

**Public Tender Offer**  
**of**  
**Toyota Industries Corporation, Kariya-shi, Japan**  
for all publicly traded  
**registered shares of Uster Technologies AG, Uster,**  
**Switzerland**

with a nominal value of CHF 9.40

**Offer Price:**

Toyota Industries Corporation, Kariya-shi, Japan ("**Toyota**"), offers CHF 44.00 net per registered share of Uster Technologies AG, Uster, Switzerland ("**Uster**"), with a nominal value of CHF 9.40 each ("**Uster Share**"), less the gross amount of any dilutive effects regarding the Uster Share becoming effective prior to the settlement of the Tender Offer.

A dividend/distribution of CHF 2.50 per Uster Share out of reserves from capital contribution to be resolved by the shareholders' meeting of Uster on 12 April 2012 *does not* constitute a dilutive effect.

Dilutive effects include however, without limitation, other dividend payments and distributions of any kind as well as the issuance, allotment or exercise of financial instruments (such as options and Restricted Stock Units), but only in the event that these financial instruments are not fully disclosed in Uster's annual report 2011.

**Offer Period:**

From 15 March 2012 to 13 April 2012, 4:00 p.m. CET (extendable).

**Financial Advisor and  
Offer Manager:**

Nomura Bank (Switzerland) Ltd.

Registered Shares of Uster Technologies AG

Security Number: 3'433'153

ISIN: CH0034331535

Ticker Symbol: USTN

Offer prospectus of 29 February 2012

## **Restrictions on the Offer**

### **General**

The offer described in this offer prospectus is not being made directly or indirectly in any country or jurisdiction in which such offer would be considered unlawful or in which it would otherwise violate any applicable law or regulation, or would require Toyota to amend the terms or conditions of the public takeover offer in any way, or which would require to make any additional filing with or take any additional action with regard to any governmental, regulatory or legal authority. It is not intended to extend the public takeover offer to any such country or jurisdiction. Documents relating to the public takeover offer may not be distributed in such countries or jurisdictions or sent to such countries or jurisdictions. Such documents may not be used for purposes of soliciting the purchase of any securities of Uster by any person or entity in such countries or jurisdictions.

### **Notice to U.S. Holders**

The public tender offer described in the pre-announcement, this offer prospectus and any other offering materials with respect to the public tender offer will not be made directly or indirectly in or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce of, or any facilities of national securities exchange of, the United States of America (U.S.) and may only be accepted outside the U.S. This includes, but is not limited to, facsimile transmission, telex or telephones. The pre-announcement, the offer prospectus and any other offering materials with respect to the public tender offer must neither be distributed in nor sent to the U.S. and must not be used for the purpose of soliciting the sale or purchase of any securities of Uster Technologies Ltd., from anyone in the U.S. Toyota Industries Corporation is not soliciting the tender of securities of Uster Technologies Ltd. by any holder of such securities in the U.S. Securities of Uster Technologies Ltd. will not be accepted from holders of such securities in the U.S. Toyota Industries Corporation reserves the absolute right to reject any and all acceptances by them not to be in the proper form or the acceptance of which may be unlawful.

### **Notice to United Kingdom Holders**

In the United Kingdom, the offering documents in connection with the offer are being distributed only to and directed at solely (a) persons who have experience in matters relating to investments being investment professionals as defined in art. 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (b) persons falling within art. 49 (2)(a) to (d) ("high net worth companies, unincorporated associations, etc") of the Order or (c) other persons to whom they may lawfully be communicated under an exemption in the Order (all such persons together being referred to as "**relevant persons**"). Any person who is not a relevant person should not act or rely upon this document or

any of its content. The offer referred to in the tender documents is not available, and will not be engaged in with persons that are not relevant persons.

## **Public Takeover Offer by Toyota ("Tender Offer" or "Offer")**

### **Background of the Tender Offer**

On 15 September 2011, Toyota acquired a 6% stake in Uster from Alcide Limited, 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands ("**Alcide**"). Together with a 22.46% stake in Uster, which was acquired in 2009, Toyota therefore held 2,407,600 Uster Shares, corresponding to 28.46% of the share capital and voting rights in Uster at such date. On 7 November 2011, Toyota entered into an agreement with Alcide to purchase an additional stake of 1,850,777 Uster Shares, corresponding to 21.88% of the issued and outstanding Uster Shares (see section D.3.). This agreement was consummated on 15 February 2012 and therefore Toyota since 15 February 2012 holds a participation of 50.34% in Uster. Therewith, Toyota is, according to art. 32 para. 1 of the Federal Act on Stock Exchanges and Securities Trading ("**SESTA**"), obliged to make a mandatory offer to acquire all listed equity securities of Uster.

With the publication of this Offer Toyota fulfills its obligation to make a mandatory offer to the shareholders of Uster.

### **A. The Tender Offer**

#### **1. Pre-Announcement**

The Tender Offer has been pre-announced as voluntary offer according to art. 5 ss. of the Ordinance of the Swiss Takeover Board on Public Takeover Offers ("**TOO**") by means of publication in the electronic media on 8 November 2011 and in the print media in German and French on 10 November 2011. From the publication of the pre-announcement until 15 February 2012, the Offer was a voluntary offer.

With decisions of 15 December 2011 and 30 January 2012, the Swiss Takeover Board upon request by Toyota extended the period for the publication of the offer prospectus until 29 February 2012. These extensions were granted to await all approvals of the competent merger control authorities and especially the consent of the Ministry of Commerce of the People's Republic of China on the purchase of the 21.88% stake in Uster from Alcide (see section D.3.) prior to the publication of the offer prospectus.

#### **2. Object of Offer**

The Offer, which is subject to the offer restrictions, extends to all publicly held Uster Shares, including those Uster Shares which will be issued from financial instruments until the end of the Additional Acceptance Period (as defined in sec-

tion A.6.). The Offer does not extend to Uster Shares which are held by Uster or any of its subsidiaries.

On 24 February 2012, the offer extends to a total of 4,201,623 Uster Shares, as listed below:

	Uster Shares
Number of titles listed	8,460,000*
- less shareholding of Toyota (and the persons acting in concert with Toyota pursuant to section B.2., excluding Uster and its subsidiaries)	- 4,258,377
- less Uster treasury shares (according to the annual report 2011)	- 0
<b>Uster Shares covered by the Offer</b>	<b>4,201,623</b>

### 3. Offer Price

Toyota offers CHF 44.00 net per registered share of Uster with a nominal value of CHF 9.40 each, less the gross amount of any dilutive effects regarding the Uster Share becoming effective prior to the settlement of the Tender Offer.

A dividend/distribution of CHF 2.50 per Uster Share out of reserves from capital contribution to be resolved by the shareholders' meeting of Uster on 12 April 2012 *does not* constitute a dilutive effect.

Dilutive effects include however, without limitation, other dividend payments and distributions of any kind as well as the issuance, allotment or exercise of financial instruments (such as options and Restricted Stock Units), but only in the event that these financial instruments are not fully disclosed in Uster's annual report 2011.

As part of the Transaction Agreement (see section D.3.), Toyota agreed to vote for a dividend payment of CHF 2.50 per Uster Share out of reserves from capital contribution at the annual shareholders meeting of Uster on 12 April 2012 with all its 4,258,377 Uster Shares as proposed by Uster's board of directors.

The Uster Share is considered liquid for the purpose of the minimum price provisions of the Swiss takeover law (i.e. a valuation by an auditor is *not* required). On 8 November 2011, the day of the pre-announcement, the hence determined minimum price was CHF 31.50 (volume-weighted average price of the last 60 trading days)

The Offer Price of CHF 44.00 and the additional dividend of CHF 2.50 per Uster Share correspond to a premium of 47.6% compared to the volume-weighted average price of the Uster Share of CHF 31.50 for the past 60 trading days prior to

the publication of the pre-announcement in the electronic media on 8 November 2011.

The price development of the Uster Share at the SIX Swiss Exchange presents itself as follows (share price details relate to the highest and lowest price paid in CHF):

Uster Share	2008	2009	2010	2011	2012*
High	47.70	27.00	33.20	42.90	46.20
Low	5.80	5.50	22.50	26.85	40.50

\* 1 January 2012 to 24 February 2012

Source: Bloomberg

Volume-weighted average price for the period of 60 trading days prior to 8 November 2011 (day of the pre-announcement of the Tender Offer): CHF 31.50

Closing price on 7 November 2011 (last trading day prior to the pre-announcement of the Tender Offer): CHF 35.00

#### 4. Cooling-off Period

Subject to an extension by the Swiss Takeover Board, the cooling-off period runs for 10 trading days after the publication of the offer prospectus, i.e. it is expected to run from 1 March 2012 to 14 March 2012 ("**Cooling-off Period**"). The Offer can be accepted only after expiration of the Cooling-off Period.

#### 5. Offer Period

Upon publication of this offer prospectus on 29 February 2012, the Tender Offer is expected to be left open for a period of 20 trading days after expiration of the Cooling-off Period. The Tender Offer is therefore expected to be open for acceptance from 15 March 2012 to 13 April 2012, 4:00 p.m. CET ("**Offer Period**"). Toyota reserves the right to extend the Offer Period.

#### 6. Additional Acceptance Period

If the Offer is successful, the acceptance period for the Tender Offer after expiration of the (possibly extended) Offer Period will be extended (after publication of the definitive interim results) by an additional acceptance period of 10 trading days ("**Additional Acceptance Period**"). The Additional Acceptance Period is expected to run from 20 April 2012 to 4 May 2012, 4:00 p.m. CET.

## **7. Condition**

The Offer is subject to the following condition:

- No judgment, order or other authoritative measure has been issued which prohibits or declares illegal the Offer or the consummation thereof.

Toyota reserves the right to waive, in whole or in part, this condition.

The condition applies until the settlement of the Offer.

In case Toyota is, due to the condition, allowed to cancel the Offer, Toyota reserves the right to withdraw the Offer.

## **B. Information on Toyota (Offeror)**

### **1. Name, Domicile, Share Capital, Business Activity**

Toyota is domiciled in Kariya-shi, Japan. Toyota has an issued common stock of 325,840,640 registered shares and the shareholders' meeting authorized the board of directors to issue, as needed, new shares up to 1,100,000,000 registered shares. Each share carries one vote. The shares do not have a nominal value.

### **2. Persons Acting in Concert with Toyota**

Toyota and all subsidiaries of Toyota are considered as persons acting in concert within the meaning of art. 11 TOO. A list of the major subsidiaries may be found on pages 80 et seq. of the Toyota Industries Report 2011 (see section B.4.).

Since the consummation of the SPA on 15 February 2012 (see section D.3.), Toyota holds 50.34% in Uster. Due to this consummation of the SPA, Uster as target and its subsidiaries act in concert with Toyota with a view to making the Offer according to art. 11 TOO since 15 February 2012.

### **3. Significant Shareholders**

The shares of Toyota are listed on the TSE (Tokyo Stock Exchange), OSE (Osaka Securities Exchange) and NSE (Nagoya Stock Exchange). According to information publicly available on <http://www.toyota-industries.com/ir/stockinfo/stockholderinfo2.html>, the following shareholders held, as of 30 September 2011, a significant stake in the outstanding shares of Toyota (shares in '000):

-	Toyota Motor Corporation	76,600 shares	23.51%
-	DENSO Corporation	29,647 shares	9.10%
-	Towa Real Estate Co., Ltd.	15,697 shares	4.82%
-	The Master Trust Bank of Japan, Ltd.	9,944 shares	3.05%
-	Toyota Tsusho Corporation	8,289 shares	2.54%
-	Japan Trustee Services Bank, Ltd.	7,322 shares	2.25%
-	Nippon Life Insurance Company	6,735 shares	2.07%
-	Aisin Seiki Co., Ltd.	6,578 shares	2.02%
-	Third Avenue Fund	6,367 shares	1.95%
-	Mitsui Sumitomo Insurance Co., Ltd.	5,345 shares	1.64%

#### **4. Annual Reports**

The Toyota Financial Review 2011 (the financial year ended on 31 March 2011) may be obtained under [http://www.toyota-industries.com/ir/library/annual/2011/tir/financial\\_review.pdf](http://www.toyota-industries.com/ir/library/annual/2011/tir/financial_review.pdf).

The Toyota Industries Report 2011 (the financial year ended on 31 March 2011) may be obtained under <http://www.toyota-industries.com/ir/library/annual/2011/tir/full.pdf>.

Toyota publishes quarterly results. The financial results for the first three (1 April 2011 through 30 June 2011), six (1 April 2011 through 30 September 2011) and nine (1 April 2011 through 31 December 2011) months of the financial year ending on 31 March 2012 may be obtained under <http://www.toyota-industries.com/ir/library/briefnote/>.

Further, these reports can be obtained at the seat of Toyota Industries Corporation, 2-1, Toyoda-cho, Kariya-shi, Aichi 448-8671, Japan.

#### **5. Purchases and Sales of Uster Participation Rights**

During the 12 months prior to the publication of the pre-announcement, i.e. from 7 November 2010 to 7 November 2011, Toyota and persons acting in concert with Toyota (excluding Uster and its subsidiaries) have acquired Uster Shares as follows:

- On 15 September 2011, Toyota purchased 507'600 Uster Shares, corresponding to a 6% stake in Uster, from Alcide.
- On 7 November 2011, Toyota entered into a share purchase agreement to purchase an additional 1,850,777 Uster Shares from Alcide, corresponding to 21.88% of the issued and outstanding Uster Shares (see section D.3.). This agreement was closed on 15 February 2012.

Since the closing of the share purchase agreement with Alcide on 15 February 2012, Toyota holds a participation of 50.34% in Uster.

Since 7 November 2010, the highest purchase price for a Uster Share acquired by Toyota or one of its subsidiaries (see section B.2.) has been CHF 38.00 per Uster Share.

Since publication of the pre-announcement of the Tender Offer on 8 November 2011, Toyota and the persons acting in concert with Toyota (excluding Uster and its subsidiaries) have not acquired any Uster Share.

Toyota and the persons acting in concert with Toyota (excluding Uster and its subsidiaries) have neither 12 months before nor after the publication of the pre-announcement on 8 November 2011 sold any Uster Share.

During the 12 months prior to the publication of the pre-announcement on 8 November 2011 and since the pre-announcement, Toyota and the persons acting in concert with Toyota have not acquired, sold or exercised any option or conversion rights (for the subscription or acquisition of Uster Shares) or other financial instruments.

Since 15 February 2012, the date the SPA was consummated and Toyota held 50.34% in Uster (see section D.3.), until and including 24 February 2012, neither Uster nor any of its subsidiaries executed transactions in Uster Shares or financial instruments for subscription or acquisition of Uster Shares.

## **6. Shareholding in Uster**

As of 24 February 2012, a total of 8,460,000 registered Uster Shares with a nominal value of CHF 9.40 each are issued and listed on the SIX Swiss Exchange. Uster's share capital amounts to CHF 79,524,000 as of 24 January 2012.

On 24 January 2012, Toyota and the persons acting in concert with Toyota held a total of 4,258,377 Uster Shares, corresponding to 50.34% of the issued Uster Shares.

On 16 February 2012, Uster's share register confirmed to Toyota that Toyota is registered as shareholder with voting rights with a total of 4,258,377 Uster Shares in Uster's share register.

Toyota and the persons acting in concert with Toyota neither hold option rights nor conversion rights for the subscription or acquisition of Uster Shares and no other financial instruments of Uster as of 24 February 2012.

### **C. Financing**

The financing of the Tender Offer is effected exclusively with cash and cash equivalents of the Toyota group of companies.

### **D. Information on Uster (Target Company)**

#### **1. Name, Domicile, Share Capital, Business Activity**

Uster is a stock corporation of indefinite period with its domicile in Uster, Switzerland. The purpose of the Company is the development, production and distribution of machinery and instruments of all kinds as well as the rendering of services in the domains of test and surveillance systems and measuring instruments for the production of textiles and related fields.

As of 24 January 2012, the issued share capital of Uster amounts to CHF 79,524,000 and is divided into 8,460,000 registered shares with a nominal value of CHF 9.40 each. The board of directors of Uster is authorized to increase the share capital by up to 1,900,000 registered shares to be fully paid in with a nominal value of CHF 9.40 each in the maximum amount of CHF 17,860,000 (authorized capital) anytime before 30 March 2012. The share capital of Uster may further be increased by the issuance of up to 820,000 registered shares to be fully paid in with a nominal value of CHF 9.40 each in the maximum amount of CHF 7,708,000 by the exercise of option rights, which have been granted to employees or members of the board of directors of Uster or one of its subsidiaries (conditional capital).

The Uster Shares are listed on the Main Standard of the SIX Swiss Exchange under the securities number 3'433'153 (ISIN CH0034331535; ticker symbol USTN).

The annual report of Uster for the business year having ended on 31 December 2011 is available under [http://www.uster.com/fileadmin/customer/Investors/Publications/Investor\\_Relations\\_Presentations/2011/120221\\_Uster\\_Technologies\\_Ltd\\_-\\_Annual\\_Report\\_2011\\_-\\_Homepage.pdf](http://www.uster.com/fileadmin/customer/Investors/Publications/Investor_Relations_Presentations/2011/120221_Uster_Technologies_Ltd_-_Annual_Report_2011_-_Homepage.pdf).

Further, the annual report can be obtained at the seat of Uster Technologies AG, Sonnenbergstrasse 10, 8610 Uster, Switzerland (phone +41 43 366 36 06; fax +41 43 366 36 54; e-mail: [investorrelations@uster.com](mailto:investorrelations@uster.com)).

Uster published the annual results for the business year that ended on 31 December 2011 on 21 February 2012.

## **2. Intentions of Toyota regarding Uster, its Board of Directors and Business Management**

With the present Offer, Toyota intends to achieve the full (100%) control over Uster. Toyota does not intend to fully integrate Uster into the Toyota group of companies. Uster is meant to keep its independent market presence but report to the Toyota group of companies. Within the framework of this integration, Toyota intends to basically continue to operate the existing Uster production sites and to basically keep the workforce.

Toyota intends to appoint additional members to the board of directors of Uster after the settlement of the Offer. The new members of the board of directors have not been determined as per today.

Toyota intends to leave the members of the executive management of Uster unchanged. Toyota does not intend to change the terms and conditions of the employment agreements for the existing executive management.

In case Toyota holds more than 98% of the voting rights of Uster after the settlement of the Offer, Toyota intends to apply for a cancellation of shares pursuant to art. 33 SESTA with regard to any remaining publicly held Uster Shares. Should Toyota, as a consequence of the Offer, hold between 90% and 98% of the voting rights of Uster, Toyota intends to either merge Uster with Toyota or with one of the companies controlled by Toyota, whereby the remaining minority shareholders of Uster would not receive any participation rights in the surviving company, but cash compensation or another compensation pursuant to art. 8 para. 2 of the Federal Act on Merger, De-Merger, Conversion and Transfer of Assets and Liabilities ("**Merger Act**").

Toyota intends to delist the Uster Shares at the SIX Swiss Exchange after the settlement of the Offer.

## **3. Agreements between Toyota on the one part and Uster, their Corporate Bodies or Shareholders on the other part**

On 7 November 2011, Toyota entered into an agreement with Alcide to purchase an additional stake of 1,850,777 Uster Shares, corresponding to 21.88% of the issued and outstanding Uster Shares ("**SPA**").

The closing of the SPA was subject to the approval of the merger control authorities of Brazil and Pakistan and in any other jurisdiction in which the relevant merger control authorities request merger control proceedings or the expiry or termination of any applicable waiting periods in relation thereto. In addition, Toyota and Alcide agreed that the closing of the SPA was subject to the accep-

tance of the Ministry of Commerce of the People's Republic of China as required according to the "Public Announcement of Antitrust Decision on Conditional Approval of Penelope S.r.l.'s Proposed Acquisition of Savio Macchine Tessili S.p.A, Shangwubu Gonggao 2011nian Di 73 Hao [2011] No. 73, October 31, 2011".

The SPA foresaw that Alcide had the right to terminate the SPA with immediate effect at any time on or after 1 February 2012 by giving written notice to Toyota in case the closing of the SPA did not occur by 31 January 2012, 12.00 a.m. CET. On 20 January 2012, Toyota and Alcide agreed on an amendment to the SPA according to which Alcide's right to terminate the SPA was only effective as of 1 March 2012 onwards, in case the closing of the SPA had not occurred by 29 February 2012, 12.00 a.m. CET.

The SPA was closed on 15 February 2012.

On 20 February 2012, Toyota and Uster signed a transaction agreement ("**Transaction Agreement**") with the following material content:

- Toyota agreed to increase the Offer Price from CHF 38.00 to CHF 44.00 and Uster and its board of directors agreed to unconditionally recommend to the Uster shareholders to accept the Offer;
- Toyota, as shareholder of Uster, agreed to vote for the proposal of Uster's board of directors to the upcoming shareholders' meeting of 12 April 2012 for a dividend payment of CHF 2.50 per Uster Share out of reserves from capital contribution;
- According to the Transaction Agreement, this dividend payment of CHF 2.50 per Uster Share does not constitute a dilutive effect and therefore does not reduce the Offer Price;
- Uster agreed to adhere to the Best Price Rule;
- Uster further agreed to abstain from taking any actions outside the ordinary course of business consistent with Uster's past practice until the settlement of the Offer;
- Uster confirmed that its board of directors resolved to enter Toyota into the share register of Uster with voting rights in respect of all Uster Shares that Toyota has acquired or will acquire or, in the case the Offer becomes unconditional, will acquire under the Offer.

Furthermore, Uster agreed that members of its board of directors approach all members of the Executive Committee in the period between the 21 February 2012 and the 10th trading day of the offer period with the aim to have the members of the Executive Committee (i) tender their Uster Shares into the Offer and (ii) requesting, if necessary under the Restricted Stock Unit Plan ("**RSUP**"), the

conversion of the awards under the RSUP in Uster Shares and to subsequently tender the hence issued Uster Shares into the Offer (if the RSUP is not settled in cash).

On 4 October 2011, Toyota and Uster signed a common confidentiality agreement with regard to a public takeover offer.

Toyota and Uster are parties of a Research & Development agreement with the aim to jointly develop a Toyota spinning frame combined with Uster testing equipment.

With the exception of the SPA, the confidentiality agreement and the Transaction Agreement, no agreements relevant for the decision of the offer recipients whether or not to tender their Uster Shares exist.

#### **4. Confidential Information**

In accordance with art. 23 para. 2 TOO, Toyota affirms that neither Toyota nor subsidiaries acting in concert with it have obtained either directly or indirectly from Uster or its subsidiaries any non-public information regarding Uster or its subsidiaries that could significantly influence the decision of the recipients of the Tender Offer.

#### **E. Report of the Review Body pursuant to art. 25 SESTA**

As an audit company, recognized pursuant to SESTA for the audit of public tender offers, we have verified the Offer Prospectus by Toyota Industries Corporation Kariya-shi, Japan ("**Offeror**"). The report of the board of directors of the target company was not an object of our audit.

The Offeror is responsible for creating the Offer Prospectus. Our task consists in verifying in giving an opinion on the Offer Prospectus. We confirm that we fulfill the prerequisites of public tender law with regard to independence and that no incompatible circumstances therewith exist.

Our audit has been conducted according to the Swiss Auditing Standard on the examination of Public Takeover Offers (AS 880), whereby an audit pursuant to art. 25 SESTA has to be planned and conducted in such a manner that the formal completeness of the Offer Prospectus pursuant to SESTA and its ordinances is determined as well as substantial false information in the Offer Prospectus as a result of violations or errors are recognized, even if with regard to numbers 4 to 7 below not with the same surety as with regard to numbers 1 to 3. We have verified the information in the Offer Prospectus by means of analyses and surveys based on samples. Furthermore, we have assessed the compliance with the

SESTA and its ordinances. We are of the opinion that our audit represents a sufficient basis for our statement.

According to our assessment

1. the Offeror has taken the necessary measures so that on the date of settlement the necessary financial means are at disposal;
2. the provisions regarding mandatory offers, especially the minimum price rules, are complied with;
3. the Best Price Rule has been complied with up to 24 February 2012.

Furthermore, we have not encountered any facts from which we would have to conclude that

4. the recipients of the Offer are not treated equally;
5. the Offer Prospectus is not complete and true according to the SESTA and its ordinances;
6. the Offer Prospectus does not comply with the SESTA and its ordinances;
7. the provisions regarding the effects of the pre-announcement of the Offer are not complied with.

This report is neither a recommendation to accept or reject the offer nor a confirmation (fairness opinion) regarding the financial appropriateness of the offer price.

KPMG AG

Martin Schaad

Therese Amstutz

Zurich, 28 February 2012

## **F. Report of the Board of Directors of Uster pursuant to art. 29 SESTA**

Pursuant to Article 29 para. 1 SESTA and Articles 30 to 32 TOO, the board of directors of Uster Technologies Ltd, Uster ("**Uster**") comments as follows on the public tender offer for all publicly held registered shares (*Namenaktien*) of Uster ("**Uster Shares**") made by Toyota Industries Corporation, Kariya-shi, Japan ("**Toyota**") ("**Offer**"):

### **1. Recommendation**

The board of directors has carefully examined the Offer. Based on this examination and the following considerations, the members of the board of directors involved in the deliberations concerning this report, i.e., Messrs. Zellweger, Mulady and Scott, unanimously resolved to recommend that the shareholders of Uster accept the Offer at the price of CHF 44.00 net per Uster Share, plus a dividend payment of CHF 2.50 per Uster Share. Such dividend will not be deducted from the offer price, i.e. the offer price of CHF 44.00 net includes the dilutive effects of the proposed dividend payment of CHF 2.50 per Uster Share. Toyota, as the majority shareholder of Uster, agrees to vote in favour of this dividend payment at the next annual general meeting, as per the Transaction Agreement between Toyota and Uster of February 20, 2012 (see below section F.3. (*Contractual Relationships between Uster and Toyota*)). As a conflicted member of the board of directors (see below section F.4.a) (*Members of the Board of Directors*)), Mr. Onishi did not take part in the decision regarding the recommendation.

### **2. Rationale**

The foregoing recommendation is based on the following considerations:

#### **a) Industrial Reasons for the Combination**

Since Toyota acquired a significant stake in Uster in November 2009, Toyota has continuously underlined the partnership aspect of this investment. As Toyota and Uster are an excellent strategic fit and both companies are already closely cooperating, in particular to develop new products, the intended merger is the logical step to strengthen this partnership.

The business activities of Uster and Toyota complement one another in an ideal way. The combination of the two companies' unique portfolios in terms of technology and market expertise offers great potential for joint business development opportunities, from which all stakeholders, including existing and new customers, business partners and the highly skilled staff of Uster, are likely to benefit. The even closer collaboration backed up by the financial power of the Toyota group of companies offers significant opportunities to Uster and the combination opens interesting additional growth potential for Uster.

The long standing management team of Uster has great confidence in Toyota. Toyota is convinced of being able to successfully capture the opportunities arising from this combination together with this well established team.

Toyota regards the corporate culture of Uster an important asset and considers it important that it will survive. In the Offer Prospectus, Toyota mentions that it does not intend to fully integrate Uster into the Toyota group of companies. Uster is meant to keep its independent market presence but report to the Toyota group of companies. Within the framework of this integration, Toyota expressed in the Offer Prospectus that it intends to basically continue to operate the existing Uster production sites and to basically keep the workforce.

### **b) Fairness of Offer Price**

The total consideration of CHF 46.50, consisting of an offer price of CHF 44.00 net per Uster Share, plus a dividend payment (with no dilutive effects) of CHF 2.50 per Uster Share (implying a total equity value for Uster of CHF 393m), represents a premium of 22.4% over Toyota's offer price published in the pre-announcement of the Offer on November 8, 2011, a 32.9% premium over the Uster Share closing price on November 7, 2011 (last trading day prior to the pre-announcement of the Offer) and a premium of 47.6% over the volume-weighted average price of the Uster Share during the 60 trading days prior to November 8, 2011 (date of the pre-announcement of the Offer).

To examine the fairness of the offered total consideration from a financial perspective, the board of directors appointed Ernst & Young Ltd, Zurich, on October 31, 2011 to issue a fairness opinion. In its fairness opinion of February 20, 2012, Ernst & Young Ltd concluded that the total consideration offered by Toyota of CHF 46.50 per Uster Share, taking into account the agreed dividend payment (with no dilutive effects) of CHF 2.50, is fair from a financial point of view (cf. section F.8. below (*Fairness Opinion*)). Based on these reasons, the board of directors considers the total consideration of CHF 46.50, including the agreed dividend payment (with no dilutive effects) of CHF 2.50 per Uster Share as fair.

### **c) Conclusion**

Based on the considerations summarized above, the board of directors of Uster is convinced that the Offer is in the best interest of Uster, its shareholders, employees, customers and suppliers.

## **3. Contractual Relationships between Uster and Toyota**

In addition to a confidentiality agreement between Uster and Toyota dated October 4, 2011, Uster and Toyota signed a transaction agreement dated February 20, 2012 ("**Transaction Agreement**"). The Transaction Agreement essentially defines the conditions of the Offer and the respective obligations of Uster and Toyota with regard to the Offer. In particular, the Transaction Agreement sets out

the offer price of CHF 44.00 net per Uster Share that Toyota has to offer for the Uster Shares and the undertaking of Toyota to vote in favour of a dividend payment (with no dilutive effects) of CHF 2.50 per Uster Share at the next annual general meeting planned for April 12, 2012. In return, Uster undertook to support the Offer, to recommend the Offer to its shareholders, to comply with the best price rule and to conduct its business in the ordinary course until settlement of the Offer. The offer prospectus published by Toyota on February 29, 2012 ("**Offer Prospectus**") provides for a summary of the key terms of the Transaction Agreement in section D.3. (*Agreements between Toyota on the one part and Uster, their Corporate Bodies or Shareholders on the other part*).

Toyota and Uster are parties to a research and development agreement for the joint development of a Toyota spinning machine with Uster testing system.

#### **4. Potential Conflicts of Interests of the Members of the Board of Directors and the Senior Management and Payments Caused by a Takeover**

##### **a) Members of the Board of Directors**

The board of directors of Uster consists of the following persons:

<b>Name</b>	<b>Function</b>
Max-Ulrich Zellweger, Meggen	Chairman
Dr. Barry James Mulady, East Sussex, England	Member
Akira Onishi, Kariya City, Japan	Member
Dr. Geoffrey Scott, Erlenbach	CEO, Member

In the Transaction Agreement, the board of directors undertook to support the Offer and recommend its acceptance.

The terms of office of Messrs. Zellweger, Scott and Onishi will expire at the annual general meeting 2013 and the term of Mr. Mulady will expire at the next annual general meeting to be held on April 12, 2012. In order to align the terms of all board members, the board of directors will request the annual general meeting to re-elect Mr. Mulady as member of the board of directors for a term of one year only. The board of directors assumes that the continuation of the mandates of Messrs. Zellweger, Scott, Mulady and Onishi will occur based on terms and conditions comparable to the current terms and conditions. In the Offer Prospectus, Toyota has expressed its intention to appoint additional members to the board of directors of Uster after the settlement of the Offer. According to the Offer Prospectus, as per today, Toyota has not determined the new members of the board of directors (cf. section D.2. (*Intentions of Toyota regarding Uster, its Board of Directors and Business Management*)).

Mr. Onishi had been elected to the board of directors of Uster upon proposal of Toyota. Mr. Onishi is a member of the board of directors and an employee of Toyota and represents Toyota and its interests on the board of directors. As a conflicted member of the board of directors, Mr. Onishi did not take part in the decision regarding the recommendation (see above section F.1. (*Recommendation*)).

Except for the abovementioned points, no member of the board of directors (i) signed a contract with Toyota or a party acting in concert with Toyota (excluding Uster and its subsidiaries), (ii) has a material relationship with Toyota or a party acting in concert with Toyota (excluding Uster and its subsidiaries), (iii) was elected upon proposal of Toyota or a party acting in concert with Toyota (excluding Uster and its subsidiaries), (iv) has to be re-elected by Toyota or a party acting in concert with Toyota (excluding Uster and its subsidiaries) or (v) is acting upon instruction of Toyota or a party acting in concert with Toyota (excluding Uster and its subsidiaries). Further, except for Mr. Onishi, no member of the board of directors acts as corporate body or employee of Toyota, a party acting in concert with Toyota (excluding Uster and its subsidiaries) or any company having a material business relationship with Toyota or a party acting in concert with Toyota (excluding Uster and its subsidiaries).

The board of directors is of the opinion that – with the exception of Mr. Onishi – the members of the board of directors are not in a conflict of interests as regards the Offer.

## **b) Members of the Senior Management**

The senior management of Uster consists of the following persons:

<b>Name</b>	<b>Function</b>
Dr. Geoffrey Scott	Chief Executive Officer
Peter Huber	Chief Financial Officer
Hossein Ghorashi	Head of U.S. Operations
Dr. Naiming Wei	Head of Asian Operations
Thomas Nasiou	Head of Textile Technology
Dr. Rafael Storz	Head of Research and Innovation
Reine Wasner	Head of Marketing and Business Development
Harold R. Hoke Jr.	Head of Sales and Services
Renato Murk	Head of Order Fulfillment

According to the Offer Prospectus, Toyota has expressed no intention to change the members of the senior management of Uster or to change the terms and conditions of their terms and conditions of employment.

No member of the senior management (i) signed a contract with Toyota or a party acting in concert with Toyota (excluding Uster and its subsidiaries), (ii) has a material relationship with Toyota or a party acting in concert with Toyota (excluding Uster and its subsidiaries), or (iii) is acting upon instruction of Toyota or a party acting in concert with Toyota (excluding Uster and its subsidiaries). Further, no member of the senior management acts as corporate body or employee of Toyota, a party acting in concert with Toyota (excluding Uster and its subsidiaries) or any company having a material business relationship with Toyota or a party acting in concert with Toyota (excluding Uster and its subsidiaries).

To the best knowledge of the board of directors the members of the senior management are not in a conflict of interests as regards the Offer.

**c) Financial Consequences of the Public Tender Offer based on Stock of Shares and Options of Members of Board of Directors and Senior Management**

**(1) Shares**

As of February 24, 2012, the members of the board of directors and the senior management of Uster held the following number of Uster Shares:

<b>Name</b>	<b>Number of Uster Shares</b>	<b>% of Voting Rights</b>
Max-Ulrich Zellweger	40,000	0.47
Dr. Barry James Mulady	10,148	0.12
Dr. Geoffrey Scott	239,848	2.84
Peter Huber	0	0
Hossein Ghorashi	75,000	0.89
Dr. Naiming Wei	131,172	1.55
Thomas Nasiou	0	0
Dr. Rafael Storz	34,100	0.40
Reine Wasner	3,700	0.04
Harold R. Hoke Jr.	92,000	1.09
Renato Murk	73,400	0.87
<b>Total</b>	<b>699,368</b>	<b>8.27</b>

As of February 24, 2012, Mr. Onishi held no Uster shares.

As per the Transaction Agreement, Uster agreed to procure that members of its board of directors will approach all members of the senior management in the period between February 21, 2012 and the 10th trading day of the offer period with the aim to have the members of the senior management (i) tendering their Uster Shares into the Offer and (ii) requesting, if necessary under the restricted stock units ("**RSU**") plan, the conversion of the awards under the RSU plan into

Uster Shares and to subsequently tender the hence issued Uster Shares into the Offer (if the RSU plan is not settled in cash).

## (2) Restricted Stock Units

In addition to the Uster Shares, as of February 24, 2012, the members of the board of directors and the senior management of Uster held RSU awards as follows:

<b>Name</b>	<b>Number of RSU Awards</b>
Max-Ulrich Zellweger	15,000
Dr. Barry James Mulady	7,500
Dr. Geoffrey Scott	35,000
Peter Huber	0
Hossein Ghorashi	15,000
Dr. Naiming Wei	15,000
Thomas Nasiou	10,000
Dr. Rafael Storz	10,000
Reine Wasner	10,000
Harold R. Hoke Jr.	15,000
Renato Murk	15,000
<b>Total</b>	<b>147,500</b>

According to the RSU plan, the RSU awards will vest on occurrence of any forfeiture event. Provided that upon settlement of the Offer or on any prior date Toyota will hold 51% or more of the Uster shares, this would qualify as a forfeiture event and, consequently, upon settlement of the Offer or on any such prior date, all holders of RSU awards will be entitled to acquire one Uster Share from Uster at the price of CHF 9.40 for each RSU award they own.

There are no other share-ownership programs or option plans with regard to the compensation of the members of the board of directors and the senior management.

## 5. Significant Shareholders of Uster

To the knowledge of the board of directors of Uster, on February 24, 2012, the following shareholders held more than 3% of the voting rights of Uster (the percentage numbers are based on the number of shares registered in the commercial register):

<b>Shareholder</b>	<b>Percentage of Uster Shares</b>
Toyota Industries Corporation	50.34%
Board and Management Group	8.41% <sup>1</sup>

The Board and Management Group consists of Max-Ulrich Zellweger, Barry James Mulady, Geoffrey Scott, Thomas Nasiou, Hossein Ghorashi, Naiming Wei, Richard Furter (former member of the Senior Management), Rafael Storz, Deniz Bütüner (former member of the Senior Management), Harold R. Hoke, Renato Murk and Reine Wasner.

## **6. Defence Measures pursuant to Article 29 para. 2 SESTA**

The board of directors of Uster has no knowledge of any defence measures against the Offer of Toyota and does not intend to take any such defence measures against the Offer.

## **7. Financial Reporting; Material Changes to Financial Situation or Business Prospects**

The audited consolidated annual financial results of Uster as of December 31, 2011 are available on the website of Uster (<http://www.uster.com/en/investors/publications/financial-reports/>). Further, they can be obtained swiftly and free of charge at the seat of Uster Technologies AG, Sonnenbergstrasse 10, 8610 Uster, Switzerland (phone +41 43 366 36 06; fax +41 43 366 36 54; e-mail: [investor-relations@uster.com](mailto:investor-relations@uster.com)). To the knowledge of the board of directors, there have been no material changes to the financial situation or the business prospects of Uster since December 31, 2011.

## **8. Fairness Opinion**

The board of directors appointed Ernst & Young Ltd, Zurich, as an independent expert to issue a fairness opinion to examine the financial adequacy of the offer price. Ernst & Young AG concluded in their fairness opinion of February 20, 2012, that the price of CHF 44.00 net per Uster Share offered by Toyota, plus a dividend payment (with no dilutive effect) of CHF 2.50 per Uster Share that Toyota agreed to vote in favour of at the next annual general meeting, is fair.

<sup>1</sup> According to the disclosure to the disclosure office of December 8, 2011. The discrepancy to the number in section F.4.c)(1)(*Shares*) may be due to the different composition of the Board and Management Group on the one hand and the members of the board of directors and the senior management on the other hand or possible purchases or sales of shares by the members of the board of directors or the senior management of Uster since the disclosure of December 8, 2011.

The fairness opinion of Ernst & Young Ltd. is available swiftly and free of charge in German, French and English at <http://www.uster.com/en/investors/publications/takeover-offer-tico/> and can be obtained swiftly and free of charge from Uster Technologies AG, Sonnenbergstrasse 10, 8610 Uster, Switzerland (phone +41 43 366 36 06; fax +41 43 366 36 54; e-mail: [investorrelations@uster.com](mailto:investorrelations@uster.com)).

Uster, February 29, 2012

The Board of Directors of Uster Technologies Ltd.

### **G. Rights of Uster's Shareholders**

The Swiss Takeover Board issued a first decision on the Tender Offer on 15 December 2011, which was published on 19 December 2011. Uster shareholders were informed about their rights in the notice "Delay of the Publication of the Offer Prospectus regarding the Public Tender Offer of Toyota Industries Corporation" published on 19 December 2011.

No Uster shareholder, holding at least two percent of the voting rights in Uster on the date of the publication of the pre-announcement on 8 November 2011, filed a petition to be granted party status or appealed against the first decision by the Swiss Takeover Board on the offer of 15 December 2011 within five trading days after publication of the first decision by the Swiss Takeover Board on the Offer.

### **H. Decision of the Takeover Board**

The operative part of the Swiss Takeover Board's decision of 28 February 2012 is:

1. The public takeover offer of Toyota Industries Corporation to the shareholders of Uster Technologies AG is in accordance with the legal provisions on public takeover offers.
2. This decision will be published on the website of the Swiss Takeover Board on the day the offer prospectus is published.
3. The costs in the amount of CHF 110,000 are charged to Toyota Industries Corporation.

## **I Implementation of the Tender Offer**

### **1. Information / Registration**

Uster shareholders will be informed about the Offer by their depository bank. Shareholders who want to accept the Offer are requested to act in accordance with the instructions of their depository bank.

### **2. Offer Manager**

Nomura Bank (Switzerland) Ltd., Zurich, is in charge of implementing the Offer. It is the acceptance and exchange agent.

### **3. Uster Shares tendered**

Uster Shares tendered will be blocked upon tendering by the corresponding depository bank and may no longer be traded.

### **4. Payment of the Offer Price / Settlement Date**

The payment of the Offer Price for the Uster Shares validly tendered during the Offer Period and the Additional Acceptance Period is expected to take place on 15 May 2012.

Uster intends to pay the dividend/distribution of CHF 2.50 per Uster Share out of reserves from capital contribution to be resolved by the shareholders' meeting of Uster on 12 April 2012 on or about 19 April 2012 (value date).

### **5. Costs and Fees**

The tendering and transfer of Uster Shares within the scope of this Offer which are deposited with banks in Switzerland will be free of charges and fees during the (possibly extended) Offer Period and the Additional Acceptance Period. The Federal turnover stamp tax due for the transfer will be borne by Toyota.

### **6. Cancellation and De-Listing**

In case Toyota holds more than 98% of the voting rights of Uster after the settlement of the Offer, Toyota intends to apply for a cancellation of shares pursuant to art. 33 SESTA with regard to any remaining publicly held Uster Shares. Should Toyota, as a consequence of the Offer, hold between 90% and 98% of the voting rights of Uster, Toyota intends to either merge Uster with Toyota or with one of the companies controlled by Toyota, whereby the remaining minority shareholders of Uster would not receive any participation rights in the surviving company, but a cash compensation or another compensation pursuant to art. 8 para. 2 Merger Act.

Toyota intends to delist the Uster Shares at the SIX Swiss Exchange after the settlement of the Offer.

## **7. Basic Tax Consequences**

### **a) *Basic Tax Consequences for tendering Shareholders and for Shareholders not tendering in Case of a Cancellation pursuant to art. 33 SESTA***

In principle, shareholders accepting the Tender Offer and selling Uster Shares under the Offer are expected to be subject to the following tax consequences:

#### **i) *Swiss Income and Profit Tax***

- Uster shareholders who are subject to taxes in Switzerland and who hold their Uster Shares in their private wealth in principle obtain a tax-free capital gain or, under certain conditions, a non-deductible capital loss according to the general principles of the Swiss income and tax law. The case of a selling of a participation of at least 20% of the share capital of Uster by one or several Uster shareholders acting in concert ("indirect partial liquidation") remains reserved. Uster shareholders with participations under 20% are usually not affected by this, as long as they tender their Uster Shares within the scope of this Tender Offer.
- Uster shareholders who are subject to taxes in Switzerland and who hold their Uster Shares as business assets in principle obtain a capital gain subject to taxes or a deductible capital loss according to the general principles of the Swiss income and profit tax law. These tax consequences are also applicable to persons who qualify as professional security brokers for purposes relating to the income tax.
- Uster shareholders who are not subject to taxes in Switzerland do in principle not obtain an income subject to Swiss income or profit tax, provided that Uster Shares cannot be attributed to any Swiss permanent establishment or business activity in Switzerland.

#### **ii) *Swiss Withholding Tax***

- In principle, the selling of Uster Shares within the scope of the Tender Offer does not trigger Swiss withholding tax consequences regardless of the tax domicile.

If Toyota holds more than 98% of the voting rights in Uster after the completion of the Tender Offer and applies for the cancellation of the remaining publicly traded Uster Shares pursuant to art. 33 SESTA (see section I.6. on the cancellation and de-listing), the tax consequences will basically be the same for those

Uster shareholders who have not accepted the Offer as if they had tendered their Uster Shares under the Tender Offer.

**b) *Basic Tax Consequences for Shareholders not tendering in Case of a Cash Settlement Merger following a completed Offer***

The non-tendering of Uster Shares under the Tender Offer, as described in section I.6. (cancellation and de-listing) may in principle trigger the following tax consequences in the case of a cash settlement merger following a settled Offer:

**i) *Swiss Income and Profit Tax***

- For Uster shareholders who are subject to taxes in Switzerland and who hold their Uster Shares in their private wealth the difference between the amount of the cash payment and the nominal value (as well as eventual reserves from a capital contribution) of the Uster Shares ("liquidation surplus") is in principle subject to the income tax.
- Uster shareholders who are subject to taxes in Switzerland and who hold their Uster Shares as business assets in principle obtain an income from investments subject to taxes or a deductible capital loss in the case of a cash settlement merger. If and as far as the legal prerequisites are fulfilled, capital companies and cooperatives may apply for a participation exemption.
- Uster shareholders who are not subject to taxes in Switzerland in principle obtain no income which is subject to the Swiss income or profit tax, provided that the Uster Shares cannot be attributed to any Swiss permanent establishment or business activity in Switzerland.

**ii) *Swiss Withholding Tax***

- For all Uster shareholders (regardless of the tax domicile), the difference between the amount of the cash settlement and the nominal value (as well as eventual reserves from a capital contribution) of the Uster Shares ("liquidation surplus") may in principle be subject to the Swiss withholding tax in the amount of 35%.
- Swiss resident individuals or legal entities incorporated in Switzerland are generally entitled to a full refund of Swiss withholding tax if they duly report the gross cash proceeds received on their personal income tax return or, in case of a legal entity, include the taxable profit or the deductible loss in the income statement.
- Uster shareholders who are an individual or a legal entity not resident in Switzerland for tax purposes may be entitled to a full or partial refund of Swiss withholding tax if the country in which such Uster shareholders reside for tax purposes has entered into a bilateral treaty for the avoidance of

double taxation with Switzerland and if the further prerequisites of such treaty are met. Uster shareholders not resident in Switzerland should be aware that the procedures and deadlines for claiming treaty benefits might differ from country to country.

**It is expressly suggested to all Uster shareholders and to all beneficial owners of Uster Shares to consult their own tax adviser with regard to the Swiss and possibly foreign tax consequences for them resulting from this Tender Offer.**

**K. Timetable**

8 November 2011	Publication of pre-announcement (electronic media)
10 November 2011	Publication of pre-announcement (print media)
29 February 2012	Publication of offer prospectus
1 March 2012	Start of Cooling-off Period
14 March 2012	End of Cooling-off Period
15 March 2012	Start of Offer Period
12 April 2012	Uster shareholders' meeting 2012
13 April 2012	End of Offer Period, 4:00 p.m. CET*
16 April 2012	Publication of preliminary interim result (electronic media)*
19 April 2012	Publication of definitive interim result (print media)*
19 April 2012	Dividend payment (value date)
20 April 2012	Start of additional acceptance period*
4 May 2012	End of additional acceptance period, 4:00 p.m. CET*
7 May 2012	Publication of preliminary final results (electronic media)*
10 May 2012	Publication of definitive final results (print media)*
15 May 2012	Settlement of Tender Offer*

\* Toyota reserves the right to extend the Offer Period one or more times and/or to postpone the settlement of the Tender Offer according to section A.5. (Offer Period). In such a case, the timetable will be adjusted.

**L. Governing Law and Jurisdiction**

The Tender Offer and all mutual rights and obligations resulting therefrom shall be governed by Swiss substantive law. The exclusive place of jurisdiction shall be Zurich, Switzerland.

**M. Publications**

A notice of the offer will be published in accordance with art. 18 para. 2 TOO in the Neue Zürcher Zeitung in German as well as in Le Temps in French. The notice will also be distributed via Bloomberg and Reuters.

The offer prospectus may be obtained swift and free of charge in German and French at Nomura Bank (Switzerland) Ltd., Investment Banking Division, Kasernenstrasse 1, P.O. Box, 8021 Zurich, phone: +41 (0)44 295 74 84, fax: +41 (0)44 298 38 96, e-mail: Swiss-Prospectus@nomura.com. This prospectus and the offer advertisement are further available under [http://www.toyota-industries.com/news/2011/uster\\_technologies/confirm.html](http://www.toyota-industries.com/news/2011/uster_technologies/confirm.html).