

December 26, 2012

Notice Regarding Conclusion of Share Transfer Agreement for Acquisition and Subsequent Consolidation of SII NanoTechnology Inc.

Hitachi High-Technologies Corporation (TOKYO: 8036, Hitachi High-Tech), as reported in an earlier release titled, “Hitachi High-Tech Signs Memorandum of Understanding Regarding Acquisition and Subsequent Consolidation of SII NanoTechnology Inc.,” entered a basic agreement on May 24, 2012 with Seiko Instruments Inc. (SII) to acquire all shares of SII wholly owned subsidiary SII NanoTechnology Inc. (SII NanoTech). This share transfer will subsequently make SII NanoTech a wholly owned subsidiary of Hitachi High-Tech.

Hitachi High-Tech today announced that it has concluded a share transfer agreement with Seiko Instruments Inc. regarding the acquisition of shares of SII NanoTechnology Inc., following approval from the respective Board of Directors of the parties involved at meetings held today.

An earlier public announcement was made to the effect that the date for the transfer would be postponed from the initially scheduled date of July 25, 2012, due to a continuing examination by the relevant agencies of whether the agreement potentially violated Japanese anti-trust law. On December 10, 2012, the relevant agencies notified the parties that a cease and desist order will not be issued. Thereafter, the parties continued discussions toward the share transfer planned for January 1, 2013. Following these discussions, the parties reached a final agreement on Hitachi High-Tech’s conversion of SII NanoTech into a subsidiary through the acquisition of shares of SII NanoTech.

1. Reasons for the Acquisition

Hitachi High-Tech leverages its own world-leading technology, and global sales capability and network to promote business. Guided by its corporate vision of “Becoming a global top in high-tech solutions,” the Hitachi High-Tech Group has formulated its Long-term Management Strategy (CS11: Corporate Strategy 2011), and is aggressively promoting business development in growth fields. In this context, Science & Medical Systems, one of the Group’s in-house product divisions, is pursuing a three-pronged growth strategy: (1) Reinforce and augment core technologies, (2) Enter new and growth markets, and (3) Strengthen the competitiveness and lineup of general-purpose analytical instruments.

SII NanoTech, for its part, is a company with a history in the development, manufacture and sale of competitive products in analytical and measuring instruments and other cutting-edge fields, grounded in the management philosophy of providing its customers solutions and contributing to social progress through the pursuit of proprietary technology.

SII NanoTech’s operations are highly compatible with and complementary to Hitachi High-Tech’s own business. Consequently, Hitachi High-Tech determined that the conversion of SII NanoTech into a wholly owned subsidiary has the potential to enhance its own core technologies, particularly in X-rays, thermal analysis, ion optics, and physical measurement technologies. The move is also expected to strengthen Hitachi High-Tech’s business portfolio through the addition of products to the lineup.

Going forward, Hitachi High-Tech will strive to create synergies with Science & Medical Systems’ manufacturing, sales and services, while simultaneously launching cutting-edge applications, in a bid to further enhance competitiveness and enter new and growth markets.

2. Purpose of the Share Acquisition (Conversion to Subsidiary)

The purpose of converting SII NanoTech into a subsidiary is two-fold. First, Hitachi High-Tech aims to establish a stable earnings base as a comprehensive scientific instruments manufacturer by fundamentally strengthening the portfolio of the scientific instruments business, which is one of its core operations. Second, Hitachi High-Tech aims to reinforce and augment analysis and inspection solutions that address customer needs in growth fields such as the environmental and new energy, and life sciences. This will be achieved by augmenting Hitachi High-Tech's electron beam and optical analysis technologies with SII NanoTech's core technologies in X-rays, thermal analysis, ion optics, and physical measurement technologies.

Hitachi High-Tech believes that SII NanoTech strongly complements the Company's strategic priorities based on the following perspectives.

(1) Hitachi High-Tech's existing products and SII NanoTech's products are complementary.

Hitachi High-Tech's products strengths in liquid chromatography, spectrophotometers and atomic absorption photometers in the organic and inorganic analysis fields complement SII NanoTech's product strengths in thermal analysis instruments, ICP optical emission spectrometers, X-ray fluorescence analyzers, and scanning probe microscopes.

(2) Potential for expanding SII NanoTech's products globally using Hitachi High-Tech's sales networks.

Leveraging its sales network of 23 sites in Japan and 58 sites in 26 countries overseas, Hitachi High-Tech will expand sales of SII NanoTech's products in the Asian Belt Zone* where it is working to increase its market presence. Strengthen marketing capabilities by leveraging product strength synergies of the two companies to enhance the product lineup, and by integrating the product maintenance framework.

* 24 countries and regions along Asian coastal areas ranging from Japan to the Arabian Peninsula.

(3) Bringing together and fusing technologies in the environmental and new energy field.

Hitachi High-Tech will strengthen product development capabilities targeting the environmental field by bringing together and fusing the technologies of both companies. This includes Hitachi High-Tech's technologies in the environmental and new energy field, such as solar cell and lithium-ion battery (LIB) analysis, and SII NanoTech's technologies in new businesses, namely SEA-Hybrid (LIB inspection systems), Cd monitoring systems for rice, and coating thickness gauges for solar cells.

(4) Service support and solution proposals through advanced technologies.

Hitachi High-Tech is working to strengthen product maintenance services and to expand solution provision services. By incorporating SII NanoTech's advanced maintenance technology, Hitachi High-Tech will provide rapid and reliable support to customers. Hitachi High-Tech will develop solution proposals that address the growing complexity of measurement applications in recent years.

3. Overview of the Subsidiary to be Transferred

(1) Name	SII NanoTechnology Inc.	
(2) Location	8, Nakase 1-chome, Mihama-ku, Chiba-shi, Chiba 261-8507, Japan	
(3) Representative	Kenji Kawasaki, President & CEO	
(4) Business lines	Development, manufacture and sale of analytic, measurement and observation instruments.	
(5) Capital	100 million yen	
(6) Date of establishment	Mar. 1, 2000 (Date of corporate separation: Dec. 1, 2003)	
(7) Principal shareholders and ownership	Seiko Instruments Inc. 100%	
(8) Relationship between Hitachi High-Tech	Capital relationships	No noteworthy capital relationships exist between Hitachi High-Tech and SII NanoTech. Similarly, no noteworthy capital relationships exist between individuals or affiliated companies associated with Hitachi High-Tech and individuals or affiliated companies associated with the subsidiary to be transferred.
	Personal relationships	No noteworthy personal relationships exist between Hitachi High-Tech and SII NanoTech. Similarly, no noteworthy personal relationships exist between individuals or affiliated companies associated with Hitachi High-Tech and individuals or affiliated companies associated with the subsidiary to be transferred.

	Transactional relationships	No noteworthy transactional relationships exist between Hitachi High-Tech and SII NanoTech. Similarly, no noteworthy transactional relationships exist between individuals or affiliated companies associated with Hitachi High-Tech and individuals or affiliated companies associated with the subsidiary to be transferred.	
(9) Three-year operating results and financial condition for the subsidiary to be transferred			
Years ended Mar. 31	2010	2011	2012
Total net assets	4,276 million yen	4,338 million yen	4,372 million yen
Total assets	21,485 million yen	18,535 million yen	17,127 million yen
Shareholders' equity per share	71,271 yen	72,302 yen	72,873 yen
Net sales	15,222 million yen	15,576 million yen	15,533 million yen
Operating income	-594 million yen	43 million yen	-60 million yen
Ordinary income	125 million yen	470 million yen	539 million yen
Net income	247 million yen	258 million yen	174 million yen
Net income per share	4,126 yen	4,305 yen	2,909 yen
Cash dividend per share	—yen	—yen	—yen

Note:

1. Operating results and financial condition is a sum of SII NanoTech and its 3 subsidiaries (Epolead Service Inc., SII NanoTechnology USA Inc., SII NanoTechnology (Shanghai) Inc.) since there are no consolidated numerical data.
2. 13 months data is applied for the year ended Mar. 31, 2010 for SII NanoTech and Epolead Service Inc.,
3. The end of Dec. is the settlement day for SII NanoTechnology USA Inc. and SII NanoTechnology (Shanghai) Inc.

4. Overview of the Share Acquisition Counterparty

(1) Name	Seiko Instruments Inc.	
(2) Location	8, Nakase 1-chome, Mihama-ku, Chiba-shi, Chiba 261-8507, Japan	
(3) Representative	Kunio Kamata, President	
(4) Business lines	Development, manufacture and sale of mechatronic, electronic component, system application, and scientific instrument businesses.	
(5) Capital	9,756 million yen	
(6) Date of establishment	Sep. 7, 1937	
(7) Total net assets	31,384 million yen	
(8) Total assets	169,949 million yen	
(9) Principal shareholders and ownership	Seiko Holdings Corporation 100%	
(10) Relationship between Hitachi High-Tech	Capital relationships	No noteworthy capital relationships exist between Hitachi High-Tech and SII. Similarly, no noteworthy capital relationships exist between individuals or affiliated companies associated with Hitachi High-Tech and individuals or affiliated companies associated with SII.
	Personal relationships	No noteworthy personal relationships exist between Hitachi High-Tech and SII. Similarly, no noteworthy personal relationships exist between individuals or affiliated companies associated with Hitachi High-Tech and individuals or affiliated companies associated with SII.
	Transactional relationships	No noteworthy transactional relationships exist between Hitachi High-Tech and SII. Similarly, no noteworthy transactional relationships exist between individuals or affiliated companies associated with Hitachi High-Tech and individuals or affiliated companies associated with SII.
	Status of related parties	SII is not party to the interests of Hitachi High-Tech. Neither is Hitachi High-Tech party to the interests of SII, its affiliated companies and associates.

5. Outline of New Companies (Tentative)

Hitachi High-Tech Science Corporation (formally, SII NanoTechnology Inc.)

Name	Hitachi High-Tech Science Corporation
Capital	¥100 million
Principal shareholders and ownership	Hitachi High-Technologies Corporation 100%
Representative	Toshiyuki Ikeda
Location	24-14, Nishi-Shimbashi 1-chome, Minato-ku, Tokyo 105-8717, Japan
Number of employees	308
Business lines	Development, manufacture and sale of analytic, measurement and observation instruments.

Hitachi High-Technologies Science America Inc. (formally, SII NanoTechnology USA Inc.)

Name	Hitachi High-Technologies Science America Inc.
Capital	US\$13.5 million
Principal shareholders and ownership	Hitachi High-Tech Science Corporation 100%
Representative	Masaharu Kawamura
Location	19865 Nordoff Street, Northridge, CA 91324, U.S.A
Number of employees	24
Business lines	Development, manufacturing and sales of X-ray detectors.

Hitachi Instruments (Shanghai) Co Ltd. * (formally, SII NanoTechnology (Shanghai) Inc.)

Name	Hitachi Instruments (Shanghai) Co Ltd. *
Capital	US\$455 thousand
Principal shareholders and ownership	Hitachi High-Tech Science Corporation 100%
Representative	Toshiyuki Kaneko
Location	Rm.102, No.2, 690 Bibo Rd., Zhangjiang Hi-Tech Park, Shanghai, China
Number of employees	49
Business lines	Manufacturing, sales and maintenance services for analytical instruments.

* The name will be officially determined pending approval by the relevant agencies in China.

Epolead Service Inc.

Name	Epolead Service Inc.
Capital	¥50 million
Principal shareholders and ownership	Hitachi High-Tech Science Corporation 100%
Representative	Noritoshi Oishi
Location	8, Nakase 1-chome, Mihama-ku, Chiba-shi, Chiba 261-8507, Japan
Number of employees	82
Business lines	Maintenance services and sales of consumable supplies for analytical and measuring instruments.

6. Number of Shares Acquired, Acquisition Price and Shareholding Before and After Acquisition

(1) Shareholding prior to transfer	0 shares (No. of voting rights: 0) (Ownership: 0.0%)
(2) Number of shares acquired	60,000 shares (No. of voting rights: 60,000) (Percentage of issued shares: 100.0%) (Acquisition price: TBD)
(3) Shareholding after transfer	60,000 shares (No. of voting rights: 60,000) (Ownership: 100.0%)

7. Schedule

(1) Conclusion of the basic agreement	May 24, 2012
(2) Conclusion of the share transfer agreement	Dec. 26, 2012
(3) Date of share transfer (tentative)	Jan. 1, 2013

8. Future Outlook

Hitachi High-Tech is currently examining the impact of the share acquisition on its consolidated business performance. The Company will promptly announce any revisions to business forecasts for the fiscal year ending March 31, 2013 that may be necessary.

For further information contact:

Corporate Communications Department
CSR Division
Hitachi High-Technologies Corporation
Tel: +81-3-3504-5138