



[Translation]

February 14, 2020

To Whom It May Concern:

Company Name	Hitachi High-Tech Corporation (the “Company”)
Representative:	Masahiro Miyazaki, Executive Officer and President (Code No. 8036, First Section of the Tokyo Stock Exchange)
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**Announcement of Opinion in Support of Tender Offer for Shares in the Company by Hitachi, Ltd., the Controlling Shareholder, and Recommendation for our Shareholders to Tender in Tender Offer, and Partial Amendment to “Announcement of Opinion in Support of Tender Offer for Shares in the Company by Hitachi, Ltd., the Controlling Shareholder, and Recommendation for our Shareholders to Tender in Tender Offer”**

Tokyo, Japan, February 14, 2020 –

1. Opinion in Support of Tender Offer for Shares in the Company by Hitachi, Ltd., the Controlling Shareholder, and Recommendation for the Shareholders of the Company to Tender in Tender Offer

As stated in the “Announcement of Opinion in Support of Tender Offer for Shares in the Company by Hitachi Ltd., the Controlling Shareholder, and Recommendation for our Shareholders to Tender in Tender Offer” released as of January 31, 2020 (the “Press Release Dated January 31, 2020”), the tender offer (the “Tender Offer”) by Hitachi, Ltd. (the “Offeror”), the controlling shareholder (parent company) of the Company, for all of the common shares in the Company (the “Company Common Shares”) (excluding the Company Common Shares owned by the Offeror and the Company’s own shares that are owned by the Company) has been scheduled to commence on February 17, 2020 subject to satisfaction of the Conditions Precedent for the Tender Offer (as defined on page 1 of the Press Release Dated January 31, 2020) (however, the Offeror is not restricted from waiving at its discretion the satisfaction of all or any of the Conditions Precedent for the Tender Offer and conducting the Tender Offer). According to the document titled, “Hitachi Announces Commencement of Tender Offer for Shares of Hitachi High-Tech Corporation (Securities Code No. 8036) and Partial Amendment of ‘Hitachi Announces Tender Offer for Shares of Hitachi High-Technologies Corporation (Securities Code No. 8036),’” published by the Offeror as of today, having confirmed the satisfaction of the Conditions Precedent for the Tender Offer, the Offeror will commence the Tender Offer on February 17, 2020, as scheduled.

We announce that the Company resolved by its board of directors' resolution as of today to again express its opinion in support of the Tender Offer and to recommend that its shareholders tender their shares in the Tender Offer. Please note that there has been no change to the Company's opinion on the Tender Offer expressed as of January 31, 2020 (For details of that opinion, please refer to the Press Release Dated January 31, 2020.).

The above-mentioned resolution of the board of directors of the Company as of today was adopted unanimously by six (of which four were outside directors) out of the seven directors of the Company.

Since Mr. Ryuichi Kitayama, a director of the Company, will assume the office of Representative Executive Officer, Executive Vice President and Executive Officer of the Offeror on April 1, 2020 as stated in "Hitachi Announces Executive Changes" released by the Offeror on January 31, 2020, he has special interests in the Tender Offer; therefore, he did not participate in the above-mentioned resolution of the board of directors of the Company as of today.

Please note that following the submission by the Company of its quarterly securities report for the third quarter of the 101st business period as of February 6, 2020, the minimum number of Share Certificates, Etc. to be purchased in the Tender Offer and certain other statements have been amended. For details, please refer to "Hitachi Announces Commencement of Tender Offer for Shares of Hitachi High-Tech Corporation (Securities Code No. 8036) and Partial Amendment of 'Hitachi Announces Tender Offer for Shares of Hitachi High-Technologies Corporation (Securities Code No. 8036)'" released today by the Offeror.

## 2. Partial Amendment to the Press Release Dated January 31, 2020

The Company hereby further announces the following partial amendments to the Press Release Dated January 31, 2020, with the amended parts underlined:

### **Before Amendment**

#### 1. Outline of the Offeror

(Omitted)

(Note 3) "Offeror Group" means the Offeror and its consolidated subsidiaries and equity-method affiliates, including the Company Group. The Offeror states that as of December 31, 2019, the Offeror Group was comprised of the Offeror, its 803 consolidated subsidiaries and 418 equity-method affiliates, including the Company Group.

### **After Amendment**

#### 1. Outline of the Offeror

(Omitted)

(Note 3) “Offeror Group” means the Offeror and its consolidated subsidiaries and equity-method affiliates, including the Company Group. The Offeror states that as of December 31, 2019, the Offeror Group was comprised of the Offeror, its 824 consolidated subsidiaries and 452 equity-method affiliates, including the Company Group.

### **Before Amendment**

#### **3. Details, Grounds, and Reasons for the Opinion on the Tender Offer**

##### **(2) Grounds and Reasons for the Opinion**

##### **(II) Background to the Tender Offer**

The Offeror states that it was formed in 1910 as a repair shop for the Hitachi mine of Kuhara Mining, and it was incorporated (established) as Hitachi, Ltd. in February 1920. Reportedly, the Offeror listed its shares on the Tokyo Stock Exchange (*Tokyo Kabushiki Torihikijo*) in April 1934 and it is now a listed company on the first section of the TSE and the first section of the Nagoya Stock Exchange (the Offeror’s shares were listed on both stock exchanges in May 1949 and designated to the first section thereof in October 1961). The Offeror and its 1,221 affiliates (803 consolidated subsidiaries and 418 equity-method affiliates (as of December 31, 2019)) reportedly form a corporate group (the “Offeror Group”) that, in five growth areas of mobility, smart life, industry, energy, and IT sectors, is engaged in a wide range of business activities from developing products, including IT systems for the financial and public sector, power grid systems, industrial equipment, elevators, railroad cars, home appliances, and automobile parts, to manufacturing, sales, and services. The Offeror states that it set out the Lumada (Note 1), which is a comprehensive concept encompassing newest digital solutions, services, and technologies, in order to create new value by taking advantage of the Offeror’s knowledge and know-how in information technology (IT) and operational technology (OT, control, and operation technology) accumulated in various social innovation businesses and utilizing the data in the digital and IoT (Internet of Things) age, in which social developments and significant business environment changes are accelerating. Reportedly, the Offeror Group is also endeavoring to firmly establish the Lumada business model (the “Lumada Strategy”) and strengthen the business portfolio as part of the “2021 Mid-term Management Plan” established in May 2019 (the “2021 Mid-Term Plan”).

(Omitted)

### **After Amendment**

#### **3. Details, Grounds, and Reasons for the Opinion on the Tender Offer**

##### **(2) Grounds and Reasons for the Opinion**

## (II) Background to the Tender Offer

The Offeror states that it was formed in 1910 as a repair shop for the Hitachi mine of Kuhara Mining, and it was incorporated (established) as Hitachi, Ltd. in February 1920. Reportedly, the Offeror listed its shares on the Tokyo Stock Exchange (*Tokyo Kabushiki Torihikijo*) in April 1934 and it is now a listed company on the first section of the TSE and the first section of the Nagoya Stock Exchange (the Offeror's shares were listed on both stock exchanges in May 1949 and designated to the first section thereof in October 1961). The Offeror and its 1,276 affiliates (824 consolidated subsidiaries and 452 equity-method affiliates (as of December 31, 2019)) reportedly form a corporate group (the "Offeror Group") that, in five growth areas of mobility, smart life, industry, energy, and IT sectors, is engaged in a wide range of business activities from developing products, including IT systems for the financial and public sector, power grid systems, industrial equipment, elevators, railroad cars, home appliances, and automobile parts, to manufacturing, sales, and services. The Offeror states that it set out the Lumada (Note 1), which is a comprehensive concept encompassing newest digital solutions, services, and technologies, in order to create new value by taking advantage of the Offeror's knowledge and know-how in information technology (IT) and operational technology (OT, control, and operation technology) accumulated in various social innovation businesses and utilizing the data in the digital and IoT (Internet of Things) age, in which social developments and significant business environment changes are accelerating. Reportedly, the Offeror Group is also endeavoring to firmly establish the Lumada business model (the "Lumada Strategy") and strengthen the business portfolio as part of the "2021 Mid-term Management Plan" established in May 2019 (the "2021 Mid-Term Plan").

(Omitted)

End

- (Reference) The Tender Offeror's announcement titled "Hitachi Announces Commencement of Tender Offer for Shares in Hitachi High-Tech Corporation (Securities Code No. 8036) and Partial Amendment of 'Hitachi Announces Tender Offer for Shares of Hitachi High-Technologies Corporation (Securities Code No. 8036)'" dated February 14, 2020 (Attachment 1)
- (Reference) The Press Release Dated January 31, 2020 ("Announcement of Opinion in Support of Tender Offer for Shares in the Company by Hitachi, Ltd., the Controlling Shareholder, and Recommendation for our Shareholders to Tender in Tender Offer") (Attachment 2)

**Soliciting Regulations**

This press release is the Company's announcement of its opinion as to the Tender Offer and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first read the Tender Offer Explanation Statement concerning the Tender Offer and make an offer to sell their shares at their own discretion. This press release shall neither be, nor constitute a part of, an offer to sell or purchase, or solicitation to sell or purchase any securities, and neither this press release (or any part of this press release) nor its distribution shall be interpreted to constitute the basis of any agreement in relation to the Tender Offer, and this press release may not be relied upon at the time of entering into any such agreement.

**U.S. Regulations**

The Tender Offer shall be implemented in compliance with the procedures and information disclosure standards provided by the Financial Instruments and Exchange Act of Japan, which procedures and standards are not necessarily identical to the procedures and information disclosure standards applied in the United States. Specifically, Article 13(e) or Article 14(d) of the Securities Exchange Act of 1934 (as amended; hereinafter, the "1934 Securities Exchange Act") or the rules promulgated under such Article do not apply to the Tender Offer, and the Tender Offer is not necessarily in compliance with the procedures and standards thereunder. All financial information included or mentioned in this press release and documents referred to in this press release are not based on the accounting standards of the United States and are not necessarily equivalent or comparable to the financial information prepared based on the accounting standards of the United States. Also, because the Offeror is a legal entity incorporated outside of the United States, and some or all of its officers are not residents of the United States, it may be difficult to exercise rights or demands arising under securities laws of the United States. It might not be possible to assume legal procedures in courts outside of the United States against legal entities and its officers located outside of the United States on grounds of breach of securities laws of the United States. Furthermore, there is no assurance that the courts of the United States would exercise their jurisdiction over legal entities and their subsidiaries and affiliates that are located outside of the United States.

All procedures in connection with the Tender Offer shall be conducted in the Japanese language. While some or all of the documents in connection with the Tender Offer may be prepared in English, the Japanese documents shall prevail in case of any discrepancies between the Japanese documents and the corresponding English documents.

The Offeror and its affiliates (including the Company) and their respective financial advisor's affiliates may, in their ordinary course of business and within the scope permitted under the laws and regulations related to Japan's financial instruments transactions, purchase or arrange to purchase the Company's common shares before the Tender Offer Commencement Date or during the Tender Offer Period outside of the Tender Offer in their own or their customer's account in accordance with the requirements of Rule 14e-5(b) of the 1934 Securities Exchange Act. If any information concerning such purchase is disclosed in Japan, the relevant purchaser will disclose such information on its website in English.

**Forward-Looking Statements**

This press release contains "forward-looking statements" as defined in Article 27A of the Securities Act of 1933 (as amended) and Article 21E of the 1934 Securities Exchange Act. These "forward-looking statements" often address the expected future business of the Company and other companies, and often contain words such as "anticipate," "expect," "intend," "plan," or "believe." The actual results may significantly differ from the projections implied or expressly stated as "forward-looking statements" due to known or unknown risks, uncertainties, or other factors. The Company and its affiliates are not in the position to covenant that the projections implied or expressly stated as "forward-looking statements" will actually be realized. The "forward-looking statements" contained herein have been prepared based on the information available to the Company as of the date of this press release and, unless required by laws and regulations of the financial instruments exchange, neither the Company nor its affiliates shall have the obligation to update or correct the statements made herein in order to reflect the future events or circumstances.

**Other Countries**

The announcement, issuance, or distribution of this press release may be legally restricted in some countries or territories. In that case, shareholders should be aware of and comply with the restriction. The announcement, issue or distribution of this press release shall not be interpreted as an offer to purchase or a solicitation of an offer to sell, but simply as a distribution of information.

FOR IMMEDIATE RELEASE

**Hitachi Announces Commencement of Tender Offer for Shares of Hitachi High-Tech Corporation (Securities Code 8036) and Partial Amendment of “Hitachi Announces Tender Offer for Shares of Hitachi High-Technologies Corporation (Securities Code 8036)”**

As publicly announced in the “Hitachi Announces Tender Offer for Shares of Hitachi High-Technologies Corporation (Securities Code 8036)” dated January 31, 2020 (the “**Press Release of January 31, 2020**”), Hitachi, Ltd. (the “**Offeror**”) decided at the meeting of its board of directors on January 31, 2020 to implement a tender offer for the common shares of Hitachi High-Tech Corporation (the “**Target**”, its common shares, the “**Target Common Shares**”, and this tender offer, the “**Tender Offer**”; the Target changed its trade name from “Hitachi High-Technologies Corporation” to “Hitachi High-Tech Corporation” on February 12, 2020) as part of the transaction for the purpose of acquiring all of the Target Common Shares (excluding the Target Common Shares owned by the Offeror and the Target’s own shares that are owned by the Target) and making the Target a wholly-owned subsidiary of the Offeror and intended to commence the Tender Offer on February 17, 2020 on the condition that Conditions Precedent for the Tender Offer (defined in “(1) Overview of the Tender Offer” in “1. Purpose of the Purchase” in the Press Release of January 31, 2020; hereinafter the same) have been satisfied (however, even if some or all of the Conditions Precedent for the Tender Offer have not been satisfied, that does not restrict the Offeror from choosing at its discretion to waive those conditions and implement the Tender Offer).

Since it has been confirmed that the Conditions Precedent for the Tender Offer have been satisfied, the Offeror hereby announces that it has decided to commence the Tender Offer as planned from February 17, 2020.

According to the “Announcement of Opinion in Support of Tender Offer for Shares in the Company by Hitachi, Ltd., the Controlling Shareholder, and Recommendation for our Shareholders to Tender in Tender Offer, and Partial Amendment to ‘Announcement of Opinion in Support of Tender Offer for Shares in the Company by Hitachi, Ltd., the Controlling Shareholder, and Recommendation for our Shareholders to Tender in Tender Offer’” released by the Target today, the Target resolved by its board of directors’ resolution as of today to again express its opinion in support of the Tender Offer and to recommend that its shareholders tender their shares in the Tender Offer. Please note that there has been no change to the Target’s opinion on the Tender Offer expressed as of January 31, 2020 (for details of that opinion, see the “Announcement of Opinion in Support of Tender Offer for Shares in the Company by Hitachi, Ltd., the Controlling Shareholder, and Recommendation for our

Shareholders to Tender in Tender Offer” released by the Target on January 31, 2020).

For details of the Tender Offer, see the Press Release of January 31, 2020.

### **Partial amendment of the Press Release of January 31, 2020**

The Offeror also hereby announces a partial amendment of the Press Release of January 31, 2020. Amended parts are underlined.

#### **Before amendment**

#### **1. Purpose of the Purchase**

##### **(1) Overview of the Tender Offer**

(omitted)

(Note 1) Ownership ratio means the ratio (rounded to two decimal places) of the number of Target Common Shares (137,525,789 shares) as calculated by deducting the number of the Target’s own shares owned by the Target as of September 30, 2019 as stated in the quarterly securities report for the second quarter of the 101st business period submitted by the Target on November 8, 2019 (the “**Target Second Quarter Securities Report for the Business Period Ending March 2020**”) (212,941 shares, including 41 shares not constituting a full share unit owned by the Target, hereinafter the same) from the total number of issued shares of the Target as of that date as stated in the Target Second Quarter Securities Report for the Business Period Ending March 2020 (137,738,730 shares); hereinafter the same.

(omitted)

The Offeror intends to set the minimum number of Share Certificates, Etc. to be purchased in the Tender Offer at 20,548,181 shares (Note 2), and if the total number of Share Certificates, Etc. tendered in the Tender Offer (the “**Tendered Share Certificates, Etc.**”) is less than the minimum number of Share Certificates, Etc. to be purchased, the Offeror does not intend to purchase any of the Tendered Share Certificates, Etc. However, as stated above, the purpose is to make the Target a wholly-owned subsidiary of the Offeror through the Tender Offer, and the Offeror does not intend to set a maximum number of Share Certificates, Etc. to be purchased; therefore, if the total number of Tendered Share Certificates, Etc. is equal to or greater than the minimum number of Share Certificates, Etc. to be purchased, the Offeror intends to purchase all of the Tendered Share Certificates, Etc. Further, if the Offeror is unable to acquire all of the Target Common Shares through the Tender Offer, the Offeror intends to conduct a series of procedures to become the sole shareholder of the Target. For details, see



“(4) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” below.

(Note 2) The minimum number of Share Certificates, Etc. to be purchased is planned to be set at 20,548,181 shares, which is calculated by (i) taking the number of voting rights (1,375,257) of the number of Target Common Shares (137,525,789 shares), as calculated by deducting the number of the Target’s own shares owned by the Target as of September 30, 2019 as stated in the Target Second Quarter Securities Report for the Business Period Ending March 2020 (212,941 shares) from the total number of issued shares of the Target as of that date as stated in the Target Second Quarter Securities Report for the Business Period Ending March 2020 (137,738,730 shares), (ii) calculating the number of voting rights equivalent to two-thirds thereof (916,838), (iii) multiplying that number by the number of Target Common Shares in one share unit (100 shares) to calculate a number of shares (91,683,800 shares), and (iv) subtracting the number of Target Common Shares owned by the Offeror (71,135,619 shares). However, if the Target submits the quarterly securities report for the third quarter of the 101st business period (the “Target Third Quarter Securities Report for the Business Period Ending March 2020”) before the commencement of the Tender Offer, the minimum number of Share Certificates, Etc. to be purchased is planned to be set at the number of shares calculated by (i) taking the number of voting rights of the number of Target Common Shares, as calculated by deducting the number of the Target’s own shares owned by the Target as stated in the Target Third Quarter Securities Report for the Business Period Ending March 2020 from the total number of issued shares of the Target as stated in the Target Third Quarter Securities Report for the Business Period Ending March 2020, (ii) calculating the number of voting rights equivalent to two-thirds thereof, (iii) multiplying that number by the number of Target Common Shares in one share unit to calculate a number of shares, and (iv) subtracting the number of Target Common Shares owned by the Offeror. The Offeror will amend, if necessary, the minimum number of Share Certificates, Etc. to be purchased at the commencement of the Tender Offer and disclose the amended number.

(omitted)

## After amendment

### 1. Purpose of the Purchase

#### (1) Overview of the Tender Offer

(omitted)

(Note 1) Ownership ratio means the ratio (rounded to two decimal places) of the number of Target Common Shares (137,525,356 shares) as calculated by deducting the number of the Target's own shares owned by the Target as of December 31, 2019 as stated in the quarterly securities report for the third quarter of the 101st business period submitted by the Target on February 6, 2020 (the "**Target Third Quarter Securities Report for the Business Period Ending March 2020**") (213,374 shares, including 74 shares not constituting a full share unit owned by the Target, hereinafter the same) from the total number of issued shares of the Target as of that date as stated in the Target Third Quarter Securities Report for the Business Period Ending March 2020 (137,738,730 shares); hereinafter the same.

(omitted)

The Offeror has set the minimum number of Share Certificates, Etc. to be purchased in the Tender Offer at 20,547,981 shares (Note 2), and if the total number of Share Certificates, Etc. tendered in the Tender Offer (the "**Tendered Share Certificates, Etc.**") is less than the minimum number of Share Certificates, Etc. to be purchased, the Offeror will not purchase any of the Tendered Share Certificates, Etc. However, as stated above, the purpose is to make the Target a wholly-owned subsidiary of the Offeror through the Tender Offer, and the Offeror has not set a maximum number of Share Certificates, Etc. to be purchased; therefore, if the total number of Tendered Share Certificates, Etc. is equal to or greater than the minimum number of Share Certificates, Etc. to be purchased, the Offeror will purchase all of the Tendered Share Certificates, Etc. Further, if the Offeror is unable to acquire all of the Target Common Shares through the Tender Offer, the Offeror intends to conduct a series of procedures to become the sole shareholder of the Target. For details, see "(4) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)" below.

(Note 2) The minimum number of Share Certificates, Etc. to be purchased is set at 20,547,981 shares, which is calculated by (i) taking the number of voting rights (1,375,253) of the number of Target Common Shares (137,525,356 shares), as calculated by deducting the number of the Target's own shares owned by the Target as of December 31, 2019 as stated in the Target Third Quarter Securities Report for the Business Period Ending March 2020 (213,374 shares) from the total number of issued shares of the Target as of that date as stated in the Target Third Quarter

Securities Report for the Business Period Ending March 2020 (137,738,730 shares), (ii) calculating the number of voting rights equivalent to two-thirds thereof (916,836), (iii) multiplying that number by the number of Target Common Shares in one share unit (100 shares) to calculate a number of shares (91,683,600 shares), and (iv) subtracting the number of Target Common Shares owned by the Offeror (71,135,619 shares).

(omitted)

#### **Before amendment**

##### **1. Purpose of the Purchase**

##### **(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer**

- (i) Background Leading to the Decision to Implement the Tender Offer and Purpose and Decision-Making Process of the Tender Offer

(omitted)

Additionally, through the closer business cooperation, the Offeror and the Target will promote to streamline management operations and optimize cost structures, and will make efforts to increase the corporate value in terms of both business income and expenditures.

(omitted)

#### **After amendment**

##### **1. Purpose of the Purchase**

##### **(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer**

- (i) Background Leading to the Decision to Implement the Tender Offer and Purpose and Decision-Making Process of the Tender Offer

(omitted)

Additionally, through the closer business cooperation with the Target, the Offeror will promote to streamline management operations and optimize cost structures, and will make efforts to increase the corporate value in terms of both business income and expenditures.

(omitted)

(Note) This amendment has already been reflected to the English translation of the Press Release of January 31, 2020 disclosed on the Offeror's website.

**Before amendment**

**1. Purpose of the Purchase**

**(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer**

**(ii) Decision-Making Process and Reasons of the Target**

(omitted)

As a result, the Target concluded at its board of directors meeting held on January 31, 2020 that becoming a wholly-owned subsidiary of the Offeror through the Transaction and further strengthening the ties with the Hitachi Group through their mutual utilization of management resources such as human resources, financial, business, and customer resources, which were restricted because the Offeror and the Target are independent listed companies, would improve the efficiency of management operations including procurement, risk management, human resources, and system management, and improve profitability through the optimization of cost structure, contributing not only to the future development of the Target Group and further improvement of corporate value, but also to the enhancement of the ties between the Target Group's measurement and analysis technologies platform and the Lumada business of the Offeror, as well as the expansion of the scope of utilization of its business structuring capabilities and business finding capabilities so that the Target can more promptly respond to diversified customer needs than the Company does alone, and create solutions that enhance customer value, thereby contributing to solving social issues.

In addition, as stated in “(b) Obtainment of a share valuation report from an independent third-party valuation agent by the Target” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Calculation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below, (i) the Tender Offer Price exceeds the scope of the calculation results according to the average market price method, from among the calculation results of the share value of the Target provided by Nomura, and also falls within the scope of the calculation results according to the discounted cash flow method (the “**DCF Method**”); (ii) the Tender Offer Price includes a 3.36% premium (rounded off to two decimal places; the same shall apply hereinafter to the calculations of premiums) over the closing price, JPY 7,740, of the Target Common Shares on the First Section of the TSE on January 30, 2020, which is the day immediately preceding the announcement date of the implementation of the Tender Offer, a 1.98% premium over the simple average of the closing prices, JPY 7,845 (rounded off to the closest whole number; the same shall apply hereinafter to the calculations of simple averages of closing prices), for the one month prior to the same date (from January 6, 2020 to January 30, 2020), a 8.42% premium over the simple

average of the closing prices, JPY 7,379, for the three months prior to the same date (from October 31, 2019 to January 30, 2020), a 19.44% premium over the simple average of the closing prices, JPY 6,698, for the six months prior to the same date (from July 31, 2019 to January 30, 2020), and also includes a 68.42% premium over the closing price, JPY 4,750, of the Target Common Share on June 6, 2019, which is the day immediately preceding June 7, 2019, on which some press made speculative reports on the Transaction, a 69.60% premium over the simple average of the closing prices, JPY 4,717, for the one month prior to the same date (from May 7, 2019 to June 6, 2019), a 71.93% premium over the simple average of the closing prices, JPY 4,653, for the three months prior to the same date (from March 7, 2019 to June 6, 2019), a 87.31% premium over the simple average of the closing prices, JPY 4,271, for the six months prior to the same date (from December 7, 2018 to June 6, 2019), and is considered to include reasonable premiums as compared to the standards of premiums in other cases of tender offers in order for parent companies to cause their consolidated subsidiaries to be their wholly-owned subsidiaries; (iii) upon determining the Tender Offer Price the Target adopted measures to ensure fairness of the Tender Offer Price, and measures to avoid conflicts of interest as stated in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Calculation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below, and the interests of minority shareholders were taken into account; and (iv) the Tender Offer Price is a price that was proposed after measures to avoid conflicts of interests were taken, and the Target and the Offeror engaged in discussions and negotiations comparable to discussions and negotiations in arm’s-length transactions, more specifically, faithful and continuous discussions and negotiations based on Nomura’s calculation results regarding the share value of the Target, and discussions with the special committee. Considering these facts, at the board of directors meeting held on January 31, 2020, the Tender Offer was determined to provide the shareholders of the Target with the reasonable opportunity to sell the Target Common Shares at a price with a substantial premium.

(omitted)

## After amendment

### 1. Purpose of the Purchase

### (2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer

#### (ii) Decision-Making Process and Reasons of the Target

(omitted)

As a result, the Target concluded at its board of directors meeting held on January 31, 2020 that becoming a wholly-owned subsidiary of the Offeror through the Transaction and further strengthening the ties with the Hitachi Group through their mutual utilization of management resources such as human resources, financial, business, and customer resources, which were restricted because the Offeror and the Target are independent listed companies, would improve the efficiency of management operations including procurement, risk management, human resources, and system management, and improve profitability through the optimization of cost structure, contributing not only to the future development of the Target Group and further improvement of corporate value, but also to the enhancement of the ties between the Target Group's measurement and analysis technologies platform and the Lumada business of the Offeror, as well as the expansion of the scope of utilization of its business structuring capabilities and business finding capabilities so that the Target can more promptly respond to diversified customer needs than the Target does alone, and create solutions that enhance customer value, thereby contributing to solving social issues.

In addition, as stated in “(b) Obtainment of a share valuation report from an independent third-party valuation agent by the Target” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Calculation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below, (i) the Tender Offer Price exceeds the scope of the calculation results according to the average market price method, from among the calculation results of the share value of the Target provided by Nomura, and also falls within the scope of the calculation results according to the comparable companies method and the discounted cash flow method (the “DCF Method”); (ii) the Tender Offer Price includes a 3.36% premium (rounded off to two decimal places; the same shall apply hereinafter to the calculations of premiums) over the closing price, JPY 7,740, of the Target Common Shares on the First Section of the TSE on January 30, 2020, which is the day immediately preceding the announcement date of the implementation of the Tender Offer, a 1.98% premium over the simple average of the closing prices, JPY 7,845 (rounded off to the closest whole number; the same shall apply hereinafter to the calculations of simple averages of closing prices), for the one month prior to the same date (from January 6, 2020 to January 30, 2020), a 8.42%

premium over the simple average of the closing prices, JPY 7,379, for the three months prior to the same date (from October 31, 2019 to January 30, 2020), a 19.44% premium over the simple average of the closing prices, JPY 6,698, for the six months prior to the same date (from July 31, 2019 to January 30, 2020), and also includes a 68.42% premium over the closing price, JPY 4,750, of the Target Common Share on June 6, 2019, which is the day immediately preceding June 7, 2019, on which some press made speculative reports on the Transaction, a 69.60% premium over the simple average of the closing prices, JPY 4,717, for the one month prior to the same date (from May 7, 2019 to June 6, 2019), a 71.93% premium over the simple average of the closing prices, JPY 4,653, for the three months prior to the same date (from March 7, 2019 to June 6, 2019), a 87.31% premium over the simple average of the closing prices, JPY 4,271, for the six months prior to the same date (from December 7, 2018 to June 6, 2019), and is considered to include reasonable premiums as compared to the standards of premiums in other cases of tender offers in order for parent companies to cause their consolidated subsidiaries to be their wholly-owned subsidiaries; (iii) upon determining the Tender Offer Price the Target adopted measures to ensure fairness of the Tender Offer Price, and measures to avoid conflicts of interest as stated in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Calculation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below, and the interests of minority shareholders were taken into account; and (iv) the Tender Offer Price is a price that was proposed after measures to avoid conflicts of interests were taken, and the Target and the Offeror engaged in discussions and negotiations comparable to discussions and negotiations in arm’s-length transactions, more specifically, faithful and continuous discussions and negotiations based on Nomura’s calculation results regarding the share value of the Target, and discussions with the special committee. Considering these facts, at the board of directors meeting held on January 31, 2020, the Tender Offer was determined to provide the shareholders of the Target with the reasonable opportunity to sell the Target Common Shares at a price with a substantial premium.

(omitted)

(Note) This amendment has already been reflected to the English translation of the Press Release of January 31, 2020 disclosed on the Offeror’s website.

## **Before amendment**

### **1. Purpose of the Purchase**

#### **(5) Likelihood of Delisting and Reasons for that Delisting**

Although the Target Common Shares are listed on the First Section of the TSE as of today, the Offeror does not intend to set a maximum number of Share Certificates, Etc. to be purchased in the Tender Offer, so the Target

Common Shares might be delisted through prescribed procedures in accordance with delisting criteria of the TSE depending on the result of the Tender Offer. Even if the Target Common Shares do not fall under those criteria at the time of the successful completion of the Tender Offer, the Offeror intends to take procedures to acquire all of the Target Common Shares after the successful completion of the Tender Offer as explained in “(4) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” above, in which case the Target Common Shares will be delisted through prescribed procedures in accordance with the delisting criteria of the TSE. After the Target Common Shares are delisted, the Target Common Shares will not be able to be traded on the First Section of the TSE.

## **After amendment**

### **1. Purpose of the Purchase**

#### **(5) Likelihood of Delisting and Reasons for that Delisting**

Although the Target Common Shares are listed on the First Section of the TSE as of today, the Offeror has not set a maximum number of Share Certificates, Etc. to be purchased in the Tender Offer, so the Target Common Shares might be delisted through prescribed procedures in accordance with delisting criteria of the TSE depending on the result of the Tender Offer. Even if the Target Common Shares do not fall under those criteria at the time of the successful completion of the Tender Offer, the Offeror intends to take procedures to acquire all of the Target Common Shares after the successful completion of the Tender Offer as explained in “(4) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” above, in which case the Target Common Shares will be delisted through prescribed procedures in accordance with the delisting criteria of the TSE. After the Target Common Shares are delisted, the Target Common Shares will not be able to be traded on the First Section of the TSE.

## **Before amendment**

### **2. Overview of the Tender Offer**

#### **(1) Outline of the Target**

(i) Company name	<u>Hitachi High-Technologies Corporation</u> <u>(The company name will be changed to Hitachi High-Tech Corporation on February 12, 2020)</u>
(ii) Address	<u>24-14 Nishi-Shimbashi 1-chome, Minato-ku, Tokyo</u> <u>(The address will be changed to 17-1, Toranomon 1-chome, Minato-ku, Tokyo on February 12, 2020)</u>



(iii) Name and title of representative	Masahiro Miyazaki, Representative Executive Officer and President	
(iv) Description of business	Manufacturing and sale of medical analyzers, biotechnology-related products, analytical instruments, semiconductor manufacturing equipment, and analyzing equipment; offering high-value-added solutions in the fields of industrial and social infrastructure and mobility	
(v) Capital	JPY 7,938 million (as of <u>September 30</u> , 2019)	
(vi) Date of incorporation	April 12, 1947	
(vii) Major shareholders and their shareholding ratios (as of September 30, 2019) (Note)	Hitachi, Ltd.	51.73%
	Goldman Sachs & Co. Regular Account (Standing proxy: Goldman Sachs Japan Co., Ltd.)	3.57%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	3.17%
	Japan Trustee Services Bank, Ltd. (Trust Account)	2.90%
	SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Department)	1.70%
	Hitachi High-Technologies Corp.'s Shareholding Association	1.04%
	Japan Trustee Services Bank, Ltd. (Trust Account 7)	1.03%
	State Street Bank and Trust Company 505001 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	0.98%
	Japan Trustee Services Bank, Ltd. (Trust Account 5)	0.95%
	J.P. MORGAN BANK LUXEMBOURG S.A. 1300000 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	0.92%
(viii) Relationship between the Offeror and the Target	Capital relationship	As of today, the Offeror owns 71,135,619 Target Common Shares (ownership ratio: 51.73%), and the Target is a consolidated subsidiary of the Offeror.

	Personnel relationship	As of today, one of the Target's seven directors previously worked at the Offeror. Also, as of today, 10 of the Target's 17 executive officers previously worked at the Offeror. In addition to above, 73 employees of the Target Group are seconded to the Hitachi Group, and 225 employees of the Hitachi Group are seconded to the Target Group.
	Business relationship	The Offeror and the Target have a business relationship in which they conduct transactions such as sales and purchases of railroad-vehicle-related components, various information equipment, and power-generation-related components, etc., as well as providing and borrowing loans under the Hitachi Group Pooling Scheme. Also, the Target outsources research to the Offeror.
	Status as related party	The Target is a consolidated subsidiary of the Offeror; therefore, the Offeror and the Target constitute related parties with respect to each other.

(omitted)

## After amendment

### 2. Overview of the Tender Offer

#### (1) Outline of the Target

(i) Company name	Hitachi High-Tech Corporation	
(ii) Address	17-1, Toranomom 1-chome, Minato-ku, Tokyo	
(iii) Name and title of representative	Masahiro Miyazaki, Representative Executive Officer and President	
(iv) Description of business	Manufacturing and sale of medical analyzers, biotechnology-related products, analytical instruments, semiconductor manufacturing equipment, and analyzing equipment; offering high-value-added solutions in the fields of industrial and social infrastructure and mobility	
(v) Capital	JPY 7,938 million (as of <u>December 31</u> , 2019)	
(vi) Date of incorporation	April 12, 1947	
(vii) Major	Hitachi, Ltd.	51.73%

shareholders and their shareholding ratios (as of September 30, 2019) (Note)	Goldman Sachs & Co. Regular Account (Standing proxy: Goldman Sachs Japan Co., Ltd.)		3.57%
	The Master Trust Bank of Japan, Ltd. (Trust Account)		3.17%
	Japan Trustee Services Bank, Ltd. (Trust Account)		2.90%
	SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Department)		1.70%
	Hitachi High-Technologies Corp.'s Shareholding Association		1.04%
	Japan Trustee Services Bank, Ltd. (Trust Account 7)		1.03%
	State Street Bank and Trust Company 505001 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)		0.98%
	Japan Trustee Services Bank, Ltd. (Trust Account 5)		0.95%
	J.P. MORGAN BANK LUXEMBOURG S.A. 1300000 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)		0.92%
(viii) Relationship between the Offeror and the Target	Capital relationship	As of today, the Offeror owns 71,135,619 Target Common Shares (ownership ratio: 51.73%), and the Target is a consolidated subsidiary of the Offeror.	
	Personnel relationship	As of today, one of the Target's seven directors previously worked at the Offeror. Also, as of today, 10 of the Target's 17 executive officers previously worked at the Offeror. In addition to above, 73 employees of the Target Group are seconded to the Hitachi Group, and 225 employees of the Hitachi Group are seconded to the Target Group.	
	Business relationship	The Offeror and the Target have a business relationship in which they conduct transactions such as sales and purchases of railroad-vehicle-related components, various information equipment, and power-generation-related components, etc., as	

		well as providing and borrowing loans under the Hitachi Group Pooling Scheme. Also, the Target outsources research to the Offeror.
	Status as related party	The Target is a consolidated subsidiary of the Offeror; therefore, the Offeror and the Target constitute related parties with respect to each other.

(omitted)

## Before amendment

### 2. Overview of the Tender Offer

#### (4) Basis of Valuation of Tender Offer Price

##### (ii) Background of the Calculation

(Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest)

##### (f) Approval of all disinterested directors of the Target

(omitted)

According to the Target, the above-mentioned resolution of the board of directors of the Target was adopted unanimously by six (of which four were outside directors) out of the seven directors of the Target who participated in the deliberations.

According to the Target, with the view to enhancing fairness, transparency, and objectivity of the decision-making process and eliminating the possibility of conflicts of interest, Ryuichi Kitayama (Note 5), a director of the Target, did not participate in the deliberations and resolution of the board of directors regarding the Transaction, including those at the above-mentioned board of directors meeting, nor did he participate in the discussions and negotiations with respect to the Transaction as an officer of the Target. He was previously associated with the Offeror, although he does not concurrently hold a position as an officer or an employee at the Offeror, and is not in a position to receive any instruction from the Offeror.

(omitted)

(Note 4) According to the Target, in expressing the opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory assumed and relied on the truthfulness, accuracy, and completeness of all the financial information to which it referred, the publicly available information, and any other information provided by the Target. Deloitte Tohmatsu Financial Advisory did not independently verify, and assumes no responsibility for the

truthfulness, accuracy, and completeness of, such information. In the preparation and submission of the Fairness Opinion, Deloitte Tohmatsu Financial Advisory has not provided any auditing or any other guarantee services in relation to any assets or liabilities (including derivatives, off-balance sheet assets and liabilities, and other contingent liabilities), nor has any third party requested that it provide auditing or any other guarantee services. Deloitte Tohmatsu Financial Advisory has not assessed the creditworthiness of the Target under applicable laws relating to bankruptcy, suspension of payments, or similar matters. In expressing the opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory assumed that the Target's business plans that Deloitte Tohmatsu Financial Advisory used with the Target's consent had been reasonably prepared incorporating the best projections and judgment available to the management of the Target. Furthermore, in expressing the opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory relied on the Target's business plans and related materials that it used without conducting any independent investigation into them.

In rendering the fairness opinion, Deloitte Tohmatsu Financial Advisory relied on representations of the Target's management with regard to the fact that no material events with respect to the Target occurred that were not disclosed to Deloitte Tohmatsu Financial Advisory, and on matters represented as of the date of the fairness opinion.

The Fairness Opinion rendered by Deloitte Tohmatsu Financial Advisory is based on the precondition that all consents and approvals from the government and supervisory authorities that are necessary for establishment of the Transaction were obtained by the Target or the Offeror without affecting in any manner the anticipated benefits of the Transaction. Furthermore, the Fairness Opinion is based on the precondition that for the accounting purposes of the Transaction, the tax effect is the same as that anticipated in the information presented to, and relied upon as a premise for the opinion by, Deloitte Tohmatsu Financial Advisory.

Deloitte Tohmatsu Financial Advisory assumes no obligations towards the Target, the Target's board of directors, or the special committee to solicit a decision of a third party concerning the Transaction, and has not solicited such in the past and shall solicit this in the future.

The Fairness Opinion is based on business, economy, market, and other situations existing as of January 30, 2020 or the date this information were provided to Deloitte Tohmatsu Financial

Advisory. In rendering the Fairness Opinion, Deloitte Tohmatsu Financial Advisory has not analyzed or reviewed whether the business decision that is the basis for implementing the Transaction or the terms of transactions scheduled for the Transaction constitute the best realizable price, and it shall not be obligated to conduct such analysis or review. The Fairness Opinion does not represent any views concerning the Target's solvency before or after the Transaction.

The purpose of the Fairness Opinion is to provide to the Target's board of directors and the Special Committee with reference information for making managerial decisions and is not intended to contain any recommendation to the Target's shareholders to exercise their voting rights concerning the Transaction. The Fairness Opinion is not addressed to any third party other than the Target and no third party may trust or rely on the opinion for any purpose. Accordingly, Deloitte Tohmatsu Financial Advisory does not assume any responsibility for any reason toward any third party (including the Target's shareholders) other than the Target.

The Target acknowledges that even if there is any change in circumstances on and after January 30, 2020 that would affect Deloitte Tohmatsu Financial Advisory's Fairness Opinion, Deloitte Tohmatsu Financial Advisory assumes no obligation or responsibility to renew, amend, supplement, or reconfirm the Fairness Opinion.

(Note 5) As stated in "Hitachi Announces Executive Changes" released by the Offeror on January 31, 2020, Ryuichi Kitayama, a director of the Target, will assume the office of Representative Executive Officer, Executive Vice President and Executive Officer of the Offeror on April 1, 2020.

## **After amendment**

### **2. Overview of the Tender Offer**

#### **(4) Basis of Valuation of Tender Offer Price**

##### **(ii) Background of the Calculation**

(Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest)

##### **(f) Approval of all disinterested directors of the Target**

(omitted)

According to the Target, the above-mentioned resolution of the board of directors of the Target held on January 31, 2020 was adopted unanimously

by six (of which four were outside directors) out of the seven directors of the Target who participated in the deliberations.

According to the Target, with the view to enhancing fairness, transparency, and objectivity of the decision-making process and eliminating the possibility of conflicts of interest, Ryuichi Kitayama, a director of the Target, did not participate in the deliberations and resolution of the board of directors regarding the Transaction, including those at the above-mentioned board of directors meeting of the Target held on January 31, 2020, nor did he participate in the discussions and negotiations with respect to the Transaction as an officer of the Target. He was previously associated with the Offeror, although he does not concurrently hold a position as an officer or an employee at the Offeror, and is not in a position to receive any instruction from the Offeror.

In addition, in response to the fact that the Tender Offer was going to be commenced as scheduled on February 17, 2020, the Target resolved by its board of directors' resolution on February 14, 2020 to again express its opinion in support of the Tender Offer and to recommend that its shareholders tender their shares in the Tender Offer. Please note that there has been no change to the Target's opinion on the Tender Offer expressed as of January 31, 2020.

The above-mentioned resolution of the board of directors of the Target on February 14, 2020 was adopted unanimously by six (of which four were outside directors) out of the seven directors of the Target.

Since Mr. Ryuichi Kitayama, a director of the Target, will assume the office of Representative Executive Officer, Executive Vice President and Executive Officer of the Offeror on April 1, 2020 as stated in "Hitachi Announces Executive Changes" released by the Offeror on January 31, 2020, he has special interests in the Tender Offer; therefore, he did not participate in the above-mentioned resolution of the board of directors of the Target on February 14, 2020.

(omitted)

(Note 4) According to the Target, in expressing the opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory assumed and relied on the truthfulness, accuracy, and completeness of all the financial information to which it referred, the publicly available information, and any other information provided by the Target. Deloitte Tohmatsu Financial Advisory did not independently verify, and assumes no responsibility for the truthfulness, accuracy, and completeness of, such information. In the preparation and submission of the Fairness Opinion, Deloitte Tohmatsu Financial Advisory has not provided any auditing or any other guarantee services in relation to any assets or liabilities (including derivatives, off-balance sheet assets and liabilities, and other contingent liabilities), nor has any third party requested that it provide auditing or any other guarantee services. Deloitte

Tohmatsu Financial Advisory has not assessed the creditworthiness of the Target under applicable laws relating to bankruptcy, suspension of payments, or similar matters. In expressing the opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory assumed that the Target's business plans that Deloitte Tohmatsu Financial Advisory used with the Target's consent had been reasonably prepared incorporating the best projections and judgment available to the management of the Target. Furthermore, in expressing the opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory relied on the Target's business plans and related materials that it used without conducting any independent investigation into them.

In rendering the fairness opinion, Deloitte Tohmatsu Financial Advisory relied on representations of the Target's management with regard to the fact that no material events with respect to the Target occurred that were not disclosed to Deloitte Tohmatsu Financial Advisory, and on matters represented as of the date of the fairness opinion.

The Fairness Opinion rendered by Deloitte Tohmatsu Financial Advisory is based on the precondition that all consents and approvals from the government and supervisory authorities that are necessary for establishment of the Transaction were obtained by the Target or the Offeror without affecting in any manner the anticipated benefits of the Transaction. Furthermore, the Fairness Opinion is based on the precondition that for the accounting purposes of the Transaction, the tax effect is the same as that anticipated in the information presented to, and relied upon as a premise for the opinion by, Deloitte Tohmatsu Financial Advisory.

Deloitte Tohmatsu Financial Advisory assumes no obligations towards the Target, the Target's board of directors, or the special committee to solicit a decision of a third party concerning the Transaction, and has not solicited such in the past and shall solicit this in the future.

The Fairness Opinion is based on business, economy, market, and other situations existing as of January 30, 2020 or the date this information were provided to Deloitte Tohmatsu Financial Advisory. In rendering the Fairness Opinion, Deloitte Tohmatsu Financial Advisory has not analyzed or reviewed whether the business decision that is the basis for implementing the Transaction or the terms of transactions scheduled for the Transaction constitute the best realizable price, and it shall not be obligated to conduct such analysis or review. The Fairness



Opinion does not represent any views concerning the Target's solvency before or after the Transaction.

The purpose of the Fairness Opinion is to provide to the Target's board of directors and the Special Committee with reference information for making managerial decisions and is not intended to contain any recommendation to the Target's shareholders to exercise their voting rights concerning the Transaction. The Fairness Opinion is not addressed to any third party other than the Target and no third party may trust or rely on the opinion for any purpose. Accordingly, Deloitte Tohmatsu Financial Advisory does not assume any responsibility for any reason toward any third party (including the Target's shareholders) other than the Target.

The Target acknowledges that even if there is any change in circumstances on and after January 30, 2020 that would affect Deloitte Tohmatsu Financial Advisory's Fairness Opinion, Deloitte Tohmatsu Financial Advisory assumes no obligation or responsibility to renew, amend, supplement, or reconfirm the Fairness Opinion.

## **Before amendment**

### **2. Overview of the Tender Offer**

#### **(5) Number of Share Certificates, Etc. to Be Purchased**

Number of Share Certificates, Etc. to be Purchased	Minimum Number of Share Certificates, Etc. to be Purchased	Maximum Number of Share Certificates, Etc. to be Purchased
66,390,170 shares	20,548,181 shares	– shares

(Note 1) If the total number of the Tendered Share Certificates, Etc. is less than the minimum number of Share Certificates, Etc. to be purchased (20,548,181 shares), the Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of the Tendered Share Certificates, Etc. is equal to or exceeds the minimum number of Share Certificates, Etc. to be purchased, the Offeror will purchase all of the Tendered Share Certificates, Etc. As stated in “(1) Overview of the Tender Offer” in “1. Purpose of the Purchase” above, if the Target submits the Target Third Quarter Securities Report for the Business Period Ending March 2020 before the commencement of the Tender Offer, the minimum number of Share Certificates, Etc. to be purchased is planned to be set at the number of shares calculated by (i) taking the number of voting rights of the number of Target Common Shares, as calculated by deducting the number of the Target's

own shares owned by the Target as stated in the Target Third Quarter Securities Report for the Business Period Ending March 2020 from the total number of issued shares of the Target as stated in the Target Third Quarter Securities Report for the Business Period Ending March 2020, (ii) calculating the number of voting rights equivalent to two-thirds thereof, (iii) multiplying that number by the number of Target Common Shares in one share unit to calculate a number of shares, and (iv) subtracting the number of Target Common Shares owned by the Offeror. The Offeror will amend, if necessary, the minimum number of Share Certificates, Etc. to be purchased at the commencement of the Tender Offer and disclose the amended number.

- (Note 2) The number of Share Certificates, Etc. to be purchased sets out the maximum number of Share Certificates, Etc. of the Target to be acquired by the Offeror in the Tender Offer (66,390,170 shares). That maximum number of Share Certificates, Etc. is the number of shares obtained by deducting the number of Target Common Shares owned by the Target as of September 30, 2019 set out in the Target Second Quarter Securities Report for the Business Period Ending March 2020 (212,941 shares) and the number of the Target Common Shares held by the Offeror (71,135,619 shares) from the total number of issued shares as of September 30, 2019 set out in the Target Second Quarter Securities Report for the Business Period Ending March 2020 (137,738,730 shares). However, if the Target submits the Target Third Quarter Securities Report for the Business Period Ending March 2020 before the commencement of the Tender Offer, the maximum number of Share Certificates, Etc. is planned to be the number of shares obtained by deducting the number of Target Common Shares owned by the Target set out in the Target Third Quarter Securities Report for the Business Period Ending March 2020 and the number of the Target Common Shares held by the Offeror from the total number of issued shares set out in the Target Third Quarter Securities Report for the Business Period Ending March 2020. The Offeror will amend, if necessary, the number of Share Certificates, Etc. to be purchased at the commencement of the Tender Offer and will disclose the amended number.

(omitted)

## After amendment

### 2. Overview of the Tender Offer

#### (5) Number of Share Certificates, Etc. to Be Purchased

Number of Share Certificates, Etc. to be Purchased	Minimum Number of Share Certificates, Etc. to be Purchased	Maximum Number of Share Certificates, Etc. to be Purchased
<u>66,389,737</u> shares	<u>20,547,981</u> shares	– shares

(Note 1) If the total number of the Tendered Share Certificates, Etc. is less than the minimum number of Share Certificates, Etc. to be purchased (20,547,981 shares), the Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of the Tendered Share Certificates, Etc. is equal to or exceeds the minimum number of Share Certificates, Etc. to be purchased, the Offeror will purchase all of the Tendered Share Certificates, Etc.

(Note 2) The number of Share Certificates, Etc. to be purchased sets out the maximum number of Share Certificates, Etc. of the Target to be acquired by the Offeror in the Tender Offer (66,389,737 shares). That maximum number of Share Certificates, Etc. is the number of shares obtained by deducting the number of Target Common Shares owned by the Target as of December 31, 2019 set out in the Target Third Quarter Securities Report for the Business Period Ending March 2020 (213,374 shares) and the number of the Target Common Shares held by the Offeror (71,135,619 shares) from the total number of issued shares as of December 31, 2019 set out in the Target Third Quarter Securities Report for the Business Period Ending March 2020 (137,738,730 shares).

(omitted)

## Before amendment

### 2. Overview of the Tender Offer

#### (6) Changes in Ownership Ratio of Share Certificates, Etc. due to the Tender Offer

Number of voting rights represented by Share Certificates, Etc. held by the Offeror before the Tender Offer	711,356 voting rights	(Ownership Ratio of Share Certificates, Etc. before the Tender Offer: 51.73%)
Number of voting rights represented by Share Certificates, Etc. held by special related	0 voting rights	(Ownership Ratio of Share Certificates, Etc. before the Tender Offer: 0%)

parties before the Tender Offer		
Number of voting rights represented by Share Certificates, Etc. held by the Offeror after the Tender Offer	<u>1,375,257</u> voting rights	(Ownership Ratio of Share Certificates, Etc. after the Tender Offer: 100%)
Number of voting rights represented by Share Certificates, Etc. held by special related parties after the Tender Offer	0 voting rights	(Ownership Ratio of Share Certificates, Etc. after the Tender Offer: 0%)
Number of voting rights of all of the shareholders of the Target	<u>1,374,443</u> voting rights	

(Note 1) “Number of voting rights represented by Share Certificates, Etc. held by the Offeror after the Tender Offer” is the sum of the number of voting rights (663,901 voting rights) represented by the number of Share Certificates, Etc. to be purchased in the Tender Offer (66,390,170 shares) plus the “Number of voting rights represented by Share Certificates, Etc. held by the Offeror before the Tender Offer” (711,356 voting rights).

(Note 2) “Number of voting rights represented by Share Certificates, Etc. held by special related parties before the Tender Offer” is the total number of voting rights represented by Share Certificates, Etc. held by each special related party (other than special related parties who are not considered special related parties pursuant to Article 3, paragraph (2), item (i), of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Persons Other Than Issuers (Ordinance of the Ministry of Finance No. 38 of 1990, as amended; hereinafter referred to as the “**Cabinet Office Ordinance**”) for the purpose of calculating the ownership ratio of Share Certificates, Etc. set out in each item under Article 27-2, paragraph (1) of the Act). Since Share Certificates, Etc. held by the special related parties (excluding Target’s own shares that are owned by the Target) are subject to the Tender Offer, “Number of voting rights represented by Share Certificates, Etc. held by special related parties after the Tender Offer” is 0. Also, the Offeror intends to confirm the number of Share Certificates, Etc. of the Target held by special related parties by the commencement of the Tender Offer and will amend, if necessary, the above “Number of voting rights represented by Share Certificates, Etc. held by special related parties before the Tender Offer” and “Number of voting rights represented by Share Certificates, Etc. held by special related parties after the Tender Offer” at the commencement of the Tender Offer and disclose the amended numbers.

(Note 3) “Number of voting rights of all of the shareholders of the Target”

is the number of voting rights of all shareholders as of September 30, 2019 set out in the Target Second Quarter Securities Report for the Business Period Ending March 2020. However, given that shares less than one unit are also to be purchased in the Tender Offer, in the calculation of the “Ownership Ratio of Share Certificates, Etc. before the Tender Offer” and the “Ownership Ratio of Share Certificates, Etc. after the Tender Offer,” the number of voting rights (1,375,257 voting rights) pertaining to the number of shares (137,525,789 shares) obtained by deducting the number of shares owned by the Target as of September 30, 2019 (212,941 shares) set out in the Target Second Quarter Securities Report for the Business Period Ending March 2020 from the total number of issued shares as of September 30, 2019 (137,738,730 shares) set out in the Target Second Quarter Securities Report for the Business Period Ending March 2020 is used as the denominator.

(omitted)

## After amendment

### 2. Overview of the Tender Offer

#### (6) Changes in Ownership Ratio of Share Certificates, Etc. due to the Tender Offer

Number of voting rights represented by Share Certificates, Etc. held by the Offeror before the Tender Offer	711,356 voting rights	(Ownership Ratio of Share Certificates, Etc. before the Tender Offer: 51.73%)
Number of voting rights represented by Share Certificates, Etc. held by special related parties before the Tender Offer	0 voting rights	(Ownership Ratio of Share Certificates, Etc. before the Tender Offer: 0%)
Number of voting rights represented by Share Certificates, Etc. held by the Offeror after the Tender Offer	<u>1,375,253</u> voting rights	(Ownership Ratio of Share Certificates, Etc. after the Tender Offer: 100%)
Number of voting rights represented by Share Certificates, Etc. held by special related parties after the Tender Offer	0 voting rights	(Ownership Ratio of Share Certificates, Etc. after the Tender Offer: 0%)
Number of voting rights of all of the shareholders of the Target	<u>1,374,442</u> voting rights	

(Note 1) “Number of voting rights represented by Share Certificates, Etc. held by the Offeror after the Tender Offer” is the sum of the

number of voting rights (663,897 voting rights) represented by the number of Share Certificates, Etc. to be purchased in the Tender Offer (66,389,737 shares) plus the “Number of voting rights represented by Share Certificates, Etc. held by the Offeror before the Tender Offer” (711,356 voting rights).

(Note 2) “Number of voting rights represented by Share Certificates, Etc. held by special related parties before the Tender Offer” is the total number of voting rights represented by Share Certificates, Etc. held by each special related party (other than special related parties who are not considered special related parties pursuant to Article 3, paragraph (2), item (i), of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Persons Other Than Issuers (Ordinance of the Ministry of Finance No. 38 of 1990, as amended; hereinafter referred to as the “**Cabinet Office Ordinance**”) for the purpose of calculating the ownership ratio of Share Certificates, Etc. set out in each item under Article 27-2, paragraph (1) of the Act). Since Share Certificates, Etc. held by the special related parties (excluding Target’s own shares that are owned by the Target) are subject to the Tender Offer, “Number of voting rights represented by Share Certificates, Etc. held by special related parties after the Tender Offer” is 0.

(Note 3) “Number of voting rights of all of the shareholders of the Target” is the number of voting rights of all shareholders as of December 31, 2019 set out in the Target Third Quarter Securities Report for the Business Period Ending March 2020. However, given that shares less than one unit are also to be purchased in the Tender Offer, in the calculation of the “Ownership Ratio of Share Certificates, Etc. before the Tender Offer” and the “Ownership Ratio of Share Certificates, Etc. after the Tender Offer,” the number of voting rights (1,375,253 voting rights) pertaining to the number of shares (137,525,356 shares) obtained by deducting the number of shares owned by the Target as of December 31, 2019 (213,374 shares) set out in the Target Third Quarter Securities Report for the Business Period Ending March 2020 from the total number of issued shares as of December 31, 2019 (137,738,730 shares) set out in the Target Third Quarter Securities Report for the Business Period Ending March 2020 is used as the denominator.

(omitted)

**Before amendment**

**2. Overview of the Tender Offer**

**(7) Purchase Price** JPY 531,121,360,000 (scheduled)

(Note) "Purchase price" is the amount obtained by multiplying the number of shares to be purchased (66,390,170 shares) by the per-share purchase price (JPY 8,000).

**After amendment**

**2. Overview of the Tender Offer**

**(7) Purchase Price** JPY 531,117,896,000 (scheduled)

(Note) "Purchase price" is the amount obtained by multiplying the number of shares to be purchased (66,389,737 shares) by the per-share purchase price (JPY 8,000).

**Before amendment**

**2. Overview of the Tender Offer**

**(9) Other Conditions and Methods of the Tender Offer**

(i) Conditions Listed in the Items of Article 27-13, Paragraph (4) of the Act and the Details of Those Conditions

If the total number of Tendered Share Certificates, Etc. is less than the minimum number of the Share Certificates, Etc. to be purchased (20,548,181 shares), the Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of Tendered Share Certificates, Etc. is equal to or more than the minimum number of Share Certificates, Etc. to be purchased (20,548,181 shares), the Offeror will purchase all of the Tendered Share Certificates, Etc.

**After amendment**

**2. Overview of the Tender Offer**

**(9) Other Conditions and Methods of the Tender Offer**

(i) Conditions Listed in the Items of Article 27-13, Paragraph (4) of the Act and the Details of Those Conditions

If the total number of Tendered Share Certificates, Etc. is less than the minimum number of the Share Certificates, Etc. to be purchased (20,547,981 shares), the Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of Tendered Share Certificates, Etc. is equal to or more than the minimum number of Share Certificates, Etc.

to be purchased (20,547,981 shares), the Offeror will purchase all of the Tendered Share Certificates, Etc.

### **Cautionary Statement**

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this document.

Factors that could cause actual results to differ materially from those projected or implied in any “forward-looking statement” and from historical trends include, but are not limited to:

- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors Hitachi serves;
- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities, declines in which may require Hitachi to write down equity securities that it holds;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- the possibility of cost fluctuations during the lifetime of, or cancellation of, long-term contracts for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- credit conditions of Hitachi’s customers and suppliers;
- fluctuations in product demand and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in product demand, exchange rates and/or price of raw materials or shortages of materials, parts and components;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technologies on a timely and cost-effective basis and to achieve market acceptance for such products;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- increased commoditization of and intensifying price competition for products;



- uncertainty as to Hitachi's ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- the potential for significant losses on Hitachi's investments in equity-method associates and joint ventures;
- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to the success of cost structure overhaul;
- uncertainty as to Hitachi's access to, or ability to protect, certain intellectual property;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- the possibility of disruption of Hitachi's operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- uncertainty as to Hitachi's ability to maintain the integrity of its information systems, as well as Hitachi's ability to protect its confidential information or that of its customers; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

The factors listed above are not all-inclusive and are in addition to other factors contained in other materials published by Hitachi.

### **About Hitachi, Ltd.**

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, is focusing on Social Innovation Business combining its operational technology, information technology and products. The company's consolidated revenues for fiscal 2018 (ended March 31, 2019) totaled 9,480.6 billion yen (\$85.4 billion), and the company has approximately 296,000 employees worldwide. Hitachi delivers digital solutions utilizing Lumada in five sectors including Mobility, Smart Life, Industry, Energy and IT, to increase our customer's social, environmental and economic value. For more information on Hitachi, please visit the company's website at <https://www.hitachi.com>.

#### Restrictions on Solicitation

This press release is to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first carefully read the Tender Offer Explanatory Statement for the Tender Offer and make their own independent decision. This press release does not constitute, nor form part of, any offer to sell, solicitation of a sale of, or any solicitation of any offer to buy, any securities. In addition, neither this press release (or any part of it) nor the fact of its distribution shall form the basis for any agreement on the Tender Offer or be relied on when executing such an agreement.

#### Standards and regulations, etc. in the United States

The Tender Offer will be conducted in compliance with the procedures and information disclosure standards set out in the Act, but those procedures and standards are not necessarily the same as the procedures and information disclosure standards in the United States. In particular, the Tender Offer is not subject to Section 13(e) or Section 14(d) of the United States Securities Exchange Act of 1934 (as amended) or the rules set out thereunder, and the Tender Offer will not be conducted in line with those procedures or standards. All of the financial data included or referred to in this press release and the reference documents thereof does not conform to accounting standards in the United States and may not be equivalent to the financial statements prepared in accordance with accounting standards in the United States. Further, the Offeror is a company that has been established outside of the United States and some of its directors reside outside of the United States, so it may be difficult to exercise any rights or make any demands under the federal securities laws of the United States. It also may be impossible to take legal proceedings against a company that is based outside of the United States or its directors in a court outside of the United States on the grounds of a violation of the federal securities laws of the United States. Additionally, the jurisdiction of a United States court over a company that is based outside of the United States or its subsidiaries or affiliates may not be recognized.

Unless otherwise provided, all of the procedures concerning the Tender Offer will be conducted in the Japanese language. All or some of the documents related to the Tender Offer are prepared in the English language, and if there is a discrepancy between that English language document and the corresponding Japanese language document, the Japanese language document will prevail.

Statements that constitute “forward-looking statements” as defined in Section 27A of the Securities Act of 1933 of the United States (as amended) and Section 21E of the United States Securities Exchange Act of 1934 are included in statements in this press release and the reference documents thereof. There may be a significant difference between actual results and the express or implied predictions, etc. made as “forward-looking statements” due to known or unknown risks, uncertainties, and other factors. Neither the Offeror nor any of its affiliates guarantees that any express or implied prediction, etc. made as a “forward-looking statements” will ultimately be correct. The “forward-looking statements” in this press release and the reference documents thereof have been prepared based on information that is available to the Offeror as of the date of this press release, and unless required by applicable laws or regulations or the rules of a financial instruments exchange, neither the Offeror nor any of its affiliates has an obligation to update or correct those statements in order to reflect future events or circumstances.

The financial advisors of the Offeror and the Target, the Tender Offer Agent, and persons related thereto might, before the commencement of the Tender Offer or during the Tender Offer Period, purchase by means other than the Tender Offer or conduct an act aimed at

such a purchase of Target Common Shares on its own account or the account of its client to the extent permitted by Japanese laws related to financial instruments transactions in the scope of its ordinary business and in accordance with the requirements of Rule 14e-5(b) of the United States Securities Exchange Act of 1934. If information regarding such a purchase is disclosed in Japan, that information will also be disclosed in the United States in a similar manner.

In other countries

Some countries or regions may impose restrictions on the announcement, issue, or distribution of this press release. In such cases, please take note of such restrictions and comply with them. The announcement, issue, or distribution of this press release shall not constitute a solicitation of an offer to sell or an offer to buy shares relating to the Tender Offer and shall be deemed a distribution of materials for informative purposes only.

**# # #**



[Translation]

January 31, 2020

To Whom It May Concern:

Company Name:	Hitachi High-Technologies Corporation
Representative:	Masahiro Miyazaki, Executive Officer and President (Code No. 8036, First Section of the Tokyo Stock Exchange)
Contact:	Mitsuru Kuwabara General Manager, CSR & Corporate Communications Dept.
Telephone:	+81-3-3504-7111

**Announcement of Opinion in Support of Tender Offer for Shares in the Company by Hitachi, Ltd., the Controlling Shareholder, and Recommendation for our Shareholders to Tender in Tender Offer**

Tokyo, Japan, January 31, 2020 – Hitachi High-Technologies Corporation (the “Company;” please note that its trade name will be changed to “Hitachi High-Tech Corporation” on February 12, 2020) announces that at its board of directors meeting held on January 31, 2020, the Company resolved to express its current opinion in support of the tender offer (the “Tender Offer”) by Hitachi, Ltd. (the “Offeror”), the controlling shareholder (parent company) of the Company, if commenced, for all of the common shares in the Company (the “Company Common Shares”) (excluding the Company Common Shares owned by the Offeror and the Company’s own shares that are owned by the Company) and to recommend that the shareholders of the Company tender their shares in the Tender Offer, as stated in “3. Details, Grounds and Reasons for the Opinion on the Tender Offer” below.

As publicly announced in the “Hitachi Announces Tender Offer for Shares of Hitachi High-Technologies Corporation (Securities Code 8036)” dated January 31, 2020 (the “Offeror Press Release”), the Offeror states that the Tender Offer will be commenced on February 17, 2020 on the condition that each of the following conditions (collectively, the “Conditions Precedent for the Tender Offer”) has been satisfied (however, even if one or all of the Conditions Precedent for the Tender Offer have not been satisfied, that does not restrict the Offeror from choosing at its discretion to waive those conditions and implement the Tender Offer): (i) there has been a recommendation from the special committee established by the Company stating that it believes that the board of directors of the Company expressing an opinion endorsing the Tender Offer and passing a resolution recommending that the shareholders of the Company tender their shares in the Tender Offer is not disadvantageous to the minority shareholders of the Company and that it believes that the Company being made a wholly-owned subsidiary by the Offeror after the successful completion of the Tender Offer is not disadvantageous to the minority shareholders of the Company; that recommendation has not been withdrawn; and there have been no recommendations contradicting that recommendation; (ii) the board of directors of the Company has passed a resolution unanimously approved by all disinterested directors expressing an opinion endorsing the Tender Offer and recommending that the shareholders of the Company tender their shares in the Tender Offer; and there have

been no resolutions rescinding or contradicting that resolution; (iii) it has been confirmed by the Company that there are no material facts pertaining to business, etc. (meaning material facts pertaining to business as defined in Article 166, paragraph (2) of the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “Act”)) of the Company that have not been publicized (as defined in Article 166, paragraph (4) of the Act) by the Company; (iv) there have been no decisions, etc. by judicial or administrative bodies, etc. restricting or prohibiting the Tender Offer, and there is no specific risk thereof; and (v) no events that would have a material adverse effect on the financial status of the Company or its subsidiaries (meaning the events stated in the proviso of Article 27-11, paragraph 1 of the Act as grounds for the withdrawal of a tender offer and any other events similar or equivalent thereto) have occurred or been discovered and are not reasonably expected to occur or be discovered.

The above-mentioned board of directors resolution of the Company was adopted on the premise that the Offeror will make the Company a wholly-owned subsidiary of the Offeror by way of the Tender Offer and a series of subsequent procedures, and that the Company Common Shares will be delisted.

#### 1. Outline of the Offeror

(1) Name	Hitachi, Ltd.	
(2) Address	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	
(3) Title and Name of Representative	Toshiaki Higashihara, Executive Officer, President & CEO	
(4) Description of Business	Development, production, sale and service of products across 10 segments, consisting of IT, energy, industry, mobility, life, Hitachi Technologies, Hitachi Construction Machinery, Hitachi Metals, Hitachi Chemical and others	
(5) Stated Capital	JPY 459,862 million (as of September 30, 2019)	
(6) Date of Incorporation	February 1, 1920	
(7) Major Shareholders and Shareholding Ratio (as of September 30, 2019)	The Master Trust Bank of Japan, Ltd. (Trust Account)	7.61%
	Japan Trustee Services Bank, Ltd. (Trust Account)	6.26%
	Hitachi Employees' Shareholding Association	2.13%
	Nippon Life Insurance Company	1.96%
	Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.95%
	STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd.)	1.84%
	STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy: Mizuho Bank, Ltd.)	1.83%
	JP MORGAN CHASE BANK 385151 (Standing proxy: Mizuho Bank, Ltd.)	1.81%
	NATS CUMCO (Standing proxy: Mizuho Bank, Ltd.)	1.77%
	STATE STREET BANK WEST CLIENT-TREATY 505234	1.58%

	(Standing proxy: Mizuho Bank, Ltd.)
(8) Relationship between the Company and the Offeror	
Capital Relationship	The Offeror holds 71,135,619 Company Common Shares (Ownership ratio (Note 1): 51.73%) as of today, and the Company is a consolidated subsidiary of the Offeror.
Personnel Relationship	As of today, out of the seven (7) directors of the Company, one (1) director is from the Offeror. In addition to the foregoing, 73 employees of the Company Group (Note 2) have been transferred to the Offeror Group (Note 3), and 225 employees of the Offeror Group have been transferred to the Company Group.
Business Relationship	The Offeror has business relationships with the Company, such as sale and purchase of railway vehicle related components, various information devices, electricity-related components and other products, and lending and borrowing of funds under the Offeror Group Pooling System. In addition, the Company entrusts research activities to the Offeror.
Whether the Offeror is a Related Party	The Offeror is the Company's parent company and the Offeror and the Company are mutually related parties.

(Note 1) "Ownership ratio" means the ratio (rounded to two decimal places) of the number of Company Common Shares (137,525,789 shares) as calculated by deducting the number of the Company's own shares owned by the Company as of September 30, 2019 as stated in the quarterly securities report for the second quarter of the 101st business period submitted by the Company on November 8, 2019 (the "Company Second Quarter Securities Report for the Business Period Ending March 2020") (212,941 shares, including 41 shares not constituting a full share unit owned by the Company, hereinafter the same) from the total number of issued shares of the Company as of that date as stated in the Company Second Quarter Securities Report for the Business Period Ending March 2020 (137,738,730 shares); hereinafter the same.

(Note 2) "Company Group" means the Company and its consolidated subsidiaries and equity-method affiliates. As of January 31, 2020, the Company Group was comprised of the Company, 41 consolidated subsidiaries and 7 equity-method affiliates.

(Note 3) "Offeror Group" means the Offeror and its consolidated subsidiaries and equity-method affiliates, including the Company Group. The Offeror states that as of December 31, 2019, the Offeror Group was comprised of the Offeror, its 803 consolidated subsidiaries and 418 equity-method affiliates, including the Company Group.

## 2. Price of Tender Offer

8,000 yen per common share

## 3. Details, Grounds, and Reasons for the Opinion on the Tender Offer

## (1) Details of the Opinion

Based on the grounds and reasons stated in “(2) Grounds and Reasons for the Opinion” below, the Company resolved at its board of directors meeting held on January 31, 2020 to express its current opinion in support of the Tender Offer, if commenced, and to recommend that its shareholders tender their shares in the Tender Offer.

As the Offeror states that the Tender Offer will commence on February 17, 2020 upon the satisfaction of (or waiver by the Offeror) the Conditions Precedent to the Tender Offer, as stated above, the Company plans to express its opinion on the Tender Offer again on February 14, 2020, which is the business day immediately preceding the date of commencement of the Tender Offer.

The above resolution of the board of directors of the Company was made by the method described in “(VI) Approval of All Disinterested Directors of the Company” in “(6) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.

## (2) Grounds and Reasons for the Opinion

### (I) Outline of the Tender Offeror

The Company received from the Offeror the following explanation regarding the outline of the Tender Offeror:

As of today, the Offeror owns 71,135,619 Company Common Shares (ownership ratio (Note 1), 51.73%), which are listed on the First Section of the Tokyo Stock Exchange, Inc. (the “TSE”), and the Company is a consolidated subsidiary of the Offeror. The Offeror states that this time, the Offeror decided at the meeting of its board of directors on January 31, 2020 to implement the Tender Offer as part of the transaction for the purpose of acquiring all of the Company Common Shares (excluding the Company Common Shares owned by the Offeror and the Company’s own shares that are owned by the Company) and making the Company a wholly-owned subsidiary of the Offeror (the “Transaction”).

The Offeror states that the Offeror intends to set the minimum number of Share Certificates, Etc. to be purchased in the Tender Offer at 20,548,181 shares, and if the total number of Share Certificates, Etc. tendered in the Tender Offer (the “Tendered Share Certificates, Etc.”) is less than the minimum number of Share Certificates, Etc. to be purchased, the Offeror does not intend to purchase any of the

Tendered Share Certificates, Etc. However, as stated above, the Offeror states that the purpose is to make the Company a wholly-owned subsidiary of the Offeror through the Tender Offer, and the Offeror does not intend to set a maximum number of Share Certificates, Etc. to be purchased; therefore, if the total number of Tendered Share Certificates, Etc. is equal to or greater than the minimum number of Share Certificates, Etc. to be purchased, the Offeror intends to purchase all of the Tendered Share Certificates, Etc. Further, if the Offeror is unable to acquire all of the Company Common Shares through the Tender Offer, the Offeror reportedly intends to conduct a series of procedures to become the sole shareholder of the Company. For details, see “(5) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” below.

Reportedly, the minimum number of Share Certificates, Etc. to be purchased is planned to be set at 20,548,181 shares, which is calculated by (i) taking the number of voting rights (1,375,257) of the number of Company Common Shares (137,525,789 shares), as calculated by deducting the number of the Company’s own shares owned by the Company as of September 30, 2019 as stated in the Company Second Quarter Securities Report for the Business Period Ending March 2020 (212,941 shares) from the total number of issued shares of the Company as of that date as stated in the Company Second Quarter Securities Report for the Business Period Ending March 2020 (137,738,730 shares), (ii) calculating the number of voting rights equivalent to two-thirds thereof (916,838), (iii) multiplying that number by the number of Company Common Shares in one share unit (100 shares) to calculate a number of shares (91,683,800 shares), and (iv) subtracting the number of Company Common Shares owned by the Offeror (71,135,619 shares). However, if the Company submits the quarterly securities report for the third quarter of the 101st business period (the “Company Third Quarter Securities Report for the Business Period Ending March 2020”) before the commencement of the Tender Offer, the minimum number of Share Certificates, Etc. to be purchased is reportedly planned to be set at the number of shares calculated by (i) taking the number of voting rights of the number of Company Common Shares, as calculated by deducting the number of the Company’s own shares owned by the Company as stated in the Company Third Quarter Securities Report for the Business Period Ending March 2020 from the total number of issued shares of the Company as stated in the Company Third Quarter Securities Report for the Business Period Ending March 2020, (ii) calculating the number of voting rights equivalent to two-thirds thereof, (iii) multiplying that number by the number of Company Common Shares in one share unit to calculate a number of shares, and (iv) subtracting the number of Company Common Shares owned by the Offeror. The Offeror states that it will amend, if necessary, the minimum number of Share Certificates, Etc. to be purchased at the commencement of the Tender Offer and disclose the amended number.

Although the Company Common Shares are listed on the First Section of the TSE as of today, as stated in “(4) Likelihood of Delisting and Reasons for that Delisting,” the Company Common Shares might be delisted through prescribed procedures in accordance with delisting criteria of the TSE depending



on the result of the Tender Offer. In addition, if, after the successful completion of the Tender Offer, the procedures as explained in “(5) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” below are taken, the Company Common Shares will be delisted through prescribed procedures in accordance with the delisting criteria of the TSE.

## (II) Background to the Tender Offer

The Offeror states that it was formed in 1910 as a repair shop for the Hitachi mine of Kuhara Mining, and it was incorporated (established) as Hitachi, Ltd. in February 1920. Reportedly, the Offeror listed its shares on the Tokyo Stock Exchange (*Tokyo Kabushiki Torihikijo*) in April 1934 and it is now a listed company on the first section of the TSE and the first section of the Nagoya Stock Exchange (the Offeror’s shares were listed on both stock exchanges in May 1949 and designated to the first section thereof in October 1961). The Offeror and its 1,276 affiliates (824 consolidated subsidiaries and 452 equity-method affiliates (as of December 31, 2019)) reportedly form a corporate group (the “Offeror Group”) that, in five growth areas of mobility, smart life, industry, energy, and IT sectors, is engaged in a wide range of business activities from developing products, including IT systems for the financial and public sector, power grid systems, industrial equipment, elevators, railroad cars, home appliances, and automobile parts, to manufacturing, sales, and services. The Offeror states that it set out the Lumada (Note 1), which is a comprehensive concept encompassing newest digital solutions, services, and technologies, in order to create new value by taking advantage of the Offeror’s knowledge and know-how in information technology (IT) and operational technology (OT, control, and operation technology) accumulated in various social innovation businesses and utilizing the data in the digital and IoT (Internet of Things) age, in which social developments and significant business environment changes are accelerating. Reportedly, the Offeror Group is also endeavoring to firmly establish the Lumada business model (the “Lumada Strategy”) and strengthen the business portfolio as part of the “2021 Mid-term Management Plan” established in May 2019 (the “2021 Mid-Term Plan”).

The Offeror states that at present, with the need for highly efficient systems that utilize the IoT and are able to immediately adapt to business environments that are rapidly changing are in demand due to the current diversification of customer needs, increasing global competitiveness, and further advancement of digitalization. The Offeror Group, based on its long experience and know-how as a manufacturer, reportedly endeavors to achieve reforms in customers’ manufacturing processes, such as improving the quality of designs and products, improving the productivity of production lines, and ensuring stable operations through co-creation with various customers and partners or through open innovation by providing the IoT platform of Lumada that combines OT and IT. Through this endeavor, the Offeror recognized the importance of front-end capabilities that will enable it to lead from identifying and understanding the issues facing customers to offering solutions, and in 2016 the Offeror reportedly transitioned to a business structure that is focusing on its front-end capabilities,

which accelerate the pace of co-creation with customers in the social innovation business. The Offeror states that it newly established the Smart Digital Solution Business Development Division in 2019 in order to expand the Lumada business in the smart life business sector in which the Offeror strives to resolve issues facing society based on the themes of health, safety, and comfort. Additionally, the Offeror has reportedly strengthened analytics capabilities, which are able to integrate many types of diverse big data, such as internal corporate data, sensor data, and SNS data, and conduct analysis from a variety of perspectives, mainly with Pentaho Corporation, which the Offeror acquired in 2015 and was considered a leading company (Note 4) in the field of big data business intelligence (BI) tools.

(Note 1) The Offeror states that Lumada collectively refers to the Offeror's solutions, services, and technologies that utilize its advanced digital technologies for turning its customers' data into value to drive digital innovation. The Offeror states that the name "Lumada" comes from the words "illuminate" and "data." The Offeror states that Lumada was created by combining the OT cultivated by the Offeror with its strengths in IT and products. Through the development of IT and the IoT, the data created from activities in society and by companies is reportedly continuing to increase at an accelerating pace. Focusing on data that can become a new source of value for society, the Offeror states that it launched the Lumada business in 2016 in order to lead innovations for society by utilizing that data. The Offeror states that it endeavors to create new value and achieve managerial results (i) by using data to resolve the management issues facing its customers, such as predictive diagnostics that can detect the early signs of a malfunction using device data; (ii) by manufacturing control that oversees work quality using images of the worksite; (iii) by optimizing the energy management of all homes or offices in an area; (iv) by utilizing the results, experience, and know-how in IT and OT areas accumulated in various advanced solutions businesses; and (v) by providing cyber-physical systems that connect the digital and physical spaces at a high level and in real time.

(Note 2) According to BeyeNetwork Research Report, it is reported that Pentaho Corporation had the largest number of users in the market of open source BI tools in 2012.

The Company was established as Hinode Shokai Co., Ltd. in April 1947, and changed its trade name to Nissei Sangyo Co., Ltd. in October 1947. Since its establishment, the Company has been developing as a specialized trading company in advanced industry fields, with main products consisting of physical and chemical appliances, industrial meters, and industrial appliances and materials. The Company was listed on the Second Section of the TSE in October 1971, and was listed on the Second Section of the Osaka Securities Exchange in October 1972, and then, was listed on the First Sections of the TSE and the Osaka Securities Exchange in September 1983 (in connection with the consolidation of both cash markets in July 2013, the First Section of the Osaka Securities Exchange

was integrated into the First Section of the TSE). The Company gained both trading functions and manufacturing functions as a result of the Company's succession to the measuring instruments business and semi-conductor manufacturing devices business of the Offeror in October 2001. Accordingly, the Company changed its trade name to Hitachi High-Technologies Corporation, and later on February 12, 2020, the Company will change its trade name to Hitachi High-Tech Corporation.

Then, as to the capital relationship between the Offeror and the Company, the Offeror had purchased 49,607,382 Company Common Shares before October 1971, and in October 2001, in connection with the succession by the Company to the business of the Offeror, the Company allocated to the Offeror all of 50,000,000 Company Common Shares as newly issued by the Company, and as a result, the Offeror came to own 99,607,382 Company Common Shares (its shareholding ratio at that time (ratio to the number of Company Common Shares obtained by deducting the number of treasury shares owned by the Company at the nearest quarter end from the total number of issued shares as of the same date; fractions are rounded off to two decimal places; hereinafter the same with respect to the ratios in this paragraph): 72.32%). Then, as a result of the Offeror's sale of 7,800,000 Company Common Shares in June 2002, 16,000,000 Company Common Shares in October 2003, 4,350,000 Company Common Shares in November 2005, and 650,000 Company Common Shares in December 2005, the Company Common Shares owned by the Offeror amounted to 70,807,382 shares (51.47%). In addition, as a result of the Offeror's acquisition of 230,007 Company Common Shares (51.65%) in June 2009, and 98,230 Company Common Shares (51.72%) in November 2011 through negotiated trading with a number of companies of the Offeror Group, the Offeror came to own the number of Company Common Shares that it owns as of today (71,135,619 shares (51.73%)).

The Company Group has conducted corporate management under the basic philosophy of striving to be a "trusted" company for all stakeholders, contributing to social progress and developments through business activities on the basis of "value creation" with high-tech solutions, respecting "harmony with environment," and committing to the realization of a distinctive society as a corporate citizen performing its social responsibility. By combining the Company's technological capabilities, such as "observation, measurement, and analysis (measurement and analysis technologies)," "automation and control technologies," and "manufacturing capabilities," which have been cultivated since the Company's establishment, with "global sales and business finding capabilities," which the Company has cultivated as a specialized trading company in advanced industry fields, and adding "collaboration with customers and partners," the Company has created world-class measurement and analysis equipment, such as clinical chemistry and immunodiagnostic analyzers and Critical Dimension SEM(CD-SEM), and has contributed to solving customer problems.

In April 2019, the Company revised the Corporate Vision and Mission and established the "2021 Medium-Term Management Strategy" with fiscal year 2021 as the final year (hereinafter, the "2021

Strategy”), promoting business in three areas: Analytical & Medical Solutions (Note 3), Nano-Technology Solutions, and Industrial Solutions. In Analytical & Medical Solutions, the Company’s main products are medical and life science products such as clinical chemistry and immunodiagnostic analyzers, genetic and bacteriological testing systems, and DNA sequencers, as well as analytical instruments such as thermal analyzers, liquid chromatographs, spectrophotometers, and X-ray fluorescence analyzers. Based on analysis technology, the Company can quickly identify customers’ cutting-edge needs in fields such as biotechnology and medical, and safety and security, and create Focused Solutions (Note 4) with high added value. In addition, through its System Collaboration Business (Note 5), the Company is actively strengthening its ties with partners, and expanding and strengthening its business, R & D, and business investments to acquire advanced core technologies.

In Nano-Technology Solutions, the Company’s main products include semiconductor manufacturing equipment such as etch systems and CD-SEM, and analysis equipment such as electron microscopes. In the semiconductor field, the Company is the only manufacturer with “processing, measurement and analysis” equipment to provide integrated solutions that meet diverse customer needs. In the materials and biotechnology fields, the Company develops solutions jointly with partners in growth fields such as batteries and pharmaceutical. In addition to “observation, measurement, and analysis,” which are its core technologies, the Company also conducts “processing,” contributing to the cutting-edge research and development and mass production of customers, and creating new value. In Industrial Solutions, the Company handles major products such as railway inspection equipment, control systems, industrial-use automated assembly systems, and lithium-ion battery manufacturing equipment as well as industrial materials for the manufacturing industry as a specialized trading company in advanced industrial fields. By fusing global networking and engineering capabilities, the Company offers solutions that contribute to the resolution of issues faced by manufacturing companies. The trading functions in Industrial Solutions importantly work as sales power for providing solutions; however, as part of the withdrawal from less profitable business, which the Company has been expressing as a challenge to be resolved, the Company will accelerate the screening of previous, less profitable transactions and the review of the conditions for transactions (including the unwinding of transactions; hereinafter the same), and unwind or conduct such review of the conditions for the transactions representing approximately one third of the sales revenue of Industrial Solutions in the future, thereby striving to further enhance its profitability.

(Note 3) “Analytical & Medical Solutions” means business that provides new value in the biomedical and other fields based on analysis technology.

(Note 4) “Focused Solutions” means specialized solutions that meet customer challenges, such as specialized equipment, services, or business models.

(Note 5) “System Collaboration Business” means business that provides best solutions through equal business partnerships with reagent companies.

As part of the social innovation business, which aims to improve people's quality of life and enhance the social value, environmental value, and economic value of customers, the Offeror and the Company have cooperated in areas including the domestic expansion of the railroad surveying business through collaboration between the Offeror's Railway Systems Business Unit and the Company, and the Company's use of the research and development capabilities of the companies of the Offeror Group, including the Offeror's research and development department, and other management resources, as well as the Company's use of the Offeror Group network. Under the awareness that the importance of the ability to observe, measure, and analyze a vast amount of data is increasing while the digitalization of all areas of manufacturing accelerates, in late July 2018, the Offeror reportedly commenced speculating into its direction to strengthen collaboration with the Company in order to increase customer value.

It has been reported that subsequently, based on this awareness, in mid-December 2018, the Offeror reached the decision that, for actively expanding digital solutions, there is an urgent need to promote both companies' businesses through much closer collaboration than in the past by aiming to make mutual use of the management resources and know-how of both companies and facilitate prompt decision-making. That is to say, the Offeror has reportedly determined that the strengthening of competitiveness in each business area and profitability, through firmly establishing a measuring and analysis platform that combines the measuring and analysis technologies of the Company with the data utilization technologies of the Offeror Group, accelerating the Lumada Strategy, combining the system integration capabilities of the Offeror in the fields of industrial and social infrastructure and mobility with the Company's front-end sales capabilities, and streamlining management operations and optimizing cost structures of procurement and manufacturing activities, will lead to improving the social value, environmental value, and economic value of customers and, in turn, to maximizing the corporate value of the Offeror Group, including the Company.

The Offeror states that first, as a specific focus, the medical and bio fields, in which there is a raising expectation for the creation of value through the use of data utilizing IoT technologies, can be reportedly raised as an example. The Company states that it offers many products, such as an integrated clinical chemistry and immunochemistry analyzer developed ahead of the world, in the business area of in-vitro diagnostics, which are said to cover approximately 70% of the data used to determine treatment policies (source: "The Value of In Vitro Diagnostic Testing in Medical Practice: A Status Report," Ulrich-Peter Rohr et al., PLOS ONE, Mar. 4, 2016). Many countries are reportedly anticipating the ability to effectively use this test data to derivate the most effective treatment and help to improve the quality of life of patients. The Offeror Group will reportedly promote the further strengthening the business foundations in the testing laboratory market and creating a medical digital services business by utilizing the Company's measuring and analysis devices, and the Offeror's

advanced IT and AI, the analytics using big data and the foundations for collaboration on medical data in the healthcare business. Additionally, in order to improve quality of life by reducing the burden on patients' daily lives after treatment through medical examinations of cancer and low-invasive radiation therapy, the Offeror states that it anticipates the incorporation of the Company's measuring and analysis technologies targeted to the medical and bio fields to be extremely useful.

In the nanotechnology field, the Offeror Group will reportedly dedicate to achieving improvements in production line productivity and to resolving management issues facing customers by combining the Company's testing and analysis technologies with the Offeror Group's data utilization technologies. Moreover, in the manufacturing area, the Offeror reportedly acquired the robotic integration business operated by JR Automation Technologies, LLC, which engages in various robotic SI businesses (the business of constructing production lines utilizing industrial robots for assembly, welding, and other such tasks) in a wide range of fields such as automobiles, aircraft and e-commerce mainly in North America, in late-December 2019. The Offeror reportedly intends to increase its abilities to resolve customer issues on the production line by expanding its customer base and mutually utilizing the know-how of JR Automation Technologies, LLC and the Offeror Group. In the fields of industrial and social infrastructure and mobility, the Offeror states that it believes that by combining the system integration capabilities of the Offeror and the Company's global front-end and business promotion capabilities, the Offeror will make efforts to quickly offer optimal solutions for the customers.

Additionally, through the closer business cooperation with the Company, the Offeror will promote to streamline management operations and optimize cost structures, and will make efforts to increase the corporate value in terms of both business income and expenditures.

As part of the establishment and performance of its 2021 Mid-Term Plan, the Offeror reportedly engaged in consideration from mid-December 2018 to early February 2019 of various options for the Company's business that may result in increasing the cooperate value of both the Offeror and the Company in light of significances in the group strategy, capital policy, and opportunities of restructuring business within the Offeror Group. As a result of these considerations, in mid-February 2019, the Offeror reportedly came to the determination that in order to promote the Lumada Strategy by firmly establishing a measuring and analysis platform based on Company's measuring and analysis technologies, it is urgently necessary to make mutual use of the management resources and know-how of both companies and accelerate decision-making, and as a means to achieve that, the optimal way is for the Offeror to make the Company a wholly-owned subsidiary.

In early March 2019, the Offeror reportedly appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("MUMSS") as its financial advisor and third-party valuation agent independent from the Offeror and the Company, and in mid-March 2019, the Offeror appointed Mori Hamada & Matsumoto as its

legal advisor independent from the Offeror and the Company, and made a proposal to the Company requesting cooperation such as disclosure of materials necessary to discuss and consider options of the capital strategy including the Transaction.

In response to the oral proposal from the Offeror in mid-March 2019 requesting cooperation regarding consideration of capital strategy for the purpose of enhancing corporate value, including the possibility of the Transaction, the Company appointed Nomura Securities Co., Ltd. (“Nomura”) as its financial advisor and third-party valuation agent, and Anderson Mōri & Tomotsune as its legal advisor, both of which are independent of the Offeror and the Company. In addition, in order to sufficiently protect the interests of minority shareholders in preparation for a proposal to make the Company a wholly-owned subsidiary, and to enable flexible responses upon receipt of a specific proposal from the Offeror, the Company has established a system to respond in accordance with the objectives of the “Fair M&A Guidelines: Enhancing Corporate Value and Securing Shareholders’ Interests (Draft),” announced by the Ministry of Economy, Trade and Industry on May 14, 2019, under the premise that a tender offer would be most likely to be made if the Company was made a wholly-owned subsidiary. Specifically, on May 23, 2019, with the aims of eliminating arbitrariness in the Company’s decision-making pertaining to the Transaction and of examining, among other factors, the reasonableness of the Transaction, the fairness of the terms of the Transaction, and ways to give sufficient consideration to interests of the Company’s minority shareholders, the Company established a special committee (for the composition and specific activities of the special committee, please see “(III) Establishment of an Independent Special Committee at the Company and Obtainment of a Recommendation from said Special Committee” in “(6) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.). Thus, the Company has established a structure, in advance, to engage in discussion and negotiation for the Transaction.

The Company carefully discussed and reviewed the Transaction from various perspectives such as whether the Transaction will enable the Company to improve its corporate value and whether the terms of the Transaction, including the price per Company Common Share for acquisition through the Tender Offer, (“Tender Offer Price”) are appropriate.

The Company, under its 2021 Strategy, has been leveraging its core competencies in “observation, measurement, and analysis,” “Automation and Control Technologies”, “Manufacturing Capabilities,” “Global Sales and Business Finding Capabilities.” The Company has been striving to understand the continually changing issues in general markets that its customers face, and to provide focused solutions that incorporate specialized systems, services, and business models that target specific problems. In this way, the Company intends to expand globally while creating rare and specialized markets. While striving for further growth in leading existing businesses, the Company Group aims

to create and expand new leading businesses by providing specialized solutions. When providing specialized solutions, the Company has been trying to find industrialized and sophisticated issues that the customers themselves have not yet noticed, so the Company does not merely aim to create new products or solutions, but aims to propose new “utility value.” With the rapid digitalization of business proceeds through the use of AI and IoT, and analysis of big data, the volume and contents of data produced by devices are becoming massive and complicated. The Company therefore acknowledges that it must create business opportunities through providing digital solutions that combine mainly measuring and analyzing devices with the use of sensing and feedback data in order to quickly solve customers’ issues.

The Offeror and the Company Group have been conducting business together through joint research within the Offeror’s research institutions and personnel interaction. However, in order to be able to quickly respond to customers’ needs that are becoming more diverse in the market environment and that are requiring more proactive use of data due to the spread of IoT technology, the Company decided that it is insufficient to only use the Offeror Group’s management resources, including its personnel, financial base, business base, and customer base, but that it would become possible to expediently propose the new “utility value” to the customers if the Company Group’s measurement and analysis technologies platform and the Offeror’s Lumada business were to work more closely together and pursue business as one entity.

Specifically, in Analytical & Medical Solutions, the above coordination with the Offeror’s research institution would be expected to enable further development of new products and related technology in the biomedical fields. Also, by taking further advantage of the scale of the Offeror Group, the Company would expect, through extensive business investment, etc., to gain a stronger competitive position, to make further progress in new business development, to expand the product line-up for analytical instruments, to strengthen its global sales network, and to create new Focused Solutions by using Lumada. In Nano-Technology Solutions, further coordination between the Company’s processing, inspecting, and analysis data consolidation platform for semiconductors and Lumada would enable the Company to provide solutions that meet the customers’ needs, including shortening the development time, reducing development costs, and improving productivity for semiconductor devices, and to also expand the model case of the Lumada business that provides total solutions to be the use case for other businesses. In Industrial Solutions, the Company Group’s capability to find customers’ issues and propose solutions, and the knowhow gained to date could be applied in the Offeror’s salesfront mainly in industries in which these factors could be expected to lead to the creation of new business opportunities and the quick provision of solutions.

As described above, strengthening further coordination with the Offeror Group will not only contribute to the future development and further enhancement of the corporate values of the Company



Group, but would also contribute to solving social issues by expediently responding to customers' needs that are becoming more diverse.

From mid-March 2019, the Offeror reportedly proceeded due diligence to evaluate business value based on disclosed information and explanations from the Company and specific consideration of the transaction terms and conditions. (Due diligence remains in progress as of today.)

Based on that progress, on November 18, 2019, the Offeror reportedly submitted a written proposal to the Company on the Transaction, including (i) the acquisition price being JPY 7,100 per Company Common share, (ii) referring to past examples similar to the Transaction, the Company implementing special dividends on the condition of the Tender Offer being successfully completed, (iii) the Offeror implementing a tender offer whose Tender Offer Price was the price calculated by deducting the amount of the special dividends from the acquisition price assuming that the special dividends are implemented, and (iv) other terms and conditions. On January 10, 2020, the Offeror also submitted a written proposal to the Company, setting out the acquisition price being JPY 7,800 per Company Common Share. However, the Company requested the Offeror to reconsider the content of the proposals, stating that neither proposal sufficiently reflected the Company's corporate value. Thereafter, the Offeror discussed matters such as the Tender Offer Price and other transaction terms and conditions with the Company on multiple occasions. As a result of those discussions and of considering and comparing other transaction structures taking into account factors such as ease of understanding for the Company's shareholders, the Offeror and the Company agreed to choose the transaction scheme that the Company will not implement the special dividends based on mutual understanding that, with regard to the transaction structure involving the implementation of the special dividends by the Company, whether to implement the special dividends or not would alter neither the acquisition price proposed by the Offeror nor the economic value the Company's shareholders would receive through the Transaction. Based on the choice of that transaction structure, on January 27, 2020, the Offeror and the Company reached an agreement regarding the terms and conditions of the Transaction, including the Tender Offer Price being JPY 8,000. The Offeror states that it considers the Tender Offer Price to be fair in light of trends in the market share price of the Company Common Shares, taking into account that it is thought that the share price of the Company rose in conjunction with speculative reports and the like on June 7, 2019 by some press regarding the Offeror making the Company a wholly-owned subsidiary, which effectively included the implementation of the Tender Offer.

Through the background stated above, based on the results of the due diligence conducted on the Company and the Valuation Report (as defined in "(i) Basis of the Calculation" in "(4) Basis of Valuation of Tender Offer Price" in "2. Overview of the Tender Offer" below), the Offeror concluded that making the Company a wholly-owned subsidiary of the Offeror through the Transaction will

contribute to the provision of an appropriate and reasonable opportunity to sell their shares to the Company's general shareholders, and the mid- to long-term growth and improvement of corporate value of the entire Offeror Group, including the Company; and the Offeror reportedly resolved at the meeting of its board of directors held on January 31, 2020 to implement the Transaction, which begins with the Tender Offer, on the condition that the Conditions Precedent for the Tender Offer have been satisfied (or waived by the Offeror).

### (III) Process Leading to the Company's Decision at its Board of Directors Meeting

As stated in "(II) Background to the Tender Offer" above, in response to the proposal from the Offeror in mid-March 2019, and for the purpose of ensuring the fairness of the various conditions for the Transaction, including the Tender Offer Price, the Company appointed Nomura as financial advisor and third-party valuation agent independent of the Offeror and the Company with respect to the Transaction, and Anderson Mōri & Tomotsune as legal advisor. In addition, the Company established a special committee for the purposes of eliminating the arbitrariness of the Company's decision-making for the Transaction, including the Tender Offer, and of ensuring the fairness, transparency, and objectivity in the decision-making process. The Company also engaged in several discussions and negotiations with the Offeror regarding the significance and purpose of the Transaction, the synergy expected to be created from the Transaction, the management system and business policy after the Transaction, and various conditions for the Transaction.

In addition, in preparation for a proposal to make the Company a wholly-owned subsidiary, in order to enable flexible responses upon receipt of a specific proposal from the Offeror, under the premise that a tender offer would be most likely to be made if the Company is made a wholly-owned subsidiary, on and after mid-April 2019, the Company received legal advice from its legal advisor, Anderson Mōri & Tomotsune, regarding the decision-making process, decision-making method, and other considerations relating to decision-making regarding the Tender Offer, and received advice and assistance from its financial advisor, Nomura, regarding price negotiations. On November 18, 2019, the Company received a formal proposal for the Transaction, including the various conditions such as setting the acquisition price per Company Common Share as JPY 7,100, and subsequently commenced negotiations with the Offeror and engaged in several discussions and negotiations with the Offeror based on the aforementioned advice. Moreover, the Company timely reported the background and substance of the discussions and negotiations with the Offeror regarding the Transaction to the special committee, and promoted discussions and negotiations with the Offeror while discussing the policies with the special committee from time to time.

On January 30, 2020, the Company obtained a share valuation report on the Company Common Shares (the "Company Common Shares Valuation Report") from Nomura, and received a written

Recommendation (the “Committee Recommendation”) from the special committee. For details of the Committee Recommendation, see “(III) Establishment of an Independent Special Committee at the Company and Obtainment of a Recommendation from said Special Committee” in “(6) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.

Thereafter, the board of directors of the Company considered the legal advice from Anderson Mōri & Tomotsune regarding the decision-making process, decision-making method and other considerations upon decision-making regarding the Transaction, including the Tender Offer, and the substance of the Company Common Shares Valuation Report from Nomura as the third-party valuation agent. The board of directors paid the utmost respect to the substance of the Committee Recommendation from the special committee, and the Company conducted careful discussions and examined considerations regarding whether the Transaction would enhance the corporate value of the Company, and whether the various conditions for the Transaction, including the Tender Offer Price, were appropriate.

As a result, at the board of directors meeting held on January 31, 2020, the Company concluded that becoming a wholly-owned subsidiary of the Offeror through the Transaction and further strengthening the ties with Tender Offeror Group through their mutual utilization of management resources such as human resources, financial, business, and customer resources, which were restricted because the Offeror and the Company are independent listed companies, would improve the efficiency of management operations including procurement, risk management, human resources, and system management, and improve profitability through the optimization of cost structure, contributing not only to the future development of the Company Group and further improvement of corporate value, but also to the enhancement of the ties between the Company Group’s measurement and analysis technologies platform and the Lumada business of the Offeror, as well as the expansion of the scope of utilization of its business structuring capabilities and business finding capabilities so that the Company can more promptly respond to diversified customer needs than the Company does alone, and create solutions that enhance customer value, thereby contributing to solving social issues.

In addition, as stated in “(II) Obtainment of a Share Valuation Report from Independent Third-party Valuation Agent by the Company” of “(3) Matters Relating to Calculation:” (i) the Tender Offer Price exceeds the scope of the calculation results according to the average market price method, from among the calculation results of the share value of the Company provided by Nomura, and also falls within the scope of the calculation results according to the comparable companies method and the discounted cash flow method (the “DCF Method”); (ii) the Tender Offer Price includes a 3.36% premium (rounded off to two decimal places; the same shall apply hereinafter to the calculations of premiums) over the closing price, JPY 7,740, of the Company Common Shares on the First Section of the TSE on January 30, 2020, which is the day immediately preceding the announcement date of the

implementation of the Tender Offer, a 1.98% premium (rounded off to the closest whole number; the same shall apply hereinafter to the calculations of simple averages of closing prices) over the simple average of the closing prices, JPY 7,845, for the one month prior to the same date (from January 6, 2020 to January 30, 2020), a 8.42% premium over the simple average of the closing prices, JPY 7,379, for the three months prior to the same date (from October 31, 2019 to January 30, 2020), a 19.44% premium over the simple average of the closing prices, JPY 6,698, for the six months prior to the same date (from July 31, 2019 to January 30, 2020), and also includes a 68.42% premium over the closing price, JPY 4,750, of the Company Common Share on June 6, 2019, which is the day immediately preceding June 7, 2019, on which some press made speculative reports on the Transaction, a 69.60% premium over the simple average of the closing prices, JPY 4,717, for the one month prior to the same date (from May 7, 2019 to June 6, 2019), a 71.93% premium over the simple average of the closing prices, JPY 4,653, for the three months prior to the same date (from March 7, 2019 to June 6, 2019), a 87.31% premium over the simple average of the closing prices, JPY 4,271, for the six months prior to the same date (from December 7, 2018 to June 6, 2019), and is considered to include reasonable premiums as compared to the standards of premiums in other cases of tender offers in order for parent companies to cause their consolidated subsidiaries to be their wholly-owned subsidiaries; (iii) upon determining the Tender Offer Price the Company adopted measures to ensure fairness of the Tender Offer Price, and measures to avoid conflicts of interest as stated in “(6) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below, and the interests of minority shareholders were taken into account; and (iv) the Tender Offer Price is a price that was proposed after measures to avoid conflicts of interests were taken, and the Company and the Offeror engaged in discussions and negotiations comparable to discussions and negotiations in arm’s-length transactions, more specifically, faithful and continuous discussions and negotiations based on Nomura’s calculation results regarding the share value of the Company, and discussions with the special committee. Considering these facts, at the board of directors meeting held on January 31, 2020, the Tender Offer was determined to provide the shareholders of the Company with the reasonable opportunity to sell the Company Common Shares at a price with a substantial premium.

Based on the above, the Company resolved at its board of directors meeting held on January 31, 2020 to express its current opinion in support of the Tender Offer, if commenced, and to recommend that its shareholders tender their shares in the Tender Offer.

#### (IV) Management Policy after Completion of the Tender Offer

It has been reported that after making the Company a wholly-owned subsidiary, the Offeror intends to continue management endeavoring the further enhancement of the corporate value and plans to conduct management that makes full use of the business fields and characteristics of the Company. It

has been reported that the Offeror plans to discuss the management structure of the Company after the Transaction with the Company based on the Company's current management structure with the goals of creating a structure that will contribute to achieving the integrated management of the entire Offeror Group, including the Company, from the perspective of enhancing the corporate value of the Company. It has been reported that immediately after the successful completion of the Tender Offer, the Offeror plans to position the Company as one business department of the Offeror's Smart Life Business Management Division, and to ensure that the 2021 Strategy established by the Company will be steadily carried out.

### (3) Matters Relating to Calculation

#### (I) Obtainment of a Share Valuation Report From an Independent Third-Party Valuation Agent by the Offeror

It has been reported that to ensure fairness in the Tender Offer Price, in the course of determining the Tender Offer Price, the Offeror requested MUMSS, which is the Offeror's financial advisor, to analyze the value of the Company Common Shares as a third-party valuation agent that is independent of the Company and the Offeror.

For details of the results of valuation of the Company Common Shares by MUMSS, see "(I) Obtainment of a Share Valuation Report From an Independent Third-Party Valuation Agent by the Offeror" in "(6) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below.

#### (II) Obtainment of a Share Valuation Report from Independent Third-party Valuation Agent by the Company

In expressing its opinion on the Tender Offer, with the view to ensuring fairness in the decision-making process concerning the Tender Offer Price presented by the Offeror, the Company requested that its financial advisor Nomura, as a third-party valuation agent independent of the Company and the Offeror, calculate the share value of the Company's stock, and received the Company Common Shares Valuation Report dated January 30, 2020 from Nomura. The Company has not obtained an opinion regarding the fairness of the Tender Offer Price (fairness opinion) from Nomura. Nomura is not a related party of either the Company or the Offeror, and it has no material interest in the Transaction, including the Tender Offer. The remuneration payable to Nomura includes a contingency fee to be paid only upon the successful completion of the Transaction and satisfaction of other conditions.

Nomura considered the methods to be used for calculating the value of the Company's stock from

among multiple calculation methods. On the assumption that the Company is a going concern, and based on the view that multifaceted valuation of the value of the Company's stock would be appropriate, Nomura calculated the value of the Company's stock using the following methods: (i) the average market price method given that the Company Common Shares are listed on the First Section of the TSE, (ii) the comparable companies method, as there are multiple listed companies that are comparable to the Company, and an analogical inference of the value of the Company's stock based on comparable companies is possible, and (iii) the DCF Method, to account for the Company's future business operations in the valuation.

The following is the range of value per share of the Company Common Shares as calculated by each of the above-mentioned methods:

Average market price method: JPY 6,698 to JPY 7,870

Comparable companies method: JPY 7,181 to JPY 9,595

DCF Method: JPY 7,288 to JPY 8,962

In adopting the average market price method, Nomura set January 30, 2020 as the calculation reference date. Then, Nomura calculated the range of value per share of the Company Common Shares to be JPY6,698 - JPY7,870 based on the closing price of JPY 7,740 for regular transactions of the Company Common Shares on the First Section of the TSE on the reference date, and the simple average of the closing prices for the most recent one-week, one-month, three-month and six-month periods, each ending on the reference date (JPY 7,870, JPY 7,845, JPY 7,379 and JPY 6,698, respectively).

In using the comparable companies method, Nomura conducted a sum-of-the-parts analysis (the "SOTP Analysis"), in which the share value is calculated by categorizing the Company's businesses into Analytical & Medical Solutions business, Nano-Technology Solutions business, and Industrial Solutions business. Nomura selected JEOL Ltd., Kyoei Sangyo Co., Ltd., SUZUDEN CORPORATION, OKAYA & CO., LTD., TAKEBISHI CORPORATION, SHIMADZU CORPORATION, Tokyo Electron Ltd., Seika Corporation, KANADEN CORPORATION, Ryoden Corporation, KYOKUTO BOEKI KAISHA, LTD., SUN-WA TECHNOS CORPORATION, TACHIBANA ELETECH CO.,LTD., Applied Materials, Inc. and Lam Research Corp. as listed companies considered to be engaged in businesses similar to the above-mentioned businesses of the Company. Then, Nomura calculated the range of value per share of the Company's stock to be JPY 7,181 - JPY 9,595 by employing the earnings before interest (payable and receivable) and tax ("EBIT") to enterprise value multiples, the EBIT before depreciation and amortization to enterprise value multiples ("EBITDA Multiples") and the aggregate market price to net earnings multiples, and making certain financial adjustments, including addition of the value of the entire cash equivalents

held by the Company.

In employing the DCF Method, based on the business plans prepared by the Company, and taking into account various factors, including the earnings forecasts and investment plans set out in the business plans for the three business periods (from the period ending March, 2020 to the period ending March 2022) as well as publicly available information, Nomura analyzed the Company's enterprise value and share value by discounting the free cash flow expected to be generated by the Company in and after the third quarter of the business period ending March, 2020 to the present value at a certain discount rates, and making certain financial adjustments, including addition of the value of the entire cash equivalents held by the Company. Thus, Nomura calculated the range of value per share of the Company's stock to be JPY 7,288 - JPY 8,962. In calculating the value per share of the Company's stock, Nomura applied the discount rate of 5.75% - 6.75%, and adopted the perpetual growth rate model and the multiple model to calculate the terminal value, with the perpetual growth rate of -0.25% - 0.25% and EBITDA Multiples of 9.0 - 11.0.

The financial forecasts used by Nomura for analysis by the DCF Method, which are based on the business plans prepared by the Company, do not include any business periods in which a significant increase or decrease in profits is projected. In addition, the effect of the synergies expected to be realized through the execution of the Transaction is not considered in the following financial forecasts because such effect is difficult to estimate at this point in time.

The Company's financial forecasts on which the analysis by the DCF Method was based are as follows:

(JPY millions)			
Business period ending	March 2020 (6 months)	March 2021	March 2022
Net sales	353,626	720,000	650,000
EBIT	29,220	65,000	75,000
EBITDA	39,027	88,242	100,166
Free cash flow	22,381	-31,115	34,607

(Note) In calculating the value of the Company Common Shares, Nomura assumed the accuracy and completeness of the publicly available information and all of the information provided by the Company, and did not independently verify the accuracy or completeness of such information. Nomura did not conduct an independent assessment, valuation, or appraisal of any assets or liabilities (including derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of the Company and its affiliates, including any analysis or evaluation of

individual assets and liabilities, nor did Nomura make any request to a third party institution for any such valuation or appraisal. Nomura assumed that the financial forecast (including profit plans and other information) of the Company had been reasonably considered or prepared based on the best projections and judgment made in good faith that were then available to the management of the Company. The calculation by Nomura reflects the information available to it and the economic conditions as of January 30, 2020. The sole purpose of the calculation by Nomura is for the board of directors of the Company to use the calculation results as a reference for considering the share value of the Company Common Shares.

#### (4) Possibility and Reasons for Delisting

The Company Common Shares are listed on the First Section of the TSE as of today. However, depending on the results of the Tender Offer, the Company Common Shares may be delisted following the prescribed procedures in accordance with the delisting standards of the TSE because the Offeror has not set a maximum number of shares to be purchased in the Tender Offer. Furthermore, even assuming that the delisting standards do not apply at the time of completion of the Tender Offer, if the Offeror implements the scheduled procedures to acquire all of the Company Common Shares after the completion of the Tender Offer, as stated in “(5) Post-Tender Offer Reorganization Policy (Matters Regarding Two-Step Acquisition)” below, the Company Common Shares will be delisted following the prescribed procedures in accordance with the delisting standards of the TSE. If the Company Common Shares are delisted, it will be impossible to trade the Company Common Shares on the First Section of the TSE.

#### (5) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)

As mentioned in “(I) Overview of the Tender Offer” in “(2) Grounds and Reasons for the Opinion” above, it has been reported that the Offeror intends to make the Company a wholly-owned subsidiary of the Offeror, and if the Offeror is not able to acquire all of the Company Common Shares through the Tender Offer, the Offeror plans on conducting procedures for the purpose of acquiring all of the Company Common Shares by the following methods after the successful completion of the Tender Offer.

##### (I) Demand for Share Cash-Out

It has been reported that if, as a result of the successful completion of the Tender Offer, the total number of voting rights in the Company owned by the Offeror becomes 90% or more of the voting rights of all shareholders of the Company, and the Offeror becomes a special controlling shareholder as provided for in Article 179, paragraph (1) of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same), the Offeror intends to, promptly after the completion of the settlement of the



Tender Offer, make a demand to all of the shareholders of the Company (excluding the Offeror and the Company, hereinafter the same) to sell all of the Company Common Shares they hold (the “Share Cash-Out Demand”) under the provisions of Part II, Chapter II, Section 4-2 of the Companies Act.

It has been reported that money equal to the amount of the Tender Offer Price is to be delivered to the shareholders of the Company in the Share Cash-Out Demand as consideration for each share of the Company Common Shares. In that case, the Offeror will reportedly notify the Company to that effect and request approval from the Company for the Share Cash-Out Demand. If the Company approves the Share Cash-Out Demand by a resolution of a meeting of its board of directors, the Offeror will reportedly acquire all of the Company Common Shares held by all of the shareholders of the Company as of the acquisition date stated in the Share Cash-Out Demand without calling for any individual approval of the shareholders of the Company in accordance with procedures prescribed in relevant laws and regulations. The Offeror is reportedly to deliver money equal to the Tender Offer Price to those shareholders of the Company as consideration for each Company Common Share they held. If the Company receives from the Offeror a notice regarding the fact that the Offeror intends to conduct the Share Cash-Out Demand and regarding the matters set forth in the items of Article 179-2, paragraph (1) of the Companies Act, it will approve the Share Cash-Out Demand at its board of directors meeting.

Provisions in the Companies Act for the purpose of protecting the rights of minority shareholders in relation to the Share Cash-Out Demand provide that any shareholder of the Company who does not tender shares in the Tender Offer may file a petition with the court for a determination of the purchase price of the Company Common Shares the shareholder owns in accordance with Article 179-8 of the Companies Act and the provisions of other relevant laws and regulations. Further, if such a petition is filed, the purchase price will be ultimately determined by the court.

## (II) Consolidation of Shares

It has been reported that conversely, if the total number of voting rights in the Company owned by the Offeror is less than 90% of the voting rights of all shareholders of the Company after the successful completion of the Tender Offer, the Offeror intends to make a demand to the Company promptly after the completion of the settlement of the Tender Offer to convene an extraordinary shareholders meeting (the “Extraordinary Shareholders Meeting”) around May 2020 at which the agenda items will include a consolidation of the Company Common Shares pursuant to Article 180 of the Companies Act (the “Share Consolidation”) and an amendment to the Company’s articles of incorporation to abolish the provisions on share units on the condition that the Share Consolidation takes effect. The Offeror reportedly intends to approve those proposals at the Extraordinary Shareholders Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders Meeting, on the day on which the Share Consolidation takes effect, each shareholder of the Company will own the Company Common Shares in a number that corresponds to the ratio of the Share Consolidation approved at the Extraordinary Shareholders Meeting. If a fraction less than one share arises in the number of shares as a result of the Share Consolidation, money obtained from selling to the Company or the Offeror the Company Common Shares in a number that is equal to the total number of those fractions (if there is a fraction less than one share in that total number, that fraction is to be rounded down, hereinafter the same) is to be delivered to the shareholders of the Company in accordance with the procedures prescribed in Article 235 of the Companies Act and other relevant laws and regulations. With respect to the sale price of the Company Common Shares equivalent to the total of those fractions, the Offeror reportedly intends to make a demand to the Company to file a petition with a court for permission to make a sale by private contract after setting the amount of money to be delivered to the shareholders of the Company that did not tender shares in the Tender Offer as a result of that sale being the same as the price obtained by multiplying the Tender Offer Price by the number of Company Common Shares owned by each of those shareholders. Further, although the ratio of the consolidation of the Company Common Shares has not been determined as of today, the ratio is to be determined so that the number of Company Common Shares owned by the shareholders of the Company that did not tender shares in the Tender Offer will be a fraction less than one share so that the Offeror owns all of the Company Common Shares (excluding the Company own shares that are owned by the Company).

Provisions in the Companies Act for the purpose of protecting the rights of minority shareholders in relation to the Share Consolidation provide that if the Share Consolidation is performed and a fraction less than one share arises as a result of the Share Consolidation, any shareholder of the Company other than the Offeror and the Company may, in accordance with Article 182-4 and Article 182-5 of the Companies Act and the provisions of other relevant laws and regulations, if the prescribed conditions are satisfied, make a demand to the Company to purchase at a fair price all of the Company Common Shares owned by that shareholder that will become a fraction less than one share and file a petition to the court for a determination of the price of the Company Common Shares. As explained above, given that it is expected the number of the Company Common Shares owned by the shareholders of the Company that did not tender shares in the Tender Offer will become a fraction less than one share in the Share Consolidation, it is expected the shareholders of the Company that oppose the Share Consolidation will be able to file the above petition. Further, if such a petition is filed, the purchase price will be ultimately determined by the court.

The Tender Offer is not intended to solicit the shareholders of the Company to approve the proposals at the Extraordinary Shareholders Meeting.

The procedures in (I) and (II) above might require time to implement or might change to another method

depending on circumstances such as any revision, enforcement, or interpretation by authorities of relevant laws and regulations. However, even in that case, if the Tender Offer is successfully completed, it is expected that the method of ultimately delivering money to the shareholders of the Company that have not tendered shares in the Tender Offer will be used, and the amount of money to be delivered to those shareholders in that case is to be calculated so that it is equal to the price obtained by multiplying the Tender Offer Price by the number of the Company Common Shares owned by those shareholders. Matters such as the specific procedures in each of the above cases and the timing of the implementation of those procedures are to be publicly announced by the Company once they have been determined following discussions between the Company and the Offeror.

Further, it has been reported that if it is expected that the procedures pertaining to making the Company a wholly-owned subsidiary of the Offeror (the “Procedures to Make the Company a Wholly-Owned Subsidiary”) through the above procedures will be completed by June 30, 2020, the Offeror intends to make a demand to the Company to, on the condition that the Procedures to Make the Company a Wholly-Owned Subsidiary have been completed, make a partial amendment to the Company’s articles of incorporation to abolish the provisions on the record date for voting rights at the annual shareholders meeting so that the shareholders entitled to exercise rights at the annual shareholders meeting of the Company relating to the business year ending March 2020 (the “Annual Shareholders Meeting”) will be the shareholders after the successful completion of the Procedures to Make the Company a Wholly-Owned Subsidiary (i.e., the Offeror). It is therefore possible that shareholders of the Company stated or recorded in the shareholder register on March 31, 2020 will not be able to exercise rights at the Annual Shareholders Meeting.

Each shareholder of the Company should consult with a certified public tax accountant and other experts at his/her/its own responsibility on the handling of tax matters in relation to tendering shares in the Tender Offer and the above procedures.

(6) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest

The Offeror is a controlling shareholder (parent company) of the Company, and, therefore, there is a possibility for structural conflicts of interest to arise when the Company reviews the Transaction because the Transaction, including the Tender Offer, constitutes a material transaction, etc. with the controlling shareholder for the Company. Therefore, the Offeror and the Company assumed the following measures to avoid conflicts of interest and to assure the fairness of the Transaction. Among the following measures, the measures that were implemented by the Offeror are described based on explanations received from the Offeror.

In the Tender Offer, the Offeror has not set the minimum limit of the number of shares planned to be

acquired by the so-called “Majority of Minority.” According to the Offeror, the Offeror holds 71,135,619 shares (holding ratio: 51.73%) of the Company’s shares as of today, and therefore, if it sets a minimum limit to the number of shares planned to be acquired by the so-called “Majority of Minority” in the Tender Offer, the completion of the Tender Offer will become uncertain, which would undermine the interests of the Company’s general shareholders who wish to tender their shares in the Tender Offer. That said, the Offeror and the Company believe that sufficient consideration is given to the interests of the Company’s minority shareholders even if the minimum limit is not set because the measures set out below in items (I) to (VIII) have been adopted by the Offeror and the Company with the confirmation from the special committee of the Company.

(I) Obtainment of a Share Valuation Report From an Independent Third-Party Valuation Agent by the Offeror

It has been reported that to ensure fairness in the Tender Offer Price, in the course of determining the Tender Offer Price, the Offeror requested MUMSS, which is the Offeror’s financial advisor, to analyze the value of the Company Common Shares as a third-party valuation agent that is independent of the Offeror and the Company. The Company has been told that MUMSS is not a related party of the Offeror or the Company and does not have any material interest in the Tender Offer.

It has been reported that MUMSS has, after considering the calculation method in the Tender Offer, analyzed the share value of the Company using the methods of market share price analysis, comparable companies analysis, and discounted cash flow analysis (“DCF Analysis”), and the Offeror obtained a valuation report from MUMSS on January 31, 2020 (the “Offeror Stock Valuation Report”). Reportedly, the Offeror has not obtained from MUMSS an opinion letter on the fairness of the Tender Offer Price (a fairness opinion).

The ranges of the share value per Company Common Share analyzed using each of the above methods are as follows.

Market share price analysis:	JPY 6,698 – JPY 7,845
Comparable companies analysis:	JPY 7,130 – JPY 8,505
DCF Analysis:	JPY 6,645 – JPY 9,050

It has been reported that for the market share price analysis, the record date was set at January 30, 2020 (“Record Date”). It has been reported that the market share price analysis resulted in a per share value of the Company Common Shares ranging from JPY 6,698 to JPY 7,845 based on the closing price of JPY 7,740 of the Company Common Shares on the First Section of the TSE on Record Date, the simple average closing price of JPY 7,845 for the one-month period ending on Record Date (from January 6, 2020 to January 30, 2020), the simple average closing price of JPY 7,379 for the three-

month period ending on Record Date (from October 31, 2019 to January 30, 2020), and the simple average closing price of JPY 6,698 for the six-month period ending on Record Date (from July 31, 2019 to January 30, 2020).

Reportedly, the comparable companies analysis resulted in a per share value of the Company Common Shares ranging from JPY 7,130 to JPY 8,505 after evaluating the share value of the Company by (a) selecting listed companies engaged in relatively similar businesses to those of the Company and using multiples of the earnings before interest, taxes, depreciation and amortization with respect to the corporate value of those companies, and (b) making certain financial adjustments such as adding the value of all cash equivalents owned by the Company including its surplus cash and deposits.

Reportedly, the DCF Analysis resulted in a per share value of the Company Common Shares ranging from JPY 6,645 to JPY 9,050 after evaluating the corporate value and share value by making certain financial adjustments, such as adding the value of all cash equivalents owned by the Company including its surplus cash and deposits, to the Company's business value calculated by discounting the free cash flow the Company is expected to generate in the future to the present value at a certain discount rate based on earnings forecasts of the Company from the business period ending March 2020 taking into consideration various factors such as the Company's business plan covering the three business periods from the business period ending March 2020 to the business period ending March 2022, the latest business performance, and publicly available information. The Company has been told that the business plan used by MUMSS for the DCF Analysis does not include any business period during which a significant increase or decrease in profits is expected. In addition, it has been reported that the business plan does not assume that the Transaction will be conducted since it is difficult at present to make specific numerical estimations of synergies anticipated as a result of the Transaction.

(Note) It has been reported that in calculating the share value of the Company Common Shares, MUMSS has, in principle, used such things as information provided to it by the Offeror and the Company and publicly available information as presented, and assumed that those materials, information and the like are entirely accurate and complete. Reportedly, MUMSS has not made an independent study of the accuracy or completeness thereof. Reportedly, MUMSS has not either conducted an independent evaluation or assessment and has not requested an appraisal or assessment from a third-party organization in connection with any assets or liabilities (including off-balance-sheet assets and liabilities and other contingent liabilities) of any affiliate of the Company. In addition, MUMSS reportedly assumed that information regarding the financial forecasts of the Company have been reasonably prepared based on the best forecasts and judgements obtained from the management of the Company at that time. The calculation by MUMSS reportedly reflects the above information up to January 30, 2020.

It has been reported that the Offeror ultimately determined by resolution of a meeting of its board of directors on January 31, 2020 that the Tender Offer Price is JPY 8,000 in light of the results of discussions and negotiations with the Company by comprehensively considering factors such as the result of the calculation of the Offeror Stock Valuation Report obtained from MUMSS, whether the Tender Offer is approved by the board of directors of the Company, examples of premiums that have been provided upon determination of the tender offer price in past tender offers for share certificates, etc. by persons other than the issuer of the same type as the Tender Offer (tender offer by a parent company to make its listed subsidiary its wholly-owned subsidiary), trends in the market price of the Company Common Shares, the results of due diligence of the Company conducted from mid-March 2019, and the prospect of shares being tendered in the Tender Offer.

It has been reported that the sum of the Tender Offer Price (JPY 8,000 per Company Common Share) represents a premium of 3.36% on the closing price of the Company Common Shares of JPY 7,740 on the First Section of the TSE on January 30, 2020, which is the business day immediately preceding the day on which the Tender Offer was publicly announced by the Offeror (January 31, 2020), a premium of 1.98% on the simple average closing price of JPY 7,845 for the one-month period ending on that day (from January 6, 2020 to January 30, 2020), a premium of 8.42% on the simple average closing price of JPY 7,379 for the three-month period ending on that day (from October 31, 2019 to January 30, 2020), and a premium of 19.44% on the simple average closing price of JPY 6,698 for the six-month period ending on that day (from July 31, 2019 to January 30, 2020).

(Note) As stated above, it is thought that after the news reports were released on June 7, 2019 by certain media outlets speculating on the Company being made a wholly-owned subsidiary of the Offeror, the prediction that the Tender Offer would be conducted increased the share price of the Company; however, the Tender Offer Price (JPY 8,000 per Company Common Share) reportedly represents a premium of 68.42% on the closing price of the Company Common Shares of JPY 4,750 on the First Section of the TSE on June 6, 2019, which is the business day immediately preceding the date from which the share price of the Company might have become affected by such news reports, a premium of 69.60% on the simple average closing price of JPY 4,717 for the one-month period ending on that day (from May 7, 2019 to June 6, 2019), a premium of 71.93% on the simple average closing price of JPY 4,653 for the three-month period ending on that day (from March 7, 2019 to June 6, 2019), and a premium of 87.31% on the simple average closing price of JPY 4,271 for the six-month period ending on that day (from December 7, 2018 to June 6, 2019).

- (II) Obtainment of a Share Valuation Report from Independent Third-party Valuation Agent by the Company

As stated in “(II) Obtainment of a Share Valuation Report from Independent Third-party Valuation Agent by the Company” in “(3) Matters Relating to Calculation” above, in determining its opinion on the Tender Offer, the Company requested that Nomura, a third-party valuation agent independent of the Company and the Offeror, calculate the share value of the Company Common Shares.

Nomura is not a related party of either the Company or the Offeror, and has no material interest to be disclosed in the Transaction, including the Tender Offer.

For details of the relevant share valuation report, see “(3) Matters Relating to Calculation” above.

(III) Establishment of an Independent Special Committee at the Company and Obtainment of a Recommendation from the Special Committee

On May 23, 2019, with the objectives of eliminating the arbitrariness in the Company’s decision-making in relation to the Transaction, including the Tender Offer, and of ensuring fairness, transparency and objectivity in the decision-making process, the board of directors of the Company established a special committee consisting of five members, namely, Mr. Akito Takahashi (attorney-at-law, Takahashi & Katayama Law Office) (“Mr. Takahashi”), Mr. Hideyo Hayakawa, outside director of the Company (former executive managing officer of Mitsui Co., Ltd.), Mr. Hiromichi Toda, outside director of the Company (former chairman of the board of directors of Anritsu Corporation), Mr. Yuji Nishimi, outside director of the Company (former representative director and senior executive vice president of Asahi Glass Co., Ltd.) and Ms. Mayumi Tamura, outside director of the Company (outside director and audit and supervisory committee member of Honda Motor Co., Ltd., and outside director of Shimizu Corporation) (The Company selected these five members at the time of establishment of the special committee, and has not changed any of the members. The amount of remuneration for the special committee members is fixed and no contingency fee will be paid to them.). The board of directors of the Company requested that the special committee examine whether: (i) the purpose of the Transaction, including the Tender Offer, was reasonable (including whether the Transaction will contribute to enhancement of the Company’s corporate value); (ii) the fairness of the terms of the Transaction (including the purchase price in the tender offer) was ensured; (iii) sufficient consideration was given to the interests of the shareholders of the Company through fair procedures in the Transaction; and (iv) the Transaction, including expression of an opinion regarding the Tender Offer, was not considered to be disadvantageous for the minority shareholders of the Company (collectively, the “Inquired Matters”). The Company requested that Mr. Takahashi assume the position of an external expert committee member because of his abundant experience as an attorney-at-law in transactions of the same type as the Transaction. The special committee was entrusted to submit a recommendation on these points to the Company. In considering the Inquired Matters, the special

committee appointed Deloitte Tohmatsu Financial Advisory LLC (“Deloitte Tohmatsu Financial Advisory”) as its third-party valuation agent independent of the Company and the Offeror.

The special committee held eleven meetings between June 12, 2019 and January 30, 2020 to discuss and consider the Inquired Matters. Specifically, in carrying out this consideration, the committee reviewed the materials submitted by the Company, the Offeror, and Nomura, and conducted interviews with the Company, Nomura, and Anderson Mōri & Tomotsune. In addition, the committee received explanations from the Offeror on the purpose of the Transaction, its views on the Tender Offer Price, and synergies arising from the implementation of the Transaction, and had a question and answer session with the Offeror. Additionally, the special committee received briefings from Nomura and Deloitte Tohmatsu Financial Advisory regarding calculation of the value of the Company Common Shares and other issues, received advice from Anderson Mōri & Tomotsune regarding measures to ensure fairness of the procedures pertaining to the Transaction and the decision-making methods and process of the board of directors of the Company regarding the Transaction, and other measures to avoid conflicts of interest, and carefully discussed, evaluated and considered the Inquired Matters. Furthermore, the special committee held meetings to discuss the policies upon receiving timely reports from the Company on the developments and details of discussions and negotiations between the Offeror and the Company regarding the Transaction, among other matters. Thus, the special committee was involved in the negotiation process with the Offeror, including holding multiple discussions with, and providing opinions to, the Company, until the receipt of the Offeror’s final proposal of JPY 8,000 for the Tender Offer Price.

Subsequently, on January 30, 2020, the special committee submitted to the board of directors of the Company the Committee Recommendation on the Inquired Matters, as summarized below.

- (i) (A) The purpose and necessity of the Transaction and the background to the Transaction as well as the merits of the Transaction including the Tender Offer as described in “(II) Background to the Tender Offer” and “(III) Process Leading to the Company’s Decision at its Board of Directors Meeting” in “(2) Grounds and Reasons for the Opinion” above (a) are concrete and premised on the current business and management status of the Company, (b) conform to what is generally explained as the environment of the industry and market to which the Company belongs, and (c) are considered to be realistic for the purpose of increasing the Company’s future competitive advantage. (B) It can be said that the Company and the Offeror have considered the necessity and merits of the Transaction taking into consideration the environment of the market to which the Company belongs and forecasts of future trends, among other factors. (C) The future prospects of the Company’s business and its growth as well as the measures and plans that have been considered for implementation after the Transaction, which are premised on the Company’s business and management status and based on the Offeror’s management policies, are not found



to be unreasonable. For the above reasons, the purpose of the Transaction is reasonable and the Transaction is considered to contribute to enhancement of the Company's corporate value.

- (ii) (A) With the objective of ensuring fairness and appropriateness of the terms of the Transaction (in particular, the Tender Offer Price), in reviewing and judging such terms, the Company appointed an independent third-party valuation agent for the valuation of the Company Common Shares and obtained a share valuation report from the third-party valuation agent and used such share valuation report as a reference. (B) With respect to the calculation process leading to the conclusion of the share valuation report prepared by the said third-party valuation agent, the calculation method used therein is considered to be orthodox and reasonable in the light of current practice. (C) The results of the valuation are also considered to be appropriate in the light of current practice. Furthermore, based on the explanation of the Company and the third-party valuation agent to the special committee regarding the substance of the Company's business plans on which such valuation was premised, the special committee verified reasonableness of those business plans by first verifying the process of preparation of the Company's business plans and the current state of the Company, and checking whether there are any unreasonable elements which do not conform with them. In conclusion, the special committee believes that such business plans are reasonable. (D) Based on (B) and (C) above, it is considered that there is no particularly unreasonable element or serious problem in the share valuation report prepared by the said third-party valuation agent. (E) It can be said that based on such share valuation report, the Company has also considered the Tender Offer Price generally taking into account such circumstances as the necessity and merits of the Transaction and possible impacts on the Company's future businesses. (F) It can be said that the Company appointed an experienced financial advisor (third-party valuation agent) and conducted negotiations for the overall terms of the Transaction including the Tender Offer Price. (G) It can be said that an appropriate premium is included in the Tender Offer Price to be finally approved by resolution of the board of directors of the Company. (H) The above-mentioned actions taken by the Company are considered to be reasonable and appropriate as means to ensure fairness and appropriateness of the Tender Offer Price and other terms of the Transaction, including the Tender Offer, and to eliminate arbitrariness in the process of judgment and decision-making by the Company regarding the relevant matters. (I) With respect to the conditions for the Procedures to Make the Company a Wholly-Owned Subsidiary, in the absence of any future extraordinary circumstances, the squeeze-out price is expected to be calculated and determined on the basis of a price that is the same as the Tender Offer Price. Given that the Procedures to Make the Company a Wholly-Owned Subsidiary are expected to be implemented after the Tender Offer as procedures subsequent to the Tender Offer, it is considered to be reasonable that the transaction terms of the procedures that are close in time are made to be the same. (J) The special committee appointed Deloitte Tohmatsu Financial Advisory as its own third-party valuation agent and has obtained the Fairness Opinion (as defined below; hereinafter the same). For the above reasons, the special

committee believes that fairness and appropriateness of the terms of the Transaction (including the Tender Offer Price) has been ensured.

- (iii) (A) In considering how to deal with the Transaction, the Company set up a special committee which is independent of both the Company and the Offeror with the intention of eliminating the Offeror's influence over the process of consideration and decision-making at the Company. Four of the special committee members, constituting a majority, are outside directors of the Company, and the remaining one is an attorney-at-law, who is an outside professional. (B) In addition, the special committee was able to appoint its own third-party valuation agent which is independent of both the Company and the Offeror. The special committee requested that Deloitte Tohmatsu Financial Advisory prepare a fairness opinion concerning the Tender Offer Price and obtained the Fairness Opinion. (C) With the aim of ensuring fairness of the terms of the Tender Offer, in particular the Tender Offer Price, in considering how to deal with the Transaction, the Company requested Nomura, a third-party valuation agent which is independent of both the Company and the Offeror, calculate the value of the Company Common Shares and obtained an intended share valuation report. Having received a necessary explanation on the independence of Nomura, the special committee confirmed such independence. (D) The Company appointed Anderson Mōri & Tomotsune as a legal advisor which is independent of both the Company and the Offeror to obtain legal advice regarding the Transaction. Having received a necessary explanation on the independence of Anderson Mōri & Tomotsune, the special committee confirmed such independence. (E) The Transaction, including the Procedures to Make the Company a Wholly-Owned Subsidiary, may result in structural and typical conflicts of interest because it is to be implemented by the Offeror, the controlling shareholder (parent company) of the Company. It can be said, however, that within such a framework, the Company was aware that it needed to ensure appropriateness and fairness of the terms of the Transaction even more carefully and has requested, since an early stage of the consultation process, that the Offeror propose transaction terms with due consideration of the interests of the minority shareholders. (F) With respect to the policies on consultations and negotiations between the Company and the Offeror, the special committee received from the Company and Nomura, which is the Company's financial advisor, an explanation of the negotiation policies and related matters. The negotiations with the Offeror were conducted in line with the negotiation policies confirmed by the special committee. (G) The specific status of consultations and negotiations between the Company and the Offeror has been reported to the special committee in a timely manner. In particular, in a critical phase of the negotiations for the Tender Offer Price, based on the substance of such reports, the special committee stated its opinions to the Company and the Company's financial advisor and made suggestions and requests to them, as needed. Thus, a system is in place which allows the special committee to be substantially involved in the process of negotiation for the terms of the Tender Offer, in particular the Tender Offer Price. (H) Then, after exhaustive consideration of various circumstances including appropriateness and fairness and reality of the transaction terms, and

multiple discussions with the Offeror, the Company engaged in a final adjustment of the Tender Offer Price. (I) Following that, the Company and the Offeror finally reached an agreement on the terms of the Transaction, including the Tender Offer Price. Such agreed price was determined to be the Tender Offer Price to be approved by resolution of the board of directors of the Company. (J) With respect to the “two-step acquisition” and related matters, it can be said that the Company has made efforts to secure opportunities for the shareholders of the Company to make a proper decision by providing them with a detailed disclosure and explanation at an early stage. In addition, information deemed necessary and appropriate for the shareholders of the Company (in particular, the minority shareholders) to determine the appropriateness and other characteristics of each of the terms of the Transaction (including the Tender Offer) is expected to be disclosed in the disclosure documents to be prepared and disclosed by the Company and the Offeror. (K) With the view to enhancing fairness, transparency and objectivity of the decision-making process, a director of the Company who was previously associated with the Offeror did not participate in the consideration of the Transaction at the Company, and will not participate in the deliberations and resolution at the board of directors meeting to be held in regard to the Transaction. Thus, it can be said that the Company is making efforts to eliminate arbitrariness in its decision-making process. (L) In the Tender Offer, the Offeror will set a lower limit on the number of shares to be acquired. As a result, if the number of shares tendered in the Tender Offer is less than such a lower limit, the Offeror will not purchase the Company Common Shares through the Tender Offer. This serves to pay respect to the intention of general shareholders or minority shareholders of the Company as much as possible. (M) The purchase period under the Tender Offer is expected to be 34 business days in length, which is longer than the statutorily required shortest period of 20 business days. In addition, the Company has not made any agreement with the Offeror that prohibits the Company from contacting any competing offerors for acquisition, such as an agreement containing a “deal protection clause,” under which the Company is restricted from contacting a competing offeror for acquisition. Judging from these factors, it is considered that there are no particularly unreasonable circumstances in terms of the “market-check.” (N) From the viewpoint of information management, it is not necessarily easy in practice to implement a proactive “market-check” to investigate and consider the existence (or inexistence) of potential acquirers in the market. Therefore, in this case, the mere fact that such an investigation has not been made is not considered to result in an unreasonable situation with respect to the market-check. (O) In the Transaction, the procedures for the “two-step acquisition” are scheduled to be implemented to make the Company go private. Pursuant to a provision of the Companies Act for the protection of general shareholders’ interest in relation to the Share Cash-Out Demand, such shareholders may file a petition with the court for determination of the purchase price of the Company Common Shares. In addition, pursuant to a provision under the Companies Act for the protection of general shareholders’ interest in relation to the share consolidation, a shareholder of the Company may, subject to certain conditions, demand that the Company purchase at a fair

price all of the common shares owned by that shareholder that will become a fraction less than one share and may file a petition with the court for determination of the price of the Company Common Shares. If such a petition is filed, the purchase price will be ultimately determined by the court and general shareholders of the Company will be able to secure economic benefit through such procedures. Thus, one may consider that specific measures have been taken to ensure, among others, objective circumstances for the purpose of securing fairness of the conditions for the Procedures to Make the Company a Wholly-Owned Subsidiary. One may also consider that in the Transaction, sufficient attention has been given to the interests of the shareholders of the Company through fair procedures.

- (iv) At present, there are no particular circumstances other than the ones considered in (i) through (iii) above that make the special committee believe that the Transaction (including the Tender Offer) is disadvantageous to the minority shareholders of the Company. Hence, the special committee believes that the Transaction is not disadvantageous to the minority shareholders of the Company.
- (v) In light of (i) through (iv) above, the special committee believes that at this point, it is reasonable for the board of directors of the Company to resolve to express its opinion in support of the Tender Offer and to recommend that the shareholders of the Company tender their shares in the Tender Offer. The special committee does not believe that such resolution is disadvantages to the minority shareholders of the Company.

(IV) Obtainment of a Share Valuation Report and Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agent

In considering the Inquired Matters, the special committee requested that Deloitte Tohmatsu Financial Advisory, as a third-party valuation agent independent of the Company and the Offeror, calculate the share value of the Company Common Shares. Deloitte Tohmatsu Financial Advisory is not a related party of either the Company or the Offeror, and it has no material interest in the Tender Offer.

Deloitte Tohmatsu Financial Advisory considered the methods to be used for calculating the value of the Company Common Shares from among multiple share value calculation methods. On the assumption that the Company is a going concern, and based on the view that multifaceted valuation of the value of the Company Common Shares would be appropriate, Deloitte Tohmatsu Financial Advisory analyzed the share value per share of the Company's stock using the following methods: (i) the market share price method, since the Company Common Shares are listed on the First Section of the TSE and their market prices are available, (ii) the comparable companies method, as there are multiple listed companies engaged in businesses that are relatively comparable to those of the Company, and an analogical inference of the share value based on comparable companies is possible, and (iii) the DCF Method to reflect the future status of business operations of the Company in the

valuation. The following is the range of value per share of the Company Common Shares as calculated by each of the above-mentioned methods:

Market share price method: JPY 6,698 - JPY 7,845

Comparable companies method: JPY 7,488 - JPY 8,780

DCF Method: JPY 7,068 - JPY 8,650

In adopting the market share price method, Deloitte Tohmatsu Financial Advisory set the calculation reference date as January 30, 2020. Then, Deloitte Tohmatsu Financial Advisory analyzed the range of value per share of the Company Common Shares to be JPY 6,698 - JPY 7,845 based on the closing price of JPY 7,740 for the Company Common Shares on the First Section of the TSE on the reference date, and the simple average of the closing prices for the most recent one-month, three-month and six-month periods, each ending on the reference date (JPY 7,845, JPY 7,379 and JPY 6,698, respectively).

In using the Comparable companies method, Deloitte Tohmatsu Financial Advisory selected comparable listed companies considered to be similar to the Company, and analyzed the value of Company Common Shares by employing the EBITDA to enterprise value ratio. In that analysis, Deloitte Tohmatsu Financial Advisory used the SOTP Analysis, in which the corporate value and the share value are analyzed by aggregating the enterprise values analyzed individually for each of the businesses (the three lines of business, namely, Analytical & Medical Solutions, Nano-Technology Solutions and Industrial Solutions). The listed companies selected for being engaged in businesses similar to each of the said businesses were Becton, Dickinson and Company, Siemens Healthineers AG, SYSMEX CORPORATION, Hologic, Inc., bioMerieux S.A., LivaNova PLC, NIHON KOHDEN CORPORATION, Fukuda Denshi Co., Ltd., Applied Materials, Inc., Lam Research Corp., Tokyo Electron Ltd., KLA Corporation, Hexagon AB, SHIMADZU CORPORATION, Yokogawa Electric Corporation, Spectris plc, Coherent, Inc., HORIBA, Ltd., KYOCERA Corporation, ALPS ALPINE CO., LTD., IHI Corporation, Toyoda Gosei Co., Ltd., NOK CORPORATION, KANEKA CORPORATION, Oki Electric Industry Co., Ltd., Maxell Holdings, Ltd., OSAKI ELECTRIC CO.,LTD., Ryoden Corporation, and Shinko Shoji Co. As a result, the range of value per share of the Company Common Shares was analyzed to be JPY 7,488 - JPY 8,780.

In employing the DCF Method, taking into account various factors including the earnings forecast and investment plans set out in the business plans prepared by the Company for the business period ending March, 2020 through the business period ending March 2022 as well as publicly available information, Deloitte Tohmatsu Financial Advisory analyzed the Company's corporate value and share value by discounting the free cash flow expected to be generated by the Company in and after the fourth quarter of the business period ending March, 2020 to the present value at a certain discount rate. The analysis was conducted using the SOTP Analysis. The discount rate adopted in the analysis was between 7.5%

- 11.0%, which varied depending on the business line. The perpetual growth model was used to calculate the going concern value, with the perpetual growth rate set between 0.1% - 2.1%, which varied depending on the line of business. As a result, the range of value per share of the Company Common Shares was analyzed to be between JPY 7,068 - JPY 8,650.

The specific figures of the financial forecasts of the Company on the basis of which Deloitte Tohmatsu Financial Advisory made calculations using the DCF Method are indicated below. The relevant financial forecasts do not include any business period in which a significant increase or decrease in profits as compared to the previous business period is projected. In addition, the effect of synergies that can be realized through the execution of the Transaction is not considered in the relevant financial forecasts because such effect is difficult to estimate at this point in time.

Deloitte Tohmatsu Financial Advisory analyzed and reviewed the substance of the relevant financial forecasts through multiple questions and answer sessions with the Company, among other means.

(JPY millions)

Business period ending	March 2020 (3 months)	March 2021	March 2022
Net sales	183,023	720,000	650,000
EBIT	11,507	65,000	75,000
EBITDA	16,250	88,242	100,166
Free cash flow	5,360	34,625	83,738

In calculating the value of the Company Common Shares, Deloitte Tohmatsu Financial Advisory used the information provided by the Company and the publicly available information on an as-is basis, in principle, and assumed that such materials and information are all accurate and complete and that there is no fact that has not been disclosed to Deloitte Tohmatsu Financial Advisory that may have a material adverse effect on the valuation of the Company Common Shares. Deloitte Tohmatsu Financial Advisory did not independently verify the accuracy and completeness of such materials and information. Deloitte Tohmatsu Financial Advisory assumed that the information on the financial forecasts of the Company had been reasonably prepared based on the best projections and judgment then available to the management of the Company. Deloitte Tohmatsu Financial Advisory did not conduct any independent valuation or appraisal of any assets or liabilities (including derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of the Company and its affiliates, nor did it make any request to a third-party institution for any such assessment or appraisal. The calculation by Deloitte Tohmatsu Financial Advisory reflects the above-mentioned information up until January 30, 2020.

Furthermore, the special committee received from Deloitte Tohmatsu Financial Advisory a fairness opinion dated January 30, 2020 (the “Fairness Opinion”) to the effect that the terms and conditions of the Transaction are fair to the minority shareholders of the Company from a financial point of view based on the findings (described herein below) and on the assumption that there were no significantly unreasonable elements in the decision-making process concerning the Transaction at the Company.

The Fairness Opinion has been approved by the fairness opinion committee as an examination panel independent of the Engagement Team at Deloitte Tohmatsu Financial Advisory, and is effective as of January 30, 2020.

Deloitte Tohmatsu Financial Advisory is expected to receive a fixed remuneration for the services related to the Transaction, irrespective of whether the Transaction is successfully completed. The agreement between the Company and Deloitte Tohmatsu Financial Advisory states that, Deloitte Tohmatsu Financial Advisory will be held harmless from certain liabilities arising from the provision of its services and that the Company will indemnify Deloitte Tohmatsu Financial Advisory for certain liabilities.

Deloitte Tohmatsu Financial Advisory and its affiliates provide various services, including audit, consulting, and financial advisory services. As a result, Deloitte Tohmatsu Financial Advisory or any of its affiliates may be providing any of those services to the Company, the Offeror, or any of their respective affiliates. In addition, in the future, Deloitte Tohmatsu Financial Advisory or any of its affiliates may provide any of those services to the Company, the Offeror or any of their respective affiliates.

In expressing its opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory specifically analyzed and reviewed the following:

- (i) The Company’s explanation of the details of the Transaction;
- (ii) The securities reports (for the business period ended March 2018 through the business period ended March 2019) and the quarterly report (for the second quarter of the business period ending March 2020) of the Company;
- (iii) The Company’s future business plans (for the business period ending March 2020 through the business period ending March 2022);
- (iv) Recent status of the industry to which the Company belongs;
- (v) Market prices and the status of market transactions of the Company Common Shares;
- (vi) Comparison of financial data, market share prices and other factors of the Company with those of listed companies whose businesses are similar to the Company’s businesses;
- (vii) The details of the Company’s business and operations, financial position and future business plans as well as the information on the business impact of the Transaction, as gained through

- interviews with the management of the Company and the special committee; and
- (viii) Other information that Deloitte Tohmatsu Financial Advisory deemed necessary or appropriate and obtained through inquiries to the Company or general investigations.

In expressing the opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory assumed and relied on the truthfulness, accuracy, and completeness of all the financial information to which it referred, the publicly available information, and any other information provided by the Company. Deloitte Tohmatsu Financial Advisory did not independently verify, and assumes no responsibility for the truthfulness, accuracy, and completeness of, such information. In the preparation and submission of the Fairness Opinion, Deloitte Tohmatsu Financial Advisory has not provided any auditing or any other guarantee services in relation to any assets or liabilities (including derivatives, off-balance sheet assets and liabilities, and other contingent liabilities), nor has any third party requested that it provide auditing or any other guarantee services. Deloitte Tohmatsu Financial Advisory has not assessed the creditworthiness of the Company under applicable laws relating to bankruptcy, suspension of payments, or similar matters. In expressing the opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory assumed that the Company's business plans that Deloitte Tohmatsu Financial Advisory used with the Company's consent had been reasonably prepared incorporating the best projections and judgment available to the management of the Company. Furthermore, in expressing the opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory relied on the Company's business plans and related materials that it used without conducting any independent investigation into them.

In rendering the Fairness Opinion, Deloitte Tohmatsu Financial Advisory relied on representations of the Company's management with regard to the fact that no material events with respect to the Company occurred that were not disclosed to Deloitte Tohmatsu Financial Advisory, and on matters represented as of the date of the Fairness Opinion.

The Fairness Opinion rendered by Deloitte Tohmatsu Financial Advisory is based on the precondition that all consents and approvals from the government and supervisory authorities that are necessary for the successful completion of the Transaction have been or will be obtained by the Company or the Offeror without affecting in any manner the anticipated benefits of the Transaction. Furthermore, the Fairness Opinion is based on the precondition that the accounting and tax effects of the Transaction are the same as those anticipated in the information presented to, and relied upon as a premise for the opinion by, Deloitte Tohmatsu Financial Advisory.

Deloitte Tohmatsu Financial Advisory assumes no obligations towards the Company, the Company's board of directors, or the special committee to solicit a decision of a third party concerning the Transaction, and has not solicited such in the past, nor will it solicit such in the future.



The Fairness Opinion is based on business, economy, market, and other situations existing as of January 30, 2020 or the date the relevant information was provided to Deloitte Tohmatsu Financial Advisory. In rendering the Fairness Opinion, Deloitte Tohmatsu Financial Advisory has not analyzed or reviewed the business decision that is the basis for implementing the Transaction or whether the terms of transactions scheduled for the Transaction constitute the best realizable price, and it shall not be obligated to conduct such analysis or review. The Fairness Opinion does not represent any views concerning the Company's solvency before or after the Transaction.

The purpose of the Fairness Opinion is to provide the Company's board of directors and the special committee with reference information for making managerial decisions. It is not intended as a recommendation to the Company's shareholders to exercise their voting rights concerning the Transaction. The Fairness Opinion is not addressed to any third party other than the Company and no third party may trust or rely on the Fairness Opinion for any purpose. Accordingly, Deloitte Tohmatsu Financial Advisory does not assume any responsibility for any reason toward any third party (including the Company's shareholders) other than the Company.

The Company acknowledges that even if there is any change in circumstances on and after January 30, 2020 that would affect Deloitte Tohmatsu Financial Advisory's opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory assumes no obligation or responsibility to renew, amend, supplement, or reconfirm the Fairness Opinion.

(V) Advice from an Independent Law Firm Received by the Company

The Company has appointed Anderson Mōri & Tomotsune as its legal advisor independent of the Company and the Offeror with the objective of ensuring fairness and appropriateness of the decision-making by the board of directors of the Company, and has received its legal advice regarding the decision-making methods and process of the meetings of the board of directors along with other notable points for decision-making in relation to the Tender Offer and a series of subsequent procedures.

(VI) Approval of All Disinterested Directors of the Company

The Company resolved at its board of directors meeting held on January 31, 2020 to express its current opinion in support of the Tender Offer, if commenced, and to recommend that the shareholders of the Company tender their shares in the Tender Offer, as stated in "(III) Process Leading to the Company's Decision at its Board of Directors Meeting" in "(2) Grounds and Reasons for the Opinion" above, as a result of careful discussions and review of the terms of the Tender Offer by the Offeror, with

consideration given to the legal advice obtained from Anderson Mōri & Tomotsune, the substance of the Company Common Shares Valuation Report, the Committee Recommendation obtained from the special committee, the substance of ongoing multiple consultations with the Offeror, and other related materials.

The above-mentioned resolution of the board of directors of the Company was adopted unanimously by six (of which four were outside directors) out of the seven directors of the Company who participated in the deliberations.

With the view to enhancing fairness, transparency, and objectivity of the decision-making process and eliminating the possibility of conflicts of interest, Ryuichi Kitayama, a director of the Company (Note), did not participate in the deliberations and resolution of the board of directors regarding the Transaction, including those at the above-mentioned board of directors meeting, nor did he participate in the discussions and negotiations with respect to the Transaction as an officer of the Company. He was previously associated with the Offeror, although he does not concurrently hold a position as an officer or an employee at the Offeror, and is not in a position to receive any instruction from the Offeror.

(Note) According to the “Hitachi Announces Executive Changes” issued today by the Offeror, Ryuichi Kitayama, a director of the Company, is scheduled to be appointed Representative Executive Officer, Executive Vice President and Executive Officer of the Offeror as of April 1, 2020.

(VII) Efforts to secure purchase opportunities from other buyers

The Offeror and the Company have not entered into any agreement containing a deal protection clause that prohibits the Company from contacting competitive tender offerors, or any agreement that prohibits competitive tender offerors from contacting the Company. The fairness of the Tender Offer is therefore secured by providing competitive tender offerors with the opportunity to propose competitive bids.

(VIII) Measures to Ensure an Opportunity for Shareholders of the Company to Properly Determine whether to Tender their Shares in the Tender Offer

As stated in “(5) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” above, the Offeror ensures an opportunity for the Company’s shareholders to properly decide whether or not to tender their shares in the Tender Offer and gives consideration to avoid placing coercive pressure on the Company’s shareholders by (i) employing methods ensuring the Company’s shareholders’ right to claim for purchase of shares or right to claim for determination

of purchase price, wherein depending on the number of shares acquired by the Offeror through the successful completion of the Tender Offer, the Offeror, promptly after the completion of the settlement of the Tender Offer, either will make the Share Cash-Out Demand for all of the Company Common Shares or will make a demand to the Company to convene the Extraordinary Shareholders Meeting at which the agenda items will include the Share Consolidation and an amendment to the Company's articles of incorporation to abolish the provisions on share units on the condition that the Share Consolidation takes effect, and (ii) clarifying that the amount of money to be delivered to the Company's shareholders as consideration for each Company Common Share in the Share Cash-Out Demand or the Share Consolidation will be calculated to be equal to the price obtained by multiplying the Tender Offer Price by the number of the Company Common Shares owned by those shareholders (excluding the Offeror and the Company).

In addition, while the statutory requirement of the tender offer period is 20 business days at minimum, the Offeror will set the Tender Offer Period as 34 business days. By setting a relatively long Tender Offer Period, the Offeror intends to ensure that the shareholders of the Company have an opportunity to properly determine whether to tender their shares in the Tender Offer.

4. Matters Relating to Material Agreements regarding Tendering Shares between the Offeror and the Company's Shareholders

Not applicable.

5. Details of Benefits Received from the Offeror or Parties Having a Special Relationship with the Offeror

Not applicable.

6. Response Policy with respect to Basic Policies Relating to the Control of the Company

Not applicable.

7. Question to the Offeror

Not applicable.

8. Requests for Extension of the Tender Offer Period

Not applicable.

## 9. Future Prospects

See “(II) Background of the Tender Offer,” “(III) Process Leading to the Company’s Decision at its Board of Directors Meeting,” and “(IV) Post-Tender Offer Management Policy” in “(2) Grounds and Reasons for the Opinion,” and “(4) Possibility and Reasons for Delisting” and “(5) Post-Tender Offer Reorganization Policy (Matters Regarding Two-Step Acquisition))” in “3. Details, Grounds and Reasons for the Opinion on the Tender Offer” above.

## 10. Details of Transactions with Controlling Shareholder

### (1) Applicability of Transactions with Controlling Shareholder and Status of Compliance with Policy regarding Measures to Protect Minority Shareholders

The Offeror is the controlling shareholder (the parent company) of the Company, so the Transaction, including the Tender Offer, constitutes a transaction of the Company with its controlling shareholder. The following summarizes the status of compliance of the Transaction, including the Tender Offer, with “ I 4. Guidelines regarding Measures to Protect Minority Shareholders upon Transactions with Controlling Shareholders,” which is included in the Corporate Governance Report.

The Company has taken measures to ensure fairness and to avoid conflicts of interest as described in “(6) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “3. Details, Grounds and Reasons for the Opinion on the Tender Offer” above. The Company believes that these measures are consistent with the contents described in the Corporate Governance Report.

### (2) Details of Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest

The Transaction, including the Tender Offer, constitutes a transaction of the Company with its controlling shareholder, as stated in “(1) Applicability of Transactions with Controlling Shareholder and Status of Compliance with Policy regarding Measures to Protect Minority Shareholders” above, so the Company determined that it was necessary to take measures to ensure fairness and to avoid conflicts of interest. Thus, the Company has made its decision with fairness ensured and conflicts of interest avoided by implementing the measures described in “(6) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “3. Details, Grounds and Reasons for the Opinion on the Tender Offer” above.

### (3) Outline of Opinion Obtained From a Party Disinterested in the Controlling Shareholder Stating that the Transaction would not be Disadvantageous to the Minority Shareholders

As stated in “(III) Establishment of an Independent Special Committee at the Company and Obtainment of a Recommendation from Said Special Committee” in “(6) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” of “3. Details, Grounds and Reasons for the Opinion on the Tender Offer” above, the Company received from the special committee, which is independent of the Company and the Offeror, the Committee Recommendation dated January 30, 2020 to the effect that it is reasonably believed that the Transaction, including expression of an opinion regarding the Tender Offer, would not be disadvantageous to the minority shareholders of the Company.

## 11. Other Matters

### (1) Revision to Dividend Forecast for Business Period Ending March, 2020

The Company resolved at its board of directors meeting held on January 31, 2020 not to declare a final dividend for the business period ending March, 2020 with its record date set at March 31, 2020 subject to the successful completion of the Tender Offer. For details, see “Announcement of Revision of Final Dividend Forecast for Business Period Ending March, 2020 (Cancellation of Dividend)” dated January 31, 2020.

End

(Reference) The Offeror’s announcement titled “Hitachi Announces Tender Offer for Shares of Hitachi High-Technologies Corporation (Securities Code 8036)” dated January 31, 2020 (Attachment)

**Soliciting Regulations**

This press release is the Company's announcement of its opinion as to the Tender Offer and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first read the Tender Offer Explanation Statement concerning the Tender Offer and make an offer to sell their shares at their own discretion. This press release shall neither be, nor constitute a part of, an offer to sell or purchase, or solicitation to sell or purchase any securities, and neither this press release (or any part of this press release) nor its distribution shall be interpreted to constitute the basis of any agreement in relation to the Tender Offer, and this press release may not be relied upon at the time of entering into any such agreement.

**U.S. Regulations**

The Tender Offer shall be implemented in compliance with the procedures and information disclosure standards provided by the Financial Instruments and Exchange Act of Japan, which procedures and standards are not necessarily identical to the procedures and information disclosure standards applied in the United States. Specifically, Article 13(e) or Article 14(d) of the Securities Exchange Act of 1934 (as amended; hereinafter, the "1934 Securities Exchange Act") or the rules promulgated under such Article do not apply to the Tender Offer, and the Tender Offer is not necessarily in compliance with the procedures and standards thereunder. All financial information included or mentioned in this press release and documents referred to in this press release are not based on the accounting standards of the United States and are not necessarily equivalent or comparable to the financial information prepared based on the accounting standards of the United States. Also, because the Offeror is a legal entity incorporated outside of the United States, and some or all of its officers are not residents of the United States, it may be difficult to exercise rights or demands arising under securities laws of the United States. It might not be possible to assume legal procedures in courts outside of the United States against legal entities and its officers located outside of the United States on grounds of breach of securities laws of the United States. Furthermore, there is no assurance that the courts of the United States would exercise their jurisdiction over legal entities and their subsidiaries and affiliates that are located outside of the United States.

All procedures in connection with the Tender Offer shall be conducted in the Japanese language. While some or all of the documents in connection with the Tender Offer may be prepared in English, the Japanese documents shall prevail in case of any discrepancies between the Japanese documents and the corresponding English documents.

The Offeror and its affiliates (including the Company) and their respective financial advisor's affiliates may, in their ordinary course of business and within the scope permitted under the laws and regulations related to Japan's financial instruments transactions, purchase or arrange to purchase the Company's common shares before the Tender Offer Commencement Date or during the Tender Offer Period outside of the Tender Offer in their own or their customer's account in accordance with the requirements of Rule 14e-5(b) of the 1934 Securities Exchange Act. If any information concerning such purchase is disclosed in Japan, the relevant purchaser will disclose such information on its website in English.

**Forward-Looking Statements**

This press release contains "forward-looking statements" as defined in Article 27A of the Securities Act of 1933 (as amended) and Article 21E of the 1934 Securities Exchange Act. These "forward-looking statements" often address the expected future business of the Company and other companies, and often contain words such as "anticipate," "expect," "intend," "plan," or "believe." The actual results may significantly differ from the projections implied or expressly stated as "forward-looking statements" due to known or unknown risks, uncertainties, or other factors. The Company and its affiliates are not in the position to covenant that the projections implied or expressly stated as "forward-looking statements" will actually be realized. The "forward-looking statements" contained herein have been prepared based on the information available to the Company as of the date of this press release and, unless required by laws and regulations of the financial instruments exchange, neither the Company nor its affiliates shall have the obligation to update or correct the statements made herein in order to reflect the future events or circumstances.

**Other Countries**

The announcement, issuance, or distribution of this press release may be legally restricted in some countries or territories. In that case, shareholders should be aware of and comply with the restriction. The announcement, issue or distribution of this press release shall not be interpreted as an offer to purchase or a solicitation of an offer to sell, but simply as a distribution of information.

FOR IMMEDIATE RELEASE

## **Hitachi Announces Tender Offer for Shares of Hitachi High-Technologies Corporation (Securities Code 8036)**

Hitachi, Ltd. (the “**Offeror**”) hereby announces as follows that, on January 31, it resolved to implement a tender offer for the common shares of Hitachi High-Technologies Corporation (the “**Target**”, and its common shares, the “**Target Common Shares**”) in accordance with the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “**Act**”, and this tender offer, the “**Tender Offer**”). According to “Announcement of the Effective Date of Partial Amendment to Trade Name and Articles of Incorporation” released by the Target on November 29, 2019, the Target will change its trade name to “Hitachi High-Tech Corporation” on February 12, 2020.

Since the Offeror intends to conduct an investigation of the status of ownership of the Target Common Shares, etc. by special related parties from today until the commencement of the Tender Offer, the Offeror will commence the Tender Offer on February 17, 2020 on the condition that the Conditions Precedent for the Tender Offer (defined in “(1) Overview of the Tender Offer” in “1. Purpose of the Purchase” below; hereinafter the same) have been satisfied (however, even if some or all of the Conditions Precedent for the Tender Offer have not been satisfied, that does not restrict the Offeror from waiving those conditions and implementing the Tender Offer at its discretion).

### **1. Purpose of the Purchase**

#### **(1) Overview of the Tender Offer**

As of today, the Offeror owns 71,135,619 Target Common Shares (ownership ratio (Note 1), 51.73%), which are listed on the First Section of the Tokyo Stock Exchange, Inc. (the “**TSE**”), and the Target is a consolidated subsidiary of the Offeror.

(Note 1) Ownership ratio means the ratio (rounded to two decimal places) of the number of Target Common Shares (137,525,789 shares) as calculated by deducting the number of the Target’s own shares owned by the Target as of September 30, 2019 as stated in the quarterly securities report for the second quarter of the 101st business period submitted by the Target on November 8, 2019 (the “**Target Second Quarter Securities Report for the Business Period Ending March 2020**”) (212,941 shares, including 41 shares not constituting a full share unit owned by the Target, hereinafter the same) from the total number of issued shares of the Target as of that date as stated in the Target Second

Quarter Securities Report for the Business Period Ending March 2020 (137,738,730 shares); hereinafter the same.

The Offeror decided at the meeting of its board of directors on January 31, 2020 to implement the Tender Offer as part of the transaction for the purpose of acquiring all of the Target Common Shares (excluding the Target Common Shares owned by the Offeror and the Target's own shares that are owned by the Target, hereinafter the same) and making the Target a wholly-owned subsidiary of the Offeror (the "**Transaction**") on the condition that each of the following conditions in (i) through (v) (collectively, the "**Conditions Precedent for the Tender Offer**") has been satisfied (however, even if some or all of the Conditions Precedent for the Tender Offer have not been satisfied, that does not restrict the Offeror from choosing at its discretion to waive those conditions and implement the Tender Offer):

- (i) there has been a recommendation from the special committee established by the Target stating that it believes that the board of directors of the Target expressing its opinion in support of the Tender Offer and passing a resolution recommending that its shareholders tender their shares in the Tender Offer is not disadvantageous to the minority shareholders of the Target and that it believes that the Target being made a wholly-owned subsidiary by the Offeror after the successful completion of the Tender Offer is not disadvantageous to the minority shareholders of the Target; that recommendation has not been withdrawn; and there have been no recommendations contradicting that recommendation;
- (ii) the board of directors of the Target has passed a resolution unanimously approved by all disinterested directors expressing its opinion in support of the Tender Offer and recommending that its shareholders tender their shares in the Tender Offer; and there have been no resolutions rescinding or contradicting that resolution;
- (iii) it has been confirmed by the Target that there are no material facts pertaining to business, etc. (meaning material facts pertaining to business as defined in Article 166, paragraph (2) of the Act) of the Target that have not been publicized (as defined in Article 166, paragraph (4) of the Act) by the Target;
- (iv) there have been no decisions, etc. by judicial or administrative bodies, etc. restricting or prohibiting the Tender Offer, and there is no specific risk thereof; and
- (v) no events that would have a material adverse effect on the financial status of the Target or its subsidiaries (meaning the events stated in the proviso of Article 27-11, paragraph 1 of the Act as grounds for the withdrawal of a tender offer and any other events similar or equivalent thereto) have occurred or been discovered and are not reasonably expected to occur or be discovered.



The Offeror intends to set the minimum number of Share Certificates, Etc. to be purchased in the Tender Offer at 20,548,181 shares (Note 2), and if the total number of Share Certificates, Etc. tendered in the Tender Offer (the **“Tendered Share Certificates, Etc.”**) is less than the minimum number of Share Certificates, Etc. to be purchased, the Offeror does not intend to purchase any of the Tendered Share Certificates, Etc. However, as stated above, the purpose is to make the Target a wholly-owned subsidiary of the Offeror through the Tender Offer, and the Offeror does not intend to set a maximum number of Share Certificates, Etc. to be purchased; therefore, if the total number of Tendered Share Certificates, Etc. is equal to or greater than the minimum number of Share Certificates, Etc. to be purchased, the Offeror intends to purchase all of the Tendered Share Certificates, Etc. Further, if the Offeror is unable to acquire all of the Target Common Shares through the Tender Offer, the Offeror intends to conduct a series of procedures to become the sole shareholder of the Target. For details, see **“(4) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)”** below.

(Note 2) The minimum number of Share Certificates, Etc. to be purchased is planned to be set at 20,548,181 shares, which is calculated by (i) taking the number of voting rights (1,375,257) of the number of Target Common Shares (137,525,789 shares), as calculated by deducting the number of the Target’s own shares owned by the Target as of September 30, 2019 as stated in the Target Second Quarter Securities Report for the Business Period Ending March 2020 (212,941 shares) from the total number of issued shares of the Target as of that date as stated in the Target Second Quarter Securities Report for the Business Period Ending March 2020 (137,738,730 shares), (ii) calculating the number of voting rights equivalent to two-thirds thereof (916,838), (iii) multiplying that number by the number of Target Common Shares in one share unit (100 shares) to calculate a number of shares (91,683,800 shares), and (iv) subtracting the number of Target Common Shares owned by the Offeror (71,135,619 shares). However, if the Target submits the quarterly securities report for the third quarter of the 101st business period (the **“Target Third Quarter Securities Report for the Business Period Ending March 2020”**) before the commencement of the Tender Offer, the minimum number of Share Certificates, Etc. to be purchased is planned to be set at the number of shares calculated by (i) taking the number of voting rights of the number of Target Common Shares, as calculated by deducting the number of the Target’s own shares owned by the Target as stated in the Target Third Quarter Securities Report for the Business Period Ending March 2020 from the total number of issued shares of the Target as stated in the Target Third Quarter Securities Report for the Business Period Ending March 2020, (ii) calculating the number of voting rights equivalent to two-thirds

thereof, (iii) multiplying that number by the number of Target Common Shares in one share unit to calculate a number of shares, and (iv) subtracting the number of Target Common Shares owned by the Offeror. The Offeror will amend, if necessary, the minimum number of Share Certificates, Etc. to be purchased at the commencement of the Tender Offer and disclose the amended number.

According to the “Announcement of Opinion in Support of Tender Offer for Shares in the Company by Hitachi Corporation, the Controlling Shareholder, and Recommendation for our Shareholders to Tender in Tender Offer” released on January 31, 2020 by the Target (the “**Target Press Release**”), the Target resolved at its board of directors meeting held on January 31, 2020 to express its current opinion in support of the Tender Offer, if commenced, and to recommend that its shareholders tender their shares in the Tender Offer. For details regarding the decision-making process of the Target, see “(f) Approval of all disinterested directors of the Target” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Calculation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below.

**(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer**

**(i) Background Leading to the Decision to Implement the Tender Offer and Purpose and Decision-Making Process of the Tender Offer**

The Offeror was formed in 1910 as a repair shop for the Hitachi mine of Kuhara Mining, and it was incorporated (established) as Hitachi, Ltd. in February 1920. The Offeror listed its shares on the Tokyo Stock Exchange (*Tokyo Kabushiki Torihikijo*) in April 1934 and it is now a listed company on the first section of the TSE and the first section of the Nagoya Stock Exchange (the Offeror’s shares were listed on both stock exchanges in May 1949 and designated to the first section thereof in October 1961). The Offeror and its 1,276 affiliates (824 consolidated subsidiaries and 452 equity-method affiliates (as of December 31, 2019)) form a corporate group (the “**Hitachi Group**”) that, in five growth areas of mobility, smart life, industry, energy, and IT sectors, is engaged in a wide range of business activities from developing products, including IT systems for the financial and public sector, power grid systems, industrial equipment, elevators, railroad cars, home appliances, and automobile parts, to manufacturing, sales, and services. The Offeror set out the Lumada (Note 3), which is a comprehensive concept encompassing newest digital solutions, services, and technologies, in order to create new value by taking advantage of the Offeror’s knowledge and know-how in information technology (IT) and operational technology (OT, control, and operation technology) accumulated in various social innovation businesses and utilizing the data

in the digital and IoT (Internet of Things) age, in which social developments and significant business environment changes are accelerating. The Hitachi Group is also endeavoring to firmly establish the Lumada business model (the “**Lumada Strategy**”) and strengthen the business portfolio as part of the “2021 Mid-term Management Plan” established in May 2019 (the “**2021 Mid-Term Plan**”).

Highly efficient systems that utilize the IoT and are able to immediately adapt to business environments that are rapidly changing are in demand due to the current diversification of customer needs, increasing global competitiveness, and further advancement of digitalization. The Hitachi Group, based on its long experience and know-how as a manufacturer, endeavors to achieve reforms in customers’ manufacturing processes, such as improving the quality of designs and products, improving the productivity of production lines, and ensuring stable operations through co-creation with various customers and partners or through open innovation by providing the IoT platform of Lumada that combines OT and IT. Through this endeavor, the Offeror recognized the importance of front-end capabilities that will enable it to lead from identifying and understanding the issues facing customers to offering solutions, and in 2016 the Offeror transitioned to a business structure that is focusing on its front-end capabilities, which accelerate the pace of co-creation with customers in the social innovation business. The Offeror newly established the Smart Digital Solution Business Development Division in 2019 in order to expand the Lumada business in the smart life business sector in which the Offeror strives to resolve issues facing society based on the themes of health, safety, and comfort. Additionally, the Offeror has strengthened analytics capabilities, which are able to integrate many types of diverse big data, such as internal corporate data, sensor data, and SNS data, and conduct analysis from a variety of perspectives, mainly with Pentaho Corporation, which the Offeror acquired in 2015 and was considered a leading company (Note 4) in the field of big data business intelligence (BI) tools.

(Note 3) Lumada collectively refers to the Offeror’s solutions, services, and technologies that utilize its advanced digital technologies for turning its customers’ data into value to drive digital innovation. The name “Lumada” comes from the words “illuminate” and “data.” Lumada was created by combining the OT cultivated by the Offeror with its strengths in IT and products. Through the development of IT and the IoT, the data created from activities in society and by companies is continuing to increase at an accelerating pace. Focusing on data that can become a new source of value for society, the Offeror launched the Lumada business in 2016 in order to lead innovations for society by utilizing that data. The Offeror endeavors to create new value and achieve managerial results (i) by using data to resolve the management issues facing its customers, such as predictive diagnostics that can detect the early signs of a malfunction using

device data; (ii) by manufacturing control that oversees work quality using images of the worksite; (iii) by optimizing the energy management of all homes or offices in an area; (iv) by utilizing the results, experience, and know-how in IT and OT areas accumulated in various advanced solutions businesses; and (v) by providing cyber-physical systems that connect the digital and physical spaces at a high level and in real time.

(Note 4) According to BeyerNetwork Research Report, it is reported that Pentaho Corporation had the largest number of users in the market of open source BI tools in 2012.

According to the Target Press Release, the Target was established as Hinode Shokai Co., Ltd. in April 1947, and changed its trade name to Nissei Sangyo Co., Ltd. in October 1947. The Target Press Release states that since its establishment, the Target has been developing as a specialized trading company in advanced industry fields, with main products consisting of physical and chemical appliances, industrial meters, and industrial appliances and materials. They also state that the Target was listed on the Second Section of the TSE in October 1971, and was listed on the Second Section of the Osaka Securities Exchange in October 1972, and then, was listed on the First Sections of the TSE and the Osaka Securities Exchange in September 1983 (in connection with the consolidation of both cash markets in July 2013, the First Section of the Osaka Securities Exchange was integrated into the First Section of the TSE). It is also stated that the Target gained both trading functions and manufacturing functions as a result of the Target's succession to the measuring instruments business and semiconductor manufacturing devices business of the Offeror in October 2001. Accordingly, the Target changed its trade name to Hitachi High-Technologies Corporation, and later on February 12, 2020, the Target will change its trade name to Hitachi High-Tech Corporation.

Then, as to the capital relationship between the Offeror and the Target, the Offeror had purchased 49,607,382 Target Common Shares before October 1971, and in October 2001, in connection with the succession by the Target to the business of the Offeror, the Target allocated to the Offeror all of 50,000,000 Target Common Shares as newly issued by the Target, and as a result, the Offeror came to own 99,607,382 Target Common Shares (ratio of the number of Target Common Shares obtained by deducting the Target's own shares owned by the Target at the nearest quarter end from the total number of issued shares as of the same date; fractions are rounded off to two decimal places; hereinafter the same with respect to the ratios in this paragraph): 72.32%). Then, as a result of the Offeror's sale of 7,800,000 Target Common Shares in June 2002, 16,000,000 Target Common Shares in October 2003, 4,350,000 Target Common Shares in November 2005, and 650,000 Target Common Shares in December 2005, the Target Common Shares owned by the Offeror amounted to 70,807,382 shares (51.47%). In addition, as a result of the Offeror's acquisition of 230,007 Target Common Shares (51.65%) in June 2009, and 98,230 Target Common Shares

(51.72%) in November 2011 through negotiated trading with a number of companies of the Hitachi Group, the Offeror came to own the number of Target Common Shares that it owns as of today (71,135,619 shares (51.73%)).

According to the Target Press Release, the Target Group (collectively referring to the Target, its consolidated subsidiaries, and its equity method affiliates; the same applies below; as of today, the Target Group is comprised of 41 consolidated subsidiaries and 7 equity method affiliates) has conducted corporate management under the basic philosophy of striving to be a “trusted” company for all stakeholders, contributing to social progress and developments through business activities on the basis of “value creation” with high-tech solutions, respecting “harmony with environment,” and committing to the realization of a distinctive society as a corporate citizen performing its social responsibility. By combining the Target’s technological capabilities, such as “observation, measurement, and analysis (measurement and analysis technologies),” “automation and control technologies,” and “manufacturing capabilities,” which have been cultivated since the Target’s establishment, with “global sales and business finding capabilities,” which the Target has cultivated as a specialized trading company in advanced industry fields, and adding “collaboration with customers and partners,” the Target has created world-class measurement and analysis equipment, such as clinical chemistry and immunodiagnostic analyzers and Critical Dimension SEM(CD-SEM), and has contributed to solving customer problems.

In April 2019, the Target revised the Corporate Vision and Mission and established the “2021 Medium-Term Management Strategy” with fiscal year 2021 as the final year (hereinafter, the “**2021 Strategy**”), promoting business in three areas: Analytical & Medical Solutions (Note 5), Nano-Technology Solutions, and Industrial Solutions. In Analytical & Medical Solutions, the Target’s main products are medical and life science products such as clinical chemistry and immunodiagnostic analyzers, genetic and bacteriological testing systems, and DNA sequencers, as well as analytical instruments such as thermal analyzers, liquid chromatographs, spectrophotometers, and X-ray fluorescence analyzers. Based on analysis technology, the Target can quickly identify customers’ cutting-edge needs in fields such as biotechnology and medical, and safety and security, and create Focused Solutions (Note 6) with high added value. In addition, through its System Collaboration Business (Note 7), the Target is actively strengthening its ties with partners, and expanding and strengthening its business, R&D, and business investments to acquire advanced core technologies. In Nano-Technology Solutions, the Target’s main products include semiconductor manufacturing equipment such as etch systems and CD-SEM, and analysis equipment such as electron microscopes. In the semiconductor field, the Target is the only manufacturer with “processing, measurement and analysis” equipment to provide integrated solutions that meet diverse customer needs. In the materials and biotechnology fields, the

Target develops solutions jointly with partners in growth fields such as batteries and pharmaceutical. In addition to “observation, measurement, and analysis,” which are its core technologies, the Target also conducts “processing,” contributing to the cutting-edge research and development and mass production of customers, and creating new value. In Industrial Solutions, the Target handles major products such as railway inspection equipment, control systems, industrial-use automated assembly systems, and lithium-ion battery manufacturing equipment as well as industrial materials for the manufacturing industry as a specialized trading company in advanced industrial fields. By fusing global networking and engineering capabilities, the Target offers solutions that contribute to the resolution of issues faced by manufacturing companies. The trading functions in Industrial Solutions importantly work as sales power for providing solutions; however, as part of the withdrawal from less profitable business, which the Target has been expressing as a challenge to be resolved, the Target will accelerate the screening of previous, less profitable transactions and the review of the conditions for transactions (including the unwinding of transactions; hereinafter the same), and unwind or conduct such review of the conditions for the transactions representing approximately one-third of the sales revenue of Industrial Solutions in the future, thereby striving to further enhance its profitability.

(Note 5) “Analytical & Medical Solutions” means business that provides new value in the biomedical and other fields based on analysis technology.

(Note 6) “Focused Solutions” means specialized solutions that meet customer challenges, such as specialized equipment, services, or business models.

(Note 7) “System Collaboration Business” means business that provides best solutions through equal business partnerships with reagent companies.

As part of the social innovation business, which aims to improve people’s quality of life and enhance the social value, environmental value, and economic value of customers, the Offeror and the Target have cooperated in areas including the domestic expansion of the railroad surveying business through collaboration between the Offeror’s Railway Systems Business Unit and the Target, and the Target’s use of the research and development capabilities of the companies of the Hitachi Group, including the Offeror’s research and development department, and other management resources, as well as the Target’s use of the Hitachi Group network. Under the awareness that the importance of the ability to observe, measure, and analyze a vast amount of data is increasing while the digitalization of all areas of manufacturing accelerates, in late July 2018, the Offeror commenced speculating into its direction to strengthen collaboration with the Target in order to increase customer value.

After that, in mid-December 2018, the Offeror reached the decision that, for actively expanding digital solutions, there is an urgent need to promote both companies' businesses through much closer collaboration than in the past by aiming to make mutual use of the management resources and know-how of both companies and facilitate prompt decision-making. That is to say, the Offeror has determined that the strengthening of competitiveness in each business area and profitability, through firmly establishing a measuring and analysis platform that combines the measuring and analysis technologies of the Target with the data utilization technologies of the Hitachi Group, accelerating the Lumada Strategy, combining the system integration capabilities of the Offeror in the fields of industrial and social infrastructure and mobility with the Target's front-end sales capabilities, and streamlining management operations and optimizing cost structures of procurement and manufacturing activities, will lead to improving the social value, environmental value, and economic value of customers and, in turn, to maximizing the corporate value of the Hitachi Group, including the Target.

First, as a specific focus, the medical and bio fields, in which there is a raising expectation for the creation of value through the use of data utilizing IoT technologies, can be raised as an example. The Target offers many products, such as an integrated clinical chemistry and immunochemistry analyzer developed ahead of the world, in the business area of in-vitro diagnostics, which are said to cover approximately 70% of the data used to determine treatment policies (source: "The Value of In Vitro Diagnostic Testing in Medical Practice: A Status Report," Ulrich-Peter Rohr et al., PLOS ONE, Mar. 4, 2016). Many countries are anticipating the ability to effectively use this test data to derivate the most effective treatment and help to improve the quality of life of patients. The Hitachi Group will promote the further strengthening the business foundations in the testing laboratory market and creating a medical digital services business by utilizing the Target's measuring and analysis devices, and the Offeror's advanced IT and AI, the analytics using big data and the foundations for collaboration on medical data in the healthcare business. Additionally, in order to improve quality of life by reducing the burden on patients' daily lives after treatment through medical examinations of cancer and low-invasive radiation therapy, the Offeror anticipates the incorporation of the Target's measuring and analysis technologies targeted to the medical and bio fields to be extremely useful.

In the nanotechnology field, the Hitachi Group will dedicate to achieving improvements in production line productivity and to resolving management issues facing customers by combining the Target's testing and analysis technologies with the Hitachi Group's data utilization technologies.

Moreover, in the manufacturing area, the Offeror acquired the robotic integration business operated by JR Automation Technologies, LLC, which engages in various robotic SI businesses (the business of constructing production lines utilizing industrial robots for assembly, welding, and other such tasks) in a wide range of fields such as automobiles, aircraft and e-

commerce mainly in North America, in late-December 2019. The Offeror intends to increase its abilities to resolve customer issues on the production line by expanding its customer base and mutually utilizing the know-how of JR Automation Technologies, LLC and the Hitachi Group. In the fields of industrial and social infrastructure and mobility, the Offeror believes that by combining the system integration capabilities of the Offeror and the Target's global front-end and business promotion capabilities, the Offeror will make efforts to quickly offer optimal solutions for the customers.

Additionally, through the closer business cooperation with the Target, the Offeror will promote to streamline management operations and optimize cost structures, and will make efforts to increase the corporate value in terms of both business income and expenditures.

As part of the establishment and performance of its 2021 Mid-Term Plan, the Offeror engaged in consideration from mid-December 2018 to early February 2019 of various options for the Target's business that may result in increasing the cooperate value of both the Offeror and the Target in light of significances in the group strategy, capital policy, and opportunities of restructuring business within the Hitachi Group. As a result of these considerations, in mid-February 2019, the Offeror came to the determination that in order to promote the Lumada Strategy by firmly establishing a measuring and analysis platform based on Target's measuring and analysis technologies, it is urgently necessary to make mutual use of the management resources and know-how of both companies and accelerate decision-making, and as a means to achieve that, the optimal way is for the Offeror to make the Target a wholly-owned subsidiary.

In early March 2019, the Offeror appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("**MUMSS**") as its financial advisor and third-party valuation agent independent from the Offeror and the Target, and in mid-March 2019, the Offeror appointed Mori Hamada & Matsumoto as its legal advisor independent from the Offeror and the Target, and made a proposal to the Target requesting cooperation such as disclosure of materials necessary to discuss and consider options of the capital strategy including the Transaction.

According to the Target Press Release, in response to the oral proposal from the Offeror in mid-March 2019 requesting cooperation regarding consideration of capital strategy for the purpose of enhancing corporate value, including the possibility of the Transaction, the Target appointed Nomura Securities Co., Ltd. ("**Nomura**") as its financial advisor and third-party valuation agent, and Anderson Mōri & Tomotsune as its legal advisor, both of which are independent of the Offeror and the Target. In addition, in order to sufficiently protect the interests of minority shareholders in preparation for a proposal to make the Target a wholly-owned subsidiary, and to enable flexible responses upon receipt of a specific proposal from the Offeror, the Target has established a system to respond in accordance with the objectives of the "Fair M&A Guidelines: Enhancing Corporate Value



and Securing Shareholders' Interests (Draft)," announced by the Ministry of Economy, Trade and Industry on May 14, 2019, under the premise that a tender offer would be most likely to be made if the Target was made a wholly-owned subsidiary. Specifically, on May 23, 2019, with the aims of eliminating arbitrariness in the Target's decision-making pertaining to the Transaction and of examining, among other factors, the reasonableness of the Transaction, the fairness of the terms of the Transaction, and ways to give sufficient consideration to interests of the Target's minority shareholders, the Target established a special committee (for the composition and specific activities of the special committee, please see "(c) Establishment of an independent special committee at the Target and obtainment of a recommendation from the special committee" in "Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest" in "(ii) Background of the Calculation" in "(4) Basis of Valuation of Tender Offer Price" in "2. Overview of the Tender Offer" below.). Thus, the Target established a structure, in advance, to engage in discussion and negotiation for the Transaction.

According to the Target Press Release, the Target carefully discussed and reviewed the Transaction from various perspectives such as whether the Transaction will enable the Target to improve its corporate value and whether the terms of the Transaction, including the price per Target Common Share for acquisition through the Tender Offer, ("**Tender Offer Price**") are appropriate.

The Target, under its 2021 Strategy, has been leveraging its core competencies in "observation, measurement, and analysis," "Automation and Control Technologies", "Manufacturing Capabilities," "Global Sales and Business Finding Capabilities." The Target has been striving to understand the continually changing issues in general markets that its customers face, and to provide focused solutions that incorporate specialized systems, services, and business models that target specific problems. In this way, the Target intends to expand globally while creating rare and specialized markets. While striving for further growth in leading existing businesses, the Target Group aims to create and expand new leading businesses by providing specialized solutions. When providing specialized solutions, the Target has been trying to find industrialized and sophisticated issues that the customers themselves have not yet noticed, so the Target does not merely aim to create new products or solutions, but aims to propose new "utility value." With the rapid digitalization of business proceeds through the use of AI and IoT, and analysis of big data, the volume and contents of data produced by devices are becoming massive and complicated. The Target therefore acknowledges that it must create business opportunities through providing digital solutions that combine mainly measuring and analyzing devices with the use of sensing and feedback data in order to quickly solve customers' issues.

The Offeror and the Target Group have been conducting business together through joint research within the Offeror's research institutions and personnel interaction. However, in order to be able to quickly respond to customers' needs that are becoming more diverse in the market environment and that are requiring more proactive use of data due to the spread of IoT technology, the Target had considered that it is insufficient to only use the Hitachi Group's management resources, including its personnel, financial base, business base, and customer base, but that it would become possible to expediently propose the new "utility value" to the customers if the Target Group's measurement and analysis technologies platform and the Offeror's Lumada business were to work more closely together and pursue business as one entity.

Specifically, in Analytical & Medical Solutions, the above coordination with the Offeror's research institution would be expected to enable further development of new products and related technology in the biomedical fields. Also, by taking further advantage of the scale of the Hitachi Group, the Target would expect, through extensive business investment, etc., to gain a stronger competitive position, to make further progress in new business development, to expand the product line-up for analytical instruments, to strengthen its global sales network, and to create new Focused Solutions by using Lumada. In Nano-Technology Solutions, further coordination between the Target's processing, inspecting, and analysis data consolidation platform for semiconductors and Lumada would enable the Target to provide solutions that meet the customers' needs, including shortening the development time, reducing development costs, and improving productivity for semiconductor devices, and to also expand the model case of the Lumada business that provides total solutions to be the use case for other businesses. In Industrial Solutions, the Target Group's capability to find customers' issues and propose solutions, and the knowhow gained to date could be applied to a greater degree than before in the Offeror's salesfront mainly in industries in which these factors could be expected to lead to the creation of new business opportunities and the quick provision of solutions.

As described above, strengthening further coordination with the Hitachi Group will not only contribute to the future development and further enhancement of the corporate values of the Target Group, but would also contribute to solving social issues by expediently responding to customers' needs that are becoming more diverse.

From mid-March 2019, the Offeror proceeded due diligence to evaluate business value based on disclosed information and explanations from the Target and specific consideration of the transaction terms and conditions. (Due diligence remains in progress as of today.)

Based on that progress, on November 18, 2019, the Offeror submitted a written proposal to the Target on the Transaction, including (i) the acquisition price being JPY 7,100 per Target Common share, (ii) referring to past

examples similar to the Transaction, the Target implementing special dividends on the condition of the Tender Offer being successfully completed, (iii) the Offeror implementing a tender offer whose Tender Offer Price was the price calculated by deducting the amount of the special dividends from the acquisition price assuming that the special dividends are implemented, and (iv) other terms and conditions. On January 10, 2020, the Offeror also submitted a written proposal to the Target, setting out the acquisition price being JPY 7,800 per Target Common Share. However, the Target requested the Offeror to reconsider the content of the proposals, stating that neither proposal sufficiently reflected the Target's corporate value. Thereafter, the Offeror discussed matters such as the Tender Offer Price and other transaction terms and conditions with the Target on multiple occasions. As a result of those discussions and of considering and comparing other transaction structures taking into account factors such as ease of understanding for the Target's shareholders, the Offeror and the Target agreed to choose the transaction structure that the Target will not implement the special dividends based on mutual understanding that, with regard to the transaction structure involving the implementation of the special dividends by the Target, whether to implement the special dividends or not would alter neither the acquisition price proposed by the Offeror nor the economic value the Target's shareholders would receive through the Transaction. Based on the choice of that transaction structure, on January 27, 2020, the Offeror and the Target reached an agreement regarding the terms and conditions of the Transaction, including the Tender Offer Price being JPY 8,000. The Offeror considers the Tender Offer Price to be appropriate in light of trends in the market share price of the Target Common Shares, taking into account that it is thought that the share price of the Target rose in conjunction with speculative reports and the like on June 7, 2019 by some press regarding the Offeror making the Target a wholly-owned subsidiary, which effectively included the implementation of the Tender Offer.

Through the background stated above, based on the results of the due diligence conducted on the Target and the Valuation Report (as defined in "(i) Basis of the Calculation" in "(4) Basis of Valuation of Tender Offer Price" in "2. Overview of the Tender Offer" below), the Offeror concluded that making the Target a wholly-owned subsidiary of the Offeror through the Transaction will contribute to the provision of an appropriate and reasonable opportunity to sell their shares to the Target's general shareholders, and the mid- to long-term growth and improvement of corporate value of the entire Hitachi Group, including the Target; and the Offeror resolved at the meeting of its board of directors held on January 31, 2020 to implement the Transaction, which begins with the Tender Offer, on the condition that the Conditions Precedent for the Tender Offer have been satisfied (or waived by the Offeror).

(ii) Decision-Making Process and Reasons of the Target

According to the Target Press Release, as stated in “(i) Background Leading to the Decision to Implement the Tender Offer and Purpose and Decision-Making Process of the Tender Offer” above, in response to the proposal from the Offeror in mid-March 2019 requesting cooperation regarding consideration of capital strategy for the purpose of enhancing corporate value, including the possibility of the Transaction, in preparation for a proposal to make the Target a wholly-owned subsidiary, and for the purpose of ensuring the fairness of the various conditions for the Transaction, including the Tender Offer Price, the Target appointed Nomura as financial advisor and third-party valuation agent independent of the Offeror and the Target with respect to the Transaction, and Anderson Mōri & Tomotsune as legal advisor. In addition, the Target established a special committee for the purposes of eliminating the arbitrariness of the Target’s decision-making for the Transaction, including the Tender Offer, and of ensuring the fairness, transparency, and objectivity in the decision-making process. The Target also engaged in several discussions and negotiations with the Offeror regarding the significance and purpose of the Transaction, the synergy expected to be created from the Transaction, the management system and business policy after the Transaction, and various conditions for the Transaction.

In addition, in preparation for a proposal to make the Target a wholly-owned subsidiary, in order to enable flexible responses upon receipt of a specific proposal from the Offeror, under the premise that a tender offer would be most likely to be made if the Target is made a wholly-owned subsidiary, on and after mid-April 2019, the Target received legal advice from its legal advisor, Anderson Mōri & Tomotsune, regarding the decision-making process, decision-making method, and other considerations relating to decision-making regarding the Tender Offer, and received advice and assistance from its financial advisor, Nomura, regarding price negotiations. On November 18, 2019, the Target received a formal proposal for the Transaction, including the various conditions such as setting the acquisition price per Target Common Share as JPY 7,100, and subsequently commenced negotiations with the Offeror and engaged in several discussions and negotiations with the Offeror based on the aforementioned advice. Moreover, the Target timely reported the background and substance of the discussions and negotiations with the Offeror regarding the Transaction to the special committee, and promoted discussions and negotiations with the Offeror while discussing the policies with the special committee from time to time.

On January 30, 2020, the Target obtained a share valuation report on the Target Common Shares (the “**Target Common Shares Valuation Report**”) from Nomura, and received a written Recommendation (the “**Committee Recommendation**”) from the special committee. For details of the Committee Recommendation, please see “(c) Establishment of an independent special committee at the Target and obtainment of a

recommendation from the special committee” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Calculation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below.

Thereafter, the board of directors of the Target considered the legal advice from Anderson Mōri & Tomotsune regarding the decision-making process, decision-making method and other considerations upon decision-making regarding the Transaction, including the Tender Offer, and the substance of the Target Common Shares Valuation Report from Nomura as the third-party valuation agent. The board of directors paid the utmost respect to the substance of the Committee Recommendation from the special committee, and the Target conducted careful discussions and examined considerations regarding whether the Transaction would enhance the corporate value of the Target, and whether the various conditions for the Transaction, including the Tender Offer Price, were appropriate.

As a result, the Target concluded at its board of directors meeting held on January 31, 2020 that becoming a wholly-owned subsidiary of the Offeror through the Transaction and further strengthening the ties with the Hitachi Group through their mutual utilization of management resources such as human resources, financial, business, and customer resources, which were restricted because the Offeror and the Target are independent listed companies, would improve the efficiency of management operations including procurement, risk management, human resources, and system management, and improve profitability through the optimization of cost structure, contributing not only to the future development of the Target Group and further improvement of corporate value, but also to the enhancement of the ties between the Target Group’s measurement and analysis technologies platform and the Lumada business of the Offeror, as well as the expansion of the scope of utilization of its business structuring capabilities and business finding capabilities so that the Target can more promptly respond to diversified customer needs than the Target does alone, and create solutions that enhance customer value, thereby contributing to solving social issues.

In addition, as stated in “(b) Obtainment of a share valuation report from an independent third-party valuation agent by the Target” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Calculation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below, (i) the Tender Offer Price exceeds the scope of the calculation results according to the average market price method, from among the calculation results of the share value of the Target provided by Nomura, and also falls within the scope of the calculation results according to the comparable companies method and the discounted cash flow method (the “**DCF Method**”); (ii) the Tender Offer Price includes a 3.36% premium (rounded off to two decimal places; the same

shall apply hereinafter to the calculations of premiums) over the closing price, JPY 7,740, of the Target Common Shares on the First Section of the TSE on January 30, 2020, which is the day immediately preceding the announcement date of the implementation of the Tender Offer, a 1.98% premium over the simple average of the closing prices, JPY 7,845 (rounded off to the closest whole number; the same shall apply hereinafter to the calculations of simple averages of closing prices), for the one month prior to the same date (from January 6, 2020 to January 30, 2020), a 8.42% premium over the simple average of the closing prices, JPY 7,379, for the three months prior to the same date (from October 31, 2019 to January 30, 2020), a 19.44% premium over the simple average of the closing prices, JPY 6,698, for the six months prior to the same date (from July 31, 2019 to January 30, 2020), and also includes a 68.42% premium over the closing price, JPY 4,750, of the Target Common Share on June 6, 2019, which is the day immediately preceding June 7, 2019, on which some press made speculative reports on the Transaction, a 69.60% premium over the simple average of the closing prices, JPY 4,717, for the one month prior to the same date (from May 7, 2019 to June 6, 2019), a 71.93% premium over the simple average of the closing prices, JPY 4,653, for the three months prior to the same date (from March 7, 2019 to June 6, 2019), a 87.31% premium over the simple average of the closing prices, JPY 4,271, for the six months prior to the same date (from December 7, 2018 to June 6, 2019), and is considered to include reasonable premiums as compared to the standards of premiums in other cases of tender offers in order for parent companies to cause their consolidated subsidiaries to be their wholly-owned subsidiaries; (iii) upon determining the Tender Offer Price the Target adopted measures to ensure fairness of the Tender Offer Price, and measures to avoid conflicts of interest as stated in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Calculation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below, and the interests of minority shareholders were taken into account; and (iv) the Tender Offer Price is a price that was proposed after measures to avoid conflicts of interests were taken, and the Target and the Offeror engaged in discussions and negotiations comparable to discussions and negotiations in arm’s-length transactions, more specifically, faithful and continuous discussions and negotiations based on Nomura’s calculation results regarding the share value of the Target, and discussions with the special committee. Considering these facts, at the board of directors meeting held on January 31, 2020, the Tender Offer was determined to provide the shareholders of the Target with the reasonable opportunity to sell the Target Common Shares at a price with a substantial premium.

Based on the above, the Target resolved at its board of directors meeting held on January 31, 2020 to express its current opinion in support of the Tender Offer, if commenced, and to recommend that its shareholders tender their shares in the Tender Offer.

(iii) Management Policy after Completion of the Tender Offer

After making the Target a wholly-owned subsidiary, the Offeror intends to continue management endeavoring the further enhancement of the corporate value and plans to conduct management that makes full use of the business fields and characteristics of the Target. The Offeror plans to discuss the management structure of the Target after the Transaction with the Target based on the Target's current management structure with the goals of creating a structure that will contribute to achieving the integrated management of the entire Hitachi Group, including the Target, from the perspective of enhancing the corporate value. Immediately after the successful completion of the Tender Offer, the Offeror plans to position the Target as one business department of the Offeror's Smart Life Business Management Division, and to ensure that the 2021 Strategy established by the Target will be steadily carried out.

**(3) Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest**

In light of the fact that the Target is a consolidated subsidiary of the Offeror and the fact that the Transaction is a type of transaction in which there are typically problems with structural conflicts of interests and problems with asymmetric information, the Offeror and the Target have taken the following measures to address these problems and to ensure fairness in the Transaction. The following statements on measures that have been taken by the Target are based on the Target Press Release and explanations from the Target.

Further, the Offeror owns 71,135,619 Target Common Shares (ownership ratio, 51.73%) as of today as stated in "(1) Overview of the Tender Offer" above. If the Offeror were to set a minimum number of Share Certificates, Etc. of the so-called "majority of minority" to be purchased in the Tender Offer, it believes that the successful completion of the Tender Offer would become uncertain and that it is possible that setting a minimum number would be detrimental to the interests of general shareholders who wish to tender their shares in the Tender Offer, so the Offeror has not set a minimum number of Share Certificates, Etc. of the majority of minority to be purchased. However, the Offeror and the Target believe that because the measures set out in (a) through (h) below have been taken by the Offeror and the Target after obtaining the confirmation of the special committee of the Targets, the interests of the minority shareholders of the Target have been fully considered even though the above-mentioned minimum number of Share Certificates, Etc. has not been set.

- (a) Obtainment of a share valuation report from an independent third-party valuation agent by the Offeror
- (b) Obtainment of a share valuation report from an independent third-party valuation agent by the Target

- (c) Establishment of an independent special committee at the Target and obtainment of a recommendation from the special committee
- (d) Obtainment of a share valuation report and fairness opinion by the special committee from an independent third-party valuation agent
- (e) Advice from an independent law firm received by the Target
- (f) Approval of all disinterested directors of the Target
- (g) No deal protection provisions
- (h) Measures to ensure an opportunity for shareholders of the Target to properly determine whether to tender their shares in the Tender Offer

For details of the above, see “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Calculation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below.

**(4) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)**

As mentioned in “(1) Overview of the Tender Offer” above, the Offeror intends to make the Target a wholly-owned subsidiary of the Offeror, and if the Offeror is not able to acquire all of the Target Common Shares through the Tender Offer, the Offeror plans on conducting procedures for the purpose of acquiring all of the Target Common Shares by the following methods after the successful completion of the Tender Offer.

**(i) Demand for Share Cash-Out**

If, as a result of the successful completion of the Tender Offer, the total number of voting rights in the Target owned by the Offeror becomes 90% or more of the voting rights of all shareholders of the Target, and the Offeror becomes a special controlling shareholder as provided for in Article 179, paragraph (1) of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same applies), the Offeror intends to, promptly after the completion of the settlement of the Tender Offer, make a demand to all of the shareholders of the Target (excluding the Offeror and the Target, hereinafter the same) to sell all of the Target Common Shares they hold (the “**Share Cash-Out Demand**”) under the provisions of Part II, Chapter II, Section 4-2 of the Companies Act.

Money equal to the amount of the Tender Offer Price is to be delivered to the shareholders of the Target in the Share Cash-Out Demand as consideration for each share of the Target Shares. In that case, the Offeror will notify the Target to that effect and request approval from the Target for the Share Cash-Out Demand. If the Target approves the Share Cash-Out Demand by a resolution of a meeting of its board of directors, the Offeror will acquire all of the Target Common Shares held by all of the shareholders of the Target as of the acquisition date stated in the Share Cash-Out



Demand without calling for any individual approval of the shareholders of the Target in accordance with procedures prescribed in relevant laws and regulations. The Offeror is to deliver money equal to the Tender Offer Price to those shareholders of the Target as consideration for each Target Common Share they held. Further, according to the Target Press Release, if the Target receives from the Offeror a notice regarding the fact that the Offeror intends to conduct the Share Cash-Out Demand and regarding a matter in any item of Article 179-2, paragraph (1) of the Companies Act, it will approve the Share Cash-Out Demand at a meeting of the board of directors of the Target.

Provisions in the Companies Act for the purpose of protecting the rights of minority shareholders in relation to the Share Cash-Out Demand provide that any shareholder of the Target who does not tender shares in the Tender Offer may file a petition to the court for a determination of the purchase price of the Target Common Shares the shareholder owns in accordance with Article 179-8 of the Companies Act and the provisions of other relevant laws and regulations. Further, if such a petition is filed, the purchase price will be ultimately determined by the court.

(ii) Consolidation of Shares

Conversely, if the total number of voting rights in the Target owned by the Offeror is less than 90% of the voting rights of all shareholders of the Target after the successful completion of the Tender Offer, the Offeror intends to make a demand to the Target promptly after the completion of the settlement of the Tender Offer to convene an extraordinary shareholders meeting (the “**Extraordinary Shareholders Meeting**”) around May 2020 at which the agenda items will include a consolidation of the Target Common Shares pursuant to Article 180 of the Companies Act (the “**Share Consolidation**”) and an amendment to the Target’s articles of incorporation to abolish the provisions on share units on the condition that the Share Consolidation takes effect. The Offeror intends to approve those proposals at the Extraordinary Shareholders Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders Meeting, on the day on which the Share Consolidation takes effect, each shareholder of the Target will own the Target Common Shares in a number that corresponds to the ratio of the Share Consolidation approved at the Extraordinary Shareholders Meeting. If a fraction less than one share arises in the number of shares as a result of the Share Consolidation, money obtained from selling to the Target or the Offeror the Target Common Shares in a number that is equal to the total number of those fractions (if there is a fraction less than one share in that total number, that fraction is to be rounded down, hereinafter the same) is to be delivered to the shareholders of the Target in accordance with the procedures prescribed in Article 235 of the Companies Act and other relevant laws and regulations. With respect to the sale price of the Target Common Shares equivalent to the total of those fractions, the Offeror intends to make a

demand to the Target to file a petition to a court for permission to make a sale by private contract after setting the amount of money to be delivered to the shareholders of the Target that did not tender shares in the Tender Offer as a result of that sale being the same as the price obtained by multiplying the Tender Offer Price by the number of Target Common Shares owned by each of those shareholders. Further, although the ratio of the consolidation of the Target Common Shares has not been determined as of today, the ratio is to be determined so that the number of Target Common Shares owned by the shareholders of the Target that did not tender shares in the Tender Offer will be a fraction less than one share so that the Offeror owns all of the Target Common Shares (excluding the Target's own shares that are owned by the Target).

Provisions in the Companies Act for the purpose of protecting the rights of minority shareholders in relation to the Share Consolidation provide that if the Share Consolidation is performed and a fraction less than one share arises as a result of the Share Consolidation, any shareholder of the Target other than the Offeror and the Target may, in accordance with Article 182-4 and Article 182-5 of the Companies Act and the provisions of other relevant laws and regulations, if the prescribed conditions are satisfied, make a demand to the Target to purchase at a fair price all of the Target Common Shares owned by that shareholder that will become a fraction less than one share and file a petition to the court for a determination of the price of the Target Common Shares. As explained above, given that it is expected the number of the Target Common Shares owned by the shareholders of the Target that did not tender shares in the Tender Offer will become a fraction less than one share in the Share Consolidation, it is expected the shareholders of the Target that oppose the Share Consolidation will be able to file the above petition. Further, if such a petition is filed, the purchase price will be ultimately determined by the court.

The Tender Offer is not intended to solicit the shareholders of the Target to approve the proposals at the Extraordinary Shareholders Meeting.

The procedures in (i) and (ii) above might require time to implement or might change to another method depending on circumstances such as any revision, enforcement, or interpretation by authorities of relevant laws and regulations. However, even in that case, if the Tender Offer is successfully completed, it is expected that the method of ultimately delivering money to the shareholders of the Target that have not tendered shares in the Tender Offer will be used, and the amount of money to be delivered to those shareholders in that case is to be calculated so that it is equal to the price obtained by multiplying the Tender Offer Price by the number of the Target Common Shares owned by those shareholders. Matters such as the specific procedures in each of the above cases and the timing of the implementation of those procedures are to be publicly announced by the Target once they

have been determined following discussions between the Target and the Offeror.

Further, if it is expected that the procedures pertaining to making the Target a wholly-owned subsidiary (the **“Procedures to Make the Target a Wholly-Owned Subsidiary”**) through the above procedures will be completed by June 30, 2020, the Offeror intends to make a demand to the Target to, on the condition that the Procedures to Make the Target a Wholly-Owned Subsidiary have been completed, make a partial amendment to the Target’s articles of incorporation to abolish the provisions on the record date for voting rights at the annual shareholders meeting so that the shareholders entitled to exercise rights at the annual shareholders meeting of the Target relating to the business year ending March 2020 (the **“Annual Shareholders Meeting”**) will be the shareholders after the successful completion of the Procedures to Make the Target a Wholly-Owned Subsidiary (i.e., the Offeror). It is therefore possible that shareholders of the Target stated or recorded in the shareholder register on March 31, 2020 will not be able to exercise rights at the Annual Shareholders Meeting.

Each shareholder of the Target should consult with a certified public tax accountant and other experts at its own responsibility on the handling of tax matters in relation to tendering shares in the Tender Offer and the above procedures.

**(5) Likelihood of Delisting and Reasons for that Delisting**

Although the Target Common Shares are listed on the First Section of the TSE as of today, the Offeror does not intend to set a maximum number of Share Certificates, Etc. to be purchased in the Tender Offer, so the Target Common Shares might be delisted through prescribed procedures in accordance with delisting criteria of the TSE depending on the result of the Tender Offer. Even if the Target Common Shares do not fall under those criteria at the time of the successful completion of the Tender Offer, the Offeror intends to take procedures to acquire all of the Target Common Shares after the successful completion of the Tender Offer as explained in “(4) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” above, in which case the Target Common Shares will be delisted through prescribed procedures in accordance with the delisting criteria of the TSE. After the Target Common Shares are delisted, the Target Common Shares will not be able to be traded on the First Section of the TSE.

**(6) Matters Concerning Material Agreement Between the Offeror and the Shareholders of the Target Regarding the Tender Offer**

There are no applicable matters.

## 2. Overview of the Tender Offer

### (1) Outline of the Target

(i) Company name	Hitachi High-Technologies Corporation (The company name will be changed to Hitachi High-Tech Corporation on February 12, 2020)	
(ii) Address	24-14 Nishi-Shimbashi 1-chome, Minato-ku, Tokyo (The address will be changed to 17-1, Toranomom 1-chome, Minato-ku, Tokyo on February 12, 2020)	
(iii) Name and title of representative	Masahiro Miyazaki, Representative Executive Officer and President	
(iv) Description of business	Manufacturing and sale of medical analyzers, biotechnology-related products, analytical instruments, semiconductor manufacturing equipment, and analyzing equipment; offering high-value-added solutions in the fields of industrial and social infrastructure and mobility	
(v) Capital	JPY 7,938 million (as of September 30, 2019)	
(vi) Date of incorporation	April 12, 1947	
(vii) Major shareholders and their shareholding ratios (as of September 30, 2019) (Note)	Hitachi, Ltd.	51.73%
	Goldman Sachs & Co. Regular Account (Standing proxy: Goldman Sachs Japan Co., Ltd.)	3.57%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	3.17%
	Japan Trustee Services Bank, Ltd. (Trust Account)	2.90%
	SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Department)	1.70%
	Hitachi High-Technologies Corp.'s Shareholding Association	1.04%
	Japan Trustee Services Bank, Ltd. (Trust Account 7)	1.03%
	State Street Bank and Trust Company 505001 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	0.98%

	Japan Trustee Services Bank, Ltd. (Trust Account 5)	0.95%
	J.P. MORGAN BANK LUXEMBOURG S.A. 1300000 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	0.92%
(viii) Relationship between the Offeror and the Target	Capital relationship	As of today, the Offeror owns 71,135,619 Target Common Shares (ownership ratio: 51.73%), and the Target is a consolidated subsidiary of the Offeror.
	Personnel relationship	As of today, one of the Target's seven directors previously worked at the Offeror. Also, as of today, 10 of the Target's 17 executive officers previously worked at the Offeror. In addition to above, 73 employees of the Target Group are seconded to the Hitachi Group, and 225 employees of the Hitachi Group are seconded to the Target Group.
	Business relationship	The Offeror and the Target have a business relationship in which they conduct transactions such as sales and purchases of railroad-vehicle-related components, various information equipment, and power-generation-related components, etc., as well as providing and borrowing loans under the Hitachi Group Pooling Scheme. Also, the Target outsources research to the Offeror.
	Status as related party	The Target is a consolidated subsidiary of the Offeror; therefore, the Offeror and the Target constitute related parties with respect to each other.

(Note) Statements in “Major shareholders and their shareholding ratios (as of September 30, 2019)” are based on “Major Shareholders” in the Target Second Quarter Securities Report for the Business Period Ending March 2020.

**(2) Schedule, etc.**

**(i) Schedule**

Meeting of board of directors	January 31, 2020 (Friday)
Scheduled date of public notice of commencement of the Tender Offer	February 17, 2020 (Monday) An electronic public notice will be made, and that fact will then be published in the <i>Nihon Keizai Shimbun</i> . (Electronic public notice address:

	<a href="http://disclosure.edinet-fsa.go.jp/">http://disclosure.edinet-fsa.go.jp/</a>
Scheduled filing date of the Tender Offer registration statement	February 17, 2020 (Monday)

- (ii) Initial Tender Offer Period as of the Filing Date of the Tender Offer Registration Statement

February 17, 2020 (Monday) until April 6, 2020 (Monday) (34 Business Days)

- (iii) Possibility of Extending the Above Period upon Request of the Target

There are no applicable matters.

**(3) Purchase Price**

JPY 8,000 per share of common stock

**(4) Basis of Valuation of Tender Offer Price**

- (i) Basis of the Calculation

In determining the Tender Offer Price, in order to ensure the fairness thereof, the Offeror requested MUMSS, which is the Offeror's financial advisor independent from the Offeror and the Target, to analyze the value of the Target Common Shares as an independent third-party valuation agent. MUMSS is not a related party of the Offeror or the Target and does not have any material interest in the Tender Offer.

MUMSS has, after considering the calculation method in the Tender Offer, analyzed the share value of the Target using the methods of market share price analysis, comparable companies analysis, and discounted cash flow analysis ("**DCF Analysis**"), and the Offeror obtained a valuation report from MUMSS on January 31, 2020 (the "**Valuation Report**"). The Offeror has not obtained from MUMSS an opinion letter on the fairness of the Tender Offer Price (a fairness opinion).

The ranges of the share value per Target Common Share analyzed using each of the above methods are as follows.

Market share price analysis: JPY 6,698 – JPY 7,845

Comparable companies analysis: JPY 7,130 – JPY 8,505

DCF Analysis: JPY 6,645 – JPY 9,050

For the market share price analysis, the record date was set at January 30, 2020 ("**Record Date**"). The market share price analysis resulted in a per share value of the Target Common Shares ranging from JPY 6,698 to JPY 7,845 based on the closing price of JPY 7,740 of the Target Common Shares on the First Section of the TSE on Record Date, the simple average closing price of JPY 7,845 for the one-month period ending on Record Date

(from January 6, 2020 to January 30, 2020), the simple average closing price of JPY 7,379 for the three-month period ending on Record Date (from October 31, 2019 to January 30, 2020), and the simple average closing price of JPY 6,698 for the six-month period ending on Record Date (from July 31, 2019 to January 30, 2020).

The comparable companies analysis resulted in a per share value of the Target Common Shares ranging from JPY 7,130 to JPY 8,505 after evaluating the share value of the Target by (a) selecting listed companies engaged in relatively similar businesses to those of the Target and using multiples of the earnings before interest, taxes, depreciation and amortization with respect to the corporate value of those companies and (b) making certain financial adjustments such as adding the value of all cash equivalents owned by the Target including its surplus cash and deposits.

The DCF Analysis resulted in a per share value of the Target Common Shares ranging from JPY 6,645 to JPY 9,050 after evaluating the corporate value and share value by making certain financial adjustments, such as adding the value of all cash equivalents owned by the Target including its surplus cash and deposits, to the Target's business value calculated by discounting the free cash flow the Target is expected to generate in the future to the present value at a certain discount rate based on earnings forecasts of the Target from the fiscal year ending March 2020 taking into consideration various factors such as the Target's business plan covering the three fiscal years of the Target from the fiscal year ending March 2020 to the fiscal year ending March 2022, the latest business performance, and publicly available information. The Target's business plan used by MUMSS for the DCF Analysis does not include any fiscal year during which a significant increase or decrease in profit is expected. In addition, the business plan does not assume that the Transaction will be conducted since it is difficult at present to make specific numerical estimations of synergies anticipated as a result of the Transaction.

The Offeror ultimately determined by resolution of a meeting of its board of directors on January 31, 2020 that the Tender Offer Price is JPY 8,000 in light of the results of discussions and negotiations with the Target by comprehensively considering factors such as the result of the calculation of the Valuation Report obtained from MUMSS, whether the Tender Offer is approved by the board of directors of the Target, examples of premiums that have been provided upon determination of the tender offer price in past tender offers for share certificates, etc. by persons other than the issuer of the same type as the Tender Offer (tender offer by a parent company to make its listed subsidiary its wholly-owned subsidiary), trends in the market price of the Target Common Shares, the results of due diligence of the Target conducted from mid-March 2019, and the prospect of shares being tendered in the Tender Offer.

The Tender Offer Price (JPY 8,000 per Target Common Share) represents a premium of 3.36% on the closing price of the Target Common Shares of

JPY 7,740 on the First Section of the TSE on January 30, 2020, which is the business day immediately preceding the day on which the Tender Offer was publicly announced by the Offeror (January 31, 2020), a premium of 1.98% on the simple average closing price of JPY 7,845 for the one-month period ending on that day (from January 6, 2020 to January 30, 2020), a premium of 8.42% on the simple average closing price of JPY 7,379 for the three-month period ending on that day (from October 31, 2019 to January 30, 2020), and a premium of 19.44% on the simple average closing price of JPY 6,698 for the six-month period ending on that day (from July 31, 2019 to January 30, 2020).

In addition, as stated above, it is thought that after the news reports were released on June 7, 2019 by certain media outlets speculating on the Target being made a wholly-owned subsidiary of the Offeror, the prediction that the Tender Offer would be conducted increased the share price of the Target; however, the Tender Offer Price (JPY 8,000 per Target Common Share) represents a premium of 68.42% on the closing price of the Target Common Shares of JPY 4,750 on the First Section of the TSE on June 6, 2019, which is the business day immediately preceding the date from which the share price of the Target might have become affected by such news reports, a premium of 69.60% on the simple average closing price of JPY 4,717 for the one-month period ending on that day (from May 7, 2019 to June 6, 2019), a premium of 71.93% on the simple average closing price of JPY 4,653 for the three-month period ending on that day (from March 7, 2019 to June 6, 2019), and a premium of 87.31% on the simple average closing price of JPY 4,271 for the six-month period ending on that day (from December 7, 2018 to June 6, 2019).

(ii) Background of the Calculation

(Background Leading to Determination of the Tender Offer Price)

In mid-February 2019, the Offeror came to the determination that in order to promote the Lumada Strategy by firmly establishing a measuring and analysis platform based on Target's measuring and analysis technologies, it is urgently necessary to make mutual use of the management resources and know-how of both companies and accelerate decision-making, and as a means to achieve that, the optimal way is for the Offeror to make the Target a wholly-owned subsidiary.

In early March 2019, the Offeror appointed MUMSS as its financial advisor and third-party valuation agent independent from the Offeror and the Target, and in mid-March 2019, the Offeror appointed Mori Hamada & Matsumoto as its legal advisor independent from the Offeror and the Target, and made a proposal to the Target requesting cooperation such as disclosure of materials necessary to discuss and consider options of the capital strategy, including the Transaction.

According to the Target Press Release, in response to the oral proposal from the Offeror in mid-March 2019 requesting cooperation regarding consideration of capital strategy for the purpose of enhancing corporate



value, including the possibility of the Transaction, the Target appointed Nomura as its financial advisor and third-party valuation agent, and Anderson Mōri & Tomotsune as its legal advisor, both of which are independent of the Offeror and the Target. In addition, in order to sufficiently protect the interests of minority shareholders in preparation for a proposal to make the Target a wholly-owned subsidiary, and to enable flexible responses upon receipt of a specific proposal from the Offeror, the Target has established a system to respond in accordance with the objectives of the “Fair M&A Guidelines: Enhancing Corporate Value and Securing Shareholders’ Interests (Draft),” announced by the Ministry of Economy, Trade and Industry on May 14, 2019, under the premise that a tender offer would be the most likely to be made if the Target was made a wholly-owned subsidiary. Specifically, on May 23, 2019, with the aims of eliminating arbitrariness in the Target’s decision-making pertaining to the Transaction and of examining, among other factors, the reasonableness of the Transaction, the fairness of the terms of the Transaction, and ways to give sufficient consideration to interests of the Target’s minority shareholders, the Target established a special committee (for the composition and specific activities of the special committee, please see “(c) Establishment of an independent special committee at the Target and obtainment of a recommendation from the special committee” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.) Thus, the Target has established a structure, in advance, to engage in discussion and negotiation for the Transaction.

From mid-March 2019, the Offeror proceeded due diligence to evaluate business value based on disclosed information and explanations from the Target and specific consideration of the transaction terms and conditions. (Due diligence remains in progress as of today.)

Subsequently, on November 18, 2019, the Offeror submitted a written proposal to the Target on the Transaction, including (i) the acquisition price being JPY 7,100 per Target Common share, (ii) the Target implementing special dividends on the condition of the Tender Offer being successfully completed, (iii) the Offeror implementing a tender offer whose Tender Offer Price was the price calculated by deducting the amount of the special dividends from the acquisition price assuming that the special dividends are implemented, and (iv) other terms and conditions. On January 10, 2020, the Offeror also submitted a written proposal to the Target, setting out the acquisition price being JPY 7,800 per Target Common Share. However, the Target requested the Offeror to reconsider the content of the proposals, stating that neither proposal sufficiently reflected the Target’s corporate value. Thereafter, the Offeror discussed matters such as the Tender Offer Price and other transaction terms and conditions with the Target on multiple occasions. As a result of those discussions, the Offeror and the Target agreed to choose the transaction structure that the Target will not implement the special dividends based on mutual understanding that, with regard to

the Offeror's proposal of the implementation of the special dividends by the Target, whether to implement the special dividends or not would alter neither the acquisition price proposed by the Offeror nor the economic value the Target's shareholders would receive through the Transaction. Then, on January 27, 2020, the Offeror and the Target reached an agreement regarding the terms and conditions of the Transaction, including the Tender Offer Price being JPY 8,000.

Through the background stated above, based on the results of the due diligence conducted on the Target and the Valuation Report, the Offeror (a) concluded that making the Target a wholly-owned subsidiary of the Offeror through the Transaction will contribute to the provision of an appropriate and reasonable opportunity to sell their shares to the Target's general shareholders, and the mid- to long-term growth and improvement of corporate value of the entire Hitachi Group, including the Target; (b) resolved at the meeting of its board of directors held on January 31, 2020, to implement the Transaction, which begins with the Tender Offer, on the condition that the Conditions Precedent for the Tender Offer have been satisfied (or waived by the Offeror); and (c) determined to set the Tender Offer Price at JPY 8,000 based on the following background.

For details of the background leading to the decision to implement the Tender Offer, see "(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer" in "1. Purpose of the Purchase" above.

(a) Name of the Third Party from Which an Opinion Was Obtained upon Calculation of the Tender Offer Price

To ensure fairness in the Tender Offer Price, in the course of determining the Tender Offer Price, the Offeror requested MUMSS, which is the Offeror's financial advisor, to analyze the valuation of the Target Common Shares as a third-party valuation agent that is independent from the Offeror and the Target, and the Offeror obtained from MUMSS the Valuation Report on January 31, 2020 (Note 1). Further, MUMSS is not a related party of the Offeror or the Target and does not have any material interest in the Tender Offer. The Offeror has not obtained from MUMSS an opinion letter on the fairness of the Tender Offer Price (a fairness opinion).

(b) Overview of the Opinion

According to the Valuation Report, the methods used and the ranges of the per share value of the Target Common Shares calculated based on those methods are as follows.

Market share price analysis:	JPY 6,698 – JPY 7,845
Comparable companies analysis:	JPY 7,130 – JPY 8,505
DCF Analysis:	JPY 6,645 – JPY 9,050

(c) Background Leading to the Determination of the Purchase Price Based on that Opinion

The Offeror ultimately determined by resolution of a meeting of its board of directors on January 31, 2020, that the Tender Offer Price is JPY 8,000 in light of the results of discussions and negotiations with the Target by comprehensively considering factors such as the result of the calculation of the Valuation Report obtained from MUMSS, whether the Tender Offer is approved by the board of directors of the Target, examples of premiums that have been provided upon determination of the tender offer price in past tender offers for share certificates, etc. by persons other than the issuer of the same type as the Tender Offer (tender offer by a parent company to make its listed subsidiary its wholly-owned subsidiary), trends in the market price of the Target Common Shares, the results of due diligence of the Target conducted from mid-March 2019, and the prospect of shares being tendered in the Tender Offer.

(Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest)

In light of the fact that the Target is a consolidated subsidiary of the Offeror and the fact that the Transaction is a type of transaction in which there are typically problems with inherent conflicts of interests and problems with asymmetric information, the Offeror and the Target have taken the following measures in regard to these problems to ensure fairness in the Transaction. The following statements on measures that have been taken by the Target are based on the Target Press Release and explanations from the Target.

Further, the Offeror owns 71,135,619 Target Common Shares (ownership ratio, 51.73%) as of today as stated in “(1) Overview of the Tender Offer” in “1. Purpose of the Purchase” above. If the Offeror were to set a minimum number of Share Certificates, Etc. of the so-called “majority of minority” to be purchased in the Tender Offer, it believes that the successful completion of the Tender Offer would become uncertain and that it is possible that setting such minimum number would be detrimental to the interests of general shareholders who wish to tender their shares in the Tender Offer, so the Offeror has not set a minimum number of Share Certificates, Etc. of the majority of minority to be purchased. However, the Offeror and the Target believe that because the measures set out in (a) through (h) below have been taken by the Offeror and the Target after obtaining the confirmation of the special committee of the Target, the interests of the minority shareholders of the Target have been fully considered even though the above-mentioned minimum number of Share Certificates, Etc. has not been set.

(a) Obtainment of a share valuation report from an independent third-party valuation agent by the Offeror

To ensure fairness in the Tender Offer Price, in the course of determining the Tender Offer Price, the Offeror requested MUMSS, which is the Offeror's financial advisor, to analyze the value of the Target Common Shares as a third-party valuation agent that is independent from the Offeror and the Target, and the Offeror obtained from MUMSS the Valuation Report on January 31, 2020 (Note 1). Further, MUMSS is not a related party of the Offeror or the Target and does not have any material interest in the Tender Offer. The Offeror has not obtained from MUMSS an opinion letter on the fairness of the Tender Offer Price (a fairness opinion).

For an overview of the Valuation Report, see "(i) Basis of the Calculation" and "Background Leading to Determination of the Tender Offer Price" above.

- (b) Obtainment of a share valuation report from an independent third-party valuation agent by the Target

According to the Target, in expressing its opinion on the Tender Offer, with the view to ensuring fairness in the decision-making process concerning the Tender Offer Price presented by the Offeror, the Target requested that its financial advisor Nomura, as a third-party valuation agent independent of the Target, and the Offeror, calculate the share value of the Target's stock, and received the Target Common Shares Valuation Report dated January 30, 2020 from Nomura (Note 2). The Target has not obtained an opinion regarding the fairness of the Tender Offer Price (fairness opinion) from Nomura. Nomura is not a related party of either the Target or the Offeror, and it has no material interest in the Transaction, including the Tender Offer. The remuneration payable to Nomura includes a contingency fee to be paid only upon the successful completion of the Transaction and satisfaction of other conditions.

According to the Target, Nomura considered the methods to be used for calculating the value of the Target Common Shares from among multiple calculation methods. On the assumption that the Target is a going concern, and based on the view that multifaceted valuation of the value of the Target's stock would be appropriate, Nomura calculated the value of the Target's stock using the following methods: (i) the average market price method given that the Target Common Shares are listed on the First Section of the TSE, (ii) the comparable companies method, as there are multiple listed companies that are comparable to the Target, and an analogical inference of the share value of the Target Common Shares based on comparable companies is possible, and (iii) the DCF Method, to account for the Target's future business operations in the valuation.

According to the Target, the following is the range of value per share of the Target Common Shares as calculated by each of the above-mentioned methods:

Average market price method:	JPY 6,698 to JPY 7,870
Comparable companies method:	JPY 7,181 to JPY 9,595
DCF Method:	JPY 7,288 to JPY 8,962

In adopting the average market price method, Nomura set January 30, 2020 as the calculation reference date. Then, Nomura calculated the range of value per share of the Target Common Shares to be JPY 6,698 - JPY 7,870 based on the closing price of JPY 7,740 for regular transactions of the Target Common Shares on the First Section of the TSE on the reference date, and the simple average of the closing prices for the most recent one-week, one-month, three-month and six-month periods, each ending on the reference date (JPY 7,870, JPY 7,845, JPY 7,379 and JPY 6,698, respectively).

In using the comparable companies method, Nomura conducted a sum-of-the-parts analysis (the "SOTP Analysis"), in which the share value is calculated by categorizing the Target's businesses into Analytical & Medical Solutions business, Nano-Technology Solutions business, and Industrial Solutions business. Nomura selected JEOL Ltd., Kyoei Sangyo Co., Ltd., SUZUDEN CORPORATION, OKAYA & CO., LTD., TAKEBISHI CORPORATION, SHIMADZU CORPORATION, Tokyo Electron Ltd., Seika Corporation, KANADEN CORPORATION, Ryoden Corporation, KYOKUTO BOEKI KAISHA, LTD., SUN-WA TECHNOS CORPORATION, TACHIBANA ELETECH CO.,LTD., Applied Materials, Inc. and Lam Research Corporation as listed companies considered to be engaged in businesses similar to the above-mentioned businesses of the Target. Then, Nomura calculated the range of value per share of the Target Common Shares to be JPY 7,181 - JPY 9,595 by employing the earnings before interest (payable and receivable) and tax ("EBIT") to enterprise value multiples, the EBIT before depreciation and amortization to enterprise value multiples ("EBITDA Multiples") and the aggregate market price to net earnings multiples, and making certain financial adjustments, including addition of the value of the entire cash equivalents held by the Target.

In employing the DCF Method, based on the business plans prepared by the Target, and taking into account various factors, including the earnings forecasts and investment plans set out in the business plans for the three business periods (from the period ending March, 2020 to the period ending March 2022) as well as publicly available information, Nomura analyzed the Target's enterprise value and share value by discounting the free cash flow expected to be generated by the Target in and after the third quarter of the business period ending March, 2020 to the present value at a certain discount rates, and making certain financial adjustments, including addition of the value of the entire cash equivalents held by the Target. Thus, Nomura calculated the range of value per share of the Target Common Shares to be JPY 7,288 - JPY 8,962. In calculating the value per share of the Target Common Shares, Nomura applied the discount rate of 5.75% - 6.75%, and adopted the perpetual growth rate model and the multiple model to calculate the terminal value, with the perpetual growth rate of -0.25% - 0.25% and EBITDA Multiples of 9.0 - 11.0.

The financial forecasts used by Nomura for analysis by the DCF Method, which are based on the business plans prepared by the Target, do not

include any business periods in which a significant increase or decrease in profits is projected. In addition, the effect of the synergies expected to be realized through the execution of the Transaction is not considered in the following financial forecasts because such effect is difficult to estimate at this point in time.

According to the Target, the Target's financial forecasts on which the analysis by the DCF Method was based are as follows:

(JPY millions)

Business period ending	March 2020 (6 months)	March 2021	March 2022
Net sales	353,626	720,000	650,000
EBIT	29,220	65,000	75,000
EBITDA	39,027	88,242	100,166
Free cash flow	22,381	-31,115	34,607

- (c) Establishment of an independent special committee at the Target and obtainment of a recommendation from the special committee

According to the Target, on May 23, 2019, with the objectives of eliminating the arbitrariness in the Target's decision-making in relation to the Transaction, including the Tender Offer, and of ensuring fairness, transparency and objectivity in the decision-making process, the board of directors of the Target established a special committee consisting of five members, namely, Akito Takahashi (attorney-at-law, Takahashi & Katayama Law Office) ("**Mr. Takahashi**"), Hideyo Hayakawa, outside director of the Target (former executive managing officer of Mitsui Co., Ltd.), Hiromichi Toda, outside director of the Target (former chairman of the board of directors of Anritsu Corporation), Yuji Nishimi, outside director of the Target (former representative director and senior executive vice president of Asahi Glass Co., Ltd.) and Mayumi Tamura, outside director of the Target (outside director and audit and supervisory committee member of Honda Motor Co., Ltd., and outside director of Shimizu Corporation) (The Target selected these five members at the time of establishment of the special committee, and has not changed any of the members. The amount of remuneration for the special committee members is fixed and no contingency fee will be paid to them.). The board of directors of the Target requested that the special committee examine whether: (i) the purpose of the Transaction, including the Tender Offer, was reasonable (including whether the Transaction will contribute to enhancement of the Target's corporate value); (ii) the fairness of the terms of the Transaction (including the purchase price in the tender offer) was ensured; (iii) sufficient consideration was given to the interests of the shareholders of the Target

through fair procedures in the Transaction; and (iv) the Transaction, including expression of an opinion regarding the Tender Offer, was not considered to be disadvantageous for the minority shareholders of the Target (collectively, the **"Inquired Matters"**). The Target requested that Mr. Takahashi assume the position of an external expert committee member because of his abundant experience as an attorney-at-law in transactions of the same type as the Transaction. The special committee was entrusted to submit a recommendation on these points to the Target. In considering the Inquired Matters, the special committee appointed Deloitte Tohmatsu Financial Advisory LLC (**"Deloitte Tohmatsu Financial Advisory"**) as its third-party valuation agent independent of the Target and the Offeror.

According to the Target, the special committee held 11 meetings between June 12, 2019 and January 30, 2020 to discuss and consider the Inquired Matters. Specifically, in carrying out this consideration, the committee reviewed the materials submitted by the Target, the Offeror, and Nomura, and conducted interviews with the Target, Nomura, and Anderson Mōri & Tomotsune. In addition, the committee received explanations from the Offeror on the purpose of the Transaction, its views on the Tender Offer Price, and synergies arising from the implementation of the Transaction, and had a question and answer session with the Offeror. Additionally, the special committee received briefings from Nomura and Deloitte Tohmatsu Financial Advisory regarding calculation of the value of the Target Common Shares and other issues, received advice from Anderson Mōri & Tomotsune regarding measures to ensure fairness of the procedures pertaining to the Transaction and the decision-making methods and process of the board of directors of the Target regarding the Transaction, and other measures to avoid conflicts of interest, and carefully discussed, evaluated and considered the Inquired Matters. Furthermore, the special committee held meetings to discuss the policies upon receiving timely reports from the Target on the developments and details of discussions and negotiations between the Offeror and the Target regarding the Transaction, among other matters. Thus, the special committee was involved in the negotiation process with the Offeror, including holding multiple discussions with, and providing opinions to, the Target, until the receipt of the Offeror's final proposal of JPY 8,000 for the Tender Offer Price.

Subsequently, according to the Target, on January 30, 2020, the special committee submitted to the board of directors of the Target the Committee Recommendation on the Inquired Matters, as summarized below.

- (i) (A) The purpose and necessity of the Transaction and the background to the Transaction as well as the merits of the Transaction including the Tender Offer as described in "(II) Background to the Tender Offer" and "(III) Process Leading to the Company's Decision at its Board of Directors Meeting" in "(2) Grounds and Reasons for the Opinion" of the Target Press Release (a) are concrete and premised on the current

business and management status of the Target, (b) conform to what is generally explained as the environment of the industry and market to which the Target belongs, and (c) are considered to be realistic for the purpose of increasing the Target's future competitive advantage. (B) It can be said that the Target and the Offeror have considered the necessity and merits of the Transaction taking into consideration the environment of the market to which the Target belongs and forecasts of future trends, among other factors. (C) The future prospects of the Target's business and its growth as well as the measures and plans that have been considered for implementation after the Transaction, which are premised on the Target's business and management status and based on the Offeror's management policies, are not found to be unreasonable. For the above reasons, the purpose of the Transaction is reasonable and the Transaction is considered to contribute to enhancement of the Target's corporate value.

- (ii) (A) With the objective of ensuring fairness and appropriateness of the terms of the Transaction (in particular, the Tender Offer Price), in reviewing and judging such terms, the Target appointed an independent third-party valuation agent for the valuation of the Target Common Shares and obtained a share valuation report from the third-party valuation agent and used such share valuation report as a reference. (B) With respect to the calculation process leading to the conclusion of the share valuation report prepared by the said third-party valuation agent, the calculation method used therein is considered to be orthodox and reasonable in the light of current practice. (C) The results of the valuation are also considered to be appropriate in the light of current practice. Furthermore, based on the explanation of the Target and the third-party valuation agent to the special committee regarding the substance of the Target's business plans on which such valuation was premised, the special committee verified reasonableness of those business plans by first verifying the process of preparation of the Target's business plans and the current state of the Target, and checking whether there are any unreasonable elements which do not conform with them. In conclusion, the special committee believes that such business plans are reasonable. (D) Based on (B) and (C) above, it is considered that there is no particularly unreasonable element or serious problem in the share valuation report prepared by the said third-party valuation agent. (E) It can be said that based on such share valuation report, the Target has also considered the Tender Offer Price generally taking into account such circumstances as the necessity and merits of the Transaction and possible impacts on the Target's future businesses. (F) It can be said that the Target appointed an experienced financial advisor (third-party valuation agent) and conducted negotiations for the overall terms of the Transaction including the Tender Offer Price. (G) It can be said that an appropriate premium is included in the Tender Offer Price to be finally approved by resolution of the board of directors of the Target. (H) The above-mentioned actions



taken by the Target are considered to be reasonable and appropriate as means to ensure fairness and appropriateness of the Tender Offer Price and other terms of the Transaction, including the Tender Offer, and to eliminate arbitrariness in the process of judgment and decision-making by the Target regarding the relevant matters. (I) With respect to the conditions for the Procedures to Make the Target a Wholly-Owned Subsidiary, in the absence of any future extraordinary circumstances, the squeeze-out price is expected to be calculated and determined on the basis of a price that is same as the Tender Offer Price. Given that the Procedures to Make the Target a Wholly-Owned Subsidiary are expected to be implemented after the Tender Offer as procedures subsequent to the Tender Offer, it is considered to be reasonable that the transaction terms of the procedures that are close in time are made to be the same. (J) The special committee appointed Deloitte Tohmatsu Financial Advisory as its own third-party valuation agent and has obtained the Fairness Opinion (as defined below; hereinafter the same). For the above reasons, the special committee believes that fairness and appropriateness of the terms of the Transaction (including the Tender Offer Price) has been ensured.

- (iii) (A) In considering how to deal with the Transaction, the Target set up a special committee which is independent of both the Target and the Offeror with the intention of eliminating the Offeror's influence over the process of consideration and decision-making at the Target. Four of the special committee members, constituting a majority, are outside directors of the Target, and the remaining one is an attorney-at-law, who is an outside professional. (B) In addition, the special committee was able to appoint its own third-party valuation agent which is independent of both the Target and the Offeror. The special committee requested that Deloitte Tohmatsu Financial Advisory prepare a fairness opinion concerning the Tender Offer Price and obtained the Fairness Opinion. (C) With the aim of ensuring fairness of the terms of the Tender Offer, in particular the Tender Offer Price, in considering how to deal with the Transaction, the Target requested Nomura, a third-party valuation agent which is independent of both the Target and the Offeror, calculate the value of the Target Common Shares and obtained an intended share valuation report. Having received a necessary explanation on the independence of Nomura, the special committee confirmed such independence. (D) The Target appointed Anderson Mōri & Tomotsune as a legal advisor which is independent of both the Target and the Offeror to obtain legal advice regarding the Transaction. Having received a necessary explanation on the independence of Anderson Mōri & Tomotsune, the special committee confirmed such independence. (E) The Transaction, including the Procedures to Make the Target a Wholly-Owned Subsidiary, may result in structural and typical conflicts of interest because it is to be implemented by the Offeror, the controlling shareholder (parent company) of the Target. It can be said, however, that within such a framework, the Target was

aware that it needed to ensure appropriateness and fairness of the terms of the Transaction even more carefully and has requested, since an early stage of the consultation process, that the Offeror propose transaction terms with due consideration of the interests of the minority shareholders. (F) With respect to the policies on consultations and negotiations between the Target and the Offeror, the special committee received from the Target and Nomura, which is the Target's financial advisor, an explanation of the negotiation policies and related matters. The negotiations with the Offeror were conducted in line with the negotiation policies confirmed by the special committee. (G) The specific status of consultations and negotiations between the Target and the Offeror has been reported to the special committee in a timely manner. In particular, in a critical phase of the negotiations for the Tender Offer Price, based on the substance of such reports, the special committee stated its opinions to the Target and the Target's financial advisor and gave instructions and made requests to them, as needed. Thus, a system is in place which allows the special committee to be substantially involved in the process of negotiation for the terms of the Tender Offer, in particular the Tender Offer Price. (H) Then, after exhaustive consideration of various circumstances including appropriateness and fairness and reality of the transaction terms, and multiple discussions with the Offeror, the Target engaged in a final adjustment of the Tender Offer Price. (I) Following that, the Target and the Offeror finally reached an agreement on the terms of the Transaction, including the Tender Offer Price. Such agreed price was determined to be the Tender Offer Price to be approved by resolution of the board of directors of the Target. (J) With respect to the "two-step acquisition" and related matters, it can be said that the Target has made efforts to secure opportunities for the shareholders of the Target to make a proper decision by providing them with a detailed disclosure and explanation at an early stage. In addition, information deemed necessary and appropriate for the shareholders of the Target (in particular, the minority shareholders) to determine the appropriateness and other characteristics of each of the terms of the Transaction (including the Tender Offer) is expected to be disclosed in the disclosure documents to be prepared and disclosed by the Target and the Offeror. (K) With the view to enhancing fairness, transparency and objectivity of the decision-making process, a director of the Target who was previously associated with the Offeror did not participate in the consideration of the Transaction at the Target, and will not participate in the deliberations and resolution at the board of directors meeting to be held in regard to the Transaction. Thus, it can be said that the Target is making efforts to eliminate arbitrariness in its decision-making process. (L) In the Tender Offer, the Offeror will set a lower limit on the number of shares to be acquired. As a result, if the number of shares tendered in the Tender Offer is less than such a lower limit, the Offeror will not purchase the Target Common Shares through the Tender Offer.

This serves to pay respect to the intention of general shareholders or minority shareholders of the Target as much as possible. (M) The purchase period under the Tender Offer is expected to be 34 business days in length, which is longer than the statutory required shortest period of 20 business days. In addition, the Target has not made any agreement with the Offeror that prohibits the Target from contacting any competing offerors for acquisition, such as an agreement containing a “deal protection clause,” under which the Target is restricted from contacting a competing offeror for acquisition. Judging from these factors, it is considered that there are no particularly unreasonable circumstances in terms of the “market-check.” (N) From the viewpoint of information management, it is not necessarily easy in practice to implement a proactive “market-check” to investigate and consider the existence (or inexistence) of potential acquirers in the market. Therefore, in this case, the mere fact that such an investigation has not been made is not considered to result in an unreasonable situation with respect to the market-check. (O) In the Transaction, the procedures for the “two-step acquisition” are scheduled to be implemented to make the Target go private. Pursuant to a provision of the Companies Act for the protection of general shareholders’ interest in relation to the Share Cash-Out Demand, such shareholders may file a petition with the court for determination of the purchase price of the Target Common Shares. In addition, pursuant to a provision under the Companies Act for the protection of general shareholders’ interest in relation to the share consolidation, a shareholder of the Target may, subject to certain conditions, demand that the Target purchase at a fair price all of the common shares owned by that shareholder that will become a fraction less than one share and may file a petition with the court for determination of the price of the Target Common Shares. If such a petition is filed, the purchase price will be ultimately determined by the court and general shareholders of the Target will be able to secure economic benefit through such procedures. Thus, one may consider that specific measures have been taken to ensure, among others, objective circumstances for the purpose of securing fairness of the conditions for the Procedures to Make the Target a Wholly-Owned Subsidiary. One may also consider that in the Transaction, sufficient attention has been given to the interests of the shareholders of the Target through fair procedures.

- (iv) At present, there are no particular circumstances other than the ones considered in (i) through (iii) above that make the special committee believe that the Transaction (including the Tender Offer) is disadvantageous to the minority shareholders of the Target. Hence, the special committee believes that the Transaction is not disadvantageous to the minority shareholders of the Target.
- (v) In light of (i) through (iv) above, the special committee believes that at this point, it is reasonable for the board of directors of the Target to

express its opinion in support of the Tender Offer and to recommend that the shareholders of the Target tender their shares in the Tender Offer, and such recommendation is not disadvantageous to the minority shareholders of the Target.

- (d) Obtainment of a share valuation report and fairness opinion by the special committee from an independent third-party valuation agent

According to the Target, in considering the Inquired Matters, the special committee requested that Deloitte Tohmatsu Financial Advisory, as a third-party valuation agent independent of the Target and the Offeror, calculate the share value of the Target Common Shares (Note 3). Deloitte Tohmatsu Financial Advisory is not a related party of either the Target or the Offeror, and it has no material interest in the Tender Offer.

Deloitte Tohmatsu Financial Advisory considered the methods to be used for calculating the value of the Target Common Shares from among multiple share value calculation methods. On the assumption that the Target is a going concern, and based on the view that multifaceted valuation of the value of the Target Common Shares would be appropriate, Deloitte Tohmatsu Financial Advisory analyzed the share value per share of the Target's stock using the following methods: (i) the market share price method, since the Target Common Shares are listed on the First Section of the TSE and their market prices are available, (ii) the comparable companies method, as there are multiple listed companies engaged in businesses that are relatively comparable to those of the Target, and an analogical inference of the share value based on comparable companies is possible, and (iii) the DCF Method to reflect the future status of business operations of the Target in the valuation. The following is the range of value per share of the Target Common Shares as calculated by each of the above-mentioned methods:

Market share price method:	JPY 6,698 - JPY 7,845
Comparable companies method:	JPY 7,488 - JPY 8,780
DCF Method:	JPY 7,068 - JPY 8,650

In adopting the market share price method, Deloitte Tohmatsu Financial Advisory set the calculation reference date as January 30, 2020. Then, Deloitte Tohmatsu Financial Advisory analyzed the range of value per share of the Target Common Shares to be JPY 6,698 - JPY 7,845 based on the closing price of JPY 7,740 for the Target Common Shares on the First Section of the TSE on the reference date, and the simple average of the closing prices for the most recent one-month, three-month and six-month periods, each ending on the reference date (JPY 7,845, JPY 7,379 and JPY 6,698, respectively).

In using the Comparable companies method, Deloitte Tohmatsu Financial Advisory selected comparable listed companies considered to be similar to

the Target, and analyzed the value of Target Common Shares by employing the EBITDA to enterprise value ratio. In that analysis, Deloitte Tohmatsu Financial Advisory used a SOTP Analysis, in which the corporate value and the share value are analyzed by aggregating the enterprise values analyzed individually for each of the businesses (the three lines of business, namely, Analytical Solution, Nanotechnology Solution and Industrial Solution). In that analysis, Becton Dickinson and Company, Siemens Healthineers AG, Sysmex Corporation, Hologic, Inc., bioMérieux S.A., LivaNova PLC, Nihon Kohden Corporation, Fukuda Denshi Co., Ltd., Applied Materials, Inc., Lam Research Corporation, Tokyo Electron Ltd., KLA Corporation, Hexagon AB, Shimadzu Corporation, Yokogawa Electric Corporation, Spectris plc, Coherent, Inc., Horiba, Ltd., Kyocera Corporation, Alps Alpine Co., Ltd., IHI Corporation, Toyoda Gosei Co., Ltd., NOK Corporation, Kaneka Corporation, Oki Electric Industry Co., Ltd., Maxell Holdings, Ltd., Osaki Electric Co., Ltd., Ryoden Corporation and Shinko Shoji Co., Ltd. were selected as listed companies similar to each of the said businesses. As a result, the range of value per share of the Target Common Shares was analyzed to be JPY 7,488 - JPY 8,780.

In employing the DCF Method, taking into account various factors including the earnings forecast and investment plans set out in the business plans prepared by the Target for the business period ending March, 2020 through the business period ending March 2022 as well as publicly available information, Deloitte Tohmatsu Financial Advisory analyzed the Target's corporate value and share value by discounting the free cash flow expected to be generated by the Target in and after the fourth quarter of the business period ending March, 2020 to the present value at a certain discount rate. The analysis was conducted using the SOTP Analysis. The discount rate adopted in the analysis was between 7.5% - 11.0%, which varied depending on the business line. The perpetual growth model was used to calculate the going concern value, with the perpetual growth rate set between 0.1% - 2.1%, which varied depending on the line of business. As a result, the range of value per share of the Target Common Shares was analyzed to be between JPY 7,068 - JPY 8,650.

According to the Target, the specific figures of the financial forecasts of the Target on the basis of which Deloitte Tohmatsu Financial Advisory made calculations using the DCF Method are indicated below. The relevant financial forecasts do not include any business period in which a significant increase or decrease in profits as compared to the previous business period is projected. In addition, the effect of synergies that can be realized through the execution of the Transaction is not considered in the relevant financial forecasts because such effect is difficult to estimate at this point in time.

According to the Target, Deloitte Tohmatsu Financial Advisory analyzed and reviewed the substance of the relevant financial forecasts through multiple questions and answer sessions with the Target, among other means.

(JPY millions)

Business period ending	March 2020 (3 months)	March 2021	March 2022
Net sales	183,203	720,000	650,000
EBIT	11,507	65,000	75,000
EBITDA	16,250	88,242	100,166
Free cash flow	5,360	34,625	83,738

Furthermore, according to the Target, the special committee received from Deloitte Tohmatsu Financial Advisory a fairness opinion dated January 30, 2020 (the “**Fairness Opinion**”) to the effect that the terms and conditions of the Transaction are fair to the minority shareholders of the Target from a financial point of view based on the findings (described herein below) and Note 4 below and on the assumption that there were no significantly unreasonable elements in the decision-making process concerning the Transaction at the Target.

According to the Target, the Fairness Opinion has been approved by the fairness opinion committee as an examination panel independent of the Engagement Team at Deloitte Tohmatsu Financial Advisory, and is effective as of January 30, 2020.

According to the Target, Deloitte Tohmatsu Financial Advisory is expected to receive a fixed remuneration for the services related to the Transaction, irrespective of whether the Transaction is successfully completed. The agreement between the Target and Deloitte Tohmatsu Financial Advisory states that, Deloitte Tohmatsu Financial Advisory will be held harmless from certain liabilities arising from the provision of its services and that the Target will indemnify Deloitte Tohmatsu Financial Advisory for certain liabilities.

According to the Target, Deloitte Tohmatsu Financial Advisory and its affiliates provide various services, including audit, consulting, and financial advisory services. As a result, Deloitte Tohmatsu Financial Advisory or any of its affiliates may be providing any of those services to the Target, the Offeror, or any of their respective affiliates. In addition, in the future, Deloitte Tohmatsu Financial Advisory or any of its affiliates may provide any of those services to the Target, the Offeror or any of their respective affiliates.

According to the Target, in expressing its opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory specifically analyzed and reviewed the following:

- (i) The Target’s explanation of the details of the Transaction;
- (ii) The securities reports (for the business period ended March 2018 through the business period ended March 2019) and the quarterly

report (for the second quarter of the business period ending March 2020) of the Target;

- (iii) The Target's future business plans (for the business period ending March 2020 through the business period ending March 2022);
- (iv) Recent status of the industry to which the Target belongs;
- (v) Market prices and the status of market transactions of the Target Common Shares;
- (vi) Comparison of financial data, market share prices and other factors of the Target with those of listed companies whose businesses are similar to the Target's businesses;
- (vii) The details of the Target's business and operations, financial position and future business plans as well as the information on the business impact of the Transaction, as gained through interviews with the management of the Target and the special committee; and
- (viii) Other information that Deloitte Tohmatsu Financial Advisory deemed necessary or appropriate and obtained through inquiries to the Target or general investigations.

(e) Advice from an independent law firm received by the Target

According to the Target, it has appointed Anderson Mōri & Tomotsune as its legal advisor independent of the Target and the Offeror with the objective of ensuring fairness and appropriateness of the decision-making by the board of directors of the Target, and has received its legal advice regarding the decision-making methods and process of the meetings of the board of directors along with other notable points for decision-making in relation to the Tender Offer and a series of subsequent procedures.

(f) Approval of all disinterested directors of the Target

The Target resolved at its board of directors meeting held on January 31, 2020 to express its current opinion in support of the Tender Offer, if commenced, and to recommend that the shareholders of the Target tender their shares in the Tender Offer, as stated in "(ii) Decision-Making Process and Reasons of the Target" in "(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer" in "1. Purpose of the Purchase" above, as a result of careful discussions and review of the terms of the Tender Offer by the Offeror, with consideration given to the legal advice obtained from Anderson Mōri & Tomotsune, the substance of the Target Common Shares Valuation Report, the Committee Recommendation obtained from the special committee, the substance of ongoing multiple consultations with the Offeror, and other related materials.

According to the Target, the above-mentioned resolution of the board of directors of the Target was adopted unanimously by six (of which four were

outside directors) out of the seven directors of the Target who participated in the deliberations.

According to the Target, with the view to enhancing fairness, transparency, and objectivity of the decision-making process and eliminating the possibility of conflicts of interest, Ryuichi Kitayama (Note 5), a director of the Target, did not participate in the deliberations and resolution of the board of directors regarding the Transaction, including those at the above-mentioned board of directors meeting, nor did he participate in the discussions and negotiations with respect to the Transaction as an officer of the Target. He was previously associated with the Offeror, although he does not concurrently hold a position as an officer or an employee at the Offeror, and is not in a position to receive any instruction from the Offeror.

(g) No deal protection provisions

The Offeror and the Target have not made any agreement containing deal protection provisions that would prohibit the Target from having contact with a counter offeror, or any other agreement that would restrict a counter offeror from contacting the Target. The Offeror gives consideration to ensuring the fairness of the Tender Offer by not hindering the opportunity for a counter offer.

(h) Measures to ensure an opportunity for shareholders of the Target to properly determine whether to tender their shares in the Tender Offer

As stated in “(4) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” in “1. Purpose of the Purchase” above, the Offeror ensures an opportunity for the Target’s shareholders to properly decide whether or not to tender their shares in the Tender Offer and gives consideration to avoid placing coercive pressure on the Target’s shareholders by (i) employing methods ensuring the Target’s shareholders’ right to claim for purchase of shares or right to claim for determination of purchase price, wherein depending on the number of shares acquired by the Offeror through the successful completion of the Tender Offer, the Offeror, promptly after the completion of the settlement of the Tender Offer, either will make the Share Cash-Out Demand for all of the Target Common Shares or will make a demand to the Target to convene the Extraordinary Shareholders Meeting at which the agenda items will include the Share Consolidation and an amendment to the Target’s articles of incorporation to abolish the provisions on share units on the condition that the Share Consolidation takes effect, and (ii) clarifying that the amount of money to be delivered to the Target’s shareholders as consideration for each Target Common Share in the Share Cash-Out Demand or the Share Consolidation will be calculated to be equal to the price obtained by multiplying the Tender Offer Price by the number of the Target Common Shares owned by those shareholders (excluding the Offeror and the Target).

In addition, while the statutory requirement of the tender offer period is 20 business days at minimum, the Offeror will set the Tender Offer Period as 34 business days. By setting a relatively long Tender Offer Period, the



Offeror intends to ensure that the shareholders of the Target have an opportunity to properly determine whether to tender their shares in the Tender Offer.

(Note 1) In calculating the share value of the Target Common Shares, MUMSS has, in principle, used such things as information provided to it by the Offeror and the Target and publicly available information as presented, and assumed that those materials, information and the like are entirely accurate and complete. MUMSS has not made an independent study of the accuracy or completeness thereof. Also, MUMSS has not conducted an independent evaluation or assessment and has not requested an appraisal or assessment from a third-party organization in connection with any assets or liabilities (including off-balance-sheet assets and liabilities and other contingent liabilities) of any affiliate of the Target. In addition, MUMSS assumed that information regarding the financial forecasts of the Target have been reasonably prepared based on the best forecasts and judgements obtained from the management of the Target at that time. The calculation by MUMSS reflects the above information up to January 30, 2020.

(Note 2) According to the Target, in calculating the value of the Target Common Shares, Nomura assumed the accuracy and completeness of the publicly available information and all of the information provided by the Target, and did not independently verify the accuracy or completeness of such information. Nomura did not conduct an independent assessment, valuation, or appraisal of any assets or liabilities (including derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of the Target and its affiliates, including any analysis or evaluation of individual assets and liabilities, nor did Nomura make any request to a third party institution for any such valuation or appraisal. Nomura assumed that the financial forecast (including profit plans and other information) of the Target had been reasonably considered or prepared based on the best projections and judgment made in good faith that were then available to the management of the Target. The calculation by Nomura reflects the information available to it and the economic conditions as of January 30, 2020. The sole purpose of the calculation by Nomura is for the board of directors of the Target to use the calculation results as a reference for considering the share value of the Target Common Shares.

(Note 3) According to the Target, in calculating the value of the Target Common Shares, Deloitte Tohmatsu Financial Advisory used the information provided by the Target and the publicly available information on an as-is basis, in principle, and assumed that such materials and information are all accurate and complete and that

there is no fact that has not been disclosed to Deloitte Tohmatsu Financial Advisory that may have a material adverse effect on the valuation of the Target Common Shares. Deloitte Tohmatsu Financial Advisory did not independently verify the accuracy and completeness of such materials and information. Deloitte Tohmatsu Financial Advisory assumed that the information on the financial forecasts of the Target had been reasonably prepared based on the best projections and judgment then available to the management of the Target. Deloitte Tohmatsu Financial Advisory did not conduct any independent valuation or appraisal of any assets or liabilities (including derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of the Target and its affiliates, nor did it make any request to a third-party institution for any such assessment or appraisal. The calculation by Deloitte Tohmatsu Financial Advisory reflects the above-mentioned information up until January 30, 2020.

- (Note 4) According to the Target, in expressing the opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory assumed and relied on the truthfulness, accuracy, and completeness of all the financial information to which it referred, the publicly available information, and any other information provided by the Target. Deloitte Tohmatsu Financial Advisory did not independently verify, and assumes no responsibility for the truthfulness, accuracy, and completeness of, such information. In the preparation and submission of the Fairness Opinion, Deloitte Tohmatsu Financial Advisory has not provided any auditing or any other guarantee services in relation to any assets or liabilities (including derivatives, off-balance sheet assets and liabilities, and other contingent liabilities), nor has any third party requested that it provide auditing or any other guarantee services. Deloitte Tohmatsu Financial Advisory has not assessed the creditworthiness of the Target under applicable laws relating to bankruptcy, suspension of payments, or similar matters. In expressing the opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory assumed that the Target's business plans that Deloitte Tohmatsu Financial Advisory used with the Target's consent had been reasonably prepared incorporating the best projections and judgment available to the management of the Target. Furthermore, in expressing the opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory relied on the Target's business plans and related materials that it used without conducting any independent investigation into them.

In rendering the fairness opinion, Deloitte Tohmatsu Financial Advisory relied on representations of the Target's management

with regard to the fact that no material events with respect to the Target occurred that were not disclosed to Deloitte Tohmatsu Financial Advisory, and on matters represented as of the date of the fairness opinion.

The Fairness Opinion rendered by Deloitte Tohmatsu Financial Advisory is based on the precondition that all consents and approvals from the government and supervisory authorities that are necessary for establishment of the Transaction were obtained by the Target or the Offeror without affecting in any manner the anticipated benefits of the Transaction. Furthermore, the Fairness Opinion is based on the precondition that for the accounting purposes of the Transaction, the tax effect is the same as that anticipated in the information presented to, and relied upon as a premise for the opinion by, Deloitte Tohmatsu Financial Advisory.

Deloitte Tohmatsu Financial Advisory assumes no obligations towards the Target, the Target's board of directors, or the special committee to solicit a decision of a third party concerning the Transaction, and has not solicited such in the past and shall solicit this in the future.

The Fairness Opinion is based on business, economy, market, and other situations existing as of January 30, 2020 or the date this information were provided to Deloitte Tohmatsu Financial Advisory. In rendering the Fairness Opinion, Deloitte Tohmatsu Financial Advisory has not analyzed or reviewed whether the business decision that is the basis for implementing the Transaction or the terms of transactions scheduled for the Transaction constitute the best realizable price, and it shall not be obligated to conduct such analysis or review. The Fairness Opinion does not represent any views concerning the Target's solvency before or after the Transaction.

The purpose of the Fairness Opinion is to provide to the Target's board of directors and the Special Committee with reference information for making managerial decisions and is not intended to contain any recommendation to the Target's shareholders to exercise their voting rights concerning the Transaction. The Fairness Opinion is not addressed to any third party other than the Target and no third party may trust or rely on the opinion for any purpose. Accordingly, Deloitte Tohmatsu Financial Advisory does not assume any responsibility for any reason toward any third party (including the Target's shareholders) other than the Target.

The Target acknowledges that even if there is any change in circumstances on and after January 30, 2020 that would affect Deloitte Tohmatsu Financial Advisory's Fairness Opinion,

Deloitte Tohmatsu Financial Advisory assumes no obligation or responsibility to renew, amend, supplement, or reconfirm the Fairness Opinion.

- (Note 5) As stated in “Hitachi Announces Executive Changes” released by the Offeror on January 31, 2020, Ryuichi Kitayama, a director of the Target, will assume the office of Representative Executive Officer, Executive Vice President and Executive Officer of the Offeror on April 1, 2020.

**(5) Number of Share Certificates, Etc. to Be Purchased**

Number of Share Certificates, Etc. to be Purchased	Minimum Number of Share Certificates, Etc. to be Purchased	Maximum Number of Share Certificates, Etc. to be Purchased
66,390,170 shares	20,548,181 shares	– shares

- (Note 1) If the total number of the Tendered Share Certificates, Etc. is less than the minimum number of Share Certificates, Etc. to be purchased (20,548,181 shares), the Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of the Tendered Share Certificates, Etc. is equal to or exceeds the minimum number of Share Certificates, Etc. to be purchased, the Offeror will purchase all of the Tendered Share Certificates, Etc. As stated in “(1) Overview of the Tender Offer” in “1. Purpose of the Purchase” above, if the Target submits the Target Third Quarter Securities Report for the Business Period Ending March 2020 before the commencement of the Tender Offer, the minimum number of Share Certificates, Etc. to be purchased is planned to be set at the number of shares calculated by (i) taking the number of voting rights of the number of Target Common Shares, as calculated by deducting the number of the Target’s own shares owned by the Target as stated in the Target Third Quarter Securities Report for the Business Period Ending March 2020 from the total number of issued shares of the Target as stated in the Target Third Quarter Securities Report for the Business Period Ending March 2020, (ii) calculating the number of voting rights equivalent to two-thirds thereof, (iii) multiplying that number by the number of Target Common Shares in one share unit to calculate a number of shares, and (iv) subtracting the number of Target Common Shares owned by the Offeror. The Offeror will amend, if necessary, the minimum number of Share Certificates, Etc. to be purchased at the commencement of the Tender Offer and disclose the amended number.
- (Note 2) The number of Share Certificates, Etc. to be purchased sets out the maximum number of Share Certificates, Etc. of the Target to

be acquired by the Offeror in the Tender Offer (66,390,170 shares). That maximum number of Share Certificates, Etc. is the number of shares obtained by deducting the number of Target Common Shares owned by the Target as of September 30, 2019 set out in the Target Second Quarter Securities Report for the Business Period Ending March 2020 (212,941 shares) and the number of the Target Common Shares held by the Offeror (71,135,619 shares) from the total number of issued shares as of September 30, 2019 set out in the Target Second Quarter Securities Report for the Business Period Ending March 2020 (137,738,730 shares). However, if the Target submits the Target Third Quarter Securities Report for the Business Period Ending March 2020 before the commencement of the Tender Offer, the maximum number of Share Certificates, Etc. is planned to be the number of shares obtained by deducting the number of Target Common Shares owned by the Target set out in the Target Third Quarter Securities Report for the Business Period Ending March 2020 and the number of the Target Common Shares held by the Offeror from the total number of issued shares set out in the Target Third Quarter Securities Report for the Business Period Ending March 2020. The Offeror will amend, if necessary, the number of Share Certificates, Etc. to be purchased at the commencement of the Tender Offer and will disclose the amended number.

(Note 3) The Offeror does not intend to acquire the Target Common Shares owned by the Target through the Tender Offer.

(Note 4) Shares less than one unit are also eligible for the Tender Offer. In addition, if a shareholder exercises its right to request the purchase of shares less than one unit in accordance with the Companies Act, the Target might purchase its own shares during the Tender Offer Period in accordance with procedures required by laws and regulations.

**(6) Changes in Ownership Ratio of Share Certificates, Etc. due to the Tender Offer**

Number of voting rights represented by Share Certificates, Etc. held by the Offeror before the Tender Offer	711,356 voting rights	(Ownership Ratio of Share Certificates, Etc. before the Tender Offer: 51.73%)
Number of voting rights represented by Share Certificates, Etc. held by special related parties before the Tender Offer	0 voting rights	(Ownership Ratio of Share Certificates, Etc. before the Tender Offer: 0%)
Number of voting rights represented by Share Certificates, Etc. held by the Offeror after the	1,375,257 voting rights	(Ownership Ratio of Share Certificates, Etc. after the

Tender Offer		Tender Offer: 100%)
Number of voting rights represented by Share Certificates, Etc. held by special related parties after the Tender Offer	0 voting rights	(Ownership Ratio of Share Certificates, Etc. after the Tender Offer: 0%)
Number of voting rights of all of the shareholders of the Target	1,374,443 voting rights	

- (Note 1) “Number of voting rights represented by Share Certificates, Etc. held by the Offeror after the Tender Offer” is the sum of the number of voting rights (663,901 voting rights) represented by the number of Share Certificates, Etc. to be purchased in the Tender Offer (66,390,170 shares) plus the “Number of voting rights represented by Share Certificates, Etc. held by the Offeror before the Tender Offer” (711,356 voting rights).
- (Note 2) “Number of voting rights represented by Share Certificates, Etc. held by special related parties before the Tender Offer” is the total number of voting rights represented by Share Certificates, Etc. held by each special related party (other than special related parties who are not considered special related parties pursuant to Article 3, paragraph (2), item (i), of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Persons Other Than Issuers (Ordinance of the Ministry of Finance No. 38 of 1990, as amended; hereinafter referred to as the “**Cabinet Office Ordinance**”) for the purpose of calculating the ownership ratio of Share Certificates, Etc. set out in each item under Article 27-2, paragraph (1) of the Act). Since Share Certificates, Etc. held by the special related parties (excluding Target’s own shares that are owned by the Target) are subject to the Tender Offer, “Number of voting rights represented by Share Certificates, Etc. held by special related parties after the Tender Offer” is 0. Also, the Offeror intends to confirm the number of Share Certificates, Etc. of the Target held by special related parties by the commencement of the Tender Offer and will amend, if necessary, the above “Number of voting rights represented by Share Certificates, Etc. held by special related parties before the Tender Offer” and “Number of voting rights represented by Share Certificates, Etc. held by special related parties after the Tender Offer” at the commencement of the Tender Offer and disclose the amended numbers.
- (Note 3) “Number of voting rights of all of the shareholders of the Target” is the number of voting rights of all shareholders as of September 30, 2019 set out in the Target Second Quarter Securities Report for the Business Period Ending March 2020. However, given that shares less than one unit are also to be purchased in the Tender

Offer, in the calculation of the “Ownership Ratio of Share Certificates, Etc. before the Tender Offer” and the “Ownership Ratio of Share Certificates, Etc. after the Tender Offer,” the number of voting rights (1,375,257 voting rights) pertaining to the number of shares (137,525,789 shares) obtained by deducting the number of shares owned by the Target as of September 30, 2019 (212,941 shares) set out in the Target Second Quarter Securities Report for the Business Period Ending March 2020 from the total number of issued shares as of September 30, 2019 (137,738,730 shares) set out in the Target Second Quarter Securities Report for the Business Period Ending March 2020 is used as the denominator.

(Note 4) The figures in the “Ownership Ratio of Share Certificates, Etc. before the Tender Offer” and the “Ownership Ratio of Share Certificates, Etc. after the Tender Offer” are rounded to two decimal places.

**(7) Purchase Price** JPY 531,121,360,000(scheduled)

(Note) “Purchase price” is the amount obtained by multiplying the number of shares to be purchased (66,390,170 shares) by the per-share purchase price (JPY 8,000).

**(8) Method of Settlement**

(i) Name and Location of Head Office of Financial Instruments Business Operator or Bank, etc. in Charge of Settlement of the Tender Offer

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., 2-5-2 Marunouchi, Chiyoda-ku, Tokyo

au Kabucom Securities Co., Ltd. (subagent), 1-3-2 Otemachi, Chiyoda-ku, Tokyo

(ii) Commencement Date of the Settlement

April 13, 2020 (Monday)

(iii) Method of Settlement

A written notice of the Purchase, Etc. through the Tender Offer is to be sent by post to the address or location of each Tendering Shareholder (in the case of a Foreign Shareholder, of its standing proxy) without delay after the completion of the Tender Offer Period. Delivery through the subagent is to be made by electromagnetic means via the screen after logging in.

The purchases are to be made in cash. The sales proceeds pertaining to the Share Certificates, Etc. that have been purchased are to be remitted from the tender offer agent or the subagent to a location specified by each Tendering Shareholder (in the case of a Foreign Shareholder, by its standing proxy) without delay after the commencement date of the settlement as instructed by the Tendering Shareholder (in the case of a Foreign Shareholder, by its standing proxy).

(iv) Method of Returning Share Certificates, Etc.

If all of the Tendered Share Certificates are not purchased under the conditions set out in “(i) Conditions Listed in the Items of Article 27-13, Paragraph (4) of the Act and the Details of Those Conditions” and “(ii) Conditions for Withdrawal of the Tender Offer, Details Thereof and Method of Disclosing the Withdrawal” in “(9) Other Conditions and Methods of the Tender Offer” set out below, the Share Certificates, Etc. that are to be returned will be returned by restoring the record to the status immediately preceding the tendering of those Share Certificates, Etc. promptly after the Business Day that is two days after the last day of the Tender Offer Period (or, if the Tender Offer has been withdrawn, after the date of that withdrawal).

**(9) Other Conditions and Methods of the Tender Offer**

(i) Conditions Listed in the Items of Article 27-13, Paragraph (4) of the Act and the Details of Those Conditions

If the total number of Tendered Share Certificates, Etc. is less than the minimum number of the Share Certificates, Etc. to be purchased (20,548,181 shares), the Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of Tendered Share Certificates, Etc. is equal to or more than the minimum number of Share Certificates, Etc. to be purchased (20,548,181 shares), the Offeror will purchase all of the Tendered Share Certificates, Etc.

(ii) Conditions for Withdrawal of the Tender Offer, Details Thereof and Method of Disclosing the Withdrawal

Upon the occurrence of any circumstance falling under the provisions of Article 14, paragraph (1), item (i), subitems (a) through (i) and subitems (l) through (r), item (iii), subitems (a) through (h) and subitem (j), and Article 14, paragraph (2), items (iii) through (vi) of the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended; the “**Order**”), the Offeror may withdraw or otherwise cancel the Tender Offer. In the Tender Offer, “facts equivalent to those set forth in (a) through (i)” prescribed in Article 14, paragraph (1), item (iii), subitem (j) of the Order means (i) where it is discovered that there is a false statement about a material particular or an omission of a statement about a material particular that is required to be stated with respect to any statutory disclosure documents submitted by the Target in the past, but the Offeror was not aware of the existence of such false statement, etc. nor could the Offeror have been aware of such false statement, etc. even with reasonable care, and (ii) where a fact listed in subitems (a) through (g) of that item occurs with respect to a major subsidiary of the Target.

If the Offeror decides to withdraw etc. the Tender Offer, the Offeror will make a public notice electronically and publish a notice in the *Nihon Keizai Shimbun*. However, if it is difficult to make a public notice by the last day of the Tender Offer Period, the Offeror will make an announcement by the



method prescribed in Article 20 of the Cabinet Office Ordinance and give public notice immediately thereafter.

(iii) Conditions for Reducing the Tender Offer Price, Details Thereof and Method of Disclosing the Reduction

If the Target conducts any act prescribed in Article 13, paragraph (1) of the Order during the Tender Offer Period in accordance with the provisions of Article 27-6, paragraph (1), item (i) of the Act, the purchase price may be reduced in accordance with the standards prescribed in Article 19, paragraph (1) of the Cabinet Office Ordinance. If the Offeror decides to reduce the purchase price, the Offeror will make a public notice electronically and publish a notice in the *Nihon Keizai Shimbun*. However, if it is difficult to make a public notice by the last day of the Tender Offer Period, the Offeror will make an announcement by the method prescribed in Article 20 of the Cabinet Office Ordinance and give public notice immediately thereafter. If the purchase price is reduced, the Tendered Share Certificates, Etc. that were tendered before the date of that public notice will also be purchased at the reduced purchase price.

(iv) Matters concerning the Tendering Shareholders' Rights to Cancel Agreements

Any Tendering Shareholder may cancel any agreement relating to the Tender Offer at any time during the Tender Offer Period. If an agreement is to be cancelled with the tender offer agent, the relevant Tendering Shareholder is to deliver or send a Tender Offer Application Receipt and a document stating that the agreement relating to the Tender Offer will be cancelled (the “**Cancellation Documents**”) to the main office or any branch in Japan of the tender offer agent that received an tendering application no later than 16:00 on the last day of the Tender Offer Period. The cancellation of the agreement will take effect when the Cancellation Documents have been delivered or have reached the person specified below. However, if the Cancellation Documents are to be sent, they must reach the person specified below no later than 16:00 on the last day of the Tender Offer Period. If an agreement that was tendered through au Kabucom Securities Co., Ltd. (subagent) is to be cancelled, please log in and conduct cancellation procedures no later than 16:00 on the last day of the Tender Offer Period by the method set out on the “Tender Offer Bid (TOB)” page (<https://kabu.com/item/tob/>) on that subagent's website (<https://kabu.com/>).

Person with authority to receive the Cancellation Documents

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

2-5-2 Marunouchi, Chiyoda-ku, Tokyo

(or any branch in Japan of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)

The Offeror will not make any claim for damages against or request a penalty payment to a Tendering Shareholder in connection with the

cancellation of an agreement by that Tendering Shareholder. In addition, the Offeror will bear the costs of returning the Tendered Share Certificates, Etc.

(v) Method of Disclosure If Conditions, etc., of the Tender Offer are Changed

The Offeror may change the conditions of the Tender Offer during the Tender Offer Period, except for any change prohibited by Article 27-6, paragraph (1) of the Act or Article 13 of the Order.

The Offeror in this case will make a public notice electronically and publish a notice in the *Nihon Keizai Shimbun* detailing those changes and other conditions. However, if it is difficult to make a public notice by the last day of the Tender Offer Period, the Offeror will make an announcement by the method prescribed in Article 20 of the Cabinet Office Ordinance and give public notice immediately thereafter.

If the Tender Offer conditions, etc., are changed, the Tendered Share Certificates, Etc. that were tendered before the date of that public notice will also be purchased under those changed conditions.

(vi) Method of Disclosure When Submitting an Amended Statement

If an amended statement is submitted to the Director General of the Kanto Local Finance Bureau (excluding the case prescribed in the proviso of Article 27-8, paragraph (11) of the Act), the Offeror will immediately announce the details set out in that amended statement that relate to the contents of the public notice of the commencement of the Tender Offer by the method prescribed in Article 20 of the Cabinet Office Ordinance. The Offeror will also immediately amend the Tender Offer Explanation Statement and deliver the amended Tender Offer Explanation Statement to each Tendering Shareholder that has already received a Tender Offer Explanation Statement. However, if an amendment is only minor in nature, the Offeror will prepare a document stating the reasons for that amendment, the matters that have been amended and the amended contents, and deliver that document to the Tendering Shareholders.

(vii) Method of Disclosing the Results of the Tender Offer

The Offeror will publicly announce the results of the Tender Offer the day immediately following the last day of the Tender Offer Period, in accordance with the provisions of Article 9-4 of the Order and Article 30-2 of the Cabinet Office Ordinance.

**(10) Date of Public Notice of Commencement of Tender Offer**

February 17, 2020 (Monday)

**(11) Tender Offer Agent**

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., 2-5-2 Marunouchi, Chiyoda-ku, Tokyo

au Kabucom Securities Co., Ltd. (subagent), 1-3-2 Otemachi, Chiyoda-ku, Tokyo

### **3. Policies after Tender Offer and Future Prospects**

See “(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer,” “(4) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” and “(5) Likelihood of Delisting and Reasons for that Delisting” in “1. Purpose of the Purchase” above.

### **4. Other**

#### **(1) Agreements Between the Offeror and the Target or its Officers, and the Terms Thereof**

- (i) Existence of agreements between the Offeror and the Target and the details thereof

According to the Target Press Release, the Target resolved at the meeting of its board of directors on January 31, 2020 that, as its opinion as of January 31, 2020 regarding the Tender Offer, if the Tender Offer is commenced, it will express its opinion in support of the Tender Offer and recommend that its shareholders tender their shares in the Tender Offer.

For details of the above resolution of the board of directors of the Target, see the Target Press Release and “(f) Approval of all disinterested directors of the Target” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Calculation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” above.

- (ii) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer

See “(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” in “1. Purpose of the Purchase”.

- (iii) Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest

See “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Calculation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” above.

- (iv) Transactions between the Offeror and the Target or its Officers of and the Details Thereof

There are no applicable matters.

**(2) Other Information Necessary for Investors' Decision of Tender**

According to the Target, the Target resolved at the meeting of its board of directors on January 31, 2020 not to pay year-end dividends for the business period ending March 2020 on the condition that the Tender Offer is successfully completed. For details, see "Announcement of Amendment of Dividend Forecast for Business Period Ending March 2020" released by the Target on January 31, 2020.

### **Cautionary Statement**

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this document.

Factors that could cause actual results to differ materially from those projected or implied in any “forward-looking statement” and from historical trends include, but are not limited to:

- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors Hitachi serves;
- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities, declines in which may require Hitachi to write down equity securities that it holds;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- the possibility of cost fluctuations during the lifetime of, or cancellation of, long-term contracts for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- credit conditions of Hitachi’s customers and suppliers;
- fluctuations in product demand and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in product demand, exchange rates and/or price of raw materials or shortages of materials, parts and components;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technologies on a timely and cost-effective basis and to achieve market acceptance for such products;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;

- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- the potential for significant losses on Hitachi's investments in equity-method associates and joint ventures;
- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to the success of cost structure overhaul;
- uncertainty as to Hitachi's access to, or ability to protect, certain intellectual property;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- the possibility of disruption of Hitachi's operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- uncertainty as to Hitachi's ability to maintain the integrity of its information systems, as well as Hitachi's ability to protect its confidential information or that of its customers; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

The factors listed above are not all-inclusive and are in addition to other factors contained in other materials published by Hitachi.

### **About Hitachi, Ltd.**

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, is focusing on Social Innovation Business combining its operational technology, information technology and products. The company's consolidated revenues for fiscal 2018 (ended March 31, 2019) totaled 9,480.6 billion yen (\$85.4 billion), and the company has approximately 296,000 employees worldwide. Hitachi delivers digital solutions utilizing Lumada in five sectors including Mobility, Smart Life, Industry, Energy and IT, to increase our customer's social, environmental and economic value. For more information on Hitachi, please visit the company's website at <https://www.hitachi.com>.

#### Restrictions on Solicitation

This press release is to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first carefully read the Tender Offer Explanatory Statement for the Tender Offer and make their own independent decision. This press release does not constitute, nor form part of, any offer to sell, solicitation of a sale of, or any solicitation of any offer to buy, any securities. In addition, neither this press release (or any part of it) nor the fact of its distribution shall form the basis for any agreement on the Tender Offer or be relied on when executing such an agreement.

#### Standards and regulations, etc. in the United States

The Tender Offer will be conducted in compliance with the procedures and information disclosure standards set out in the Act, but those procedures and standards are not necessarily the same as the procedures and information disclosure standards in the United States. In particular, the Tender Offer is not subject to Section 13(e) or Section 14(d) of the United States Securities Exchange Act of 1934 (as amended) or the rules set out thereunder, and the Tender Offer will not be conducted in line with those procedures or standards. All of the financial data included or referred to in this press release and the reference documents thereof does not conform to accounting standards in the United States and may not be equivalent to the financial statements prepared in accordance with accounting standards in the United States. Further, the Offeror is a company that has been established outside of the United States and some of its directors reside outside of the United States, so it may be difficult to exercise any rights or make any demands under the federal securities laws of the United States. It also may be impossible to take legal proceedings against a company that is based outside of the United States or its directors in a court outside of the United States on the grounds of a violation of the federal securities laws of the United States. Additionally, the jurisdiction of a United States court over a company that is based outside of the United States or its subsidiaries or affiliates may not be recognized.

Unless otherwise provided, all of the procedures concerning the Tender Offer will be conducted in the Japanese language. All or some of the documents related to the Tender Offer are prepared in the English language, and if there is a discrepancy between that English language document and the corresponding Japanese language document, the Japanese language document will prevail.

Statements that constitute “forward-looking statements” as defined in Section 27A of the Securities Act of 1933 of the United States (as amended) and Section 21E of the United States Securities Exchange Act of 1934 are included in statements in this press release and the reference documents thereof. There may be a significant difference between actual results and the express or implied predictions, etc. made as “forward-looking statements” due to known or unknown risks, uncertainties, and other factors. Neither the Offeror nor any of its affiliates guarantees that any express or implied prediction, etc. made as a “forward-looking statements” will ultimately be correct. The “forward-looking statements” in this press release and the reference documents thereof have been prepared based on information that is available to the Offeror as of the date of this press release, and unless required by applicable laws or regulations or the rules of a financial instruments exchange, neither the Offeror nor any of its affiliates has an obligation to update or correct those statements in order to reflect future events or circumstances.

The financial advisors of the Offeror and the Target, the Tender Offer Agent, and persons related thereto might, before the commencement of the Tender Offer or during the Tender Offer Period, purchase by means other than the Tender Offer or conduct an act aimed at

such a purchase of Target Common Shares on its own account or the account of its client to the extent permitted by Japanese laws related to financial instruments transactions in the scope of its ordinary business and in accordance with the requirements of Rule 14e-5(b) of the United States Securities Exchange Act of 1934. If information regarding such a purchase is disclosed in Japan, that information will also be disclosed in the United States in a similar manner.

In other countries

Some countries or regions may impose restrictions on the announcement, issue, or distribution of this press release. In such cases, please take note of such restrictions and comply with them. The announcement, issue, or distribution of this press release shall not constitute a solicitation of an offer to sell or an offer to buy shares relating to the Tender Offer and shall be deemed a distribution of materials for informative purposes only.

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