

October 16, 2013
DDS Inc.

News Release

Notification Regarding Synaptics Inc.'s Acquisition of Validity Sensors, Inc.,
DDS's Investee Company

Synaptics Inc. (hereinafter called "Synaptics") whose CEO is Rick Bergman and which is headquartered in San Jose, California, and main shareholders and the board of directors of Validity Sensors Inc. (hereinafter called the "Validity") whose CEO is Rob Baxter and which is headquartered in San Jose, California, reached a basic agreement on the acquisition. Validity is our investee company and strategic capital partner.

For the effects this acquisition will have on us, we need to closely examine. The information we have confirmed at this point is as follows:

1. Overview of Validity and relationship with DDS

Summary of Validity

Company name	Validity Sensors, Inc.
Location	San Jose, California USA
Representative	Rob Baxter, CEO
Business description	Manufacturing of fingerprint authentication sensors
Established	September 26, 2002
Main shareholders	<ul style="list-style-type: none"> • Intel Capital (investment arm of the world's largest semiconductor maker, Intel Corporation) • Qualcomm Ventures (investment arm of a major semiconductor maker, Qualcomm Incorporated) • VentureTech Alliance (investment arm of Taiwan Semiconductor Manufacturing Company (TSMC), the Taiwan's largest semiconductor maker) • TeleSoft Partners (American investment firm) • Panorama Capital (American investment firm) • Crosslink Capital (American investment firm) • World Fair (Subsidiary of WWTT, a Hong Kong listed company)

Relationship with DDS	
Capital	DDS has obtained 7,500,000 stocks of Validity (39.2 yen per share) for a total of 294 million yen, on November 19, 2012. The current shareholding ratio is 2.37%.
Personnel	N/A
Transaction	DDS has had a partnership with Validity since 2008, and provides our products and expertise to Validity, and receives fingerprint sensors from Validity.
Matters concerning related parties	N/A

*Financial information of Validity is not included because it is a non-public company and it is required that such information is not disclosed.

*Calculated at a rate of 98 yen per dollar.

2. Overview of Synaptics

Company name	Synaptics Inc. (NASDAQ: SYNA)			
Location	San Jose, California USA			
Representative	Rick Bergman, CEO			
Capital	51,141,790,000 yen (521,850,000 U.S. dollars)			
Business description	Manufacturing and the sale of touch panel/touch pod for smartphones/PCs			
Recent business performance		2013	2012	2011
	Net sales	65,031 million yen	53,726 million yen	58,656 million yen
	Operating income	9,867 million yen	6,621 million yen	7,106 million yen
	Net income	9,695 million yen	5,306 million yen	6,252 million yen

*Calculated at a rate of 98 yen per dollar.

3. Details of the basic agreement between Validity and Synaptics

Acquiring company	Synaptics
Acquired company	Validity
Method of acquisition	Share exchange

Acquisition price	<ul style="list-style-type: none"> – Up to 24,990 million yen (255 million U.S. dollars) – At the time of closing, allocate Synaptics's stocks worth 9,065 million yen (92.5 million U.S. dollars) to shareholders of Validity, pro rata to each shareholding ratio. – Subsequently, based on the business performance of Validity for the three years after the acquisition, allocate the stocks similarly up to 15,925 million yen (162.5 million U.S. dollars).
Completion of the acquisition	End of December 2013 (planned)

*Calculated at a rate of 98 yen per dollar.

4. Effects of the acquisition on DDS

After the acquisition is completed, Validity will be a wholly owned company of Synaptics. However, as Validity will continue to exist as corporate entity, it is expected that our partnership under the license agreement will be maintained.

The details of the acquisition proposal are to be provided by the end of December 2013. Because such information is not available at the moment, the effects on DDS's business results, such as the recognition of extraordinary gain or loss, have not been determined.

Once the details have been clarified, we will provide the information.

Company information

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