explain in detail the reason why that would be possible.

(5) Dis-synergies

(i) According to Nidec's Semi-annual Report dated November 13, 2024, its main business is the design, development, production, and sale of (i) small precision motors, (ii) automotive products, (iii) appliance, commercial and industrial products, (iv) machinery, and (v) electronic and optical components, and Nidec is developing a wide range of businesses, including the manufacture and sale of products other than machine tools. On the other hand, the Company has been a specialized manufacturer of machine tools since its establishment, and its customers include manufacturers of all products from familiar daily necessities to large passenger aircraft, and some of them are manufacturers who manufacture and sell (i) to (v) above, just like Nidec.

The Company strives to deeply understand and respond to the needs of its customers. In doing so, the Company is presented with opportunities to engage with a variety of technical challenges and nuances unique to each customer. As stated in the Company's management philosophy, "trust is the foundation of a company's existence." In addition, we believe that one key element in earning the trust of the Company's customers is the fact that the Company is a specialized manufacturer of machine tools and does not have any competitive relationships with its customers. However, we are concerned that once the Company joins the Nidec group, since Nidec is developing a wide range of businesses, a structural competitive relationship will arise between the Company's many customers who are engaged in the manufacturing industry related to (i) to (v) above and the Company that has a manufacturing company related to (i) to (v) above (i.e., Nidec) as its group company.

In this regard, the Company has received opinions from its customers and business partners, such as "If Makino Milling Machine joins the Nidec group, we will have to terminate business negotiations," "We will refrain from purchasing Makino Milling Machine's products," "We, the entire group, will not be able to purchase Makino Milling Machine's products because they compete with our products," "When another company joined the Nidec group, internal approval could not be obtained regarding the transaction with such company," and "We will not supply our products to Makino Milling Machine." In addition to the questions in (ii) to (iv) below, please explain in detail what kind of dis-synergies Nidec expects to occur due to the Transaction and how Nidec intends to resolve them.

(ii) Although the Letter of Intent and the Press Release mentioned only the synergies arising from the Transaction, please inform us of the specific details of the dis-synergies that Nidec believes will arise from the Transaction (excluding those mentioned in (1) to (4) above). Additionally, please explain whether Nidec believes the synergies resulting from the Transaction will outweigh the dis-synergies, and if so, explain in detail the basis for this belief.

(iii) It was reported that in response to the Press Release, mold manufacturers who are the Company's customers have concerns about the loss of the Company's independence due to Nidec's acquisition which would affect the continuity of its technical support and services, and based on such fact, Japan Die and Mold Industry Association, to which mold manufacturers belong, is coordinating opinions in the direction of conducting a questionnaire survey on how they perceive the acquisition (an article dated January 21, 2025 in the Nikkan Kogyo Shimbun, titled "The focus is Makino Milling Machine's Independence; Japan Die and Mold Industry Association considers conducting a questionnaire survey on Nidec's TOB"). Please explain in detail how Nidec perceives the above report and the execution of the Transaction that does not seem to take into account the intentions of the Company's customers under the circumstances where the Company's business partners clearly stated that they are concerned that the Transaction will have an undesirable impact on the continuity of its technical support and services.

(iv) In response to the Press Release, China Die & Mould Industry Association and other die and mold industry associations throughout China issued a statement saying, "We are concerned that Nidec's acquisition of the Company will damage the Company's brand independence and brand value and affect its leading position in the global mold industry. We are also concerned about whether the Company group will be able to continue to provide high-quality technical services to the Chinese market in the future. We believe that the Nidec group may adjust its technology developments, service network, and customer support strategies following the acquisition of the Company, which may affect its ability to provide services to the Chinese market." Please explain in detail how Nidec perceives these statements and the execution of the Transaction that does not seem to take into account the intentions of the Company's business partners under the circumstances where the Company's business partners clearly stated that they are concerned that the Transaction will have an undesirable impact on the quality of its technical services.

(6) In the Letter of Intent, with regard to the reason why Nidec aims to make the Company its wholly-owned subsidiary, Nidec explained this action "will achieve significant synergies between the two companies in terms of products, technology, production, and sales channels and services that will likely maximize corporate value for both companies." However, we believe that the synergies described in "4. Expected Synergies with Nidec Group" in the Letter of Intent may also be realized by executing a capital and business alliance agreement between Nidec and the Company. Please explain in detail the reason for Nidec's decision to strive to make the Company its wholly-owned subsidiary despite this fact.

(7) According to the Press Release, "74 domestic and overseas companies" have joined the Nidec group through M&A to date. For the 74 companies, please inform us of whether their integration has been successful and whether their profits have remained strong.

(8) Please inform us of the specific names of all the companies in the Nidec group that belong to the machine manufacturing field, and explain in detail how they achieve synergies by belonging to the Nidec group.

(9) In Nidec's press release dated January 17, 2025, titled "Announcement regarding Nikkei xTech's January 16, 2025 Article," "The article in question [The Company's note: the web article published by Nikkei xTech (Nikkei BP) on January 16, 2025, "The company acquired by Nidec said, 'We should have been acquired by Okuma,' and Makino Milling Machine also voices its doubts about synergy"] claims that multiple machine tool companies of the Nidec Group have experienced operating deficit and decrease in the range of their profitability after joining the group. However, these figures do not accurately represent the reality of the individual businesses, as the numbers are merely the operating profits of these companies prior to joining the Nidec Group, or of the companies' Japanese units alone, and fail to consider such elements as the impacts of business consolidation, consolidated profit, and depreciation and amortization cost caused by capital expenditure. . . For example, Nidec OKK Corporation has already started generating profit on a consolidated basis, while other machine tool companies of the group constantly enjoy operating profit ratios of 10% or more." Does this imply that some machine tool companies that had joined the Nidec group through M&A experienced operating losses and declining surpluses on a non-consolidated basis after becoming part of the group? Additionally, does this mean that after Nidec OKK joined the Nidec group through M&A, it observed operating losses and declining surpluses on a non-consolidated basis? In this regard, please provide quantitative figures and a detailed explanation.

3. Benefits of the Transaction for Stakeholders

(1) In the Letter of Intent, as "benefits for . . .employees . . .," Nidec said (i) "[s]hould Makino join Nidec Group, business is likely to scale up through capital investments and enhancements to the sales network that will increase career opportunities for Makino's employees through the creation of new roles and positions," (ii) "Nidec's policy is to provide compensation based on employee contribution and performance regardless of educational background, age, gender, race, or affiliation (i.e., whether an employee is from an acquired company). Makino's employees will have more opportunities . . .," and (iii) "Nidec's welfare benefits are on par with other leading companies and will be offered to Makino on same terms as all other Nidec Group companies." However, of course, we also evaluate employees and provide compensation "based on employee contribution and performance" "regardless of educational background, age, gender, race . . ."

(with respect to (ii)), and we are proud that we also offer "welfare benefits are on par with other leading companies" (with respect to (iii)). In addition, if we were to join the Nidec group, while this would broaden the range of positions available to our employees; it would also create the possibility that employees of Nidec group companies would be able to take up positions in our company, so we cannot necessarily say that it "will increase career opportunities for" our employees. As described above, the "benefits for . . . employees . . ." of the Transaction may be limited. Taking the above into consideration, please reconsider whether you believe that the Transaction will provide substantial benefits to our employees, and if so, please explain in detail the basis for this belief.

(2) In the Letter of Intent, as "benefits for . . . local communities . . .," Nidec said "[s]hould Makino join Nidec Group, business is likely to scale up not only through capital investment to existing plants and construction of new plants but by way of enhancing the existing sales network which will likely contribute to further job creation" and "[e]ngaging with Nidec Group will also likely create new business opportunities for local companies." However, the Company joining Nidec group does not necessarily mean that "capital investment to existing plants and construction of new plants" will occur. In addition, it is unclear what kind of "[e]ngaging with Nidec Group" will take place after the Transaction, and what kind of "new business opportunities for local companies" are expected. Please explain in detail the substantial or specific benefits to the local community that will result from the Transaction (including what kind of "new business opportunities for local companies" are expected to be created).

(3) In the Letter of Intent, as "benefits for . . . business partners," Nidec said (i) "[s]hould Makino join Nidec Group, Expanding Makino's business will likely scale up and lead to increased opportunities for your business partners. As they engage with Nidec Group, Product quality and line-up of your business partners will likely improve not only in machine tool offerings but in other areas" and (ii) "[y]our business partners will be able to scale up their business by way of new business opportunities created through engaging with Nidec Group." However, we understand that many of our customers purchase machine tools that require precise adjustments using our own unique technology, whereas many of Nidec's customers purchase machine tools that use more general-purpose technology to meet a wide range of demands. As our existing customer bases are different, we

believe that the Company joining the Nidec group will not contribute to improving the level of our products in the direction desired by our existing customer base. Furthermore, since the products that our customers want are qualitatively different from Nidec's products, it is unclear whether our customers will find improved "lineup" or "new business opportunities created through engaging with Nidec Group" attractive. In this context, the "benefits for … business partners" of the Transaction seem to be limited. Taking the above points into consideration, please reconsider whether the Transaction will bring substantial benefits to our business partners, and if so, please provide a detailed basis for this belief.

(4) As described above in 2 (5) (i), a certain number of our business partners have indicated that they would like to refrain from doing business with us if Nidec were to become our parent company. In addition, as described above in 2 (5) (iv), the China Die & Mould Industry Association and various regional mold industry associations in China have issued statements expressing their concern that the Transaction will have an undesirable impact on the quality of our technical services. In addition, while it is possible that Nidec's competitors may refrain from purchasing machine tools from the Company once it becomes part of the Nidec group due to the wide range of business partners and products handled by the Nidec group, in light of the reactions of our business partners, please reconsider whether the Transaction will bring substantial benefits to them, and if so, please provide a detailed basis for this belief.

4. Human Capital of Nidec Group

(1) In the Letter of Intent, with regard to the treatment of the Company's officers and employees after the Tender Offer, Nidec said that "we hope that Makino's management and employees will basically continue to play an active role as they have always done," "[w]hile the Tender Offeror intends to discuss and determine the specific personnel allocation with the Target Company in the future," and "the Tender Offeror . . . can provide support not only in production but also in the areas of finance, accounting, general affairs, and human resources, enabling the Target Company to focus its management resources on expanding its overseas business," which makes it seem as if the Company's employees may lose their current jobs or be subject to reassignment. In relation to this, according to the Letter of Intent and Press Release, "74 companies both in Japan and overseas"

have joined the Nidec group through M&A to date. Regarding the 74 companies that joined the Nidec group through M&A, please confirm whether, in the five years since they joined the Nidec group, there were any significant transfers of employees, dismissals, retirement encouragement, or other restructuring measures. If such measures were implemented, please provide specific details, including the nature of the actions taken and the number of affected employees.

(2) Please inform us of the average annual employee turnover rate for such 74 companies (i) during the five years prior to joining the Nidec group and (ii) during the five years after joining the Nidec group. In particular, please be sure to answer these questions regarding Mitsubishi Heavy Industries Machine Tool Corporation (now Nidec Machine Tool ("Mitsubishi Heavy Industries Machine Tool")), OKK Corporation (now Nidec OKK ("OKK")), PAMA S.p.A., and Takisawa.

(3) Please inform us of Nidec's average annual employee turnover rate over the past five years.

(4) Please inform us of the following information for such 74 companies: (i) the average monthly working hours of employees, (ii) the rate of paid leave taken, and (iii) the amount of salary immediately before they joined the Nidec group and at the present time, respectively. In particular, please be sure to answer these questions regarding Mitsubishi Heavy Industries Machine Tool, OKK, PAMA S.p.A., and Takisawa.

(5) On the "Company Profile" page of the OKK website, it is stated, "Employees: Approximately 550 (April 2024)." Please confirm whether this represents the number of employees on a consolidated basis that OKK previously disclosed. In OKK's 164th securities report dated June 21, 2022, it was disclosed that as of March 31, 2022, OKK had 813 employees as a consolidated unit. Therefore, if the employee numbers stated on the OKK website above are for the consolidated unit, then OKK's employees have decreased by approximately 300 since joining the Nidec group in 2022. Please provide a specific reason for this.

(6) In the Letter of Intent, as the synergy related to "Complementarity of production," Nidec stated it "also has global production bases . . . and we are able to provide support not only in production but also in areas such as finance, accounting,

general affairs, and human resources, making it to possible to focus management resources on expanding overseas businesses," and as the synergy related to "Complementarity of sales network and service," Nidec stated that "it can provide support in the areas of finance, accounting, general affairs, human resources, etc. for its overseas offices as well as its production sites, allowing the Target Company to focus its management resources on sales and service." However, if Nidec provides the Company with "support in the areas of finance, accounting, general affairs, human resources, etc." in the Company's overseas bases, we believe that there will be duplication of work with those who are in charge of "finance, accounting, general affairs, human resources, etc." at the Company's overseas bases. Please explain Nidec's specific assumption on the treatment policy of persons in charge of "finance, accounting, general affairs, human resources, etc." in the Company's overseas bases.

(7) Please explain in detail whether Nidec has its own labor union or if there is a labor union to which Nidec's employees belong. If not, please explain in detail the reasons for this and Nidec's approach regarding the handling of the Company's labor union if the Company joins the Nidec group.

5. The Company's Management Policy, Business Plan, Financial Plan, Capital Policy, Dividend Policy, and Asset Utilization Measures after the Transaction

(1) According to the Letter of Intent and the Press Release, Nidec "is considering dispatching a director from the Tender Offeror to the Target Company if the Tender Offer is successful," but "the specific management structure will be decided after today upon sincere discussions." Please explain in detail the "specific management structure" of the Company envisaged by Nidec at this time after the Tender Offer is successful.

(2) Please explain the specific details of the Company's business plan, financial and funding plan, investment plan, capital policy, dividend policy, etc. after the Tender Offer, which Nidec expects at this time (if any).

(3) Regarding the Company, please inform us whether Nidec might make a proposal or provide advice or exercise its influence related to capital increase or decrease,

merger, business transfer or purchase, partial share exchange, share exchange or share transfer, company split, or other similar actions, or transactions such as disposition or acquisition of important assets, regardless of whether it is after the Tender Offer, and if there is such a possibility, please provide the specific details thereof.

(4) In addition to the matters described in the Letter of Intent and the Press Release, if Nidec has any plans to change the management structure, please provide the specific details thereof.

6. Background Which Led to Submission of the Letter of Intent

(1) According to the Press Release, although Nidec "has started to consider the Transaction from around August 2024," Nidec stated that "prior to the submission of the Letter of Intent and the publication of the Press Release, Nidec has not made any proposal for discussion, etc. with the Target Company regarding the Transaction in order to inform all shareholders of the Target Company of the situation through a transparent process from the proposal stage of this Transaction in light of the fact that the 'Principle of Shareholders' Intent' and the 'Principle of Transparency' are required for acquisitions of corporate control of listed companies in general in the 'Guidelines for Corporate Takeovers-Enhancing Corporate Value and Securing Shareholders' Interests-' published by the Ministry of Economy, Trade and Industry on August 31, 2023."

However, even if prior discussion or consultation had been conducted with the Company prior to the submission of the Letter of Intent, it would have been possible to respond in accordance with the "Principle of Shareholders' Intent" and the "Principle of Transparency" by disclosing all materials related to the discussion externally; thus, it is believed that it was possible to conduct prior discussion or consultation even in light of the "Principle of Shareholders' Intent" and the "Principle of Transparency." Moreover, to ensure that our shareholders had sufficient information and time to thoroughly and appropriately consider the Transaction, we believe it would have been reasonable to engage in prior discussion or consultation with the Company before disclosing the Letter of Intent and Press Release. Accordingly, please provide a reason for not conducting prior discussion or consultation.

(2) In particular, Nidec sent the Letter of Intent to the Company on December 27, 2024 (Friday), which is the last business day of the year for the Company and many other businesses in Japan. Ordinary companies in Japan, including the Company, typically cannot begin to evaluate a letter of intent suddenly received on that day until the beginning of the next year, unless sufficient arrangements have been made in advance. This makes it evident that the period available for the Company and its shareholders to consider the Proposal would have been significantly shortened. Despite this foreseeable impact, please provide an explanation as to why Nidec did not engage in any prior consultation with the Company, particularly in light of this schedule.

(3) According to the Letter of Intent and Press Release, Nidec "started to consider the Transaction from around August 2024," and Nidec had been considering the Transaction for approximately five months until the Proposal was made on December 27, 2024. On the other hand, on the last business day of 2024, without prior consultation with the Company, Nidec announced in the Letter of Intent that it would commence the Tender Offer on April 4, 2025, and in light of the fact that the consideration period would effectively commence at the beginning of 2025 as described in (2) above, only about two and a half months have been allocated for the Company to consider the Proposal. Please provide an explanation for why Nidec believes that approximately half of the consideration period is sufficient for the Company to adequately evaluate the Proposal.

(4) When Nidec conducted a tender offer for the purpose of making Takisawa a wholly-owned subsidiary in 2023, prior to sending the letter of intent regarding the tender offer, Nidec proposed a capital and business alliance to Takisawa in January 2022 (from Nidec's "Notice Regarding Scheduled Commencement of Tender Offer for Takisawa Machine Tool Co., Ltd. (Securities Code: 6121)" dated July 13, 2023). Based on this, we understand that Nidec consulted with Takisawa in advance about the acquisition of the shares in Takisawa.

Further, we are informed that in the Meeting, in response to a question from the chairperson of the Special Committee "Has such a case [Note: an acquisition proposal without prior discussion or consultation] arisen in the past?", Nidec responded "This is the first time for our company."

However, please provide an explanation for why prior discussion or consultation was not conducted in this case, even though such discussions were conducted in past acquisitions by Nidec. Specifically, please address the substantial reasons for differentiating between the Transaction and the acquisition of Takisawa or other acquisitions in terms of whether prior consultations were made.

(5) In (i) the case of Alimentation Couche-Tard Inc.'s proposal to acquire Seven & i Holdings Co., Ltd., (ii) the well-known case in the United States of Kraft Foods Inc.'s eventual full acquisition of Cadbury plc, (iii) the recent case of Arkhouse Management Co. LP's proposal to fully acquire Macy's, Inc., followed by a proxy contest for the election of directors at the company's general meeting of shareholders after Macy's, Inc.'s rejection of the proposal, (iv) the case of Choice Hotels International, Inc.'s proposal to fully acquire Wyndham Hotels & Resorts, Inc., and (v) the most recent case on January 7, 2025, where Cintas Corporation proposed to fully acquire UniFirst Corporation, it has been reported that the proposer of the unsolicited acquisition made a preliminary acquisition proposal to the target company and engaged in prior consultations with it before publicly announcing its proposal. In addition, given the fact that many sources (e.g., https://www.wallstreetprep.com/knowledge/hostile-takeover/) point out that many hostile takeovers are conducted after negotiations for a friendly deal with the target company have failed, the approach of publicly announcing a takeover proposal without prior consultation is extremely rare in Japan and does not appear to be a common practice in the United States. Please provide an explanation for choosing a method that differs from the standard practice in this case.

(6) According to an article in the Nihon Keizai Shimbun published on the web on January 22, 2025 ("many TOB without prior contact conducted in the United States," Araki Takamitsu, Nidec's First Senior Vice President), Masakazu Iwakura, a lawyer at TMI Associates who advises Nidec on legal matters, explained, "TOBs with little to no prior consultation or contact are practiced 'countless times' in the United States, and a representative example is the entrepreneur Elon Musk's acquisition of Twitter, Inc. (now X) in 2022 and the U.S. software giant Oracle's acquisition of its industry peer PeopleSoft in 2004."

However, after consulting with Sullivan & Cromwell LLP, one of our legal advisors and a leading U.S. law firm, we have determined that such a statement is inaccurate

for the following reasons and should not be used as a reference in this case:
First, the Twitter case is a unique case in the United States. In that case, Mr. Elon Musk acquired 9.2% of the shares in Twitter without making the necessary disclosures, and both parties negotiated from March to April 2022 regarding his appointment as a director of Twitter. The appointment was scheduled for April 9, but on the same day, he notified Twitter that he would not be taking office. He also notified Twitter of his intention to acquire Twitter on April 13, but he did not announce his intention until April 14.

In addition, the Oracle case is also a special case. There were circumstances that suggested that Oracle intended to interfere with PeopleSoft's acquisition of J.D. Edwards, Oracle's competitor, by announcing its intention to acquire PeopleSoft on June 6, 2003, immediately after PeopleSoft announced its acquisition of J.D. Edwards on June 2, 2003. Further, about a year earlier, on June 5, 2002, Oracle and PeopleSoft signed a non-disclosure agreement and discussed the integration of their application businesses for two days.

As mentioned above, in each of the above cases, there was some kind of contact, including the appointment of a director, prior to the announcement of the intention to acquire, and it is difficult to categorize these as "TOBs with little to no prior consultation or contact." If the expression "with little to no" was used with awareness of these prior contacts in the two cases, we believe that it constitutes a misleading representation that could misinform shareholders and investors. In addition, in both cases, the acquirer was either in a situation where it was deemed to have neglected legally required disclosures or where there were indications that the acquirer intended to interfere with the target company's acquisition of the competitor. These circumstances distinguish them from typical (unsolicited) acquisitions, making them unsuitable as "representative examples."

In light of the above facts, we request that you clarify whether you believe the Proposal is consistent with general practices in the United States. If so, please provide specific reasons to support this belief (please explain also the necessity for applying general practices in the United States to Japan).

(7) Mr. Shigenobu Nagamori, Representative Director of Nidec Global Group (Chairman of the Board) (the "Nagamori Group Representative") stated in an

article of Nikkei Business magazine published online on December 27, 2024, the day when the Proposal was announced, titled "Nidec Nagamori 'can't spend time in the face of the threat from China' and makes TOB for Makino Milling Machine" (the "Nikkei Business Interview Article"), "This time, we have not negotiated in advance. If we negotiate for a takeover and prolong the process, the other party might find a white knight (a friendly acquirer), which would take too much time." These remarks suggest the reason why Nidec did not make any preliminary inquiries with the Company before making the Proposal was to avoid prior negotiations with the Company and the appearance of a white knight. Please inform us in detail of the meaning of these remarks and, in light of these remarks, the reason why Nidec did not make any preliminary inquiries before making the Proposal.

(8) Further, in a private interview in the Nikkei Business Interview Article, Nidec's Nagamori Group Representative responded to the question, "What would you do if a white knight appeared?" by saying, "If a rival party really appeared and raised the purchase price, I would even consider making a tender offer against that party." This statement suggests that if another company were to make a competing proposal to the Proposal, Nidec would consider making a tender offer to that company in addition to the Company, which seems to discourage other companies from submitting such competing proposals. Please inform us of the meaning of this statement. Additionally, it is conceivable that the reason why, despite the Company's request, Nidec does not believe that there is any necessity to postpone the scheduled commencement date of the Tender Offer from April 4, 2025 is to avoid the appearance of a white knight as much as possible in light of this statement. The Company recognizes that there are certain cases where if a white knight appears and a competing proposal is made, the purchase price will be raised from the initial proposal and the profits to the target company's shareholders will increase. Given such circumstances, please provide a detailed explanation for why Nidec does not believe there is a necessity to postpone the scheduled commencement date of the Tender Offer, which is on April 4, 2025.

7. Setting of the Lower Limit for the Tender Offer and Squeeze-Out Policy

(1) According to the "Matters to be Noted Regarding the Disclosure of Tender Offers (Tender Offer Disclosure Guidelines)" published by the Policy and Markets Bureau of the Financial Services Agency in October 2024, it is necessary to examine

whether the purpose of the tender offer aligns with the upper and lower limits on the planned numbers of shares to be purchased when preparing a tender offer registration statement. In particular, the guidelines state that "in tender offers aimed at acquiring all outstanding shares, if the lower limit on the planned number of shares to be purchased is set at a level that risks resulting in the tender offeror and its special related parties holding less than two-thirds of the voting rights of all shareholders after the tender offer, the offeror must specifically disclose the rationale for why it considers that such lower limit on the planned number of shares to be purchased is necessary and appropriate for achieving the purpose of the tender offer." However, in the Letter of Intent and Press Release, (as described in (2) below, while there is an explanation suggesting that setting the lower limit at 50% is acceptable in anticipation of a squeeze-out, considering that the share consolidation resolution can still be reasonably expected to pass, even if the lower limit is set to 50%,) there is no explanation about the positive reasons or necessity for setting the lower limit at 50%. Thus, please explain in detail the necessity for this decision.

(2) Nidec has stated in the Letter of Intent and Press Release that, while Nidec has set the lower limit on the number of shares to be purchased in the Tender Offer at 50%, even if the number of shares tendered in the Tender Offer is close to the aforementioned lower limit, since domestic passive index funds, related parties of the Company, and cross-shareholding partners of the Company (the "Domestic Passive Funds") are "expected to exercise their voting rights in favor" of the proposal for a share consolidation (on the assumption that they will not tender their shares in the Tender Offer), it is reasonably expected that the proposal for a share consolidation will be approved with an approval rate of at least approximately 74.12% (a percentage of ownership). However, Nidec provides no rational basis for assuming that the above-mentioned shareholders are "expected to exercise their voting rights in favor" of the proposal in light of the circumstances of this case in which the Proposal was made without any prior discussion or consultation. At present, in light of the circumstances of this case in which the Proposal was made without any prior discussion or consultation, we believe that there is no basis to infer that the Domestic Passive Funds would support Nidec's goal of making the Company a wholly-owned subsidiary. Please provide an explanation in detail as to why Nidec believes the Domestic Passive Funds will exercise their voting rights in favor of the share consolidation proposal.

(3) As mentioned in (2) above, Nidec has stated that it is assumed that domestic passive index management funds would not tender their shares in the Tender Offer. However, IR Japan, Inc., the Company's shareholder relations advisor, has reported to us that there are a certain number of domestic passive index funds that will tender their shares in a tender offer depending on the terms of the tender offer. In addition, the Government Pension Investment Fund (GPIF) website states in its "Request for Asset Manager Applications (Japanese Equities)" section that "GPIF requests passive investment managers to add value in excess of the benchmark within a certain range of tracking error." We believe that some domestic passive index funds are willing to accept a certain level of tracking error and may tender their shares. Furthermore, Nidec acknowledged in the Press Release that "while some of the domestic passive index funds that own Target Company's shares will not, in principle, tender their shares in the Tender Offer regardless of the appropriateness of the terms of the offer, there are those that, in light of past cases, have a policy of exercising their voting rights in favor of proposals for share consolidation at the general meeting of shareholders in subsequent squeeze-out procedures," and it appears that Nidec itself is aware that there are domestic passive index management funds that will tender their shares in the Tender Offer. Taking these points into consideration, please explain in detail why, when setting the lower limit on the number of shares to be purchased in the Tender Offer, you proceeded with your consideration under the assumption that "all" domestic passive index management funds would not tender their shares in the tender offer.

(4) For the passive index management funds for which Nidec is making estimates, please inform us of (i) the breakdown of shares held (ETF holdings, other holdings), (ii) the name of the information vendor used to obtain the information, (iii) the date and time the information was obtained from the information vendor, and (iv) the base date for the information. If the base date differs for each fund or management institution, please inform us of both the most recent and the oldest date and time.

(5) There is a certain period of time until the commencement of the Tender Offer, and depending on factors such as fluctuations in the share price, there may be changes in the Company's shareholder structure during that period. Please let us know if Nidec plans to re-analyze the setting of the lower limit on the number of shares to be purchased in the Tender Offer using the shareholder composition after such

change.

(6) As stated in (2) above, when considering setting the lower limit on the number of shares to be purchased in the Tender Offer, Nidec also took into account the shareholding ratio of the Company's cross-holding partners. Please explain the basis for calculating such shareholding ratios. In addition, when a tender offer for Takisawa was made, the characteristics of the tender of shares in the tender offer by shareholders and the exercise of the voting rights by the passive index management funds on the proposals regarding the squeeze-out were explained as follows: "assuming that the Target Company would express an opinion other than in favor of the Tender Offer, and although it is uncertain whether the Target Company would support the Tender Offer in such case, if the Tender Offer is completed and the Extraordinary Shareholders' Meeting is held, the number of shareholders who are expected to vote in favor of the Special Resolution for the Share Consolidation Proposal at such shareholders' meeting is expected to be totally approximately 18.47% in terms of Ownership Ratio . . .; the number of shares owned by the above-mentioned Passive Index Management Funds (approximately 7.96%), the number of shares owned by the Target's employee stock ownership plan (approximately 1.25%), the number of shares owned by the Target's directors (approximately 0.66%), and the number of shares held by the Target Company's business partners' stock ownership plan (approximately 8.60%)," and cross-shareholding partners were not included. Nevertheless, please explain in detail why Nidec is taking into account the holding ratios of cross-holding partners when determining the lower limit on the number of shares to be purchased in the Tender Offer.

End