



Mr. Pierre T. M. Chen, Founder and Chairman of Yageo Corporation, in partnership with KKR launch tender offer on Yageo

Taiwan, 6 April, 2011 – Today Orion Investment Co., Ltd. (“Orion”) announced a public tender offer to acquire 100% of the outstanding common shares of Yageo Corporation (“Yageo”, the “Company”) at a per share price of NT\$16.10 in cash. Orion, a newly established Taiwan company to be jointly held by Mr. Pierre T. M. Chen, Founder, Chairman and CEO of Yageo, and investment funds managed by Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, “KKR”) is expected to effect a cash merger with Yageo upon achieving minimum tender acceptance and receiving relevant regulatory approvals. The offer price values Yageo at c.NT\$47 billion, equivalent to c.US\$1.6 billion, on a fully diluted basis.

Established in 1977, Yageo has become a leading regional provider of passive-component services offering a product portfolio of resistors, ceramic capacitors, ferrites, high frequency products, aluminum capacitors, inductors and others in both commodity and specialty versions. Since 2007, it has partnered with KKR, a global investment management firm with deep roots in private equity, who has provided valuable input on corporate strategy and contributed to Yageo’s development and growth. In the fast-paced electronics field, with its trend toward miniaturization and shorter product cycles for consumer electronics and telecommunication applications, future growth demands globalization and the ability to compete with global leaders. The new shareholding structure is expected to provide the Company with more flexibility in facing the global challenges ahead. The Company will remain a Taiwan-based company under the majority control and leadership of Mr. Chen. The increased investment by KKR managed funds will enhance the level of partnership with the Company and enable it to go beyond its existing capabilities.

The offer price represents a premium of approximately 14% over the last closing price of Yageo shares on the Taiwan Stock Exchange, and is equal to the highest closing price the stock has reached since July 2004. Currently, Mr. Chen, his family and funds managed by KKR, collectively control approximately 34.3% of the fully diluted shares outstanding of Yageo following conversion of KKR convertible bonds and exercise of all vested employee stock options. Upon completion of the tender offer, Orion is expected to hold over 50% of the fully diluted shares outstanding of Yageo.

“This transaction marks an important milestone in Yageo’s operating history,” said Mr. Chen, Founder, Chairman and CEO of Yageo. “Over the last several years, Yageo has experienced growth and successfully established a strong position in the Greater China region. We feel now is the time to take Yageo to the next level. From a long term perspective, the new shareholding structure will enable investments in accelerated high end product development and deeper penetration into western markets, which will complete our transformation into a global leader across our focus products. We will as a result offer our clients even more comprehensive products and services. In our partnership with KKR over the last four years, KKR has provided full support and valuable input to our management team. I am confident that the continued commitment of resources by KKR will help Yageo focus on executing its long-term expansion strategy, while remaining firmly based in Taiwan.”

KKR Partner Julian Wolhardt, commented: “We are proud to have been part of this journey and see this transaction as the natural evolution of our long term partnership with Mr. Chen and the management team. Based on our experience over the last four years, we believe Yageo embodies all of the key traits we look for in a company – a solid base business, leaders and management with strong experience and vision, and appealing growth prospects.” Julian added: “We are very excited to make this investment in Taiwan, and look forward to contributing to the growth of the economy and to being a long term, constructive partner.”

UBS AG acts as the exclusive financial advisor to the consortium in this transaction. Paul, Weiss, Rifkind, Wharton & Garrison, Baker & McKenzie, and Simpson Thacher & Bartlett LLP act as the legal advisors to the consortium.

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About Yageo

Established in 1977, the Yageo Corporation has become a leading provider of passive-component services with production and sales facilities in Asia, Europe and the Americas. The corporation is uniquely positioned to provide one-stop-shopping, offering its complete product portfolio of resistors, ceramic capacitors, ferrites, high frequency products, aluminum capacitors, inductors and others in both commodity and specialty versions to meet the diverse requirements of customers. Headquartered in Taipei, Taiwan, Yageo employs over 10,000 people. Yageo has been listed on Taiwan Stock Exchange since October 1993, and GDR listing on the LUX since September 1994. For more information visit www.yageo.com

About KKR

KKR was founded by Henry Kravis and George Roberts in 1976, and is a global leading investment management firm with deep roots in private equity. As of December 31, 2010, KKR’s assets under management is at US\$ 61 billion, which are held in

diverse form of assets and by various investment funds managed through the 14 offices worldwide. KKR creates value through bringing in operational experts to its portfolio companies, active monitoring, focus on building good client relationships and strong capital markets platform. KKR & Co. L.P. is listed on the New York Stock Exchange (NYSE:KKR). For more information visit www.KKR.com

Safe Harbor Provision

The content of this press release may contain forward-looking statements. These forward-looking statements are not historical facts and are based on expectations, estimates, and projections about Yageo's industry; our beliefs and assumptions; and our goals and objectives as of the date such forward-looking statements are first posted. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", and "estimates", and variations of these words and similar expressions are intended to identify forward-looking statements. These statements are only predictions, are not guarantees of future performance, and are subject to risks, uncertainties, and other factors, some of which are beyond our control, are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

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