



Public Tender Offer

by

TDK Magnetic Field Sensor G.K., Tokyo, Japan

**for all publicly held registered shares with a nominal value of
CHF 0.05 each**

of

Micronas Semiconductor Holding AG, Zurich, Switzerland

Offer Price: CHF 7.50 net in cash (the **Offer Price**) per registered share of Micronas Semiconductor Holding AG (**Micronas**) with a nominal value of CHF 0.05 each (each a **Micronas Share**).

The Offer Price will be reduced by the gross amount of any dilutive effects in respect of the Micronas Shares prior to the Settlement (as defined below), including, but not limited to, dividend payments and other distributions of any kind, demergers and spin-offs, capital increases (except for the implementation of conditional capital increases by the board of directors of Micronas based on the exercise of options that have been outstanding as of the date of the Transaction Agreement (as defined below) and that are, on the date of their exercise, exercisable under the Stock Option Plan (as defined below) and the relevant option agreement by board members, officers and employees of Micronas, in accordance with the Stock Option Plan and the relevant option agreement) and the sale of treasury shares at an issuance or sales price per Micronas Share below the Offer Price, the purchase of Micronas Shares at a purchase price above the lower of the Offer Price and the prevailing share price, the issuance of options, warrants, convertible securities or other rights of any kind for the acquisition of Micronas Shares or other securities of Micronas and repayments of capital in any form.

Offer Period: From January 12, 2016, to February 10, 2016, 4 p.m. CET (subject to extension).

Micronas Semiconductor Holding AG	Securities No.	ISIN	Tickersymbol
Registered shares not tendered (first trading line)	1.233.742	CH0012337421	MASN
Registered shares tendered (second trading line)	30.318.277	CH0303182775	MASNE

Financial Advisor and Offer Manager

UBS AG

Offer Prospectus dated December 22, 2015

Offer Restrictions

General

The public tender offer (*Öffentliches Kaufangebot*) described in this Offer Prospectus (the **Offer**) is not being made, directly or indirectly, in any country or jurisdiction in which such Offer would be considered unlawful or otherwise violate any applicable laws or regulations, or which would require TDK Corporation (**TDK**) or any of its direct and indirect subsidiaries, including, but not limited to, TDK Magnetic Field Sensor G.K. (the **Offeror**) (each such subsidiary of TDK or of Micronas, whether a direct or indirect subsidiary, a **Subsidiary**), to change or amend the terms or conditions of the Offer in any way, to make an additional filing with any governmental or regulatory authority or take additional action in relation to the Offer. It is not intended to extend the Offer to any such country or jurisdiction. Documents relating to the Offer must neither be distributed in any such country or jurisdiction nor be sent into such country or jurisdiction. Any such document must not be used for the purpose of soliciting the purchase of securities of Micronas by any person or entity resident or incorporated in any such country or jurisdiction.

Notice to U.S. Holders

The Offer is being made for the registered shares of Micronas, a Swiss company whose registered shares are listed on the SIX Swiss Exchange (**SIX**), and is subject to Swiss disclosure and procedural requirements, which are different from those of the United States (**U.S.**). The Offer is being made in the U.S. pursuant to Section 14(e) of, and Regulation 14E under, the U.S. Securities Exchange Act of 1934, as amended (the **U.S. Exchange Act**), subject to the exemptions provided by Rule 14d-1(d) under the U.S. Exchange Act, and otherwise in accordance with the requirements of Swiss law. Accordingly, the Offer is subject to disclosure and other procedural requirements, including with respect to withdrawal rights, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and laws. U.S. holders of Micronas Shares are encouraged to consult with their own Swiss advisors regarding the Offer.

According to the laws of Switzerland, Micronas Shares tendered into the Offer may generally not be withdrawn after they are tendered except under certain circumstances, in particular in case a competing offer for the Micronas Shares is launched.

In accordance with the laws of Switzerland and subject to applicable regulatory requirements, TDK and its Subsidiaries or their nominees or brokers (acting as agents for TDK or any of its Subsidiaries) may from time to time after the date hereof, and other than pursuant to the Offer, directly or indirectly purchase, or arrange to purchase, Micronas Shares or any securities that are convertible into, exchangeable for or exercisable for Micronas Shares. These purchases, or arrangements to purchase, may occur either in the open market at prevailing prices or in private transactions at negotiated prices and shall comply with applicable laws and regulations in Switzerland and applicable U.S. securities laws. Any such purchases will not be made at prices higher than the Offer Price or on terms more favorable than those offered pursuant to the Offer unless the Offer Price is increased accordingly. Any information about such purchases or arrangements to purchase will be publicly disclosed in the U.S. on http://www.global.tdk.com/news_center/press/document.htm to the extent that such information is made public in accordance with the applicable laws and regulations of Switzerland. In addi-

tion, the financial advisors to TDK and Micronas may also engage in ordinary course trading activities in securities of Micronas, which may include purchases or arrangements to purchase such securities.

It may be difficult for U.S. holders to enforce their rights and any claim arising out of U.S. securities laws, since each of TDK, the Offeror and Micronas is located in a non-U.S. jurisdiction, and some or all of their officers and directors may be residents of a non-U.S. jurisdiction. U.S. holders may not be able to sue a non-U.S. company or its officers or directors in a U.S. or non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

The receipt of cash pursuant to the Offer by a U.S. holder of Micronas Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local laws, as well as foreign and other tax laws. Each shareholder of Micronas is urged to consult his or her independent professional advisor immediately regarding the tax consequences of an acceptance of the Offer.

Neither the U.S. Securities and Exchange Commission nor any securities commission of any State of the U.S. has (a) approved or disapproved of the Offer; (b) passed upon the merits or fairness of the Offer; or (c) passed upon the adequacy or accuracy of the disclosure in this Offer Prospectus. Any representation to the contrary is a criminal offence in the U.S.

American Depositary Shares and American Depositary Receipts

The Offeror is aware that there is an "unsponsored" American Depositary Receipt Program concerning Micronas Shares. The Offer is not being made for American Depositary Shares representing Micronas Shares (**ADSs**), nor for American Depositary Receipts evidencing such ADSs (**ADRs**). However, the Offer is being made for the Micronas Shares that are represented by the ADSs. Holders of ADSs and ADRs are encouraged to consult with the depositary regarding the tender of Micronas Shares that are represented by ADSs. The Offeror is unaware of whether the depositary will make arrangements to tender the underlying Micronas Shares into the Offer on behalf of holders of ADSs or ADRs.

Holders of ADSs may present their ADSs to the depositary for cancellation and (upon compliance with the terms of the deposit agreements relating to the "unsponsored" American Depositary Receipt Program concerning Micronas Shares, including payment of the depositary's fees and any applicable transfer fees, taxes and governmental charges) delivery of Micronas Shares to them, in order to become shareholders of Micronas. The Offer may then be accepted in accordance with its terms for the Micronas Shares delivered to holders of ADSs upon such cancellation. Holders of ADSs should be aware, however, that in order to tender in this manner, they may need to have an account in Switzerland into which the Micronas Shares can be delivered.

United Kingdom

This communication is directed only at persons in the United Kingdom (**U.K.**) who (i) have professional experience in matters relating to investments, (ii) are persons falling within article 49(2)(a) to (d) («high net worth companies, unincorporated associations, etc.») of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or (iii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as «relevant persons»). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons.

Australia and Japan

The Offer is not being addressed to shareholders of Micronas whose place of residence, seat or habitual abode is in Australia or Japan, and such shareholders may not accept the Offer.

Forward-Looking Statements

This Offer Prospectus contains statements that are, or may be deemed to be, forward-looking statements. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "aims", "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "plans", "continue" or "should" or similar terminology. These forward-looking statements include matters that are not historical facts or which may not otherwise be provable by reference to past events. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events, and/or depend on circumstances that may or may not occur in the future.

A. Background of the Offer

The Offeror is a corporation organized under the laws of Japan, having its seat in Tokyo. The Offeror is a direct wholly owned subsidiary of TDK.

TDK is a company organized under the laws of Japan, having its seat in Tokyo, Japan. TDK, together with its Subsidiaries (the **TDK Group**), is globally active in the electronic components industry. In the fiscal year ending March 31, 2015, TDK Group generated worldwide annual sales of approximately JPY 1,082.6 billion (approximately CHF 9.05 billion). TDK's common stock is listed on the Tokyo Stock Exchange (**TSE**) (ticker symbol TTDKY).

Micronas is a Swiss corporation with its registered office in Zurich, Switzerland. Micronas's registered shares have been traded since March 27, 1996 on SIX (ticker symbol MASN). Micronas is active in the automotive and industrial business as a global preferred partner for sensing and control. Through the Offer, the Offeror intends to acquire and add Micronas's complementary sensor-based system solution business to its portfolio of products and services.

On December 17, 2015, TDK and Micronas entered into a transaction agreement (the **Transaction Agreement**), pursuant to which TDK agreed to submit, either directly or through a designated direct or indirect Subsidiary, and the board of directors of Micronas agreed to recommend to its shareholders for acceptance, the present Offer (see Section E.4 (*Agreements Between the Offeror and Micronas, Their Directors, Officers and Shareholders; Transaction Agreement*)).

B. The Offer

1. Pre-Announcement

TDK made a pre-announcement (the **Pre-Announcement**) of this Offer in accordance with articles 5 *et seq.* of the Ordinance of the Swiss Takeover Board on Public Takeover Offers (*Verordnung der Übernahmekommission über öffentliche Kaufangebote*; the **Takeover Ordinance**). TDK submitted the Pre-Announcement for publication in the electronic media on December 17, 2015 before the opening of trading on SIX. Since this Offer Prospectus and the offer notice (*Angebotsinserat*) are published within three SIX trading days (each SIX trading day hereinafter a **Trading Day**) after publication of the Pre-Announcement in the electronic media, there is no requirement to have the Pre-Announcement published in the print media.

2. Object of the Offer

Except as set forth below and subject to the offer restrictions, the Offer extends to all publicly held Micronas Shares, including all Micronas Shares that will be issued by Micronas upon the possible exercise of outstanding options under Micronas's stock option plan (the **Stock Option Plan**) before the expiration of the Additional Acceptance Period (as defined in Section B.6 (*Additional Acceptance Period*)).

According to Micronas, there are 883,750 options outstanding under the Stock Option Plan that are or will become exercisable before the expiration of the Additional Acceptance Period (as defined in Section B.6 (*Additional Acceptance Period*)) and that, therefore, may result in an issuance of a maximum of 883,750 Micronas Shares out of the conditional capital of Micronas before the expiration of the Additional Acceptance Period (as defined in Section B.6 (*Additional Acceptance Period*)). According to the articles of association of Micronas in their version of March 27, 2015, Micronas has no authorized share capital.

The Offer does neither extend to Micronas Shares held by TDK or any of its Subsidiaries, nor to Micronas Shares held by Micronas or any of its Subsidiaries.

Accordingly, the Offer relates to a maximum number of 28,905,654 Micronas Shares, calculated as of December 16, 2015 (the last Trading Day prior to the Pre-Announcement) as follows:

	Micronas Shares
Issued Micronas Shares	29,757,930*
Micronas Shares held by TDK or any of its Subsidiaries	– 0**
Micronas Shares held by Micronas or any of its Subsidiaries	– 1,736,026***
Maximum number of Micronas Shares to be issued by the end of the Additional Acceptance Period out of the conditional capital of Micronas (upon exercise of options exercisable under the Stock Option Plan)	+ 883,750***
Maximum Number of Micronas Shares to which the Offer extends	28,905,654

- * According to information received from Micronas, including 29,752,930 Micronas Shares registered in the Commercial Register and 5,000 Micronas Shares issued from Micronas's conditional capital which have not yet been registered in the Commercial Register
- ** As of December 16, 2015 (the last Trading Day prior to the Pre-Announcement)
- *** As of December 16, 2015 (the last Trading Day prior to the Pre-Announcement) according to information received from Micronas

Micronas has agreed with TDK that Micronas will not, and that it will procure that its Subsidiaries will not, sell, from the date of the Transaction Agreement (as described in Section E.4 (*Agreements Between the Offeror and Micronas, Their Directors, Officers and Shareholders; Transaction Agreement*)) until the date that is six months after the end of the Additional Acceptance Period (as defined in Section B.6 (*Additional Acceptance Period*)), any of the Micronas Shares held by them.

3. Offer Price

The Offer Price for each Micronas Share is CHF 7.50 net in cash. This implies a premium of 69.7% to the volume-weighted average price of all on-exchange transactions in Micronas Shares on SIX executed during the sixty (60) Trading Days prior to the publication of the Pre-Announcement (which amounts to CHF 4.42) and a premium of 63.0% to the on-exchange closing price of the Micronas Share on SIX on December 16, 2015, the Trading Day immediately prior to the publication of the Pre-Announcement, of CHF 4.60.

The Offer Price will be reduced by the gross amount of any dilutive effects in respect of the Micronas Shares prior to the consummation of the Offer (the **Settlement**), including, but not limited to, dividend payments and other distributions of any kind, demergers and spin-offs, capital increases (except for the implementation of conditional capital increases by the board of directors of Micronas based on the exercise of options that have been outstanding as of the date of the Transaction Agreement and that are, on the date of their exercise, exercisable under the Stock Option Plan and the relevant option agreement by board members, officers and employees of Micronas, in accordance with the Stock Option Plan and the relevant option agreement) and the sale of treasury shares at an issuance or sales price per Micronas Share below the Offer Price, the purchase of Micronas Shares at a purchase price above the lower of the Offer

Price and the prevailing share price, the issuance of options, warrants, convertible securities or other rights of any kind for the acquisition of Micronas Shares or other securities of Micronas and repayments of capital in any form.

The monthly median of the daily volume of on-exchange transactions on SIX in Micronas Shares was equal to or greater than 0.04% of the tradable portion of the relevant security (free float) in at least 10 of the 12 full months preceding the publication of the Pre-Announcement. Accordingly, the Micronas Shares are deemed liquid pursuant to Circular No. 2 (Liquidity in the context of takeover law) of the Swiss Takeover Board of February 26, 2010.

Historical price trend of Micronas Shares since 2011:

	2011	2012	2013	2014	2015**
High*	14.80	10.95	8.81	8.18	6.65
Low*	4.73	6.74	6.48	5.61	3.71

* Daily closing price in CHF

** From January 1 until December 16, 2015 (the last Trading Day prior to the Pre-Announcement)

Source: Bloomberg

4. Cooling-off Period

If not extended by the Swiss Takeover Board, a cooling-off period of ten (10) Trading Days (the **Cooling-off Period**) will run from the publication of this Offer Prospectus, i.e., from December 23, 2015 to January 11, 2016. The Offer may be accepted only after the expiration of the Cooling-off Period.

5. Offer Period

If the Cooling-off Period is not extended by the Swiss Takeover Board, the offer period of twenty-two (22) Trading Days is expected to begin on January 12, 2016 and to end on February 10, 2016, 4:00 p.m. CET (the **Offer Period**).

The Offeror reserves the right to extend the Offer Period once or several times to a maximum of forty (40) Trading Days or, with the approval of the Swiss Takeover Board, beyond forty (40) Trading Days. In the event of an extension, the commencement of the Additional Acceptance Period (as defined in Section B.6 (*Additional Acceptance Period*)) and the Settlement Date (as defined in Section L.4 (*Payment of the Offer Price; Settlement Date*)) will be deferred accordingly.

6. Additional Acceptance Period

After the expiration of the (possibly extended) Offer Period and if the Offer is declared successful (*zustande gekommen*), there will be an additional acceptance period of ten (10) Trading Days for the subsequent acceptance of the Offer. If the Cooling-off Period is not extended by the Swiss Takeover Board and if the Offer Period is not extended, the additional acceptance

period is expected to begin on February 17, 2016 and to end on March 1, 2016, 4:00 p.m. CET (the **Additional Acceptance Period**).

7. Conditions

The Offer is subject to the conditions set forth below. The period in respect of which each of the conditions will be in force and in effect is described under the heading "*Period for Which the Offer Conditions are in Force and in Effect.*"

- (a) By the end of the (possibly extended) Offer Period, the Offeror shall have received valid acceptances for such number of Micronas Shares representing, when combined with the Micronas Shares that TDK and its Subsidiaries will own at the end of the (possibly extended) Offer Period, at least 67% of all Micronas Shares issued at the end of the (possibly extended) Offer Period (excluding any Micronas Shares held by Micronas or its Subsidiaries in treasury as of the date of the Transaction Agreement) or the issuance of which has been approved by a general meeting of shareholders or the board of directors of Micronas between the date of the Pre-Announcement and the end of the (possibly extended) Offer Period or which may be issued out of Micronas's conditional capital.
- (b) All waiting periods applicable to the acquisition of Micronas by the Offeror shall have expired or been terminated and all competent merger control authorities and all other competent regulatory authorities shall have approved and/or, as the case may be, not prohibited or objected to, the Offer, its Settlement and the acquisition of Micronas by the Offeror without imposition of any condition, requirement or obligation on TDK and/or Micronas and/or any of their respective Subsidiaries that has a Material Adverse Effect on TDK and/or Micronas and/or any of their respective Subsidiaries. For purposes of the Offer, a **Material Adverse Effect** shall mean any matter or event that, in the opinion of a reputed, independent accounting firm or investment bank appointed by the Offeror, individually or together with any other matter or event, is suitable to cause a reduction of:
 - (i) the consolidated earnings before interest and taxes (**EBIT**) of CHF 3,000,000 (Swiss francs three million) – corresponding to 46.9% of the EBIT of the Micronas group in the financial year 2014 as per Micronas's annual report 2014 – or more; or
 - (ii) the consolidated sales of CHF 10,000,000 (Swiss francs ten million) – corresponding to 6.3% of the consolidated net sales of the Micronas group in the financial year 2014 as per Micronas's annual report 2014 – or more; or
 - (iii) the consolidated shareholders' equity of CHF 12,000,000 (Swiss francs twelve million) – corresponding to 10.9% of the consolidated shareholders' equity of the Micronas group as at December 31, 2014, as per Micronas's annual report 2014 – or more;

For purposes of determining whether a Material Adverse Effect has occurred, (1) changes resulting from general economic, financial or market conditions, (2) the costs of Micronas relating to the Offer, (3) the costs that Micronas incurs upon the repurchase of any options outstanding under the Stock Option Plan as of the date of the Transaction

Agreement made at the request of an option holder entitled thereto pursuant to the terms of the Stock Option Plan and the relevant option agreement (excluding any options that, pursuant to the terms of the Stock Option Plan and the relevant option agreement, are forfeited as of the date of the relevant request), and (4) any effects resulting from a change in value of the pension liabilities of Micronas in existence as of September 30, 2015 (such change to be determined on the basis of a consistent application of applicable accounting rules, principles and assumptions) shall not be taken into account.

- (c) No court or governmental authority shall have issued a decision or an order preventing, prohibiting or declaring illegal the consummation of the Offer or requiring TDK and/or Micronas and/or any of their respective Subsidiaries to meet any condition or requirement that has a Material Adverse Effect.
- (d) By the end of the (possibly extended) Offer Period, no matters or events shall have occurred, and no matters or events shall have been disclosed by Micronas or otherwise come to the Offeror's attention which have a Material Adverse Effect on Micronas and/or any of its Subsidiaries.
- (e) The board of directors of Micronas shall have resolved to register the Offeror and/or any other company controlled and designated by TDK in the share register of Micronas as shareholder(s) with voting rights with respect to all Micronas Shares that TDK or any of its Subsidiaries has acquired or may acquire in its own name and for its own account (with respect to Micronas Shares to be acquired in the Offer subject to all other conditions of the Offer having been satisfied or waived), and the Offeror and/or any other company controlled and designated by TDK shall have been registered in the share register of Micronas as shareholder(s) with voting rights with respect to all Micronas Shares acquired in its own name and for its own account.
- (f) (i) All members of Micronas's board of directors shall have resigned from their functions on the board of directors of Micronas and its Subsidiaries with effect as from the Settlement and a general meeting of shareholders of Micronas shall have been held and shall have elected the persons nominated by the Offeror to Micronas's board of directors with effect as from the Settlement, or (ii) all members of Micronas's board of directors shall (x) have resigned from their functions on the board of directors of Micronas and its Subsidiaries with effect as from the Settlement, with the exception of two members who shall not have resigned and who shall have entered into (and not subsequently terminated) a mandate agreement with the Offeror with effect as from the Settlement, or (y) have entered into (and not subsequently terminated) a mandate agreement with the Offeror with effect as from the Settlement.
- (g) The general meeting of shareholders of Micronas shall not have (i) resolved or approved any dividend, other distribution or capital reduction or any acquisition, spin-off (*Abspaltung*), transfer of assets and liabilities (*Vermögensübertragung*) or other disposal of assets, (x) with an aggregate value or for an aggregate consideration of more than CHF 29,769,900 (corresponding to 10% of the consolidated total assets of the Micronas group as of December 31, 2014, as per Micronas's annual report 2014), or (y) contributing in the aggregate more than CHF 639,200 to the EBIT (corresponding to 10% of the

EBIT of the Micronas group in the financial year 2014, as per Micronas's annual report 2014), (ii) resolved or approved any merger, demerger (*Aufspaltung*) or ordinary, authorized or conditional increase of the share capital of Micronas, nor (iii) adopted an amendment of the articles of association of Micronas to introduce any transfer restrictions (*Vinkulierung*) or voting limitations (*Stimmrechtsbeschränkungen*).

- (h) With the exception of the obligations that have been made public prior to the date of the Pre-Announcement or that are related to the Offer, between September 30, 2015 and the transfer of control to TDK or any of its Subsidiaries, Micronas and its Subsidiaries shall not have undertaken to acquire or sell any assets or incur or repay any indebtedness in the aggregate amount or value of more than CHF 29,769,900 (corresponding to 10% of the consolidated total assets of the Micronas group as of December 31, 2014, as per Micronas's annual report 2014).

The Offeror reserves the right to waive, in whole or in part, one or more conditions.

Period for Which the Offer Conditions are in Force and in Effect

Conditions (a) and (d) shall be in force and in effect with respect to the period until the expiration of the (possibly extended) Offer Period. Conditions (b), (c), (g) and (h) shall be in force and effect with respect to the period until Settlement (condition (h), however, no longer than until the transfer of control to TDK or any of its Subsidiaries, if earlier). Conditions (e) and (f) shall be in force and effect with respect to the period until the Settlement or, with respect to the resolutions of corporate bodies mentioned therein, if earlier, until the date when the respective corporate body of Micronas has taken the required resolution.

If any of the conditions (a) or (d) or, if the respective corporate body of Micronas resolves on the matters specified in conditions (e) or (f) prior to the expiration of the (possibly extended) Offer Period, any of the conditions (e) or (f) (with respect to the resolutions of corporate bodies mentioned therein) have not been satisfied or waived by the end of the (possibly extended) Offer Period, the Offer will be declared unsuccessful.

If any of the conditions (b), (c), (g) or (h) or, if and to the extent still applicable (see preceding paragraphs), any of the conditions (e) or (f) have not been satisfied or waived by the Settlement, the Offeror shall be entitled to declare the Offer unsuccessful or to postpone the Settlement for a period of up to four months after the expiration of the Additional Acceptance Period (the **Postponement**). During the Postponement, the Offer shall continue to be subject to the conditions (b), (c), (g) and (h) and, if and to the extent still applicable (see preceding paragraphs), the conditions (e) and (f), as long as, and to the extent, such conditions have not been satisfied or waived. Unless the Offeror applies for, and the Swiss Takeover Board approves, an additional postponement of the Settlement, the Offeror will declare the Offer unsuccessful if such conditions have not been satisfied or waived during the Postponement.

C. Information Regarding the Offeror

1. Name, Registered Office, Capital and Principal Business Activities of the Offeror

The Offeror is a corporation organized under the laws of Japan, having its seat in Tokyo. The Offeror is a direct wholly owned subsidiary of TDK.

TDK is a corporation organized under the laws of Japan, having its seat in Tokyo, Japan. TDK, together with its Subsidiaries, is globally active in the electronic components industry. In the fiscal year ending March 31, 2015, TDK Group generated worldwide annual sales of approximately JPY 1,082.56 billion (approximately CHF 9.05 billion). TDK's portfolio includes passive components, magnetic application products, film application products and other products. As part of its passive products, TDK offers a broad range of sensor products, among them the TMR/GMR magnetic sensors which are used for automotive and industrial applications.

TDK's common stock is listed on the TSE (ticker symbol TTDKY). As of September 30, 2015, the latest information available to TDK, the following entities (i) have been reported as shareholders holding 5% or more of the voting rights of TDK pursuant to reporting provisions of applicable Japanese securities laws or (ii) are registered in TDK's share register as shareholders holding 3% or more of the voting rights of TDK:

- The Master Trust Bank of Japan, Ltd., Japan (Trust account), 12.99%;
- Japan Trustee Services Bank, Ltd., Japan (Trust account), 8.29%;
- JP Morgan Chase Bank 380055, 4.37%;
- The Bank of Tokyo-Mitsubishi UFJ, Ltd. (0.42%), Mitsubishi UFJ Trust and Banking (2.24%), Mitsubishi UFJ Ko-kusai Asset Management (1.93%) and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (0.44%), holding jointly 5.02%;
- BlackRock Japan Co., Ltd. (1.34%), BlackRock Investment Management LLC (0.11%), BlackRock Life Limited (0.27%), BlackRock Asset Management Ireland Limited (0.48%), BlackRock Advisors (UK) Limited (0.16%), BlackRock Fund Advisors (1.00%), BlackRock International Limited (0.36%) and BlackRock Institutional Trust Company, N.A. (1.28%), holding jointly 5.00%;
- Nomura Securities Co., Ltd. (0.08%), Nomura International Plc (0.02%), Nomura Asset Management Deutschland KAG mbH (0.13%), and Nomura Asset Management Co., Ltd. (8.13%), holding jointly 8.36%; and
- Sumitomo Mitsui Trust Bank, Limited (3.32%), Sumitomo Mitsui Trust Asset Management Co., Ltd. (0.46%), Nikko Asset Management Co., Ltd. (3.37%), holding jointly 7.15%.

2. Persons Acting in Concert with the Offeror

In connection with this Offer, all companies and persons (directly or indirectly) controlled by TDK as well as from December 17, 2015, the date on which TDK and Micronas entered into the Transaction Agreement described in Section E.4 (*Agreements Between the Offeror and Micronas, Their Directors, Officers and Shareholders; Transaction Agreement*), Micronas and all companies and persons (directly or indirectly) controlled by Micronas are deemed to be acting in concert with the Offeror.

3. Annual Report

The annual report of the TDK Group for the business year ended March 31, 2015 and the financial results for the business quarters ended June 30, 2015 and September 30, 2015 are available on the website of TDK at http://www.global.tdk.com/ir/ir_library/annual/ and http://www.global.tdk.com/ir/ir_library/financial/.

4. Participations in Micronas

The Offeror and the persons acting in concert with it (excluding Micronas and its direct and indirect Subsidiaries) held as of December 16, 2015 (the last Trading Day prior to the Pre-Announcement), no Micronas Shares and no financial instruments with respect to Micronas Shares. As of the same date, Micronas and its direct and indirect Subsidiaries held, according to Micronas, 1,736,026 Micronas Shares in treasury (corresponding to 5.83% of Micronas's share capital registered in the commercial register as of such date) and no financial instruments with respect to Micronas Shares.

5. Purchases and Sales of Equity Securities in Micronas

During the 12-month period preceding the date of the Pre-Announcement, the Offeror and the persons acting in concert with it (excluding Micronas and its direct and indirect Subsidiaries) did not purchase or sell any Micronas Shares. During the same period, the Offeror and the persons acting in concert with it (excluding Micronas and its direct and indirect Subsidiaries) did not purchase or sell any financial instruments with respect to Micronas Shares. Following the date of the Pre-Announcement, the Offeror and the persons acting in concert with it (excluding Micronas and its direct and indirect Subsidiaries) did not purchase any Micronas Shares, did not sell any Micronas Shares and did not purchase or sell any financial instruments with respect to Micronas Shares.

According to Micronas, since December 17, 2015 – the date on which TDK and Micronas entered into the Transaction Agreement described in Section E.4 (*Agreements between the Offeror and Micronas, Their Directors, Officers and Shareholder; Transaction Agreement*) – neither Micronas nor any of its direct or indirect Subsidiaries have purchased or sold any Micronas Shares or financial instruments with respect to Micronas Shares.

D. Financing of the Offer

The Offeror will finance or procure the financing of the Offer with TDK Group funds which it owns or which will be made available by any of its group companies through intra group loans or otherwise and/or with funds available under existing credit facilities.

E. Information Regarding Micronas

1. Name, Registered Office, Business Activity and Annual Report

Micronas is a Swiss corporation (*Aktiengesellschaft*), having its registered office in Zurich, Switzerland. Its main corporate purpose is the acquisition, holding, administration, financing and sale of direct and indirect participations in other companies.

The annual report of Micronas for the business year ended December 31, 2014, the interim report for the first half-year 2015 ended June 30, 2015 as well as the press release with key financial data for the first and third quarter 2015 ended March 31, 2015 and September 30, 2015, respectively, are available at <http://www.micronas.com/de/investor/financial-information/financial-reports> and <http://www.micronas.com/de/presse/news>.

2. Share Capital and Outstanding Share Units

Share Capital of Micronas

According to an online excerpt of the Commercial Register of December 16, 2015 (the last Trading Day prior to the Pre-Announcement), the share capital of Micronas amounts to CHF 1,487,646.50, divided into 29,752,930 registered shares (*Namenaktien*) with a nominal value of CHF 0.05 each. The Micronas Shares are listed pursuant to the International Reporting Standard of SIX under the securities number 1.233.742 (ISIN: CH0012337421; ticker symbol MASN).

According to its articles of association in the version of March 27, 2015, Micronas has a conditional share capital of CHF 35,358.50 allowing for the issuance of 707,170 additional registered shares in connection with option rights which may be granted to directors, officers and employees of Micronas and/or its Subsidiaries. According to Micronas, as of December 16, 2015 (the last Trading Day prior to the Pre-Announcement), Micronas had a total of 1,587,083 options outstanding under its Stock Option Plan which may result in an issuance of a maximum of 1,587,083 Micronas Shares under its conditional capital. As of the same date, according to Micronas, Micronas had issued 5,000 Micronas Shares out of its conditional capital, which have not yet been registered in the Commercial Register. Accordingly, the effectively issued share capital of Micronas as of December 16, 2015 (the last Trading Day prior to the Pre-Announcement) amounted to CHF 1,487,896.50. In the Transaction Agreement (see Section E.4 (*Agreements Between the Offeror and Micronas, Their Directors, Officers and Shareholders; Transaction Agreement*)), Micronas undertook not to issue any new option rights or similar financial instruments or rights which could result in the issuance of Micronas Shares under its conditional capital.

According to the articles of association of Micronas in their version of March 27, 2015, Micronas has no authorized share capital.

As of December 16, 2015 (the last Trading Day prior to the Pre-Announcement), Micronas and its direct and indirect Subsidiaries held 1,736,026 Micronas Shares as treasury shares (corresponding to 5.83% of Micronas's share capital registered in the Commercial Register as of December 16, 2015).

Stock Option Plan

Micronas has a Stock Option Plan in place for directors, officers and employees of Micronas and its Subsidiaries. Options are in principle granted by the board of directors in its sole discretion. Under the Transaction Agreement (see Section E.4 (*Agreements Between the Offeror and Micronas, Their Directors, Officers and Shareholders; Transaction Agreement; Transaction Agreement*)), Micronas undertook not to issue any new option rights or similar financial instruments or rights, including under the Stock Option Plan, from the date of the Transaction Agreement through the Settlement of the Offer.

Outstanding Options

As of December 16, 2015 (the last Trading Day prior to the Pre-Announcement), 1,587,083 options have been outstanding under Micronas's Stock Option Plan. Each option entitles its holder to purchase one Micronas Share with a nominal value of CHF 0.05 at a pre-defined exercise price. The options have been granted to the relevant directors, officers and employees of Micronas and its Subsidiaries on the basis of a separate option agreement providing, among other things, for the specific vesting periods of the different options. Some of the options have a term of five and a half years, other options have a term of six years. Some of the options vest after two and a half years, other options vest after three years.

According to Micronas, on December 16, 2015 (the last Trading Day prior to the Pre-Announcement) 959,583 options were in-the-money and 627,500 options were out-of-the-money. Further, on the same date 585,000 options were exercisable, and 298,750 options will become exercisable before the expiration of the Additional Acceptance Period.

The Stock Option Plan provides for an extraordinary right to sell options back to Micronas in case of a takeover of Micronas. The optionholder has a right to sell his or her options back to Micronas for a purchase price corresponding to the difference between the average daily closing on-exchange price on SIX during the ten days following the public announcement of the takeover and the pre-defined exercise price of the options. The right to sell must be exercised within sixty (60) days of the public announcement of the takeover; otherwise the options will be forfeited.

3. Intentions of the Offeror With Respect to Micronas

The Offeror believes that Micronas's complementary capabilities, in particular its expertise in commercializing magnetic hall sensors, its capability and know how of designing sensing algorithm and magnetic field controls as well as its creativity to develop new sensing applications, will contribute to the creation of novel sensing applications for the automotive industry. Through

the Offer, the Offeror intends to obtain full control of Micronas and, after the Settlement, to add the Micronas group to TDK's sensor segment. After the Settlement, the Micronas Shares acquired by the Offeror in or outside the Offer may be transferred to one or several of TDK's wholly owned, direct or indirect Subsidiaries.

The Offeror envisions Micronas to be a cornerstone within TDK's sensor segment and therefore is keen to support Micronas's management and employees with its resources, experience, relationships and capital. The Offeror believes that the current management and employees are important to the long-term success of Micronas and anticipates offering key employees, including members of senior management, appropriate retention arrangements. Mr. Matthias Bopp, Chief Executive Officer, and Mr. Daniel Wäger, Chief Financial Officer, members of the Micronas Group Management, have the right to terminate their existing employment agreements upon effective change of control upon closing of the Offer.

The Offeror intends to replace the members of the board of directors of Micronas after Settlement. In the Transaction Agreement, Micronas agreed to procure that all members of Micronas's board of directors resign from their functions on the board of directors of Micronas and the board of directors (or equivalent corporate body) of its Subsidiaries with effect from the Settlement, with the exception of two members who shall for a transitional period enter into a mandate agreement with the Offeror with effect from the Settlement.

In the event that TDK and/or its Subsidiaries hold more than 98% of the voting rights in Micronas after the Settlement, the Offeror intends to request the cancellation of the remaining publicly held Micronas Shares in accordance with article 33 of the Swiss Federal Act on Stock Exchanges and Securities Trading (**SESTA**).

In the event that TDK and/or its Subsidiaries hold between 90% and 98% of the voting rights in Micronas after the Settlement, the Offeror intends to merge Micronas with a Swiss company directly or indirectly controlled by TDK whereby the remaining public shareholders of Micronas would be compensated (in cash or otherwise) and not receive any shares in the surviving company. The Swiss tax consequences resulting from a squeeze-out merger with a cash-only consideration may be considerably worse for individuals who are resident in Switzerland for tax purposes and hold the Micronas Shares as their private assets (*Privatvermögen*) and for foreign investors compared to the tax consequences of an acceptance of the Offer (see also Section L.5 (*Costs and Taxes; General Tax Consequences for Accepting and Non-Accepting Shareholders*)).

If, after the Settlement, TDK and/or its Subsidiaries hold less than 90% of the voting rights in Micronas, TDK and the Offeror may consider, depending on the circumstances, purchasing additional Micronas Shares from remaining shareholders of Micronas and/or combining relevant portions of their relevant businesses with Micronas through a contribution in kind to Micronas of assets, businesses or shareholdings in connection with a capital increase, for which the preemptive rights of the remaining public shareholders of Micronas would be withdrawn and new Micronas Shares issued only to the contributing company. Furthermore, the Offeror may consider implementing one or several transactions under the Swiss Merger Act.

After the Settlement of the Offer, the Offeror intends to have Micronas submit an application to SIX for the de-listing of the Micronas Shares in accordance with the listing rules of SIX and for

an exemption from certain disclosure and publicity obligations under the listing rules of SIX until the date of de-listing of the Micronas Shares.

4. Agreements Between the Offeror and Micronas, Their Directors, Officers and Shareholders

Confidentiality Agreement

On July 29, 2015, TDK and Micronas entered into a confidentiality agreement customary for this type of transaction, pursuant to which the parties agreed to treat any non-public information which may be exchanged between them as confidential. Following the execution of the confidentiality agreement, TDK conducted a limited due diligence investigation of Micronas.

Exclusivity

In view of the due diligence review, the preparation of the Offer documentation and the negotiation of the Transaction Agreement, Micronas granted TDK on November 24, 2015 exclusivity up to and including December 31, 2015.

Transaction Agreement

On December 17, 2015, TDK and Micronas entered into a Transaction Agreement subject to the following main terms:

- TDK agreed to procure that it or one of its wholly owned direct or indirect Subsidiaries shall make the present Offer, and Micronas and its board of directors, respectively, agreed to unconditionally recommend to its shareholders acceptance of the Offer, among other things, by way of its recommendation contained in the board report set forth in Section H (*Report of the Board of Directors of Micronas pursuant to Article 29 SESTA*).
- Micronas undertook not to solicit and, in principle, not to enter into negotiations on or support or recommend any third party offer or competing transaction, except under certain conditions for unsolicited third party offers that may result in an offer superior to this Offer. Micronas also agreed to provide to TDK certain information with respect to unsolicited third party proposals and to allow TDK to amend this Offer in case of a third party offer that is superior to this Offer. Micronas agreed to provide TDK with information disclosed to any third party on terms not less favorable than those applied to the relevant third party.
- Micronas undertook to register TDK and/or any of its Subsidiaries as shareholder(s) with voting rights in Micronas's share register with respect to all Micronas Shares that TDK and/or any of its Subsidiaries have acquired or may acquire in its own name and for its own account outside and/or as a result of the Offer (with respect to the Micronas Shares acquired in the Offer subject to all conditions in the Offer having been satisfied or waived).
- Micronas agreed to provide TDK and/or its representatives and advisors with certain information and data with respect to Micronas and grant access to the management and

advisors as well as service providers of Micronas as reasonably requested to (i) prepare any regulatory filings, (ii) procure or verify the satisfaction of the conditions to this Offer, and (iii) implement and settle the Offer, and enable a smooth transition and preparation of integration.

- Micronas agreed to comply, and to procure that its Subsidiaries and other persons and companies acting in concert with Micronas will comply, with the obligations set out in article 12 para. 1 of the Takeover Ordinance at all times from the date of the Transaction Agreement until the day falling six months after the end of the Additional Acceptance Period and agreed, among other things, (i) not to acquire or agree to acquire any Micronas Shares, other equity securities of Micronas or financial instruments relating to equity securities of Micronas (except for the repurchase of options outstanding under the Stock Option Plan (see Section E.2 (*Share Capital and Outstanding Share Units*))), (ii) to immediately suspend its share buy-back program and any market making or similar arrangements, and (iii) not to amend any terms and/or conditions of existing employee stock options, similar rights or derivatives issued or the respective plans or instruments, or establish or issue new plans or instruments.
- Micronas agreed to operate its business as a going concern, in the ordinary course of business and consistent with past prior practice and to execute or enter into certain transactions only with the consent of TDK, to the extent permissible under applicable laws and regulatory requirements. Among other things, Micronas agreed not to issue or create any obligation to issue any shares, options, conversion rights or other securities (except for the Micronas Shares to be issued out of Micronas's conditional capital upon the exercise of options outstanding under the Stock Option Plan (see Section E.2 (*Share Capital and Outstanding Share Units*))) and not to increase or otherwise change the share capital or capital structure. Also, Micronas agreed not to offer, sell or otherwise dispose of the Micronas Shares held as treasury shares.
- The parties agreed that all members of Micronas's board of directors shall resign from their functions on the board of directors of Micronas and its Subsidiaries with effect from the Settlement, with the exception of two members who shall for a transitional period enter into a mandate agreement with TDK with effect from the Settlement.
- TDK agreed to refrain from making and enforcing any claim against, to waive any claim against, and to release and discharge from any claim, and to procure that Micronas and its Subsidiaries refrain from making and enforcing any claim against, waive any claim against, and release and discharge from any claim, each director of Micronas, each director representing Micronas in its Subsidiaries and each member of the executive management of the Micronas group (*Konzernleitung*), for damages that Micronas or any of its Subsidiaries has or may have based on directors' or officers' liability arising out of any matter, cause or event occurring on or before the date of the Transaction Agreement, except in connection with any willful or grossly negligent acts or omissions of a director or member of the executive management, as the case may be. To the knowledge of the Offeror, there are no specific claims for directors' or managers' liability as of the date of the Offer.
- Micronas agreed to certain customary representations and warranties.

- Micronas agreed to pay to TDK an amount of CHF 2,167,924 corresponding to approximately 1% of the aggregate Offer Price for all publicly held Micronas Shares as partial reimbursement of costs that TDK, the Offeror and their respective advisors incurred or will incur in connection with the preparation and making of the Offer if the Offer is not successful or does not become unconditional for any of the following reasons: (i) a material breach by Micronas of the Transaction Agreement, (ii)) the non-satisfaction of any of the following conditions to the Offer: Section B.7(d) (*no Material Adverse Effect*), Section B.7(e) (*registration with voting rights*), Section B.7(f) (resignation of directors and entry into mandate agreements), Section B.7(g) (*no distributions, no disposal of material assets, no corporate restructurings and no introduction of transfer restrictions or voting limitations*) and Section B.7(h) (*no obligation to acquire or sell material assets, no incurrence or repayment of indebtedness*) or (iii) a third party declaring a competing offer successful.
- TDK agreed to pay to Micronas an amount of CHF 2,167,924 corresponding to approximately 1% of the aggregate Offer Price for all publicly held Micronas Shares as partial reimbursement of costs that Micronas and its advisors have incurred or will incur in connection with the Offer if the Offer is not successful or does not become unconditional for any of the following reasons: (i) a material breach by TDK of the Transaction Agreement, (ii) the non-satisfaction of the condition set out in Section B.7(b) (*merger control and other approvals*) to the extent resulting from a breach of TDK's obligations under the Transaction Agreement.

Business Relationships

In the ordinary course of business TDK purchases certain Micronas products through Micronas's regular distribution network, without having a direct contractual relationship with Micronas in this regard.

No Other Agreements

But for the agreements summarized above, no agreements in relation to the Offer exist between TDK and its Subsidiaries on the one hand, and Micronas, its Subsidiaries and their directors, officers and shareholders on the other hand.

5. Confidential Information

TDK confirms that neither it nor any other company or person under its control have received, directly or indirectly, from Micronas or any of its Subsidiaries, except as publicly disclosed (in this Offer Prospectus, the report of the board of directors of Micronas (see Section H (*Report of the Board of Directors of Micronas pursuant to Article 29 SESTA*) or otherwise), any confidential information regarding the course of business of Micronas which could significantly influence the decision of the recipients of the Offer.

F. Publication

The offer notice (*Angebotsinserat*) as well as all other statutory publications in connection with the Offer (other than this Offer Prospectus, the report of the board of directors of Micronas and the fairness opinion of Ernst & Young Ltd, Zurich) will be published in the *Neue Zürcher Zeitung* (in German) and in *Le Temps* (in French). The Offer documents will also be sent for publication to at least two of the major electronic media publishing financial market information.

This Offer Prospectus may be obtained without delay and free of charge in German, French and English from UBS AG, Zurich (tel.: +41 44 239 47 03; fax: +41 44 239 69 14; e-mail: swiss-prospectus@ubs.com). This Offer Prospectus and other information concerning the Offer are also available at http://www.global.tdk.com/news_center/press/document.htm.

G. Report of the Review Body Pursuant to Article 25 SESTA

As a review body recognized according to the SESTA to review public takeover offers, we have reviewed the offer prospectus of TDK Magnetic Field Sensor G.K. (the "Offeror"). The report of the board of directors of the target company and the Fairness Opinion of Ernst & Young AG were not subject to our review.

The preparation of the offer prospectus is the responsibility of the Offeror. Our responsibility is to express an opinion on the offer prospectus based on our review. We confirm that we comply with the independence requirements provided by takeover law.

Our review was conducted in accordance with the Swiss Auditing Standard on the examination of Public Takeover Offers (AS 880), which requires that a review pursuant to article 25 SESTA be planned and performed to verify the formal completeness of the offer prospectus pursuant to the SESTA and its ordinances and to obtain reasonable assurance about whether the offer prospectus is free from any material misstatements in consequence of violations or errors. It has to be noted that ciphers 4 to 7 below cannot be verified with the same assurance as ciphers 1 to 3. We have reviewed the information in the offer prospectus by means of analyses and ascertainties on a test basis. Furthermore, we have verified the compliance with the SESTA and its ordinances. We believe that our review provides a reasonable basis for our opinion.

In our opinion:

1. the Offeror has taken the necessary measures in order for the required funds to be available on the settlement date;
2. the provisions governing change of control offers, in particular those governing the minimum price, have been observed;
3. the Best Price Rule has been observed until the publication of the offer prospectus.

Moreover, we have not encountered any facts from which we had to infer that:

4. the recipients of the Offer are not treated equally;
5. the offer prospectus is not complete and accurate;
6. the offer prospectus is not in accordance with the SESTA and its ordinances, taking into consideration the expected granting of the exception by the Swiss Takeover Board with regard to article 19 paragraph 1 letter b of the Ordinance of the Takeover Board on Public Takeover Offers;
7. the provisions regarding the effects of the pre-announcement have not been observed.

This report is neither a recommendation for the acceptance or rejection of the offer nor a confirmation (Fairness Opinion) regarding the financial appropriateness of the offer price.

Zurich, 21 December 2015

BDO Ltd

Edgar Wohlhauser
Partner

Marcel Jans
Partner

H. Report of the Board of Directors of Micronas pursuant to Article 29 SESTA

The Board of Directors of Micronas Semiconductor Holding AG (the **Board of Directors**) with registered office in Zurich, Switzerland (**Micronas**) hereby takes position pursuant to article 29 para. 1 SESTA and articles 30-32 of the Swiss Takeover Ordinance (**TOO**) on the public tender offer (the **Offer**) of TDK Magnetic Field Sensor G.K., a company domiciled in Tokyo, Japan (the **Offeror**), a subsidiary of TDK Corporation with registered office in Tokyo, Japan (**TDK**), for all publicly held registered shares of Micronas with a nominal value of CHF 0.05 each (each a **Micronas Share**).

1. Recommendation

Based on an in-depth review of the Offer and taking into account the fairness opinion which forms an integral part of this report (see below Section 8 of the offer prospectus), the Board of Directors has unanimously resolved on December 16, 2015 to recommend to the shareholders of Micronas to accept the Offer of the Offeror.

2. Rationale

Prior to the Offer, the Board of Directors examined together with the Micronas Group Management and external consultants in detail the short- and long-term prospects of Micronas as an independent company and the benefits of a combination with TDK. Based on this analysis the Board of Directors believes that a combination with TDK compared to other alternatives will result in considerable strategic, operational and financial benefits for Micronas.

2.1 Reasonable Offer Price

The price offered by the Offeror is CHF 7.50 net in cash for each Micronas Share (the **Offer Price**).

The Offer Price implies a premium of 63.0% per Micronas Share over the on-exchange closing price of CHF 4.60 per Micronas Share on December 16, 2015 and a premium of 69.7% per Micronas Share over the volume-weighted average price of all on-exchange transactions during the last 60 trading days prior to the publication of the pre-announcement of the Offer of CHF 4.42 per Micronas Share.

In order to support its opinion by an objective assessment, the Board of Directors mandated Ernst & Young AG to issue a fairness opinion and to assess the financial appropriateness of the Offer Price. In its fairness opinion dated December 21, 2015 Ernst & Young AG came to the conclusion that the Offer Price is financially fair and appropriate (see below Section H.8 of the offer prospectus).

2.2 Entrepreneurial Potential Released by the Transaction

The Board of Directors believes that a combination with TDK compared to other alternatives will result in considerable strategic, operational and financial benefits for Micronas.

The combination of Micronas's know how in the area of sensor systems and their integration, in particular in so-called hall-sensors and embedded motor controllers, with TDK's expertise in the so-called MR sensor technology will allow the development of new products, creative solutions and innovative technologies. The combined technological expertise of TDK and Micronas should allow the optimal use of the growth opportunities in the sensor business, especially in the automotive market.

Micronas belongs to the leading companies for linear sensors in automotive applications and offers the worldwide biggest portfolio of Hall sensors for the automotive and industrial markets. Hall sensors are based on the so called Hall effect, named after Edwin Hall, and are monolithically integrated by Micronas in a CMOS technology with electronic circuits such as signal conditioning, evaluation, power management and network interfaces. These products are especially used to measure angles, positions, velocities and currents.

TDK is one of the leading companies that offers write-read heads for magnetic hard drives based on the so-called magneto-resistive effect, short MR effect. TDK has begun to broaden its product portfolio and to include MR sensors. Those are applied in the measurement of magnetic

fields, be it as an electronic compass, a path or angle measurement system or as a small potential free current sensor application.

From an operational standpoint synergies are expected in the production, in the frontend as well as in the backend, in the procurement of raw materials, in logistics and in customer care. These synergies will lead to an improvement of the cost structure and thus result in financial benefits.

Within the combined company it is envisaged that Micronas, as competence centre for sensor, will assume responsibility for the magnetic sensors and promote the global strategy of such sensors.

2.3 Cancellation or Merger With Cash Compensation

In the event that the Offeror holds more than 98% of the voting rights in Micronas after the consummation of the Offer (the **Settlement**), the Offeror intends to request the cancellation of the remaining Micronas Shares in accordance with article 33 SESTA. In the event that the Offeror holds between 90% and 98% of the voting rights in Micronas after the Settlement, the Offeror intends to merge Micronas pursuant to article 8 para. 2 of the Swiss Federal Act on Merger, Demerger, Conversion and Transfer of Assets and Liabilities by way of a cash-out merger and to compensate the remaining minority shareholders of Micronas in cash or otherwise, but not with shares of the surviving company. The remaining shareholders may therefore be squeezed out from Micronas. In the context of a cash-out merger, the compensation may, in certain cases, differ from the Offer Price. The tax consequences in the event of a squeeze out by way of a cash-out merger or cancellation of shares are described under Section L.5 of the offer prospectus.

2.4 Delisting

Following the Settlement, the Offeror intends to request the delisting of the Micronas Shares from the SIX Swiss Exchange AG. The delisting may significantly impair the ability to trade in Micronas Shares.

2.5 Conclusion

Based on the considerations summarized above, the Board of Directors is convinced that the Offer is in the best interest of Micronas, its shareholders, employees, customers and suppliers, and that the Offer Price offered by the Offeror is fair and appropriate. The Board of Directors therefore recommends to the shareholders to accept the Offeror's Offer.

3. Agreements Between TDK, the Offeror and Micronas and Between TDK, the Offeror and the Shareholders of Micronas, Which Relate to the Offer

3.1 Confidentiality Agreement

On July 29, 2015, Micronas and TDK entered into a confidentiality agreement. The parties agreed to keep the information regarding the planning of the Offer and the information regarding the business of Micronas confidential, subject to statutory disclosure obligations.

3.2 Exclusivity

In view of the due diligence review, the preparation of the offer documentation and the negotiation of the transaction agreement Micronas has granted TDK on November 24, 2015 exclusivity up to and including December 31, 2015 (see Section E.4. of the offer prospectus).

3.3 Transaction Agreement

On December 17, 2015 TDK and Micronas entered into a Transaction Agreement and it was agreed therein that:

- TDK or the Offeror will make the present Offer;
- Micronas will support the Offer and give a positive recommendation in favour of the Offer in the context of the report of the Board of Directors;
- Micronas and its affiliates will comply from the date of signature of the Transaction Agreement on with the requirements and obligations of parties acting in concert;
- Micronas, subject to the fiduciary duties of its directors and statutory requirements, will not support any third party that might submit an offer and will not take any action that might frustrate or impede the Offer of the Offeror;
- Micronas will immediately terminate the current share buyback program;
- Micronas pays an amount equal to approx. 1% of the aggregate Offer Price for all publicly held Shares to TDK as partial reimbursement of costs that TDK, the Offeror and their respective advisors have incurred or will incur for preparing and making the Offer if the Offer is not successful or does not become unconditional for a reason attributable to: (i) a material breach by Micronas of the Transaction Agreement or (ii) the non-satisfaction of certain offer conditions or (iii) a third party declaring a competing offer for the Shares successful;
- TDK pays an amount equal to approx. 1% of the aggregate Offer Price for all publicly held Shares to Micronas as partial reimbursement of costs that Micronas and its advisors have incurred or will incur for preparing and making the Offer if the Offer is not successful or does not become unconditional for a reason attributable to: (i) a material breach by TDK of the Transaction Agreement or (ii) the non-approval of the Offer by a merger control or other authority to the extent resulting from a breach by TDK of its obligations under the Transaction Agreement.

A more comprehensive summary of the Transaction Agreement can be found under Section E.4. of the offer prospectus.

3.4 Employment Contracts

TDK does not intend to terminate or change the existing employment agreements with the Micronas Management Board upon the Settlement, but intends to offer going forward, subject to

mutual agreement, fair and reasonable compensation, comprising fixed and variable incentive components which, in aggregate, are comparable to the current level, on the basis of a similar TDK scheme. Up to date, no employment agreements have been negotiated or signed. As a consequence, Micronas on the one hand and the members of the Micronas Management Board may terminate the employment agreements as of the Settlement without observing a notice period and, as a rule and subject to applicable limitations of mandatory law, the employees would be treated as if the employment agreements would have been ordinarily terminated.

3.5 Further Agreements

With exception of the above mentioned agreements there is, as of the date of this report and to the knowledge of the Board of Directors, no further agreement between TDK, the Offeror and their affiliates, on the one hand, and Micronas and its affiliates, directors, officers and shareholders, on the other hand. It is, however, possible but not transparent to Micronas that TDK purchases Micronas's products through third parties like distributors.

4. Additional Information Required by Swiss Takeover Law

4.1 Board of Directors and Micronas Group Management

The Board of Directors of Micronas is currently composed of Heinrich W. Kreutzer (Chairman, non-executive director), Dr. Dieter G. Seipler (non-executive director), Lucas A. Grolimund (non-executive director) and Stefanie Kahle-Galonske (non-executive director). Detailed information on their backgrounds, as well as on their activities can be found on the Micronas's website (<http://www.micronas.com/de/investor/corporate-governance/board-directors>).

The Micronas Group Management is currently composed Matthias Bopp (CEO) and Daniel August Wäger (CFO). Detailed information on their backgrounds, as well as on their activities can be found on the Micronas's website (<http://www.micronas.com/de/investor/corporate-governance/management-board>).

4.2 Potential Conflicts of Interests of Members of the Board of Directors or the Micronas Group Management

The Offeror and the target company have agreed in the Transaction Agreement that all the members of the Board of Directors of the target company, except Dr. Dieter G. Seipler and Stefanie Kahle-Galonske, will resign from their functions as members of the Board of Directors with effect from the Settlement. Dr. Dieter G. Seipler and Stefanie Kahle-Galonske will for a transition period beginning with the Settlement individually enter into a mandate agreement with the Offeror. Those mandate agreements, which will only enter into force after the Settlement, do grant Dr. Dieter G. Seipler and Stefanie Kahle-Galonske a customary compensation for such type of transitional arrangements and contain usual conditions regarding the taking of instructions and indemnification. The purpose of the mandate agreements is to ensure a seamless change of control in Micronas. For this reason, the Board of Directors concluded that the mandate agreements do not give rise to any potential conflict of interests.

The two members of the Micronas Group Management Matthias Bopp (CEO) and Daniel August Wäger (CFO) have not entered into any contractual relationship with TDK or the Offeror and have no significant business relations with TDK and the Offeror.

4.3 Possible Financial Consequences of the Offer for Individual Members of the Board of Directors and the Micronas Group Management

4.3.1 Micronas Shares and Options Held by Members of the Board of Directors and the Micronas Group Management

The members of the Board of Directors held as of December 16, 2015 the following Micronas Shares and options on Micronas Shares:

Board of Directors

Name	Micronas Shares	Options
Heinrich W. Kreuzer Chairman of the Board of Directors	0	100,000
Lucas A. Grolimund Member of the Board of Directors	0	50,000
Dr. Dieter G. Seipler Member of the Board of Directors	0	50,000
Stefanie Kahle-Galonske Member of the Board of Directors	0	10,000

Micronas Group Management

Name	Micronas Shares	Options
Matthias Bopp Chief Executive Officer	25,000	270,000
Daniel August Wäger Chief Financial Officer	5,000	25,833

4.3.2 Employee Stock Options

The employee stock options, held by members of the Board of Directors and the Micronas Group Management, have been issued under the stock option plan of Micronas. Each option entitles the holder to acquire one Micronas Share against payment of the respective exercise price. The exercise price of the options held by members of the Board of Directors and the Micronas Group Management varies between CHF 6.74 and CHF 11.90.

An aggregate of 1,587,083 options is outstanding under the stock option plan of Micronas. Under the stock option plan the option holders are granted the right to sell back all allotted and not

yet exercised options to Micronas. This right must be exercised within 60 days after the publication of the pre-announcement of the described Offer, otherwise the relevant options are forfeited. The purchase price amounts to the difference between (i) the average closing price on the SIX Swiss Exchange on the 10 trading days following the publication of the pre-announcement and (ii) the exercise price. The purchase price must be paid by Micronas within 30 days after notification of the sale by option holder. If instead of the average closing prices the Offer Price is used as an estimate for the purchase price, costs of Micronas for the repurchase of all outstanding options will amount to up to CHF 550,000.

4.3.3 Compensation and Other Particular Benefits

In order to compensate for the additional work arising from this Offer certain key employees were granted a special allowance of an amount varying between one and three months of the fixed gross salary. This could result in total costs of Micronas of up to CHF 400,000.

5. Intentions of the Shareholders of Micronas

To the knowledge of the Board of Directors, the following shareholders hold on December 15, 2015 more than 3% of the registered share capital and of the voting rights of Micronas (excluding the own shares held by Micronas)¹:

Shareholder	Number of Micronas Shares	Percentage
Brandes Investment Partners, L.P., San Diego, USA	3,155,277	10.6%
RBC Investor + Treasury Services, London, GB	2,104,164	7.07%
Nortrust Nominees Ltd, London, GB	1,503,880	5.05%
Black Creek Investment Management Inc., Toronto, Canada ²	1,495,070	5.04%
Sparinvest Holdings SE, Luxembourg	1,471,881	4.95%
Wellington Management Group LLP, Boston, USA	1,065,105	3.58%

The Board of Directors is not aware of the intentions of the above-mentioned shareholders.

¹ The figures are based on the notifications submitted by the shareholders to the SIX Swiss Exchange as well as the entries in the share register of Micronas.

² Pursuant to the disclosure notice of December 18, 2015 Black Creek Investment Management Inc. now holds 1,387,333 Micronas Shares corresponding to 4.66% of the share capital and voting rights.

6. Defensive Measures

The Board of Directors of Micronas has no knowledge of defensive measures, which would have been taken against the Offer of the Offeror, nor does it intend to take such defensive measures or to propose them to an extraordinary shareholders' meeting.

7. Financial statements; Disclosure of Material Changes in the Assets and Liabilities, Financial Position, Profits and Losses and Business Perspectives; Interim Financial Statements

The audited and consolidated financial statements of Micronas as of December 31, 2015 as well as the audited and consolidated interim financial statements of Micronas as of June 30, 2015 can be consulted on Micronas's website at <http://www.micronas.com/de/investor/financial-information/financial-reports>.

The consolidated key performance indicators as of September 30, 2015 were published with the press release of October 22, 2015, which can be consulted on Micronas's website at http://www.micronas.com/de/system/files/downloads/files/PR_1512_22.10.2015_d.pdf.

Due to this Offer the publication of the annual financial statements as of December 31, 2015 as well as the ordinary shareholders' meeting regarding the financial year 2015 will be postponed. Further details will be published by Micronas in due course.

Save for the transaction to which this report relates, the Board of Directors is not aware of significant changes in the assets and liabilities, financial position and profits and losses of Micronas or in its business perspectives since September 30, 2015, which could influence the decision of the shareholders of Micronas with respect to the Offer. In particular, the Board of Directors expects that Micronas will reach the guidance for the fiscal year 2015 which was published in the press release of October 22, 2015 (i.e. expected consolidated annual sales of about CHF 132 million and an EBIT margin between 0 and 1 percent).

8. Fairness Opinion

The Board of Directors has mandated Ernst & Young AG as independent and particularly qualified expert to issue a fairness opinion and assess the financial appropriateness of the Offer Price. In the fairness opinion dated December 21, 2015 Ernst & Young AG determined a valuation range from CHF 3.70 to CHF 6.60 and, consequently, concluded that the price offered by TDK per Micronas Share is financially fair and appropriate. The fairness opinion can be ordered in German, French and English at no cost at Micronas Semiconductor Holding AG, Technoparkstrasse 1, 8005 Zurich (phone: +41 44 445 39 60, email: investor@micronas.com) or downloaded on <http://www.micronas.com/en/investor-relations/publictenderoffer>.

Zurich, December 21, 2015

For the Board of Directors of Micronas Semiconductor Holding AG

Heinrich W. Kreutzer

Dieter G. Seipler

I. Fairness Opinion

The fairness opinion issued by Ernst & Young AG, Zurich, to the board of directors of Micronas, which confirms that the Offer Price is fair from a financial perspective, is available at <http://www.micronas.com/en/investor-relations/publictenderoffer> and may be obtained without delay and free of charge from Micronas Semiconductor Holding AG, Technoparkstrasse 1, 8005 Zurich (tel.: +41 44 445 39 60; e-mail: investor@micronas.com).

J. Decision of the Swiss Takeover Board

On December 21, 2015 the Swiss Takeover Board issued the following decision (*Verfügung*) (unofficial translation from the German original):

1. The public tender offer of TDK Magnetic Field Sensor G.K. to the shareholders of Micronas Semiconductor Holding AG complies with the statutory provisions relating to public tender offers.
2. TDK Magnetic Field Sensor G.K. is granted an exemption such that the identity of the shareholders or groups of shareholders and the percentage of their participation must be disclosed only once the threshold of 5% of the voting rights has been exceeded.
3. Micronas Semiconductor Holding AG shall be obliged to prepare up-to-date interim financial statements and to publish such interim financial statements in conformity with the board report at least ten trading days prior to the expiration of the offer period.
4. This decision will be published on the website of the Swiss Takeover Board on the day on which the offer prospectus is published.
5. The fee charged to TDK Magnetic Field Sensor G.K. amounts to CHF 108,396.

K. Rights of Shareholders of Micronas

1. Request for Party Status (Article 57 Takeover Ordinance)

Shareholders who have been holding at least 3% of the voting rights of Micronas, whether exercisable or not (a **Qualified Participation**), since December 17, 2015 (each a **Qualified Shareholder**; Article 56 Takeover Ordinance), will be granted party status if they file a respective request with the Swiss Takeover Board. The request of a Qualified Shareholder must be received by the Swiss Takeover Board (Selnaustrasse 30, Postfach 1758, 8021 Zurich; e-mail: counsel@takeover.ch; fax: +41 (0)58 499 22 91) within five (5) Trading Days from the date of publication of this Offer Prospectus. The first Trading Day after the publication of the offer notice (*Angebotsinserat*) in the newspaper will be the first day of the filing period. Concurrently with the request, the applicant has to furnish proof of his or her Qualified Participation. The Swiss Takeover Board may request proof of the Qualified Shareholder's continued Qualified Participation any time. The party status of a Qualified Shareholder will be upheld in relation to any further decisions issued by the Swiss Takeover Board in connection with the Offer, if the Qualified Shareholder continues to hold a Qualified Participation.

2. Objection (Article 58 Takeover Ordinance)

A Qualified Shareholder who has to date not participated in the proceedings may file an objection against the Swiss Takeover Board's decision in respect of the Offer (see Section J (*Decision of the Swiss Takeover Board*)). The objection must be filed with the Swiss Takeover Board (Selnaustrasse 30, Postfach 1758, 8021 Zurich, e-mail: counsel@takeover.ch; fax: +41 (0)58 499 22 91) within five (5) Trading Days after publication of the Swiss Takeover Board's decision in the newspapers. The first Trading Day after the publication of the Swiss Takeover Board's decision in the newspapers will be the first day of the filing period. The objection must contain a motion, a summary of the legal grounds and proof of the Qualified Participation (as defined in Section K.1 (*Rights of Shareholders*)) pursuant to Article 56 of the Takeover Ordinance.

L. Implementation of the Offer

1. Information / Announcement

Shareholders will be informed of the Offer by their depositary bank and are invited to proceed in accordance with the instructions of their depositary bank.

2. Offer Manager

UBS AG, Zurich.

3. Tendered Micronas Shares

Tendered Micronas Shares will receive the separate securities number 30.318.277 (ticker symbol MASNE). SIX has approved the opening of a second trading line for the tendered Micronas Shares as of January 12, 2016. It is expected that the trading on the second trading line will be terminated upon the expiration of the Additional Acceptance Period.

4. Payment of the Offer Price; Settlement Date

The Offer Price for the Micronas Shares which will have been validly tendered during the Offer Period and the Additional Acceptance Period is expected to be paid on March 8, 2016 (the **Settlement Date**). In the event of an extension of the Cooling-off Period by the Swiss Takeover Board, an extension of the Offer Period pursuant to Section B.5 (*Offer Period*) or a Postponement of the Settlement in accordance with Section B.7 (*Conditions*), the Settlement Date will be deferred accordingly.

5. Costs and Taxes; General Tax Consequences for Accepting and Non-Accepting Shareholders

Costs and Taxes

During the Offer Period and the Additional Acceptance Period, Micronas Shares deposited with banks in Switzerland may be tendered free of costs and fiscal charges. Any Swiss transfer stamp duty will be borne by the Offeror.

Tax Consequences for Shareholders who Tender Their Micronas Shares Into the Offer

No Swiss withholding tax will be levied on the sale of Micronas Shares pursuant to this Offer.

The following Swiss individual and corporate income tax consequences will likely result for Micronas shareholders who are resident in Switzerland for tax purposes and tender their Micronas Shares into the Offer:

- Pursuant to general principles of Swiss income taxation, shareholders holding their Micronas Shares as private assets (*Privatvermögen*) and who tender their Micronas Shares into the Offer realize either a tax-free private capital gain or suffer a non-tax-deductible capital loss, unless the shareholder classifies as a professional securities dealer (*gewerbsmässiger Wertschriftenhändler*).
- Shareholders holding their Micronas Shares as business assets (*Geschäftsvermögen*) or classifying as professional securities dealer (*gewerbsmässiger Wertschriftenhändler*) who tender their Micronas Shares into the Offer realize either a taxable capital gain or a tax-deductible capital loss depending on the relevant income tax value of their Micronas Shares pursuant to general principles of Swiss individual and corporate income taxation.

Shareholders who are not tax residents of Switzerland are not subject to Swiss individual and corporate income taxes, except if their Micronas Shares are attributed to a permanent establishment (*Betriebsstätte*) or a fixed place of business in Switzerland.

Tax Consequences for Shareholders Who do not Tender Their Micronas Shares Into the Offer

If TDK and/or its Subsidiaries hold more than 98% of the voting rights in Micronas after the Settlement, the Offeror intends to request the cancellation of the outstanding publicly held Micronas Shares in accordance with article 33 SESTA (see Section E.3 (*Intention of the Offeror With Respect to Micronas*)). In such case, the tax consequences for the shareholders of Micronas Shares will in general be the same as if they had tendered their Micronas Shares into the Offer (see above).

If TDK and/or its Subsidiaries hold between 90% and 98% of the voting rights in Micronas after the Settlement, the Offeror intends to merge Micronas with a Swiss company directly or indirectly controlled by TDK, whereby the remaining public shareholders of Micronas would be compensated (in cash or otherwise) and not receive any shares in the surviving company. Consideration paid to remaining Micronas minority shareholders (irrespective of their tax residence) in the squeeze-out merger may, depending on the structuring of the squeeze-out merger, be subject to Swiss withholding tax of 35% on the difference between the amount of (i) the consideration and (ii) the sum of the nominal value of the Micronas Shares concerned and of the proportionate part of Micronas's reserves from capital contributions (*Reserven aus Kapitaleinlagen*) attributable to the respective Micronas Shares. Upon request, the Swiss withholding tax, if any, will generally be refunded to shareholders of Micronas who have their tax residence in Switzerland, provided that those shareholders duly declare the consideration in the tax return or, in the event of legal entities, in the profit and loss statement. Micronas shareholders who are not tax residents of Switzerland may be entitled to a partial refund of the Swiss withholding tax if the

country of residence for tax purposes has entered into a bilateral treaty for the avoidance of double taxation with Switzerland and the conditions of such treaty are met.

Furthermore, the following individual and corporate income tax consequences may result for Micronas shareholders who are resident in Switzerland for tax purposes depending on the structure of the squeeze-out merger:

- Shareholders holding their Micronas Shares as private assets (*Privatvermögen*) realize a taxable income on the difference between the amount of (i) the consideration and (ii) the sum of the nominal value of the Micronas Shares concerned and of the proportionate part of Micronas's reserves from capital contributions (*Reserven aus Kapitaleinlagen*) attributable to the respective Micronas Shares.
- Shareholders holding their Micronas Shares as business assets (*Geschäftsvermögen*) or classifying as professional securities dealer (*gewerbsmässiger Wertschriftenhändler*) have the same tax consequences as if they tendered their Micronas Shares into the Offer (see above).

Shareholders who are not tax residents of Switzerland are not subject to Swiss individual or corporate income taxes, except if their Micronas Shares are attributed to a permanent establishment (*Betriebsstätte*) or a fixed place of business in Switzerland.

General Remark

All shareholders of Micronas and beneficial owners of Micronas Shares are expressly advised to consult their own tax advisors with respect to the Swiss and foreign tax consequences of this Offer and its acceptance or non-acceptance, respectively.

6. Squeeze-out and De-listing

After completion of the Offer, as set out in Section E.3 (*Intentions of the Offeror With Respect to Micronas*), the Offeror intends to request the cancellation of the outstanding publicly held Micronas Shares, or to merge Micronas with a Swiss company directly or indirectly controlled by TDK whereby the remaining public shareholders of Micronas will receive a compensation, but no shares of the surviving company, if permitted by law. Furthermore, after the Settlement the Offeror intends to have Micronas apply with SIX for the de-listing of the Micronas Shares in accordance with the listing rules of SIX and for an exemption from certain disclosure and publicity obligations under the listing rules of SIX until the date of de-listing of the Micronas Shares.

M. Applicable Law and Jurisdiction

This Offer, and all rights and obligations arising under or in connection with this Offer, shall be governed by, and construed in accordance with, **Swiss law**. The exclusive place of jurisdiction for all disputes arising out of or in connection with this Offer shall be the city of **Zurich**.

N. Indicative Timetable

December 22, 2015	Publication of Offer Prospectus and offer notice
December 23, 2015	Start of Cooling-off Period
January 11, 2016	End of Cooling-off Period
January 12, 2016	Start of Offer Period Opening of the second trading line on SIX for tendered Micronas Shares
February 10, 2016, 4:00 p.m. CET	End of Offer Period*
February 11, 2016	Provisional notice of the interim results of the Offer (in electronic media)*
February 16, 2016	Definitive notice of the interim results of the Offer (in print media)*
February 17, 2016	Start of the Additional Acceptance Period*
March 1, 2016, 4:00 p.m. CET	End of the Additional Acceptance Period* Closing of the second trading line on SIX for tendered Micronas Shares
March 2, 2016	Provisional notice of the end results of the Offer (in electronic media)*
March 7, 2016	Definitive notice of the end results of the Offer (in print media)*
March 8, 2016	Settlement of the Offer*

* The Offeror reserves the right to extend the Offer Period pursuant to Section B.5 (*Offer Period*) once or several times, in which case the above dates will be deferred accordingly. In addition, the Offeror reserves the right to postpone the Settlement of the Offer pursuant to Section B.7 (*Conditions*).

O. Offer Documentation

This Offer Prospectus may be obtained without delay and free of charge (in German, French and English) from UBS AG, Swiss Prospectus, P.O. Box, 8098 Zurich, Switzerland (tel.: +41 44 239 47 03; fax: +41 44 239 69 14; e-mail: swiss-prospectus@ubs.com). This Offer Prospectus and other information concerning the Offer are also available at http://www.global.tdk.com/news_center/press/document.htm.

Financial Advisor and Offer Manager

