



[Translation]

April 16, 2020

To Whom It May Concern:

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

Announcement Concerning Hitachi, Ltd.’s Decision to Make a Share Cash-Out Demand for Shares in the Company, the Company’s Approval of the Share Cash-Out Demand, and Delisting of the Shares in the Company

Tokyo, Japan, April 16, 2020 – As announced in the “Announcement of Results of Tender Offer for Shares in the Company by Hitachi, Ltd., the Controlling Shareholder” dated April 7, 2020, Hitachi, Ltd. (“Hitachi, Ltd.” or the “Special Controlling Shareholder”) conducted a tender offer (the “Tender Offer”) for the common shares in the Company (the “Company Common Shares”) from February 17, 2020 to April 6, 2020, and as a result, as of April 13, 2020 (the commencement date of the settlement of the Tender Offer), Hitachi, Ltd. owned 53,389,540 Company Common Shares (the ratio of the voting rights of the Company Common Shares owned by Hitachi, Ltd. to the voting rights of the Company Common Shares owned by all shareholders of the Company (the “Ownership Ratio” (Note)): 90.55% (rounded to two decimal places)), and became a special controlling shareholder of the Company.

(Note) “Ownership Ratio” means the ratio (rounded to two decimal places) of the number of Company Common Shares (137,525,356 shares) as calculated by deducting the number of the Company’s own shares owned by the Company as of December 31, 2019 as stated in the quarterly securities report for the third quarter of the 101st business period submitted by the Company on February 6, 2020 (the “Company Third Quarter Securities Report for the Business Period Ended March 2020”) (213,374 shares, including 74 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 Third Quarter Securities Report for the Business Period Ended March 2020 (137,738,730 shares); hereinafter the same.

According to Hitachi, Ltd., although it has come to own no less than 90% of the voting rights of all shareholders of the Company, it failed to acquire all of the Company Common Shares (excluding the Company Common Shares owned by Hitachi, Ltd. and the Company’s own shares that are owned by the Company; hereinafter the same)

through the Tender Offer, and accordingly, Hitachi, Ltd. has decided to make a demand (the “Share Cash-Out Demand”) to all of the shareholders of the Company (excluding the Company and Hitachi, Ltd.; the “Shareholders Subject to Cash-Out”) to sell all of the Company Common Shares that they hold (the “Shares Subject to Cash-Out”) to Hitachi, Ltd. pursuant to Article 179, paragraph (1) of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same), as part of the transaction for the purpose of making the Company a wholly-owned subsidiary of Hitachi, Ltd. by acquiring all of the Company Common Shares (the “Transaction”), as stated in “(5) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” of “3. Details, Grounds, and Reasons for the Opinion on the Tender Offer” of 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 Company as of January 31, 2020 (the “Opinion Press Release Dated January 31, 2020”).

The Company announces that it received a notice regarding the Share Cash-Out Demand from Hitachi, Ltd. as of today, and resolved to approve the Share Cash-Out Demand at its board of directors meeting scheduled today, as detailed below.

As a result of the approval of the Share Cash-Out Demand, the Company Common Shares have come to fall within the delisting criteria of the Tokyo Stock Exchange, Inc. (the “TSE”), and will be delisted as of May 18, 2020 after being designated as a soon-to-be delisted stock during the period from today through May 17, 2020. The Company also announces that after the delisting, it will be impossible to trade the Company Common Shares on the TSE.

1. Outline of the Share Cash-Out Demand

(1) Outline of the Special Controlling Shareholder

(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 High-Tech, Hitachi Construction Machinery, Hitachi Metals, Hitachi Chemical and others	
(5) Stated Capital	JPY 459,862 million (as of December 31, 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 (Standing proxy: Mizuho Bank, Ltd.)	1.58%
(8) Relationship between the Company and the Hitachi, Ltd.		
Capital Relationship	Hitachi, Ltd. holds 124,525,159 Company Common Shares (Ownership Ratio: 90.55%) as of today, and the Company is a consolidated subsidiary of Hitachi, Ltd.	
Personnel Relationship	51 employees of the Company Group (Note 1) have been transferred to the Hitachi, Ltd. Group (Note 2), and 202 employees of the Hitachi, Ltd. Group have been transferred to the Company Group.	
Business Relationship	Hitachi, Ltd. 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 Hitachi, Ltd. Group Pooling System. In addition, the Company entrusts research activities to Hitachi, Ltd.	
Whether the Special Controlling Shareholder is a Related Party	Hitachi, Ltd. is the Company's parent company and Hitachi, Ltd. and the Company are mutually related parties.	

(Note 1) "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 2) "Hitachi, Ltd. Group" means Hitachi, Ltd. and its consolidated subsidiaries and equity-method affiliates, including the Company Group companies. Hitachi, Ltd. states that as of December 31, 2019, Hitachi, Ltd. Group was comprised of Hitachi, Ltd., its 824 consolidated subsidiaries and 452 equity-method affiliates, including the Company Group companies.

(2) Schedule for the Share Cash-Out Demand

Date of Share Cash-Out Demand	April 16, 2020 (Thursday)
Date of Resolution of Board of Directors Meeting of the Company	April 16, 2020 (Thursday)
Final Trading Date	May 15, 2020 (Friday) (scheduled)
Delisting Date	May 18, 2020 (Friday) (scheduled)

Acquisition Date	May 20, 2020 (Friday) (scheduled)
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(3) Consideration for the Share Cash-Out Demand

JPY 8,000 per Company Common Share

2. Details of the Share Cash-Out Demand

As of April 16, 2020, the Company received a notice from Hitachi, Ltd. of its intention to make the Share Cash-Out Demand. The details of the notice are as follows:

- (1) When choosing not to make a share cash-out demand to a wholly-owned subsidiary of the special controlling shareholder, to that effect, and the name of such wholly-owned subsidiary of the special controlling shareholder (Article 179-2, paragraph (1), item (i) of the Companies Act)

Not applicable.

- (2) Matters relating to the amount of money to be delivered to the shareholders subject to the share cash-out as consideration for the shares subject to the share cash-out under the Share Cash-Out Demand, and allotment thereof (Article 179-2, paragraph (1), items (ii) and (iii) of the Companies Act)

Hitachi, Ltd. will allot and deliver to each Shareholder Subject to Cash-Out JPY 8,000 in cash per Share Subject to Cash-Out held by such shareholder as consideration for the Shares Subject to Cash-Out (the “Cash-Out Consideration”).

- (3) Matters relating to demand for share option cash-out (Article 179-2, paragraph (1), item (iv) of the Companies Act)

Not applicable.

- (4) Date of acquisition by the Special Controlling Shareholder of the Shares Subject to Cash-Out (the “Acquisition Date”) (Article 179-2, paragraph (1), item (v) of the Companies Act)

May 20, 2020

- (5) Means to secure funding for payment of the Cash-Out Consideration (Article 179-2, paragraph (1), item (vi) of the Companies Act, and Article 33-5, paragraph (1), item (i) of the Ordinance for Enforcement of the Companies Act)

Hitachi, Ltd. plans to pay the Cash-Out Consideration with the cash and deposits held by it and/or the money borrowed under the commitment line agreement that it executed on July 29, 2019 with Mizuho Bank, Ltd. and MUFG Bank, Ltd., each as the lender and agent, and Mizuho Trust & Banking Co., Ltd., Sumitomo Mitsui Trust Bank, Limited, The Joyo Bank, Ltd., The Chiba Bank, Ltd., North Pacific Bank, Ltd., The Bank of Kyoto, Ltd., The Juroku Bank, Ltd., THE NISHI-NIPPON CITY BANK, LTD., The Higo Bank, Ltd., The Keiyo Bank, Ltd. and THE TOHO BANK, LTD., each as the lender.

- (6) Other transaction terms concerning the Share Cash-Out Demand (Article 179-2, paragraph (1), item (vi) of the Companies Act, and Article 33-5, paragraph (1), item (ii) of the Ordinance for Enforcement of the Companies Act)

The Cash-Out Consideration shall be delivered on or before September 30, 2020 in accordance with the method of delivery of dividends by the Company at the address of each Shareholder Subject to Cash-Out that is stated or recorded in the shareholder register as of the end of the day before the Acquisition Date or at a location that may be designated by a Shareholder Subject to Cash-Out by a notice to the Company; provided, however, that if the delivery by such method cannot be made, the payment of the Cash-Out Consideration to the Shareholders Subject to Cash-Out shall be made at the location of the Company's head office using the method designated by the Company (or if there is any other location and/or method designated by Hitachi, Ltd. for delivery of the Cash-Out Consideration, at such location and by such method). It shall suffice if the notice from the Company or Hitachi, Ltd. to each Shareholder Subject to Cash-Out is addressed and sent to the address of the Shareholder Subject to Cash-Out that is stated or recorded in the shareholder register as of the end of the day before the Acquisition Date or a location that may be designated by the relevant Shareholder Subject to Cash-Out by a notice to the Company, and such notice shall be deemed to have reached its destination when it should have normally arrived.

3. Grounds and Reasons for Judgment regarding Approval of the Share Cash-Out Demand

- (1) Grounds and Reasons for Judgment regarding the Approval

The Share Cash-Out Demand is made as part of the Transaction, and the Cash-Out Consideration is set at the same price as the price per Company Common Share for acquisition through the Tender Offer, ("Tender Offer Price").

As stated in "(III) Process Leading to the Company's Decision at its Board of Directors Meeting" of "(2) Grounds and Reasons for the Opinion" of "3. Details, Grounds, and Reasons for the Opinion on the Tender Offer" of the Opinion Press Release Dated January 31, 2020, the Company made a judgment as described below and resolved at its board of directors meeting held on January 31, 2020 to express its opinion in support of the Tender Offer, and to recommend that its shareholders tender their shares in the Tender Offer.

That board resolution was made by the method described in “(VI) Approval of All Disinterested Directors of the Company” of “(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” of the Opinion Press Release Dated January 31, 2020.

In addition, 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, 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 Company as of February 14, 2020 (the “Opinion Press Release Dated February 14, 2020”), in the resolution of the board of directors meeting of the Company dated February 14, 2020, the Company again resolved to express its opinion in support of the Tender Offer, and to recommend that its shareholders tender their shares in the Tender Offer, without making any change to its opinion as of January 31, 2020. That board of directors resolution was made by the method described in “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” of the Opinion Press Release Dated February 14, 2020.

As stated in “(II) Background to the Tender Offer” of “(2) Grounds and Reasons for the Opinion” of “3. Details, Grounds, and Reasons for the Opinion on the Tender Offer” of the Opinion Press Release Dated January 31, 2020, in response to the proposal from Hitachi, Ltd. in mid-March 2019 regarding consideration of the capital strategy for the purpose of enhancing corporate value, including the possibility of the Transaction, and in preparation for a further proposal to the Company to make the Company a wholly-owned subsidiary of Hitachi, Ltd., 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 Hitachi, Ltd. and the Company in respect of the Transaction with the objective of ensuring the fairness of the terms of the Transaction, including the Tender Offer Price. 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 Hitachi, Ltd. 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 Hitachi, Ltd., 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 Hitachi, Ltd. and engaged in several discussions and negotiations with Hitachi, Ltd. based on the aforementioned advice. Moreover, the Company timely reported the background and substance of the discussions and negotiations with Hitachi, Ltd. regarding the Transaction to the special committee, and promoted discussions and negotiations with Hitachi, Ltd. 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” of “(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” of the Opinion Press Release Dated January 31, 2020.

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 Hitachi, Ltd. through the Transaction and further strengthening the ties with the Hitachi, Ltd. Group through their mutual utilization of management resources such as human resources, financial, business, and customer resources, which were restricted because Hitachi, Ltd. and the Company were 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 Hitachi, Ltd., 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” of “3. Details, Grounds, and Reasons for the Opinion on the Tender Offer” of the Opinion Press Release Dated January 31, 2020, (i) the Tender Offer Price exceeded 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 fell within the scope of the calculation results according to the comparable companies method and the discounted cash flow method; (ii) the Tender Offer Price included 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 included 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 was 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” of “3. Details, Grounds, and Reasons for the Opinion on the Tender Offer” of the Opinion Press Release Dated January 31, 2020, and the interests of minority shareholders were taken into account; and (iv) the Tender Offer Price was a price proposed after measures to avoid conflicts of interests were taken, and the Company and Hitachi, Ltd. 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.

Subsequently on April 7, 2020, the Company received from Hitachi, Ltd. a report that 53,389,540 Company Common Shares had been tendered in the Tender Offer and Hitachi, Ltd. acquired all of those shares. As a result of that acquisition, on April 13, 2020 (the commencement date of the settlement of the Tender Offer), Hitachi, Ltd. achieved an Ownership Ratio of no less than 90% and became a special controlling shareholder of the Company.

Through these circumstances, the Company received a notice dated April 16, 2020 from Hitachi, Ltd. to the effect that Hitachi, Ltd. would make the Share Cash-Out Demand as part of the Transaction, as stated in “(5) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” of “3. Details, Grounds, and Reasons for the Opinion on the Tender Offer” of the Opinion Press Release Dated January 31, 2020.

Upon receipt of that notice, the Company carefully discussed and considered whether to approve the Share Cash-Out Demand.

As a result, at its board of directors meeting on April 16, 2020, the Company resolved to approve the Share Cash-Out Demand as stated in the notice from Hitachi, Ltd. in order to proceed with the Transaction to make the Company a wholly-owned subsidiary of Hitachi, Ltd. with unanimous consent of the directors who participated in the deliberations and the resolution based on the following judgments: (a) the Share Cash-Out Demand is made as part of the Transaction, and as unanimously resolved by the directors of the Company who participated in the deliberations and the resolution of the board meeting held on January 31, 2020, and also by the directors of the Company who participated in the resolution of the board of directors meeting dated February 14, 2020, the directors have determined that the Company becoming a wholly-owned subsidiary of Hitachi, Ltd. through the Transaction will contribute to improvement of the Company’s corporate value, and there has been no special circumstance that justifies a change of that judgment; (b) given that the value of the Cash-Out Consideration is the same as the Tender Offer Price and that certain measures to ensure fairness of the Transaction have been taken in determining the Tender Offer Price, including obtaining the Committee Recommendation, it is considered that the Cash-Out Consideration is a reasonable price for the Shareholders Subject to Cash-Out, and that sufficient consideration has been given so that the amount of the Cash-Out Consideration would not be detrimental to the interest of the Shareholders Subject to Cash-Out; (c) Hitachi, Ltd. is most likely to deliver the Cash-Out Consideration given, among other reasons, that Hitachi, Ltd. is to pay the Cash-Out Consideration with the cash and deposits held by it and/or the money borrowed under the commitment line agreement that it executed on July 29, 2019 with Mizuho Bank, Ltd. and MUFG Bank, Ltd., each as the lender and agent, and Mizuho

Trust & Banking Co., Ltd., Sumitomo Mitsui Trust Bank, Limited, The Joyo Bank, Ltd., The Chiba Bank, Ltd., North Pacific Bank, Ltd., The Bank of Kyoto, Ltd., The Juroku Bank, Ltd., THE NISHI-NIPPON CITY BANK, LTD., The Higo Bank, Ltd., The Keiyo Bank, Ltd. and THE TOHO BANK, LTD., each as the lender, that the Company has confirmed Hitachi, Ltd.'s financing method by means of the copy of the commitment line agreement that were submitted as attachments to the notice regarding the Share Cash-Out Demand, and that, according to Hitachi, Ltd., there has been no event that could affect the payment of the Cash-Out Consideration, and Hitachi, Ltd. does not currently recognize any possibility that such an event will occur in the future; (d) the time frame for the delivery of the Cash-Out Consideration and the method of payment of the Cash-Out Consideration are not unreasonable, and accordingly, the transaction terms regarding the Share Cash-Out Demand are considered to be appropriate; (e) since the commencement date of the Tender Offer to the present date, there has been no material change in the Company's corporate value; and (f) the special committee examined the Share Cash-Out Demand in exchange for the Cash-Out Consideration, and submitted a Committee Recommendation to the effect that the Transaction would not be disadvantageous for minority shareholders.

Mr. Ryuichi Kitayama, a director of the Company who has a special interest in the Share Cash-Out Demand because he concurrently holds the position of Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd., did not participate in the deliberations and resolution at the board of directors meeting on April 16, 2020.

(2) Matters Relating to Calculation

The Company did not obtain another valuation report when it decided to approve the Share Cash-Out Demand because the Share Cash-Out Demand is made as the second step procedure for the so-called "two-step acquisition" after the Tender Offer as part of the Transaction, and the value of the Cash-Out Consideration equals the Tender Offer Price.

(3) Likelihood of Delisting

As of today, the Company Common Shares are listed on the First Section of the TSE. However, as a result of the approval of the Share Cash-Out Demand, the Company Common Shares have fallen within the delisting criteria of the First Section of the TSE, and will be delisted on May 18, 2020 after being designated as a soon-to-be delisted stock during the period from today through May 17, 2020. After the delisting, it will be impossible to trade the Company Common Shares on the First Section of the TSE.

(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest

The Share Cash-Out Demand is made as the second step procedure for the so-called "two-step acquisition"

after the Tender Offer as part of the Transaction. Meanwhile, Hitachi, Ltd. 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, Hitachi, Ltd. and the Company assumed the following measures to avoid conflicts of interest and to assure the fairness of the Transaction, 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” of “3. Details, Grounds, and Reasons for the Opinion on the Tender Offer” of the Opinion Press Release Dated January 31, 2020. Among the following measures, the measures that were implemented by Hitachi, Ltd. are described based on explanations received from Hitachi, Ltd.

In the Tender Offer, Hitachi, Ltd. did not set the minimum limit of the number of shares planned to be acquired by the so-called “Majority of Minority.” According to Hitachi, Ltd. , it held 71,135,619 shares (holding ratio: 51.73%) of the Company’s shares as of January 31, 2020, and therefore, if it had set 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 would have become uncertain, which would have undermined the interests of the Company’s general shareholders who wished to tender their shares in the Tender Offer. That said, Hitachi, Ltd. and the Company believe that sufficient consideration was given to the interests of the Company’s minority shareholders even if the minimum limit was not set because the measures set out below in items (I) to (VIII) were adopted by Hitachi, Ltd. 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 Hitachi, Ltd.

It has been reported that to ensure fairness in the Tender Offer Price, in the course of determining the Tender Offer Price, Hitachi, Ltd. requested that Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (“MUMSS”), which is Hitachi, Ltd.’s financial advisor, analyze the value of the Company Common Shares as a third-party valuation agent that is independent of the Company and Hitachi, Ltd.

For details of the results of the calculation of the value of the stock of the Company 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” in “3. Details, Grounds, and Reasons for the Opinion on the Tender Offer” of the Opinion Press Release Dated January 31, 2020.

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

Agent

When forming its opinion on the Tender Offer, the Company requested that Nomura, as a third-party valuation agent independent of the Company, and Hitachi, Ltd., calculate the share value of the Company's stock. Nomura is not a related party of either the Company or Hitachi, Ltd., and it has no material interest in the Transaction, including the Tender Offer.

For details of the Company Common Shares Valuation Report, see "(II) Obtainment of a Share Valuation Report from Independent Third-party Valuation Agent by the Company" of "(3) Matters Relating to Calculation" of "3. Details, Grounds, and Reasons for the Opinion on the Tender Offer" of the Opinion Press Release Dated January 31, 2020.

(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 did not change any of the members. The amount of remuneration for the special committee members was fixed and no contingency fee was 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 Hitachi, Ltd.

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, Hitachi, Ltd., and Nomura, and conducted interviews with the Company, Nomura, and Anderson Mōri & Tomotsune. In addition, the committee received explanations from Hitachi, Ltd. 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 Hitachi, Ltd. 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 Hitachi, Ltd. and the Company regarding the Transaction, among other matters. Thus, the special committee was involved in the negotiation process with Hitachi, Ltd., including holding multiple discussions with, and providing opinions to, the Company, until the receipt of Hitachi, Ltd.’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” of “3. Details, Grounds and Reasons for the Opinion on the Tender Offer” of the Opinion Press Release Dated January 31, 2020 (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 Hitachi, Ltd. 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 Hitachi, Ltd.'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 be implemented in the Transaction pertaining to making the Company a wholly-owned subsidiary of Hitachi, Ltd. (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 a 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 (the “Fairness Opinion”). For the above reasons, the special committee believes that the fairness and appropriateness of the terms of the Transaction (including the Tender Offer Price) have been ensured.

- (iii) (A) In considering how to deal with the Transaction, the Company set up a special committee that is independent of both the Company and Hitachi, Ltd. with the intention of eliminating Hitachi, Ltd.’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 Hitachi, Ltd. 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 that Nomura, a third-party valuation agent which is independent of both the Company and Hitachi, Ltd., 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 that is independent of both the Company and Hitachi, Ltd. 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 Hitachi, Ltd., 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 Hitachi, Ltd. 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 Hitachi, Ltd., 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 Hitachi, Ltd. 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 Hitachi, Ltd. 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 Hitachi, Ltd., the Company engaged in a final adjustment of the Tender Offer Price. (I) Following that, the Company and Hitachi, Ltd. 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 Hitachi, Ltd. (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 Hitachi, Ltd. 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, Hitachi, Ltd. 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, Hitachi, Ltd. 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 Hitachi, Ltd. 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) As of January 30, 2020, there were no particular circumstances other than the ones considered in (i) through (iii) above that made the special committee believe that the Transaction (including the Tender Offer) was disadvantageous to the minority shareholders of the Company. Hence, the special committee believed that the Transaction was not disadvantageous to the minority shareholders of the Company.
- (v) In light of (i) through (iv) above, the special committee believes that as of January 30, 2020, it was 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 did not believe that such resolution was 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 Hitachi, Ltd., calculate the share value of the Company Common Shares. Deloitte Tohmatsu Financial Advisory is not a related party of either the Company or Hitachi, Ltd., and it has no material interest in the Tender Offer.

The special committee obtained the Fairness Opinion from Deloitte Tohmatsu Financial Advisory as of January 30, 2020.

For details of the share valuation report and the Fairness Opinion, see “(IV) Obtainment of a Share Valuation Report and Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agent” of “(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” of the Opinion Press Release Dated January 31, 2020.

(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 Hitachi, Ltd. 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 opinion as of January 31, 2020 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” of “(2) Grounds and Reasons for the Opinion” of “3. Details, Grounds and Reasons for the Opinion on the Tender Offer” of the Opinion Press Release Dated January 31, 2020, as a result of careful discussions and review of the terms of the Tender Offer by Hitachi, Ltd., 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 Hitachi, Ltd., and other related materials.

The above-mentioned resolution of the board of directors meeting of the Company held on January 31, 2020 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, Mr. Ryuichi Kitayama, a director of the Company, 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 held on January 31, 2020, nor did he participate in the discussions and negotiations with respect to the Transaction as an

officer of the Company. He had been previously associated with Hitachi, Ltd., although he did not, at that time, concurrently hold a position as an officer or an employee at Hitachi, Ltd., and was not in a position to receive any instruction from Hitachi, Ltd.

In addition, upon learning that the Tender Offer was to be commenced on February 17, 2020 as scheduled, the Company again resolved in the resolution of the board of directors meeting of the Company dated February 14, 2020, to express its opinion in support of the Tender Offer and to recommend that its shareholders tender their shares in the Tender Offer, without making any change to the Company's opinion as of January 31, 2020.

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

Mr. Ryuichi Kitayama, a director of the Company, did not participate in the above-mentioned board of directors resolution dated February 14, 2020 because, as published in the "Hitachi Announces Executive Changes" released by Hitachi, Ltd. as of January 31, 2020, he was scheduled to be appointed Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd. as of April 1, 2020, and as such, had a special interest in the Tender Offer.

(VII) Absence of Deal Protection Clauses

Hitachi, Ltd. and the Company did not enter into any agreement containing a deal protection clause that prohibited the Company from contacting competitive tender offerors, or any agreement that prohibited competitive tender offerors from contacting the Company. The fairness of the Tender Offer was 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)" of "3. Details, Grounds and Reasons for the Opinion on the Tender Offer" of the Opinion Press Release Dated January 31, 2020, Hitachi, Ltd. ensured an opportunity for the Company's shareholders to properly decide whether or not to tender their shares in the Tender Offer and gave 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 Hitachi, Ltd. through the successful completion of the Tender Offer, Hitachi, Ltd.,

promptly after the completion of the settlement of the Tender Offer, either would make the Share Cash-Out Demand or would make a demand to the Company to convene the Extraordinary Shareholders Meeting at which the agenda items would 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 was to take 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 would 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 Hitachi, Ltd. and the Company).

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

4. Future Prospect

It has been reported that after making the Company a wholly-owned subsidiary, Hitachi, Ltd. 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 Hitachi, Ltd. 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 Hitachi, Ltd. Group, including the Company, from the perspective of enhancing the corporate value of the Company. It has been reported that at present, Hitachi, Ltd. plans to position the Company as one business department of Hitachi, Ltd.’s Smart Life Business Management Division, and to ensure that the 2021 Medium-Term Management Strategy established by the Company, with fiscal year 2021 as the final year, will be steadily carried out.

5. 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

Hitachi, Ltd. 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” of “3. Details, Grounds and Reasons for the Opinion on the Tender Offer” of the Opinion Press Release Dated January 31, 2020. 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” of “3. Details, Grounds and Reasons for the Opinion on the Tender Offer” of the Opinion Press Release Dated January 31, 2020.

(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” of “(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” of the Opinion Press Release Dated January 31, 2020, the Company received from the special committee, which is independent of the Company and Hitachi, Ltd., 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.

End