

November 13th, 2019

Toshiba Corporation

FOR IMMEDIATE RELEASE

**Notice Regarding Commencement of Tender Offer for
Shares of NUFLARE TECHNOLOGY, INC. (Code: 6256) by Subsidiary of Toshiba
Corporation (Toshiba Electronic Devices & Storage Corporation)**

TOKYO - Toshiba Corporation (Code: 6502) (“Toshiba”) today announced that Toshiba Electronic Devices & Storage Corporation (“Toshiba Electronic Devices & Storage”), the subsidiary of Toshiba, resolved at its board of directors’ meeting held on November 13th, 2019 to acquire the shares of NuFlare Technology, Inc. (Code: 6256, Tokyo Stock Exchange, Inc. JASDAQ Standard Market) through a tender offer under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended).

For details, please refer to the attachment “Notice Regarding Commencement of Tender Offer for Shares of NuFlare Technology, Inc. (Code: 6256)” released by Toshiba Electronic Devices & Storage.

Outline of Toshiba Electronic Devices & Storage

Address	1-1-1, Shibaura, Minato-ku, Tokyo, Japan
Name and title of representative	Hiroshi Fukuchi, President & CEO
Business outlines	Development, manufacture, and sale of discrete semiconductors, system LSI, HDDs, semiconductor production systems, and materials/devices in relation thereto, and other related businesses
Capital stock	JPY 10,000 million (as of November 13th, 2019)

This press release also serves as notice given under Article 30, Paragraph 1, Item 4 of the Order for Enforcement of the Financial Instruments and Exchange Act of Japan based on a request made by Toshiba Electronic Devices & Storage (the Tender Offeror) to Toshiba Corporation (the Tender Offeror’s parent company).

**Notice Regarding Commencement of Tender Offer for
Shares of NuFlare Technology, Inc. (Code: 6256)**

Toshiba Electronic Devices and Storage Corporation (the “Tender Offeror”) today announced that it resolved at its board of directors’ meeting held on November 13th, 2019 to acquire the shares of common stock (the “common shares of the Target Company”) of NuFlare Technology, Inc. (the “Target Company”; Code: 6256, JASDAQ Standard Market (hereinafter, the “JASDAQ”) of the Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”)) through a tender offer (the “Tender Offer”) under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “Act”), as described below.

1. Purpose of Purchase, etc.

(1) Overview of Tender Offer

The Tender Offeror, as of the date of this press release, possesses 6,000,100 shares (ownership ratio (Note): 52.40%) of the common shares of the Target Company listed on the JASDAQ of the Tokyo Stock Exchange, and the Target Company is a consolidated subsidiary of the Tender Offeror. Pursuant to resolutions passed by its board of directors on November 13th, 2019, the Tender Offeror intends to acquire all of the common shares of the Target Company (excluding, however, the common shares already owned by the Tender Offeror, as well as the treasury shares owned by the Target Company), and has elected to implement the Tender Offer as part of a transaction intended to convert the Target Company into a wholly-owned subsidiary of the Tender Offeror (hereinafter, the “Transaction”).

(Note) “Ownership Ratio” refers to the percentage of ownership of the number of shares (11,450,795 shares) remaining after the Target Company subtracted the number of treasury shares the Target Company held (305 shares) as of November 8th, 2019 (excluding treasury shares purchased by the Target Company from October 1st, 2019 pursuant to the exercise of the right to demand the purchase of fractional shares constituting less than one unit; the same applies to the number of common shares of the Target Company held by the Target Company as of November 8th, 2019 presented below) from the total number of shares issued by the Target Company (11,451,100 shares) as of the same date when the “Second Quarterly Report for the 25th Fiscal Year” (hereinafter, the “Second Quarterly Report of the Target Company”) which was announced by the Target Company on November 8th, 2019 (rounded to the nearest hundredth, which shall also apply with regard to subsequent descriptions of ownership ratio unless otherwise specified). Please note that, while the number of outstanding shares of the Target Company was 12,000,000 shares and the number of treasury shares held by the Target Company was 538,105 shares as of September 30th, 2019, the Target Company acquired 11,100 common shares thereof on October 4th, 2019 as described in the press release announced by the Target Company on October 7th, 2019 entitled "Notice on status of share buyback and completion of acquisition (Share buyback pursuant to the Articles of Incorporation under the provisions of Paragraph 2, Article 165 of the Company Act)" and, as recorded in the Second Quarterly Report of the Target Company, the Target Company completed the retirement of treasury stock of 548,900 common shares on November 8th, 2019. As such, the number of outstanding shares of the Target Company as of November 8th, 2019 is 11,451,100 shares and, according to the Target Company, the number of treasury shares held thereby as of the same date is 305 shares.

With respect to the Tender Offer, the Tender Offeror has set a minimum planned purchase quantity of 1,633,700 shares (ownership ratio: 14.27%), and in the event the total number of shares offered in response to the Tender Offer

(hereinafter the “Offered Share Certificates”) fails to satisfy this minimum planned purchase quantity, the Tender Offeror shall not purchase all of the Offered Share Certificates. On the other hand, the Tender Offeror intends to acquire all of the common shares of the Target Company (excluding the common shares of the Target Company held by the Tender Offeror and the treasury shares held by the Target Company), and has therefore not set a maximum planned purchase quantity, and if the total number of shares offered in response to the Tender Offer satisfies or exceeds the minimum planned purchase quantity, the Tender Offeror shall purchase all of the Offered Share Certificates. Note that the minimum planned purchase quantity (1,633,700 shares) was set at such amount so that the total number of Target Company voting rights owned by the Tender Offeror will be at least two-thirds of the total voting rights relating to the Target Company (that total being 114,507 rights associated with the remainder of shares left over (11,450,795 shares) after the number of treasury shares retained by the Target Company (305 shares) is subtracted from the total number of shares issued by the Target Company (11,451,100 shares) as of November 8th, 2019 as recorded in the Second Quarterly Report of the Target Company).

Upon implementation of the Tender Offer, the Tender Offeror and Toshiba Corporation (“Toshiba”) made an inquiry to Toshiba Machine Co., Ltd. (“Toshiba Machine”), who is the second largest shareholder of the Target Company and with whom Tender Offeror and Toshiba had an agreement to jointly exercise shareholders’ rights, proposing participation in the Tender Offer and have since been in consultation regarding same. The Tender Offeror has received a response from Toshiba Machine on November 8th, 2019 to the effect that Toshiba Machine continues to consider selling the 1,808,900 common shares of the Target Company (ownership ratio: 15.80%) held thereby in the Tender Offer. As such, the Tender Offeror intends to continue the discussion in good faith.

As the Tender Offeror intends to make the Target Company its wholly-owned subsidiary, if the Tender Offeror fails to acquire all of the common shares of the Target Company (excluding the common shares of the Target Company held by the Tender Offeror and the treasury shares held by the Target Company) during the Tender Offer, the Tender Offeror plans to acquire all of the common shares of the Target Company (excluding the common shares of the Target Company held by the Tender Offeror and the treasury shares held by the Target Company) by implementing the procedures described in “(4) Post-Tender Offer Reorganization(s) Policy (Two-Step Acquisition Items)” below.

Furthermore, according to the “Announcement of Endorsement of the Tender Offer for NuFlare Technology Stock by Controlling Shareholder Toshiba Electronic Devices & Storage Corporation and Recommendation to Tender Shares” (hereinafter, the “Target Company Press Release”) published by the Target Company on November 13th, 2019, during the Target Company’s board of directors’ meeting held on November 13th, 2019, the Target Company resolved to express its support for the Tender Offer, and recommend that the Target Company’s shareholders participate in the Tender Offer.

For details regarding the Target Company’s board of directors resolutions, please refer to the Target Company Press Release, as well as “(vii) Approval of all the directors of the Target Company without conflicts of interest and the opinion of all the statutory auditors of the Target Company without conflicts of interest that they have no objection” of “(Measures to ensure fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price as well as measures to avoid conflicts of interest)” of the “② Details of Valuation” of “(4) Basis for the valuation of the Tender Offer Price” of “2. Outline of Tender Offer” below.

(2) Background to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process, and Post-Tender Offer Management Policy

① Background to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process

The Tender Offeror was established in April 2017 for the benefit of the Toshiba group (Note 1), which has Toshiba as its ultimate parent company, in order to bolster Toshiba’s electronic device business, which is its primary field of business. Storage & Electronic Devices Solutions Company, an in-house company of Toshiba, had originally been conducting such business, and for the purpose of building a flexible and speedy management decision-making system and strengthen its governance system, it has succeeded to this business independently via a company split from Toshiba in July 2017. Subsequently, in April 2019, the Tender Offeror acquired, via a company split, the shares of Toshiba Materials Co., Ltd. and Toshiba Hokuto Electronics Corporation, which had succeeded to Toshiba’s photocatalyst business via a company split. At present, as part of its operations in the Toshiba group, the Tender Offeror and affiliated

companies engage in the following businesses: a semiconductor business involving products such as diodes, transistors, and integrated circuits; a business involving storage products that utilize HDDs (hard disk drives); a semiconductor production systems business involving the manufacture and sale, etc. of electron beam mask lithography devices, which is a device for manufacturing photo masks (Note 2) that are required for semiconductor production processes by irradiation with electron beams; a business of components and materials such as fine ceramics which are materials with superior insulation and thermal resistance and magnetrons which are devices for generating microwaves; as well as a wide variety of components-related businesses. As of the date of this press release, in order to manage these businesses, the Tender Offeror owns a development facility called the “Electronic Devices & Storage Research & Development Center”; production facilities in Iwate Prefecture, Ishikawa Prefecture, Oita Prefecture, Thailand and the Philippines; a production facility known as the Himeji Semiconductor Plant; and sales offices in five major cities in Japan, and is conducting business activities via a structure made up of 16 domestic and 13 overseas subsidiaries and equity affiliates, and 4,300 employees (25,300 employees on a consolidated basis).

(Note 1) As of September 30th, 2019, the “Toshiba group” consists of Toshiba and its 337 consolidated subsidiaries and mainly conducts businesses related to the following seven segments: “Energy System Solutions,” “Infrastructure System Solutions,” “Building Solutions,” “Retail & Printing Solutions,” “Device & Storage Solutions,” “Digital Solutions,” and “Others.”

(Note 2) A photo mask is a master plate for printing electronic circuits on silicon substrates.

The Tender Offeror and affiliated companies, as part of the Toshiba group, conduct business development with semiconductors and HDDs as its main products. In particular, for many years, it has accumulated technology relating to the business of discrete semiconductors, such as diodes and transistors, which are key devices for realizing an energy-saving society, and the Tender Offeror believes it has a broad lineup of high-performance, highly-reliable products. It also has a broad lineup in the system device business, including vehicle mounted digital and microcontrollers, based mainly on the image recognition processor (Visconti™), and intends to expand its business through, among other efforts, focusing on analog ICs mainly for motor control. In HDDs, it continues to launch near-line products, which are HDDs that realize high reliability and high-capacity at a low cost for the data center market ahead of other companies. In its materials and devices business, it can provide high-performance materials, such as nitride ceramics that precisely adjust and control nitrogen compounds to offer substrates, etc. with high heat conductivity and strength, and precision electronic devices, in a wide range of fields such as industrial medicine. It is also in a relationship with the Target Company for pursuing synergies in the field of semiconductor production systems.

In the companywide innovation plan for the next five years, the “Toshiba Next Plan,” formulated in November 2018, Toshiba launched a management policy for “contributing to the resolution of social problems by fusing cyber technology with physical technology,” and, in particular, positioned the power electronics field, which applies electric power control devices to, among other things, railroads, vehicles, factories, and buildings, as one of the group’s new growth business fields by “incorporating the constant evolution of power devices and differentiating them as entire systems.” The role expected of the Tender Offeror within the Toshiba group pursuant to the “Toshiba Next Plan,” with its strengths in next-generation power devices and systemization technologies with low power loss in the field of power electronics, is particularly large, and it is proud to be in a position to have an impact on group growth. To provide products that enhance customer value, resolve social problems, and contribute to the further development of society through the further continuous growth of the power device business (dealing with semiconductors that conduct electric power control, such as transistors), and to maximize Toshiba group corporate value, the Tender Offeror continues to do business “Committed to People, Committed to the Future.”

Meanwhile, the Target Company was established in October 1997 as Toshiba Machine Press Engineering Co., Ltd. engaging in the manufacture, sale and maintenance of printing machinery and paper converting machinery. Thereafter, the corporate name was changed to the current one (NuFlare Technology, Inc.) and, in August 2002, it succeeded to the semiconductor production system business from Toshiba Machine by way of spin-off, to commence the business in which it currently engages. The Target Company was listed on JASDAQ Securities Exchange, Inc. in April 2007 (note that JASDAQ Securities Exchange, Inc. was transferred to the Osaka Stock Exchange as a result of the merger

between JASDAQ Securities Exchange, Inc. and Osaka Securities Exchange, Inc. (hereinafter the "Osaka Stock Exchange") completed in April 2010, and was then transferred to the Tokyo Stock Exchange in connection with the spot market integration between the Tokyo Stock Exchange and the Osaka Stock Exchange in July 2013), and is currently listed on the JASDAQ of the Tokyo Stock Exchange.

The capital relationship between the Toshiba group and the Target Company began in August 2002 when Toshiba took on 10,000 shares of the Target Company's common stock (representing a 12.50% ownership ratio at the time compared to all of the Target Company's issued stock (such ratio, hereinafter the "funding ratio," is rounded to the nearest hundredth; the same shall apply to all subsequent mentions of the funding ratio unless otherwise specified)). Toshiba thereafter made the Target Company a consolidated subsidiary by first acquiring 10,000 common shares through the exercise of rights to subscribe for new shares in September 2005 (funding ratio: 22.22%), acquiring 15,001 common shares through share transfer from Toshiba Machine in March 2006 (funding ratio: 35.00%), acquiring of 14,400 common shares through share transfer from Toshiba Machine in December 2007 (funding ratio: 49.40%), and then through additional share acquisitions in the form of a share transfer of 7,500 common shares from Toshiba Machine in December 2012, as well as acquisition of 3,100 common shares through share transfer from Toppan Printing Co., Ltd. as well as its trust administrator, Japan Trustee Services Bank, amounting to a total of 60,001 shares (funding ratio: 50.00%). On October 1st, 2013, a share split of the common shares of the Target Company was conducted, splitting each common share into 100 shares. Due to the company split of the Tender Offeror by Toshiba in July 2017, and the Tender Offeror's subsequent succession of all common shares of the Target Company owned by Toshiba (6,000,100 shares), as of the date of this press release, the Target Company has become a consolidated subsidiary of the Tender Offeror.

As a subsidiary of the Tender Offeror handling the components related business of the Toshiba group, the Target Company conducts development, manufacturing, and sales business of semiconductor production systems, principally focusing on 3 products: (i) electron beam mask lithography devices that manufacture photomasks necessary to the semiconductor manufacturing process through irradiation via electron beam, (ii) mask inspection devices that optically inspect for defects in photo masks necessary to the semiconductor production process, and (iii) epitaxial growth devices that form thin films on the surface of substrates that become materials for semiconductors.

In the semiconductor industry and the semiconductor production systems industry, where the Tender Offeror and the Target Company belong to, the speed of development has accelerated against a backdrop of intensifying competition. Especially in the field of mask lithography devices, which is the Target Company's main field of business, the technical difficulty of development has increased dramatically because, with the emergence of new product groups, such as mask lithography devices using multi-beams (Note 3), unconventional technologies and know-how are required to deal with multi-beams. Considering the competitive environment of the Target Company where there are companies that are more advanced in multi-beams, the Tender Offeror has come to think that developing a multi-beam mask lithography device as early as possible is critical to its mission of "continuing to lead the world in top-level micromachining technology" and desirable from the viewpoint of improving its corporate value. Furthermore, process shrink has progressed among semiconductor manufacturers, and demand in the electron beam mask lithography device market has started shifting away from single-beam mask lithography devices to multi-beam mask lithography devices. Although up through the previous period (March 2019 period) and the current period (March 2020 period), the Target Company has been able to maintain sales by continuous acceptance of orders for current single-beam mask lithography devices, sales for single-beam mask lithography devices are expected to slowly decline starting from the next period (March 2021 period). The Target Company has noted that it understands that one of the key issues it faces is the completion of development of, and subsequent productization of, multi-beam mask lithography devices in order to cover for such reduction in sales.

(Note 3) "Mask lithography devices using multi-beams" (multi-beam lithography devices) refers to a lithography device that collectively irradiates a fixed area on the target object with multiple electron beams. It can produce more advanced photomasks in less time than a single beam lithography device that irradiates a set area on the target object using only one electron beam.

In order to respond to these issues related to the development of multi-beam lithography devices, the Tender Offeror and the Target Company have entered into joint development agreements in the past, and have conducted joint

development of multi-beam controlling elements, which are semiconductor components that incorporate large-scale integrated circuits and independently turn each multi-beam on or off. Although this joint development requires the close interplay of the Tender Offeror's knowledge as a semiconductor manufacturer and the Target Company's knowledge as a semiconductor production system manufacturer, as the Target Company is engaging in business operations as a listed company independent from the Tender Offeror, there are limitations on the degree to which internal information can be shared between the companies. On the other hand, if the Tender Offeror were to make the Target Company a wholly-owned subsidiary of the Tender Offeror, a significant amount of information and personnel can be shared between the Tender Offeror and the Target Company with respect to this joint development, thereby accelerating it. In addition, by sharing information throughout the Tender Offeror's group, including the Target Company, the parties believe that administrative resources owned by each company, such as technology, knowhow and employees can be more efficiently and aggressively utilized. Furthermore, based on the "Practical Guidelines for Group Governance Systems" formulated by the Ministry of Economy, Trade and Industry in June 2019, the Tender Offeror considered whether it is reasonable to maintain the Target Company as a listed subsidiary, from the perspective of maximizing the Toshiba group corporate value, in terms of whether the Target Company's semiconductor production systems business is compatible with the Toshiba group's business, among other issues. As a result, in early September 2019, the Tender Offeror determined that by realizing the conversion of the Target Company into a wholly-owned subsidiary of the Tender Offeror, it can bring about the successful development of next-generation multi-beam lithography devices through the joint development, sharing of information, and utilization of administrative resources described above, and thereby increase the corporate value of the Toshiba group as well as the Target Company. Furthermore, the implementation of the Transaction is expected to improve the Earnings Per Share (EPS) in Toshiba's consolidated accounting due to capturing the current net profit attributable to non-controlling shareholders and other factors.

Therefore, in early September 2019, after selecting Nomura Securities Co., Ltd. (hereinafter "Nomura Securities") as a financial advisor and third party valuation organization and Nishimura & Asahi as a legal advisor, both of which are entities wholly independent of the Toshiba group, including the Tender Offeror and the Target Company, and Toshiba Machine, the Tender Offeror began concrete investigations regarding the Transaction, and notified the Target Company of its desire to start discussions about implementing the Transaction in order to improve the corporate values of both companies.

In response, for the purpose of contemplating the initiation of consultations with the Tender Offeror and the appropriateness of the implementation of the Transaction as well as the negotiating with the Tender Offeror, the Target Company reportedly selected Mizuho Securities Co., Ltd. (hereinafter "Mizuho Securities") as financial advisor and third party valuation organization, and Mori Hamada & Matsumoto as legal advisor, both entities being wholly independent of both the Tender Offeror and the Target Company, subject to the approval of the special committee as described below. Also, the Target Company reportedly established on September 18th, 2019 a special committee comprised of external experts independent from the Tender Offeror in order to conduct investigations, negotiations and other activities with respect to the Transaction from a position independent from the Tender Offeror. Furthermore, the special committee approved the appointment by the Target Company of Mizuho Securities as financial advisor and third party valuation organization, and Mori Hamada & Matsumoto as legal advisor, and independently selected Deloitte Tohmatsu Financial Advisory LLC (hereinafter "Deloitte Tohmatsu") as a financial advisor and third-party valuation organization independent from the Tender Offeror, and Hibiya Park Law Offices as a similarly independent legal advisor, in order to develop the structure necessary for deliberations and negotiations related to the Tender Offer.

Thereafter, after making the request to begin deliberations toward realizing the Transaction described above, the Tender Offeror submitted a written proposal relating to the Transaction to the Target Company in early September 2019. After submitting the written proposal, and following the establishment of the special committee by the Target Company, the Tender Offeror and the Target Company began consultations and investigations toward realizing the Transaction.

Specifically, after submitting the written proposal in early September 2019, the Tender Offeror conducted consultations and discussions concerning the significance and purpose of the Transaction, including the Tender Offer, with the Target Company. Furthermore, contemporaneous to the Tender Offeror's implementation of the due diligence necessary to investigate the feasibility of the Transaction from mid-September 2019 to late October 2019, the Tender

Offeror has engaged in multiple consultations and investigations with the Target Company regarding the various conditions attendant to the Transaction, which includes the Tender Offer, such as highly detailed consultations and investigations concerning the significance and purpose of the Transaction, and the managerial structure and business policy following the Transaction.

As a result, the Tender Offeror confirmed that making the Target Company a wholly-owned subsidiary of the Tender Offeror would be highly advantageous in improving the corporate value of the Toshiba group, including the Target Company, as it would avoid the possibility of future conflicts of interest that could arise between the ultimate parent company Toshiba and the minority investors of the Target Company upon the listings of the companies among the group, create unlimited mutual use of corporate resources such as business bases and finance bases, and render decision-making with respect to management strategies for the Target Company as well as the Toshiba group more flexible and speedy. Specifically, the Toshiba group would like to improve mutual corporate value especially by strengthening cooperative relationships with the Target Company in all fields, including the developments, in particular as follows:

- (a) To shift to a development structure with a clearer commitment of the Toshiba group and the Tender Offeror to the Target Company business, including, among other things, dispatch of employees as necessary and no restrictions on the sharing of technical information, so that the Target Company and Toshiba group as well as the Tender Offeror may implement various measures with respect to wide range of issues via quick and flexible decision-making
- (b) Mutually use all management resources of each company, such as technology, know-how, human resources, finance, etc., more efficiently and actively than before
- (c) Strengthen proposal and development capabilities through joint development between the Toshiba group and Tender Offeror with the Target Company to realize a more strategic, faster, and more effective development system
- (d) Realize mutual recruiting and development between the Tender Offeror, the Toshiba group, and the Target Company from a mid-to-long term point of view to develop human resources essential to business continuity
- (e) Further divert and introduce production equipment and technology owned by the Tender Offeror and the Toshiba group to the Target Company
- (f) Further enhance quality by providing more of the Tender Offeror and the Toshiba group's quality management know-how to the Target Company

Furthermore, the Tender Offeror believes that strategic capital investment and R&D in the medium to long-term that contribute to future development will be possible by capturing the future changes in the business environment as business opportunities.

Furthermore, the Tender Offeror has repeatedly consulted and negotiated with the Target Company concerning the purchase price per common share of the Target Company (hereinafter the "Tender Offer Price") since early October, 2019. As a result of such consultations and negotiations, the Tender Offeror reached an agreement with the Target Company on November 12th, 2019 on the Tender Offer Price of 11,900 yen per share. Tender Offeror and the Target Company agreed that making the Target Company a wholly-owned subsidiary was the best policy for responding to the changes taking place in the business environment surrounding the Tender Offeror and the Target Company and for enhancing the corporate value of both companies. Accordingly, the Tender Offeror decided to implement the Tender Offer pursuant to resolution of its board of directors on November 13th, 2019.

② Process of and Reasons for the Decision-Making by the Target Company

According to the Target Company's press release, as described in "① Background to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process" above, the Target Company appointed Mizuho Securities as financial advisor and third party valuation organization, and Mori Hamada & Matsumoto as legal advisor subject to the approval of the special committee in early September 2019, following the receipt of the proposal from Tender Offeror in early September 2019.

Furthermore, the Target Company established a special committee that was independent from both (i) the Toshiba group, including the Tender Offeror, as well as (ii) Toshiba Machine, a major shareholder of the Target Company retaining

1,808,900 of the Target Company's common shares (ownership ratio: 15.80%), which has also agreed with the Tender Offeror to jointly exercise their share rights with respect to the Target Company's shares by the resolution at the Target Company's board of directors' meeting held on September 18th, 2019, in order to ensure fairness in considering and making decisions regarding the appropriateness of the Transaction or the propriety of the transactional conditions (for an overview regarding the structure and specific activities of the special committee, as well as an overview of the Report, please refer to "(iv) Establishment of an independent special committee and acquisition of a report from said committee on the part of the Target Company" of "(Measures to ensure fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price as well as measures to avoid conflicts of interest)" of "② Details of Valuation" of "(4) Basis for the valuation of the Tender Offer Price" of "2. Outline of Tender Offer" below). Directors Yuji Mori and Soichi Inoue, and statutory auditors Shunya Noji and Hiroki Kawagoe, who concurrently serve as an officer or employee of the Toshiba group, including the Tender Offeror, or Toshiba Machine, reportedly did not participate in said board of directors' deliberations and resolution or any discussions or negotiations with the Tender Offeror.

Furthermore, it is our understanding that the special committee, in addition to approving the selection of Mizuho Securities as financial advisor and Mori Hamada & Matsumoto as legal advisor, both of which are independent from both the Tender Offeror and the Transaction, independently selected, in late September 2019, Deloitte Tohmatsu as financial advisor and third party valuation organization, as well as Hibiya Park Law Offices as legal advisor, both of which are independent from any of the Toshiba Group including the Tender Offeror and the Target Company, to develop the structure needed to conduct investigations, negotiations and other matters relating to the Transaction from the standpoint independent from the Tender Offeror and from a perspective of enhancing the corporate value of the Target Company and ensuring the profit of the general shareholders of the Target Company.

Moreover, the Tender Offeror understands that the special committee, based on the proposals provided by the Tender Offeror regarding the Transaction, consulted with the Target Company's management multiple times regarding the Target Company's business details, business environment, and the details of existing business plans, as well as any potential need to review such details, and engaged in repeated investigations regarding what effect the Transaction would have on the corporate value of the Target Company. Furthermore, the special committee reportedly provided directions to the management of the Target Company and Mizuho Securities, and conducted consultations and negotiations with the Tender offeror regarding the Transaction through face-to-face meetings.

As described in "①Background to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process" of "(2) Background to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process, and Post-Tender Offer Management Policy" above, the Target Company predominantly engages in the business of developing, manufacturing, selling, and providing maintenance services for semiconductor production systems, particularly with respect to 3 devices: (i) electron beam mask lithography devices, (ii) mask inspection devices, and (iii) epitaxial growth devices.

Even among the 3 products described above, the sales of electron beam mask lithography devices comprise roughly 90% of the Target Company's total sales, and are the core of the Target Company's business. Up to this point, the Target Company has expanded its business by continuing the sales of electron beam mask lithography devices principally to semiconductor manufacturers and semiconductor mask manufacturers.

It has grown apparent, however, that process shrink has progressed among semiconductor manufacturers, and demand in the electron beam mask lithography device market has started shifting away from single-beam mask lithography devices to multi-beam mask lithography devices. Currently, the Target Company has been able to maintain sales by continuous acceptance of orders for current single-beam mask lithography devices. However, sales for single-beam mask lithography devices are expected to slowly decline hereinafter, and the Target Company has noted that it understands that one of the key issues it faces is the completion of development of, and subsequent productization of, multi-beam mask lithography devices in order to compensate for such reduction in sales.

To that end, from around 2015 the Target Company has been putting particular focus on the development of multi-beam controlling elements, a particularly important component to determine the performance of the device, in preparation for the development of multi-beam mask lithography devices. Further, in developing Multi-beam controlling elements,

the Target Company has been delegating a large portion of multi-beam controlling element development to the Tender Offeror, in coordination with the Corporate Research & Development Center of the Toshiba group.

The Target Company planned early completion of development of multi-beam mask lithography devices, including multi-beam controlling elements but, due to the delay in the development as a result of the changes made to the design of the important devices including the multi-beam controlling elements, the productization and realization of sales from the multi-beam mask lithography devices are expected to slip into March 2021 period. If the Target Company is unable to engage in development and introduce a product in a timely fashion that is responsive to customer demand, and a competitor company is able to introduce products to the market first, the Target Company will lose customer acquisition opportunities, see a reduction in its share of the product market, and experience other potential critical problems that could have a negative impact on the Target Company's business. As such, the Target Company must accelerate development and productization of next-generation multi-beam mask lithography devices, including multi-beam controlling elements, while also continuing to respond to the market's demand for single-beam mask lithography devices. Furthermore, at the same time, in order to alleviate the above-described heavy reliance on the sales of electron beam mask lithography devices, the Target Company deems imperative the expansion of sales of epitaxial growth devices and mask inspection devices, as well as the various developments and efforts to increase awareness attendant to such sales expansion.

Taking into consideration this kind of management environment, the Target Company determined in early October 2019 that the following merits will result from the Transaction, and led it to determine that the Transaction will lead to the enhancement of the Target Company's corporate value.

(a) Strengthening coordination with respect to research and development of next-generation multi-beam mask lithography devices

As described above, the Target Company has delegated to the Tender Offeror development work for multi-beam controlling elements, which are critical components to determine the performance of multi-beam mask lithography devices, and is collaborating with the Toshiba group's Corporate Research & Development Center in order to advance development. According to the Target Company, while the development of multi-beam mask lithography devices is a critical management issue that will determine the future of the Target Company, development of the multi-beam mask lithography device has been delayed by about two years from the initial expectation, and as a result, the launch timing for the multi-beam mask lithography device will be later than competitors. If there is even more delay in the development of such device, there is a possibility that the market is already taken over by a competitor or the Target Company will lose the technical advantage throughout the future even if the Target Company completes the development of the multi-beam lithography device. As such, the Target Company will need to strengthen its coordination with the Toshiba group, including the Tender Offeror, the party to which it has delegated development work, in order to accelerate and ensure the development of next-generation multi-beam mask lithography devices. The Target Company appears to believe that, if it becomes a wholly-owned subsidiary of the Tender Offeror through the Transaction, in addition to enhanced sharing of information and technology and mutual provision of personnel between the Target Company and the Toshiba Group, which includes the Tender Offeror, it will enable the Toshiba group and Target Company to share risks and, in order to complete the development plan, secure management resources such as technology, know-how and employees from the Toshiba Group with respect to the Target Company's business.

(b) Strengthening coordination with respect to development of epitaxial growth devices

Thanks to the rise in demand for electric vehicles and 5G communications, among other developments, the demand has risen for power semiconductors utilizing SiC (silicon carbide) or GaN (gallium nitride) that boast higher resistance and allow for higher frequency operations than traditional silicon-based semiconductors. As a result, the Target Company predicts a drastic expansion of the market for epitaxial growth devices that are applicable to the formation of single crystal films of SiC (silicon carbides) or GaN (gallium nitrides) for wafers. If the Target Company becomes a wholly-owned subsidiary of the Tender Offeror through the Transaction, the Target Company can expect earlier sharing of information concerning the future market trends of power semiconductor and technical requirements, as well as further

mutual cooperation in securing human resources. As a result, the Target Company contends that it can increase customer satisfaction and enhance competitive capabilities with respect to the development of epitaxial growth devices on the part of the Target Company as an equipment manufacturer, as it will be possible to take in the user knowledge relating to the next generation of power semiconductors, particularly SiC (silicon carbide) power semiconductors, that the Tender Offeror acquired through its business in the discrete semiconductor business as a device manufacturer, and to reflect them into the device specifications of the Target Company.

Note that the Target Company did not limit its considerations to becoming a wholly-owned subsidiary of the Tender Offeror, but also considered requesting that the Tender Offeror sell its Target Company common shares to a third party. However, the Target Company concluded on November 13th, 2019 that, given that the multi-beam mask lithography device development work it has heretofore delegated to the Tender Offeror, which is crucial to the Target Company's business, was predicated on the capital relationship between the Toshiba group and the Target Company, it would be very difficult to terminate its coordination and cooperation with the Toshiba group to find new partner candidates, and develop a new cooperative relationship with such potential partners that is comparable to the cooperative relationship in research and development it has heretofore realized with the Tender Offeror. On the other hand, the Target Company has confirmed with the Tender Offeror that, considering the possibility that the Target Company's customers could potentially compete with the Tender Offeror, consideration should be made to protect the Target Company's customer information (including technological information), while sharing information necessary for the research and development purposes.

Note that, as part of the negotiations, the Target Company reportedly provided its business plans for the current period (March 2020 period) and the upcoming 5 periods (March 2021 period through March 2025 period) to the Tender Offeror. As reflected in the business plans, although the Target Company projects a drop in sales and revenues for the current period (March 2020 period) due to the reduction in sales of single-beam mask lithography devices and the delays in development of multi-beam mask lithography devices, they reportedly expect recovery in sales and revenues from the March 2021 period onward by starting charge for the maintenance service in connection with the single-beam mask lithography devices which have already been introduced and thanks to the increase in the sales in connection with the introduction of the multi-beam mask lithography devices into the market which is currently under development while maintaining the sales of the single-beam mask lithography devices. Also, from March 2022 period, while the sales of the single-beam mask lithography devices will gradually decline, the Target Company reportedly expects strong sales and profits with the growth in sales of the multi-beam mask lithography devices currently under development and commencement of the sales of the revised version thereof, as well as the growth of the market of devices compatible with SiC (silicon carbide) for power semiconductors for electric automobiles, etc. and with the advancement of 8-inch wafers the Target Company's market share for the epitaxial growth device with few defects and high uniformity. Furthermore, from the March 2023 period, in addition to the expansion of sales of the multi-beam mask lithography devices, the Target Company expects more increase in sales and profits due to the completion of the productization of the electron beam inspection devices currently under development and commencement of the sales thereof. According to the Target Company, when investigating the above business plans and submitting them to the Tender Offeror, it engaged in multiple investigations with Mizuho Securities, its financial advisor, and, after providing an explanation on preliminary matters such as the preparation process of such business plans and the business details and business environment of the Target Company to the special committee and Deloitte Tohmatsu, the special committee's financial advisor, they engaged in multiple, serious consultations regarding such details. And, at the special committee's direction, the Target Company repeatedly requested that the Tender Offeror focus not just on negative elements in the submitted business plans, such as the delays in development of multi-beam mask lithography devices, but also evaluate the Target Company's corporate value and share price by considering the growth in business results following the successful development of such devices, as well as the potential for growth in epitaxial growth devices and electron beam inspection devices.

Then, the special committee, after taking into consideration the share valuation report submitted by Mizuho

Securities regarding the common shares of the Target Company on November 13th, 2019 (hereinafter the “Mizuho Securities Valuation Report”), as well as the share valuation report submitted by Deloitte Tohmatsu regarding the common shares of the Target Company on the same date (hereinafter the “Deloitte Tohmatsu Valuation Report”), and the opinion report indicating that the transaction terms in the Transaction are fair from a financial perspective with respect to the rights of the Target Company’s general shareholders (fairness opinion) (hereinafter the “Fairness Opinion”), submitted a report to the Target Company’s board of directors on November 13th, 2019 which (i) advises that the Target Company's board of directors should approve the Tender Offer and recommend to its shareholders to participate in the Tender Offer, and (ii) states that it is not detrimental to the minority shareholders of the Target Company for the Target Company's board of directors to make a resolution supporting the Tender Offer (hereinafter the “Report”) (for an overview regarding the structure and specific activities of the special committee, as well as an overview of the Report, please refer to “(iv) Establishment of an independent special committee and acquisition of a report from said committee on the part of the Target Company” of “(Measures to ensure fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price as well as measures to avoid conflicts of interest)” of “② Details of Valuation” of “(4) Basis for the valuation of the Tender Offer Price” of “2. Outline of Tender Offer” below).

Based on legal advice from Mori Hamada & Matsumoto regarding the Transaction, including the Tender Offer, regarding the process and method of decision-making, as well as other matters the required consideration, the Mizuho Securities Valuation Report, the Deloitte Tohmatsu Valuation Report, and the contents of the Fairness Opinion, the Target Company’s board of directors conducted careful consultations and investigations from various vantage points, such as whether or not the Target Company’s corporate value was likely to increase, and whether or not the various conditions associated with the Transaction, including the Tender Offer Price, were appropriate, all in accordance with the contents of the Report acquired from the special committee.

As a result, the Target Company board of directors reportedly determined that the Transaction will give rise to the benefits described in "(a) Strengthening coordination with respect to research and development of next-generation multi-beam mask lithography devices" and "(b) Strengthening coordination with respect to development of epitaxial growth devices" above and thus contribute to the improvement of the corporate value of the Target Company.

Furthermore, with respect to the Tender Offer Price, based on the fact that (i) the Target Company has implemented sufficient measures to ensure the fairness of the terms of the Transaction including Tender Offer Price and agreed to a price through negotiations with the Tender Offeror with the substantial involvement of a special committee independent of the Target Company and the Tender Offeror, (ii) the Target Company has received the report acquired from the independent special committee containing an evaluation to the effect that the Transaction will result in improvement of the corporate value of the Target Company and the appropriateness of the transaction terms and fairness of the transaction is confirmed from the perspective of protecting the benefits of the general shareholders of the Target Company, (iii) the Tender Offer Price exceeds the upper limit of the valuation results using the Average Market Price Method and is within the range of the Discounted Cash Flow Method (the "DCF Method") valuation results based on the share valuation results for the Target Company common stock conducted by Mizuho Securities as described in "(ii) Acquisition of a share valuation report regarding the Target Company from an independent third-party valuation organization" in “(Measures to ensure fairness of the Tender Offer, such as measures to ensure fairness of Tender Offer Price as well as measures to avoid conflicts of interest)” of the “② Details of Valuation” of “(4) Basis for the valuation of the Tender Offer Price” of “2. Outline of Tender Offer” below, (iv) the Tender Offer Price exceeds the upper limit of the valuation result using the market price method and is within the range of the DCF Method valuation results based on the share valuation for the common stock of the Target Company conducted by Deloitte Tohmatsu; (v) the Tender Offer Price represents the premium of 45.48% (rounded to the nearest hundredth; the same applies with regard to the calculations of percentage hereinafter) with respect to the closing price of 8,180 yen for the common shares of the Target Company on the JASDAQ of the Tokyo Stock Exchange on November 11th, 2019 (the business day immediately preceding the date on which there were speculative press reports concerning the Transaction), 43.01% on the simple average closing price of 8,321 yen (rounded to a nearest whole number; the same applies with regard to the calculation of the simple average closing price hereunder) over the latest 1 month (October 15th to November 11th, 2019), 50.20% on the simple average closing price of 7,923 yen over the latest 3 months (August 13th to November 11th, 2019) and

60.33% on the simple average closing price of 7,422 yen over the latest 6 months (May 13th to November 11th, 2019), and (vi) the measures have been taken to ensure the fairness of the Tender Offer as set forth in “(Measures to ensure fairness of the Tender Offer, such as measures to ensure fairness of Tender Offer Price as well as measures to avoid conflicts of interest)” of the “② Details of Valuation” of “(4) Basis for the valuation of the Tender Offer Price” of “2. Outline of Tender Offer” below and thus the considerations to the benefits to minority shareholders are deemed to have been made, the Target Company reportedly came to the conclusion that the Tender Offer Price as well as other various conditions relating to the Tender Offer to be appropriate, and that the Tender Offer is both offered at a price that represents a reasonable premium to the Target Company’s shareholders, and offers an opportunity to sell the common shares of the Target Company under reasonable conditions.

Based on this, at its board of directors’ meeting held on November 13th, 2019, in addition to expressing support for the Tender Offer, the Target Company encouraged all of the Target Company shareholders to participate in the Tender Offer.

Note that directors Yuji Mori and Soichi Inoue, and auditors Shunya Noji and Hiroki Kawagoe, who concurrently serve as an officer or employee of the Toshiba group, including the Tender Offeror, or Toshiba Machine, did not participate in the board of directors’ deliberations and resolution described above or in the discussions and negotiations with the Tender Offeror. The Target Company’s board of directors indicate that they reached their other resolutions in the manner described in “(vii) Approval of all the directors of the Target Company without conflicts of interest and the opinion of all the statutory auditors of the Target Company without conflicts of interest that they have no objection” of “Measures to ensure fairness of the Tender Offer, such as measures to ensure fairness of Tender Offer Price as well as measures to avoid conflicts of interest” of “② Details of Valuation” of “(4) Basis for the valuation of the Tender Offer Price” of “2. Outline of Tender Offer” below.

Based on this, at the board of directors’ meeting held on November 13th, 2019, in addition to expressing support for the Tender Offer, the Target Company encouraged all of the Target Company shareholders to apply to the Tender Offer.

③ Management policies after the Tender Offer

The Tender Offeror has currently dispatched one statutory auditor to the Target Company. The intent of the Tender Offeror is to accelerate coordination of the Tender Offeror’s group companies, including the Target Company, and speed up their respective decision-making processes in order to heighten the Target Company’s corporate value while taking care to fully utilize the unique business characteristics, strengths and superior qualities of the Target Company even after the Target Company has been converted into a wholly-owned subsidiary of the Tender Offeror. The management system, including whether or not officers will be dispatched in the future, has not been determined at this time, however, we intend to proceed with discussions based on the above policy.

The Target Company has reportedly decided that, in order to enhance the corporate value of the Target Company after the Tender Offeror has made the Target Company its wholly-owned subsidiary, it would be necessary to ensure the rapidness of decision-making for R&D and investment, to strengthen the alliance with the Toshiba group including the Tender Offeror, to give utmost consideration to the employees who support the technical capabilities which is the source of the Target Company’s competitiveness, and to give utmost consideration to ensure the customers trusts such as by protecting the client information including the technical information, and made such request to the Tender Offeror, in response to which the Tender Offeror has confirmed with the Target Company to give sufficient consideration to each such matter.

(3) Measures to ensure fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price as well as measures to avoid conflicts of interest

The Tender Offeror and the Target Company, realizing that the Target Company is a consolidated subsidiary of the Tender Offeror, that the Transaction, which includes the Tender Offer, is connected to vital transactions with controlling shareholders, and that structural conflicts of interest could arise in considering the Transaction, have both

implemented the following measures in order to ensure the fairness of the Tender Offer Price, eliminate arbitrariness in decision-making concerning the Transaction, and ensure fairness, transparency, and objectivity with respect to the Target Company's decision-making process.

- ① Acquisition of a share valuation report regarding the Tender Offeror from an independent third-party valuation organization
- ② Acquisition of a share valuation report regarding the Target Company from an independent third-party valuation organization
- ③ Acquisition of a share valuation report and fairness opinion from an independent third-party valuation organization by the Target Company's special committee
- ④ Establishment of an independent special committee, and acquisition of a report from said special committee regarding the Target Company
- ⑤ Advice from an external law firm regarding the Target Company
- ⑥ Advice from an independent law firm on the Target Company's special committee
- ⑦ Approval of all the directors of the Target Company without conflicts of interest and the opinion of all the statutory auditors of the Target Company without conflicts of interest that they have no objection
- ⑧ Efforts to secure purchase opportunities from other buyers

For details regarding the above, please refer to "(Measures to ensure fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price as well as measures to avoid conflicts of interest)" of "② Details of Valuation" of "(4) Basis for the valuation of the Tender Offer Price" of "2. Outline of Tender Offer" below.

(4) Post-Tender Offer Reorganization(s) Policy (Two-Step Acquisition Items)

As is stated in "(1) Overview of Tender Offer" above, the Tender Offeror's plan is to make the Target Company its wholly-owned subsidiary. Thus, if the Tender Offeror fails to acquire all of the common shares of the Target Company (excluding the common shares of the Target Company held by the Tender Offeror and the treasury shares held by the Target Company) during the Tender Offer, once the Tender Offer is complete, the Tender Offeror plans to implement procedures for acquiring all of the common shares of the Target Company (excluding the common shares of the Target Company held by the Tender Offeror and that treasury shares held by the Target Company).

① Demand for Sale of Shares

Upon execution of the Tender Offer, the Tender Offeror shall acquire 90% or more of the total shareholder voting rights of the Target Company, and if the Tender Offeror should become a Special Controlling Shareholder as prescribed in Item 1 of Article 179 of the Companies Act (Act No. 86 of 2005, including all subsequent amendments; hereinafter, the "Companies Act"), the Tender Offeror, in accordance with the provisions of Part II, Chapter 2, Section 4-2 of the Companies Act, plans to request the sale of all common shares of the Target Company by shareholders of the Target Company (excluding the Tender Offeror and the Target Company), promptly following the conclusion of the settlement of the Tender Offer (hereinafter, the "Demand for Sale of Shares"). With respect to the Demand for Sale of Shares, the plan is to provide the Target Company's shareholders (excluding the Tender Offeror and the Target Company) with monetary sums equivalent to the Tender Offer Price in consideration for each common share of the Target Company. In such an event, the Tender Offeror shall provide the Target Company with notice of such efforts, and seek approval from the Target Company for the Demand for Sale of Shares. If the Target Company approves of the Demand for Sale of Shares via resolution of its board of directors, the Tender Offeror shall acquire all common shares of the Target Company owned by Target Company shareholders (excluding the Tender Offeror and the Target Company) as of the acquisition date designated in the Demand for Sale of Shares, in accordance with the procedures prescribed by all relevant laws and regulations, and without need for the individual approval of the Target Company shareholders. And, as consideration for each common share of the Target Company owned by each applicable shareholder, the Tender Offeror intends to provide each applicable investor a monetary amount equivalent to the Tender Offer Price. According to the Target Company Press Release, if the Target Company receives notice from the Tender Offeror that it intends to make a Demand for Sale of Shares that also concerns the items in Article 179 (2)(i) of the Companies Act, it plans to approve the

Demand for Sale of Shares through the Target Company's board of directors. If a Demand for Sale of Shares is made, the Target Company shareholders may, in accordance with Article 179(8) of the Companies Act, and all other relevant laws and regulations, petition a court for a decision on the purchase price of the shareholders' common shares.

② Share Consolidation

On the other hand, if, following the realization of the Tender Offer, the total number of the Target Company's voting rights owned by the Tender Offeror is less than 90% of all of the voting rights for the Target Company, the plan is to consolidate the common shares of the Target Company in accordance with Article 180 of the Companies Act (hereinafter, the "Share Consolidation"), and, conditioned on the effectuation of the Share Consolidation, hold a special shareholders' meeting that will include among its measures for deliberation changes to the Target Company's articles of incorporation that will eliminate provisions on share unit numbers (hereinafter, the "Special Shareholders' Meeting"), promptly following the conclusion of the settlement of the Tender Offer. Note that, as the Tender Offeror seeks to hold the Special Shareholders' Meeting as soon as possible in the interest of improving the Target Company's corporate value, the Tender Offeror plans to ask the Target Company to make a public notice during the purchase period for the Tender offer (hereinafter referred to as "Tender Offer Period") setting the base date for the Special Shareholders' Meeting for a date shortly after the start date of the settlement of the Tender Offer (as of the submission date of this Statement, such date is currently planned to be January 8th, 2020). Note that the Tender Offeror plans to support each of the measures described above at the Special Shareholders' Meeting.

If the measure for Share Consolidation is approved at the Special Shareholders' Meeting, the Target Company's shareholders shall each, as of the date the Share Consolidation is to take effect, retain a number of common shares of the Target Company corresponding to the Share Consolidation ratio approved at the Special Shareholders' Meeting. If the Share Consolidation results in fractional shares that are less than 1 full share, the sum total of such fractional shares shall be sold to the Target Company or the Tender Offeror in accordance with the terms of Article 235 of the Companies Act and other relevant laws and regulations, and the owners of such fractional shares shall be provided with money in exchange (if the total of fractional shares is less than 1 full share, the fractional shares shall be discarded; the same shall apply hereinafter). With respect to the sale price of the total number of fractional common shares Target Company, the plan is to request that the Target Company petition a court for permission for voluntary sale, after ensuring that as a result of such sale of fractional shares, the monetary sum provided to Target Company shareholders who did not apply to the Tender Offer will be the same as the value obtained when the number of common shares of the Target Company owned by such shareholders is multiplied by the Tender Offer Price. Furthermore, although the ratio of consolidation of the common shares of the Target Company is still undetermined as of the submission date hereof, the plan is to ensure that the decided-upon ratio will result in fractional shares owned by shareholders (excluding the Tender Offeror and the Target Company) of the Target Company who did not apply to the Tender Offer totaling less than 1 full share so that the Tender Offeror will retain all common shares of the Target Company (excluding treasury shares retained by the Target Company).

If the Share Consolidation is implemented, and this results in fractional shares that are less than 1 full share, the Companies Act allows Target Company shareholders to demand that the Target Company purchase any fractional shares less than 1 full share in their possession at a fair price, as well as to petition a court for a decision regarding the price of the common shares of the Target Company common shares, all in accordance with the provisions of Article 182(4) and 182(5) and all other relevant laws and regulations.

Note that the Tender Offer does not require solicitation of support from the Target Company's shareholders during the Special Shareholders' Meeting.

With respect to the procedures described in (1) and (2) above, implementation may take extra time, or alterations may be made with respect to implementation methods based on the status of amendments to, implementation of, and interpretation by relevant authorities of the relevant laws and regulations. However, in such an event, if the Tender Offer is realized, the plan is to utilize a method whereby consideration is ultimately provided to Target Company shareholders (excluding the Tender Offeror and the Target Company) who did not apply to the Tender Offer, and the value of such consideration provided will be the price obtained when the number of common shares owned by the relevant Target

Company shareholders is multiplied by the Tender Offer Price. Of course, in the event Target Company shareholders petition a court for a decision on the sale price for shares in response to a Demand for Sale of Shares, or for a decision on the price of shares in response to a share purchase demand made as part of a Share Consolidation, the sale price or price for a share purchase demand of Target Company common shares shall ultimately be determined by a court of law.

The plan is for the Target Company to promptly announce the specific procedures and implementation terms for each of the situation described above, following consultation between, and decision-making by the Tender Offeror and the Target Company. Note that the Target Company shareholders are each personally responsible for consulting tax experts regarding the handling of taxes relating to applications to the Tender Offer, and each of the procedures described above.

(5) The Possibility of Delisting and Reasons Thereof

As of the submission date hereof, the Target Company’s common shares are listed on the JASDAQ of the Tokyo Stock Exchange, but, as the Tender Offeror has not set a maximum planned purchased quantity with respect to the Tender Offer, based on the results of the Tender Offer, it is possible that the Target Company’s common shares may become delisted following the designated procedures of the Tender Offer in accordance with the delisting standards established by the Tokyo Stock Exchange. Furthermore, even in the event the delisting standards do not apply as of the realization of the Tender Offer, if either of the procedures described in “(4) Post-Tender Offer Reorganization(s) Policy (Two-Step Acquisition Items)” above are to be implemented, the delisting standards will then apply, and the common shares of the Target Company will become delisted following the designated procedures. Note that, after being delisted, it will be impossible to trade the common shares of the Target Company on the JASDAQ of the Tokyo Stock Exchange.

(6) Items Regarding Critical Agreements Related to the Tender Offer

Upon implementation of the Tender Offer, the Tender Offeror and Toshiba made an inquiry to Toshiba Machine, who is the second largest shareholder of the Target Company, proposing to participate in the Tender Offer, and have since been in consultation regarding same. We have received a response from Toshiba Machine on November 8th, 2019 to the effect that they continue to consider selling the 1,808,900 common shares of the Target Company (ownership ratio: 15.80%) held thereby in the Tender Offer. As such, we intend to continue the discussion in good faith.

2. Outline of Tender Offer

(1) Outline of the Target Company

① Name	NuFlare Technology, Inc.	
② Address	8-1, Shinsugita-cho, Isogo-ku, Yokohama-shi, Kanagawa	
③ Title and name of representative	Shigeki Sugimoto, President and Chief Operating Officer	
④ Business outline	Development, manufacture, sale, and maintenance services of semiconductor production systems focusing on electron beam mask lithography devices, mask inspection devices, and epitaxial growth devices	
⑤ Capital stock	6,486,000 thousand yen	
⑥ Date of establishment	October 1st, 1997	
⑦ Major shareholders and shareholding ratios (as of September 30th, 2019)	Toshiba Electronic Devices & Storage Corporation	52.35%
	Toshiba Machine Co., Ltd.	15.78%
	Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Limited ReTrust Department / Toppan Printing Co., Ltd. Retirement Benefit Trust Account)	4.36%
	Bank of New York GCM Client Account JPRD ISG FE -AC (MUFG Bank, Ltd. as Standing Proxy)	2.09%

	British Empire Trust plc (Mizuho Bank, Ltd. Settlement and Clearing Services Department as Standing Proxy)	1.35%
	State Street Bank and Trust Company 50513 (Mizuho Bank, Ltd. (MHBK) Settlement and Clearing Services Department as Standing Proxy)	1.31%
	Japan Trustee Services Bank, Ltd. (Trust Account)	1.22%
	Northern Trust Co. (AVFC) RE HCR (The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Department as Standing Proxy)	1.21%
	CGML PB CLIENT ACCOUNT/COLLATERAL (Citi Bank, N.A., Tokyo Branch as Standing Proxy)	1.02%
	AVI Japan Opportunity Trust Plc (Mizuho Bank, Ltd. Settlement and Clearing Services Department as Standing Proxy)	0.84%
⑧ Relationship between the Tender Offeror and the Target Company		
Capital relationship	As of the date of this press release, the Tender Offeror holds 6,000,100 shares of common shares of the Target Company (ownership ratio: 52.40%), which makes the Target Company the Tender Offeror's consolidated subsidiary.	
Personnel relationship	As of the date of this press release, the Tender Offeror dispatches to the Target Company 1 of its part-time statutory auditors. Furthermore, 13 employees of the Tender Offeror are on a secondment to work at the Target Company.	
Business relationship	The Tender Offeror purchases goods from the Target Company (in an amount (hereinafter referred to as the "amount") (on a non-consolidated basis) in the fiscal year ending in March 2019, of purchases: 188 million yen). The Target Company consigns development to the Tender Offeror (amount of such consignment: 1,363 million yen). The Tender Offeror has concluded a lease agreement for land and buildings with the Target Company (amount: 258 million yen). The Tender Offeror conducts transactions related to power supply to the Target Company (amount: 236 million yen).	
Status as related Party	The Target Company is a consolidated subsidiary of the Tender Offeror, and therefore, the Tender Offeror and the Target Company are related parties of each other.	

(Note) Information in “Major shareholders and shareholding ratios (as of September 30th, 2019)” is based on the “Status of major shareholders” in the Second Quarterly Report of the Target Company.

(2) Schedule

① Schedule

Resolution by board of directors	November 13th, 2019 (Wednesday)
Date of public notice of commencement of tender offer	November 14th, 2019 (Thursday)
Name of newspaper in which public notice is to be published	Public notice will be made electronically via the Internet, and a notice to that effect will be published in the Nihon Keizai Shimbun. (URL of the electronic notice: http://disclosure.edinet-fsa.go.jp/)
Filing date of tender offer registration statement	November 14th, 2019 (Thursday)

② Initially registered offering period

From Thursday, November 14th, 2019, through Wednesday, December 25th, 2019 (30 business days)

③ The possibility of extension of Tender Offer Period upon request of the Target Company

N/A

(3) Price of tender offer

11,900 yen per share of common stock

(4) Basis for the valuation of the Tender Offer Price

① Basis for Valuation

In order to ensure the fairness of the Tender Offer Price, the Tender Offeror, when deciding on the Tender Offer Price, requested financial advisor, Nomura Securities, to act as a third-party valuation organization independent of the Toshiba group, including the Tender Offeror and the Target Company, and Toshiba Machine, and to provide a share valuation report for the common shares of the Target Company. Note that Nomura Securities is not a related party to the Toshiba group, including the Tender Offeror and the Target Company, and Toshiba Machine, and has no vital conflicts of interest with either party.

After considering what valuation methods to use for the Tender Offer, in order to evaluate the share price of the common shares of the Target Company, Nomura Securities elected to use the average market price method (“Average Market Price Method”) due to the fact that the common shares of the Target Company are listed on the JASDAQ of the Tokyo Stock Exchange, the comparable company analysis method (“Comparable Company Analysis Method”) due to the fact that the existence of listed companies comparable to the Target Company allowed Nomura Securities to compare the share price of the common shares of the Target Company to the share prices of similar companies, and the DCF Method in order to reflect future business activities in the valuation, and the Tender Offeror received the share valuation report (hereinafter the “Tender Offer Valuation Report”) from Nomura Securities on November 12th, 2019. Note that Tender Offeror has not received a fairness opinion regarding the appropriateness of the Tender Offer Price from Nomura Securities.

The results of Nomura Securities’ valuations with respect to the value of each common share of the Target Company are as follows.

Average Market Price Method 7,422 yen to 8,321 yen

Comparable Company Analysis Method 9,110 yen to 15,114 yen

DCF Method 8,581 yen to 13,621 yen

For the Average Market Price Method, setting a base date of November 11th, 2019, the closing price on the base date for Target Company common shares on the JASDAQ of the Tokyo Stock Exchange was 8,180 yen, the simple average value of the closing prices over the 5 business days ending November 11th, 2019 was 8,086 yen (decimal values were rounded off; the same applies for all following simple average closing price calculations in this paragraph), the simple average value of the closing prices for the month-long period ending November 11th, 2019 was 8,321 yen, the simple average value of the closing prices over the 3 month period ending November 11th, 2019 was 7,923 yen, and the simple average value of the closing prices over the 6 month period ending November 11th, 2019 was 7,422 yen. Based on those values, Nomura Securities evaluated the share price range for 1 common share of the Target Company as being between 7,422 yen and 8,321 yen.

For the Comparable Company Analysis Method, by comparing financial indicators of listed companies engaged in business substantially similar to that of the Target Company in factors such as market share price and profitability, Nomura Securities evaluated the share price for each of the Target Company’s common shares, and found a common share price range of 9,110 yen to 15,114 yen.

For the DCF Method, valuations were based on publicly released information such as the revenues and investment plans described in business plans over 6 periods starting from the March 2020 period to the March 2025 period, from which the Target Company’s corporate value and share values were derived by discounting the free cash flow expected to be generated by the Target Company in the future from the third quarter of the March 2020 period onward by a set rate in order to determine the current value, which resulted in a common share price range of 8,581 yen to 13,621 yen.

Significant changes in the revenue are expected in the business plan on which the valuation using DCF Method was based. Specifically, a drop in operating profit of 30% or more is expected in the March 2020 period as compared to the previous period due to the delay in delivery of the single-beam mask lithography devices to the following period and the delay in the development of the multi-beam mask lithography devices, and a drop in operating profit of 30% or more is expected in the March 2022 period as compared to the previous period due to the reduction in sales of single-beam mask lithography devices. Also, due to the boost in sales of the multi-beam mask lithography devices as well as the commencement of the sales of electron beam inspection devices currently under development, an increase in operating profit of 40% or more is expected in the March 2023 period as compared to the previous period. Furthermore, the synergistic effect expected as a result of the Transaction is not reflected in the valuation because it is impracticable to concretely project the effect the Transaction may have on future revenues at the present time.

In addition to the Tender Offer Valuation Report acquired from Nomura Securities, the Tender Offeror cumulatively considered such factors as the result of due diligence conducted by the Tender Offeror with respect to the Target Company conducted from mid-September 2019 to late October 2019, examples of premiums actually placed in tender offers conducted by parties other than issuers where the parent company aimed to make its listed subsidiary a wholly-owned subsidiary thereof, level of support from the board of directors of the Target Company regarding the Tender Offer, and projections in changes to the market price of the common shares of the Target Company as well as the participation in the Tender Offer by shareholders, and, based also on the results of consultation and negotiation with the Target Company, ultimately decided on a Tender Offer Price of 11,900 yen per share via resolution of the board of directors during its November 13th, 2019 meeting.

Note that the 11,900 yen per share Tender Offer Price is a price that includes the following premiums for each of the following prices and average prices: 22.93 % (rounded to the nearest hundredth; the same shall apply to all other premium value percentages listed in this paragraph) for the closing price of the common shares of the Target Company listed on the JASDAQ of the Tokyo Stock Exchange of 9,680 yen on November 12th, 2019, the last business day before the date of announcement of the Tender Offer, 41.80% for the simple average closing price of 8,392 yen for the month-long period ending on November 12th, 2019, 49.65% for the simple average closing price of 7,952 yen for the 3 month period ending on November 12th, 2019 and 59.95% for the simple average closing price of 7,440 yen for the 6 month period ending on November 12th, 2019.

Furthermore, the Tender Offer Price is a price that includes a premium of the premium of 45.48% for the closing price of 8,180 yen of the Target Company's common shares on the JASDAQ of the Tokyo Stock Exchange on November 11th, 2019, the business day immediately preceding the date on which speculative press reports concerning the Transaction were released, 43.01% on the simple average closing price of 8,321 yen for the one month ending on November 11th, 2019, 50.20% on the simple average closing price of 7,923 yen for the 3 months ending on November 11th, 2019 and 60.33% on the simple average closing price of 7,422 yen for the 6 months ending on November 11th, 2019, respectively.

(Note) The valuations as to the share price of the common shares of the Target Company made by Nomura Securities were made based on the assumption that publicly available information and all information provided to Nomura Securities is accurate and complete, and Nomura Securities has not independently investigated the accuracy and completeness of such information. No party has conducted an independent evaluation, appraisal, or assessment of any assets or liabilities owned by the Target Company or any related companies (including derivative financial instruments, unlisted assets and liabilities, and other contingent liabilities), including individualized analyses and evaluations of each asset and liability, neither has any request been made that a third party organization conduct any appraisal or assessment. With respect to the financial projections made by the Target Company (including profit plans and other information), the parties proceed on the assumption that such projections were developed by the managerial class of the Tender Offeror employees based on the best and most accurate projections and judgments available at the present time, and were thus considered and developed in a rational fashion. The valuations made by Nomura Securities reflect the information and financial conditions obtained by Nomura Securities up to November 11th, 2019. Note that the valuations made by Nomura Securities were made for the sole purpose of being referenced by the Tender Offeror's board of directors when considering the share price of the Target Company's common shares.

② Details of Valuation

(How the Decision on the Tender Offer Price Was Reached)

The Tender Offeror began considering the Transaction around early September, 2019, and selected Nomura Securities as a financial advisor and third party valuation organization and Nishimura & Asahi as a legal advisor, both of which are entities wholly independent of the Toshiba group, including the Tender Offeror and the Target Company, and Toshiba Machine, while the Target Company, in order to ensure the fairness of the Tender Offer Price as well as the fairness of other aspects of the Transaction, of which the Tender Offer is a part, created a system for handling consultations and negotiations by selecting Mizuho Securities as a financial advisor and third party valuation organization and Mori Hamada & Matsumoto as an external legal advisor, both of which are entities wholly independent of the Tender Offeror and the Target Company, and established a special committee on September 18th, 2019 as an advisory body to the Target Company's board of directors. The special committee independently selected Deloitte Tohmatsu as a financial advisor and third-party valuation organization and Hibiya Park Law Offices as an independent legal advisor, both of which are entities wholly independent of the Toshiba group, including the Tender Offeror, and Toshiba Machine, as well as the Transaction.

Then, contemporaneous to the Tender Offeror's implementation of the due diligence necessary to investigate the feasibility of the Transaction from mid-September 2019 to late October, 2019, the Tender Offeror has engaged in multiple consultations and investigations with the Target Company regarding the various conditions and other factors attendant to the Transaction, which includes the Tender Offer, such as the purpose of the Transaction, and the managerial structure and policy following the Transaction.

As a result, the Tender Offeror concluded that making the Target Company a wholly-owned subsidiary of the Tender Offeror would be highly advantageous in improving the corporate value of the Toshiba group, including the Target Company, as it would avoid the possibility of future conflicts of interest that could arise between the ultimate parent company Toshiba and the minority investors of the Target Company upon the listings of companies among the group, create unlimited mutual use of corporate resources such as business bases, and finance bases, and render decision-making with respect to management strategies for the Toshiba group, including the Target Company, more flexible and speedy.

Moreover, Tender Offeror had a number of discussions and negotiations with the Target Company since early October, 2019. As a result of such consultations and negotiations, the Tender Offeror and the Target Company agreed on the per-share Tender Offer Price at 11,900 yen on November 12th, 2019.

At this point, the Tender Offeror decided to implement the Tender Offer based the board of directors' resolution of November 13th, 2019, and decided on the Tender Offer Price in the manner described below.

(i) Acquisition of a share valuation report from a third-party valuation organization

In order to ensure the fairness of the Tender Offer Price, the Tender Offeror, when deciding on the Tender Offer Price, requested financial advisor Nomura Securities, to act as a third-party valuation organization independent of both Tender Offeror and Target Company and to provide a share valuation report for the common shares of the Target Company.

Note that Nomura Securities is not a related party to either the Tender Offeror or the Target Company, and has no vital conflicts of interest with either party.

Furthermore, the Tender Offeror has not received a fairness opinion regarding the appropriateness of the Tender Offer Price from Nomura Securities.

(ii) Overview of Applicable Opinions

Nomura Securities used the Average Market Price Method, the Comparable Company Analysis Method, and the DCF Method in order evaluate the share price of the common shares of the Target Company, and the share price ranges per each common share of the Target Company as evaluated by each method are listed below.

Average Market Price Method 7,422 yen to 8,321 yen

Comparable Company Analysis Method 9,110 yen to 15,114 yen

DCF Method 8,581 yen to 13,621 yen

(iii) Details on How the Tender Offer Price Was Decided Based on the Foregoing Opinions

In addition to the Tender Offer Valuation Report acquired from Nomura Securities, the Tender Offeror cumulatively considered such factors as the result of due diligence conducted by the Tender Offeror with respect to the Target Company, examples of premiums actually placed in tender offers conducted by parties other than issuers, where a parent company aimed to make its listed subsidiary its wholly-owned subsidiary, level of support from the board of directors of the Target Company regarding the Tender Offer, and projections in changes to the market price of the common shares of the Target Company as well as the participation in the Tender Offer by shareholders, and, based also on the results of consultation and negotiation with the Target Company, ultimately decided on a Tender Offer Price of 11,900 yen per share via resolution of the board of directors during its November 13th, 2019 meeting.

(Measures to ensure fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price as well as measures to avoid conflicts of interest)

The Tender Offeror and the Target Company, realizing that the Target Company is a consolidated subsidiary of the Tender Offeror, that the Transaction, which includes the Tender Offer, is connected to vital transactions with controlling shareholders, and that structural conflicts of interest could arise in considering the Transaction, have both implemented the following measures in order to ensure the fairness of the Tender Offer Price, eliminate arbitrariness in decision-making concerning the Transaction, and ensure fairness, transparency, and objectivity with respect to the Target Company's decision-making process.

(i) Acquisition of a share valuation report regarding the Tender Offeror from an independent third-party valuation organization

In order to ensure the fairness of the Tender Offer Price, the Tender Offeror, when deciding on the Tender Offer Price, requested financial advisor, Nomura Securities, to act as a third-party valuation organization independent of the Toshiba group, including the Tender Offeror and the Target Company, and Toshiba Machine, and to provide a share valuation report for the common shares of the Target Company. For details about the valuation report regarding the share price of the common shares of the Target Company valuation results the Tender Offeror acquired from Nomura Securities, please refer to “①Basis for Valuation” above.

(ii) Acquisition of a share valuation report regarding the Target Company from an independent third-party valuation organization

According to the Target Company's Press Release, in order to ensure the fairness of the decision making process pertaining to the Tender Offer Price, the Target Company requested Mizuho Securities to make a valuation of the common shares of the Target Company with the special committee's approval. Note that Mizuho Securities is a financial advisor and third-party valuation organization independent from any of the Toshiba group, including the Tender Offeror and the Target Company, and Toshiba Machine, and the Transaction, and has no material conflicts of interest with respect to the Tender Offer.

After considering what valuation methods to use for the valuation of the common shares of the Target Company, Mizuho Securities elected to use the Average Market Price Method due to the fact that the common shares of the Target Company are listed on the JASDAQ of the Tokyo Stock Exchange and the market price for such shares is available, and the DCF Method in order to reflect future business activities in the valuation, and the Target Company reportedly received a share valuation report from Mizuho Securities on November 13th, 2019. Note that Target Company has not received a fairness opinion from Mizuho Securities to the effect that the Tender Offer Price is fair from a financial perspective to the minority shareholders of the Target Company.

The results of Mizuho Securities' valuations with respect to the value of each Target Company common share are as follows.

Average Market Price Method 7,422 yen to 8,321 yen

DCF Method 11,368 yen to 14,992 yen

For the Average Market Price Method, setting a base date of November 11th, 2019, the business day immediately preceding the date of speculative press reports concerning the Transaction, and based on the closing price on the base date for common shares of the Target Company on the JASDAQ of the Tokyo Stock Exchange of 8,180 yen, the simple average value of the closing prices for one month period ending November 11th, 2019 of 8,321 yen, the simple average value of the closing prices over the 3 month period ending November 11th, 2019 of 7,923 yen, and the simple average value of the closing prices over the 6 month period ending November 11th, 2019 of 7,422 yen, the share price range per common share of the Target Company was evaluated to be between 7,422 yen and 8,321 yen.

For the DCF Method, valuations were based on the revenues and investment plans described in business plans over 6 periods starting from the March 2020 period (from October 2019) to the March 2025 period prepared by the Target Company, publicly released information and other various elements to evaluate the Target Company's corporate value and share values by discounting the free cash flow expected to be generated by the Target Company in the future from the third quarter of the March 2020 period onward by a certain discount rate, resulting in a common share price range of 11,368 yen to 14,992 yen. The discount rate thus employed ranges from 8.5% to 10.5%, and the perpetual growth rate method was used in calculating the going value, where the perpetual growth rate of -1.0% to 1.0% was adopted.

Reportedly, the consolidated business plan on which the valuation by Mizuho Securities using DCF method was based contains fiscal year(s) contemplating a significant fluctuation in revenue compared to the previous period. Specifically, the operating profit expected for March 2021 period is 12,100 million yen while the EBITDA expected for the same period is 14,900 million yen, due mainly to the boost in sales in connection with improvement in the average sales price of the single-beam mask lithography devices, increase in the number of single-beam mask lithography devices which are currently covered by free-of-charge maintenance service but will be changed to the maintenance service with charge, and commencement of the sale of multi-beam mask lithography devices currently under development. The operating profit expected for March 2023 period is 14,100 million yen, 55% growth as compared to the previous period, while the EBITDA expected for same period is 17,100 million yen, 45% growth as compared to the previous period, which are due mainly to the boost in sales in connection with the growth in sales of the multi-beam mask lithography devices and commencement of sales of electron beam inspection devices currently under development. Note that the financial forecast in the business plan does not necessarily assume the implementation of the Tender Offer. It is reported that the Target Company believes that the possibility of actually achieving the development of the next generation multi-beam mask lithography devices will be higher as a result of the strengthening of the alliance with the Toshiba group through the Transaction including the Tender Offer, and that the probability of the forecasts in the business plan will also be higher if the product development in the new businesses are further facilitated.

The specific figures of the consolidated financial forecasts for the Target Company used by Mizuho Securities as the basis for its valuation using the DCF method are reported as follows:

(in million yen)

	2020 March period (6 months)	2021 March period	2022 March period	2023 March period	2024 March period	2025 March period
Net sales	22,969	53,500	53,000	63,800	72,100	76,200
Ordinary income	2,420	12,100	9,100	14,100	17,700	18,400
EBITDA	3,848	14,900	11,800	17,100	20,700	21,400
Free cash flow	△5,625	6,600	6,300	10,300	7,100	7,000

In the valuation of the common shares of the Target Company made by Mizuho Securities, the information provided by the Target Company or publicly-available information was in principle used as-is based on the assumption

that such information and materials are accurate and complete, and Mizuho Securities has not independently investigated the accuracy and completeness thereof. With respect to the financial projections made by the Target Company, the parties proceed on the assumption that such projections were rationally developed by the management of the Target Company based on the best and most accurate projections and judgments available at the time. No independent appraisal or assessment was conducted on any assets or liabilities of the Target Company or its related companies (including off-balance sheet assets and liabilities or contingent liabilities), nor was any request made to a third party organization to conduct any appraisal or assessment thereon. The valuations made by Mizuho Securities reflect the above information up to November 13th, 2019.

- (iii) Acquisition of a share valuation report and fairness opinion from an independent third-party valuation organization by the Target Company's special committee

According to the Target Company's Press Release, the Special Committee requested an opinion from Deloitte Tohmatsu concerning the fairness to the minority shareholders of the valuation of the common shares of the Target Company as well as the Tender Offer Price from a financial perspective.

After considering what valuation methods to use for the valuation of the Target Company's common shares, Deloitte Tohmatsu elected to use the Average Market Price Method due to the fact that the common shares of the Target Company are listed on the JASDAQ of the Tokyo Stock Exchange and the market price for such shares is available, and the DCF Method in order to reflect future business activities in the valuation, and the special committee reportedly received a valuation report from Deloitte Tohmatsu on November 12th, 2019.

The results of Deloitte Tohmatsu's valuations with respect to each Target Company common share are as follows.

Average Market Price Method 7,422 yen to 8,321 yen

DCF Method 11,452 yen to 15,655 yen

For the Average Market Price Method, setting a base date of November 11th, 2019, the business day immediately preceding the date of speculative press reports concerning the Transaction, and based on the closing price on the base date for common shares of the Target Company on the JASDAQ of the Tokyo Stock Exchange of 8,180 yen, the simple average value of the closing prices for one month period ending November 11th, 2019 of 8,321 yen, the simple average value of the closing prices over the 3 month period ending November 11th, 2019 of 7,923 yen, and the simple average value of the closing prices over the 6 month period ending November 11th, 2019 of 7,422 yen, the share price range per common share of the Target Company was evaluated to be between 7,422 yen and 8,321 yen.

For the DCF Method, valuations were based on the revenues and investment plans described in business plans over 6 periods starting from the March 2020 period (from October 2019) to the March 2025 period prepared by the Target Company, publicly released information and other various elements to evaluate the Target Company's corporate value and share value by discounting the free cash flow expected to be generated by the Target Company in the future from the third quarter of the March 2020 period onward by a certain discount rate and adding the value of the shares of the subsidiaries, resulting in a common share price range of 11,452 yen to 15,655 yen. The discount rate thus employed ranges from 8.5% to 10.5%, and the perpetual growth rate method was used in calculating the going concern value, where the perpetual growth rate of -1.0% to 1.0% was adopted.

Reportedly, the business plan on the stand-alone basis on which the analysis by Deloitte Tohmatsu using the DCF Method was based contains fiscal year(s) contemplating a significant fluctuation in revenue compared to the previous period. Specifically, the operating profit expected for March 2021 period is 11,800 million yen while the EBITDA expected for the same period is 14,800 million yen, due mainly to the boost in sales in connection with improvement in the average sales price of the single-beam mask lithography devices, increase in the number of single-beam mask lithography devices which are currently covered by free-of charge maintenance service but will be changed to the maintenance service with charge, and commencement of the sale of multi-beam mask lithography devices currently under development. The operating profit expected for March 2023 period is 13,700 million yen, 58% growth as compared to

the previous period, while the EBITDA expected for same period is 16,500 million yen, 41% growth as compared to the previous period, which are due mainly to the boost in sales in connection with the growth in sales of the multi-beam mask lithography devices and commencement of sales of electron beam inspection devices currently under development. Note that the financial forecast in the business plan does not necessarily assume the implementation of the Tender Offer. It is reported that the Target Company believes that the possibility of actually achieving the development of the next generation multi-beam mask lithography devices will be higher as a result of the strengthening of the alliance with the Toshiba group through the Transaction including the Tender Offer, and that the probability of the forecasts in the business plan will also be higher if the product development in the new businesses are further facilitated.

The specific figures of the consolidated financial forecasts for the Target Company used by Deloitte Tohmatsu as the basis for its valuation using the DCF Method are reported as follows:

(in million yen)

	2020 March period (6 months)	2021 March period	2022 March period	2023 March period	2024 March period	2025 March period
Net sales	22,815	53,100	52,500	63,300	71,600	75,700
Ordinary income	2,460	11,800	8,700	13,700	17,300	18,000
EBITDA	3,805	14,800	11,700	16,500	20,100	20,800
Free cash flow	△5,625	6,600	6,300	10,300	7,100	7,000

(Note) As for the figures in the financial forecast of free cash flow, since there is little difference in figures on the consolidated basis and stand-alone basis given the business structure of the Target Company, the figures of the financial forecast on consolidated and standalone basis are deemed as same value.

In the valuation of the common shares of the Target Company made by Deloitte Tohmatsu, the information provided by the Target Company or publicly-available information was in principle used as-is based on the assumption that such information and materials are accurate and complete, and Deloitte Tohmatsu has not independently investigated the accuracy and completeness thereof. With respect to the financial projections made by the Target Company, the parties proceed on the assumption that such projections were rationally developed by the management of the Target Company based on the best and most accurate projections and judgments available at the time. No independent appraisal or assessment was conducted on any assets or liabilities of the Target Company or its related companies (including off-balance sheet assets and liabilities or contingent liabilities), nor any request was made to a third party organization to conduct any appraisal or assessment thereon. The valuations made by Deloitte Tohmatsu reflect the above information up to November 12th, 2019.

Furthermore, the special committee reportedly received from Deloitte Tohmatsu on November 12th, 2019 the Fairness Opinion, to the effect that the terms and conditions of the Transaction are fair to the general shareholders of the Target Company from a financial point of view based on the following descriptions and based also on the assumption that there were no significantly unreasonable elements in the examination procedures and decision making process at the Target Company concerning the Transaction.

The Fairness Opinion has reportedly been approved by the Fairness Opinion Committee of Deloitte Tohmatsu and is effective as of November 12th, 2019.

Deloitte Tohmatsu is scheduled to receive a fixed consideration for the services provided in connection with the Transaction to be paid regardless of whether or not the Transaction is consummated. In the agreement entered into between the Target Company and Deloitte Tohmatsu, it is agreed to hold Deloitte Tohmatsu harmless from for certain liabilities arising out of the provision of its services, and for the Target Company to indemnify Deloitte Tohmatsu for such certain liabilities.

Deloitte Tohmatsu and its related companies provide various services including auditing, consulting, and financial advisory services and, as a result, Deloitte Tohmatsu or any of its related companies may be providing such services to the Target Company, the Tender Offeror or any of their related companies. Also Deloitte Tohmatsu or its related companies may in future provide any of such services to the Target Company, Tender Offeror or any of their related companies.

In connection with expressing its opinion pertaining to the Fairness Opinion, Deloitte Tohmatsu focused on the following items in its analysis and consideration:

- 1) Explanation by the Target Company on the Transaction
- 2) Audited securities report of the Target (for March 2018 period through March 2019 period) (including amendments thereof)
- 3) Future business plan of the Target Company (for March 2020 period through March 2025 period)
- 4) Recent status of the industry to which the Target Company belongs
- 5) Market value of the Target Company's common shares and the status of the transaction thereof in the market
- 6) Comparison of the financial figures, market value etc. with listed companies engaging in the businesses comparable to those of the Target Company
- 7) Information concerning the Target Company's businesses/operations, financial condition and future revenue /expenditure plan, and impacts on the business of the Transaction, etc. acquired through the interview with the management and the special committee of the Target Company
- 8) Other information deemed necessary or appropriate by Deloitte Tohmatsu and acquired from the Target Company or through general investigation

Deloitte Tohmatsu relies on the authenticity, accuracy and completeness of all financial information and other information publicly available or provided by the Target Company, without conducting any independent verifications, and has no accountability whatsoever for the authenticity, accuracy and completeness of such information. Furthermore, Deloitte Tohmatsu does not provide auditing or any other guarantee service as to any of the assets or liabilities (including derivative financial instruments, off-balance sheet assets and liabilities or contingent liabilities), nor has it retained any third party to request such auditing or any other guarantee services. Furthermore, Deloitte Tohmatsu has made no assessment of the creditworthiness of the Target Company under applicable laws regarding bankruptcy, suspension of payment or similar matters. The Fairness Opinion was prepared on the assumption that the business plan and other materials of the Target Company used as the basic materials with the approval of the Target Company were reasonably prepared by the Target Company's management based on the best estimates and judgments at the present time. In expressing the opinions pertaining to the Fairness Opinion, Deloitte Tohmatsu relies on the Target Company's business plans and related materials used by it without conducting an independent verification thereof.

Deloitte Tohmatsu relies on the confirmation letter of the Target Company's management as to the matters to be confirmed including among other things that there is no material event occurring on the part of the Target Company as of the date of the Fairness Opinion which has not been disclosed to Deloitte Tohmatsu.

The Fairness Opinion assumed that all the governmental, regulatory or any other consent and approvals required for the consummation of the Transaction have been or may be obtained without affecting the Target Company or Tender Offeror, or any expected benefits of the Transaction. Furthermore, the Fairness Opinion assumes that the accounting or tax effects of the Transaction are in line with the forecasts and assumptions provided by Deloitte Tohmatsu.

Deloitte Tohmatsu has no obligation to the Target Company or its board of directors or special committee to solicit a third-party's decision making concerning the Transaction, nor has it conducted any such solicitation in the past or intend to conduct such solicitation in future.

The Fairness Opinion is based on business, economic, market or other circumstances existing as of November 12th, 2019 or any other date the information was provided to Deloitte Tohmatsu. Upon delivering the Fairness Opinion, Deloitte Tohmatsu has not analyzed or evaluated the business decisions constituting the basis of the implementation of the Transaction or whether or not the consideration to be received by the shareholders is the achievable highest possible price, nor does it have the obligation to conduct such analysis or evaluation. The Fairness Opinion does not express any

opinion concerning the solvency of the Target Company before or after the Transaction.

The Fairness Opinion aims to provide the Target Company's board of directors and special committee with reference information for the decision making of the management, and is not intended to recommend the exercise of the voting rights in connection with the Transaction to the shareholders of the Company. The Fairness Opinion is not addressed or intended for any third party other than the Target Company, and no third party is permitted to trust or rely on it for any purpose. As such, Deloitte Tohmatsu has no obligations whatsoever for any reason to any third party (including the Target Company's shareholders) other than the Target Company.

The Target Company has reportedly acknowledged that Deloitte Tohmatsu has no obligation or responsibility to update, revise, supplement or reconfirm the Fairness Opinion even where the change in the circumstances after November 12th, 2019 may impact its opinion expressed in the Fairness Opinion.

- (iv) Establishment of an independent special committee and acquisition of a report from said committee on the part of the Target Company

According to the Target Company's press release, given that (i) the Tender Offeror is the controlling shareholder (parent company) of the Target Company, (ii) the Tender Offeror has agreed with Toshiba Machine, the main shareholder of the Target Company, to jointly exercise shareholder rights regarding the Target Company shares, and (iii) all of the Target Company's directors and corporate auditors are originally from the Toshiba group, including the Tender Offeror or Toshiba Machine, and, of those directors and corporate auditors, two directors and two auditors concurrently serve as officers of the Toshiba group, including the Tender Offeror (one auditor is serving concurrently as an officer of the Tender Offeror), the Target Company's board of directors commenced the deliberations on the establishment of a system to conduct the considerations and negotiations for the Transaction from a perspective of ensuring the enhancement of the corporate value of the Target Company as well as the benefits of the general shareholders of the Target Company immediately after receiving the proposal of the Transaction from the Tender Offeror in early September, 2019, and resolved on September 18th, 2019 to establish a special committee comprised of Mr. Atsushi Abe, Ms. Haruka Matsuyama, and Mr. Hitoshi Kumagai, all of whom are external experts wholly independent from the Target Company, the Toshiba group, including the Tender Offeror and Toshiba Machine, as well as from the Transaction. Upon selecting each member of the special committee, the Target Company's board of directors received the advice from Mizuho Securities, the financial advisor of the Target Company, and Mori Hamada & Matsumoto, who was originally intended as the Target Company's legal advisor, while keeping the following points in mind.

Name	Current Position	Primary Reasons for Selection
Atsushi Abe	Managing Partner, Sangyo Sosei Advisory Inc. (Other positions: Director, ON Semiconductor Corporation; Chairman of the Board of Directors, Fujitsu Limited)	<ul style="list-style-type: none"> ▪ Experience working in Japan-U.S. investment banks and private equity funds and on numerous M&A transactions, and deep knowledge of finance ▪ Familiarity with the semiconductor industry as head of the Global Semiconductor team at a U.S. investment bank ▪ Familiarity with the governance of listed companies as a director of multiple listed companies in Japan and the United States ▪ No interest in the Toshiba group or Toshiba Machine or the success of the Transaction, and independent from the Company
Haruka Matsuyama	Partner, Hibiya Park Law Offices (Other positions: Outside Director, T&D Holdings, Inc.; Outside Auditor, Mitsui & Co., Ltd.; Outside Director, Mitsubishi UFJ Financial)	<ul style="list-style-type: none"> ▪ Specialist legal knowledge and experience as an attorney-at-law ▪ Experience as an attorney-at-law in M&A transactions with a structural conflict of interest similar to the Transaction ▪ Familiarity with the governance of listed companies as an

Name	Current Position	Primary Reasons for Selection
	Group, Inc.; Outside Director, Restar Holdings Corporation)	<p>outside officer at multiple well-known listed corporate groups</p> <ul style="list-style-type: none"> No interest in the Toshiba group or Toshiba Machine or the success of the Transaction, and independent from the Company
Hitoshi Kumagai	<p>Representative Director, Trustees FAS Co., Ltd.</p> <p>(Other positions: Outside Director, Accordia Golf Trust Management Pte. Ltd.; Outside Auditor, CELM Inc.)</p>	<ul style="list-style-type: none"> Specialist accounting and tax knowledge and experience as a certified public accountant and tax accountant Experience as a special committee member and third-party committee member in M&A transactions with a structural conflict of interest similar to the Transaction Experience in auditing and multiple M&A transactions at the KPMG Group No interest in the Toshiba group or Toshiba Machine or the success of the Transaction, and independent from the Company

(Note: Mr. Atsushi Abe was elected as the chairperson of the special committee based on the resolution thereof. There has been no change in the members of the special committee since its establishment.)

Note that directors Yuji Mori and Soichi Inoue, and auditors Shunya Noji and Hiroki Kawagoe, who concurrently serve as officers or employees of the Toshiba group, including the Tender Offeror, or Toshiba Machine, were not in attendance during the board of directors' deliberations and resolution described above.

In accordance with the above board of directors resolution, the Target Company board of directors advised the special committee to (1)(a) consider and judge the merits of the Transaction from the perspective of whether the Transaction will improve the Target Company's corporate value, and (b) after considering and judging the validity of the transaction requirements and fairness of the procedure from the perspective of the profits of the Target Company shareholders, consider whether or not the Target Company's board of directors should agree to the Tender Offer and whether it should recommend that the Target Company shareholders participate in the Tender Offer, and (2) to consider whether the decision by the Target Company's board of directors with respect to the Tender Offer is disadvantageous to the Target Company minority shareholders, and then convey its opinion to the Target Company's board of directors (hereinafter, collectively the "Advisory Matters"). The board of directors resolved that (i) decision-making with regard to the Transaction by the board of directors shall be carried out with the highest regard for the contents of the special committee's decisions, including whether or not to agree to the Tender Offer, and (ii) it will not agree to the Tender Offer if the special committee determines that the execution or transaction conditions of the Tender Offer are not valid. Furthermore, the Target Company's board of directors decided to grant the special committee (i) the authority to be substantially involved in the negotiation process conducted between the Target Company and the Tender Offeror (including, when necessary, giving instructions or making requests with respect to the method of negotiation with the Tender Offeror, and negotiating directly with the Tender Offeror), (ii) the authority to select, as necessary, its own financial or legal advisor at the Target Company's expense, or appoint or approve (including after-the-fact approval) the Target Company's financial or legal advisor, (iii) the authority to receive information from officers of the Target Company (including information relating to the content of the business plan and the assumptions for its creation) needed to consider and judge the Transaction, and (iv) the authority needed by the special committee to give further consideration to and make other judgements about the Transaction. Note that regardless of the content of the report, the compensation for members of the special committee is limited to hourly compensation.

The special committee was convened a total of 10 times from September 25th, 2019 to November 12th, 2019, during which time it carefully discussed and considered the Advisory Matters. Specifically, the special committee appointed Hibiy Park Law Offices as its legal advisor having no interests in Toshiba, Tender Offeror, Toshiba Machine and Target Company, as well as the consummation of the Transaction or failure thereof, and received legal advice pertaining to all matters in connection with the Transaction from Hibiy Park Law Offices. Furthermore, the special

committee appointed Deloitte Tohmatsu as its financial advisor having no interests in Toshiba, Tender Offeror, Toshiba Machine and Target Company, as well as the consummation of the Transaction or failure thereof. Then, the special committee conducted a number of question and answer sessions as to the details of Target Company's business, business environment and business plans with the management of the Target Company and, concurrently therewith, met directly with the Tender Offeror to inquire about the possible impact of the Transaction on the corporate value of the Target Company. In addition, the special committee had Deloitte Tohmatsu explain about the method and results of the valuation of the Target Company's shares and conducted a question and answer session with them. The special committee also had Mizuho Securities, the financial advisor of the Target Company, explain about the method and results of the valuation of the Target Company's shares conducted by Mizuho Securities and conducted a question and answer session with them.

Then, while receiving timely reports from the Target Company and Mizuho Securities on the status of the negotiations concerning the terms and conditions of the Transaction, the special committee was substantially involved in a number of negotiations concerning the price between the Tender Offeror and the Target Company by way of instructing the Target Company and Mizuho Securities, etc. As a result, with a significant concession on the Tender Offeror's part, the Tender Offer Price was agreed upon.

In that context, as a result of the special committee's careful and repeated discussions and considerations of the Advisory Matters under such circumstances, on November 13th, 2019, all committee members agreed to submit the report having the following general outline to the Target Company's board of directors (the special committee hereinafter referred to as the "Committee" in the overview of the Report).

(a) Opinion of the Committee

Regarding Advisory Matter ①

The Committee advises the Target Company board of directors that the Target Company board of directors should support the Tender Offer and recommend to the shareholders of the Target Company to participate in the Tender Offer.

Regarding Advisory Matter ②

The Committee is of the opinion that the resolution by the Target Company board of directors on the Transaction including the Tender Offer, i.e., the resolution to express the support for the Tender Offer and to recommend to the Target Company's shareholders to participate in the Tender Offer and the resolution in connection with the Demand for Sale of Shares or Share Consolidation to be implemented following the Tender Offer as part of the Transaction are not detrimental to the minority shareholders of the Target Company.

(b) Reasons for such Opinions of the Committee

(i) Appropriateness of the Transaction from a perspective of whether the Transaction will enhance the corporate value of the Target Company

It can be said that the Transaction will enhance the corporate value of the Target Company given the purpose of the Transaction, which is to maximize the effective use of the management resources of the Tender Offeror and the Target Company and thus strengthen the research and development capabilities to achieve the enhancement of the corporate value. On the other hand, the purpose of the Transaction is clearly not for the Tender Offeror to achieve self-interest or the benefits of a third party using its status as the parent company to the detriment of the Target Company's minority shareholders. As such, the Transaction is deemed appropriate from the perspective of whether it contributes to the corporate value of the Target Company.

(ii) Appropriateness of the terms and conditions of the Transaction from the perspective of protecting the interests of the general shareholders and the fairness of the procedures

A. Appropriateness of the transaction terms

Given that, (A) while receiving advice from Deloitte Tohmatsu and Hibiya Park Law Offices, the advisors

independently appointed thereby, the Committee was substantially involved in the negotiation process for the Transaction, and the negotiations were made under a firm structure established by the Committee where Toshiba or Tender Offeror cannot influence the decision making of the Target Company concerning the negotiation policy, etc., (B) as for the process and development of the negotiations concerning the transaction terms, the Committee was substantially involved in such negotiations and issued instructions to Mizuho Securities, the financial advisor of the Target Company as necessary and succeeded in coercing the Tender Offeror to raise the proposed prices more than once, (C) as for the methods of valuation and the results thereof, there was no unreasonable element in the valuation methods and valuation results provided by Deloitte Tohmatsu and Mizuho Securities, and that the Tender Offer Price is within the range or exceeds the maximum standard of the valuation of the common shares of the Target Company as evaluated using each such method and is deemed to be reasonable, (D) the Fairness Opinion has been obtained from Deloitte Tohmatsu, (E) standard of the premium pertaining to the Tender Offer Price is in no way inferior to the prices in similar transactions, (F) as for the terms of the Transaction other than the price, there is no evidence that the Tender Offeror obtained unjust benefits to the detriment of the minority shareholders of the Target Company or there is no factor to compromise the appropriateness thereof, the terms and conditions of the Transaction are appropriate from the perspective of protecting the interests of the general shareholders of the Target Company.

B. Fairness of the procedures

Given that (A) no procedures are anticipated which may infringe the Financial Instruments and Exchange Act, Companies Act or any other related laws or regulations in connection with the procedures for the Transaction, (B) in the negotiation for the transaction terms including the price, the Tender Offeror never acted in such a way as to force the terms beneficial to itself using its status as the parent company and the Target Company never acted in such a way to demonstrate special consideration for the intention of Toshiba or Tender Offeror, and the two companies engaged in negotiations on equal footing with no evidence of unfair price negotiation without giving considerations to the interests of the minority shareholders, (C) sufficient measures have been taken to ensure the fairness of the Transaction, including ① the share valuation report from an independent third party valuation organization obtained on the part of the Tender Offeror, ② the share valuation report from an independent third party valuation organization obtained on the part of the Target Company, ③ the share valuation report from an independent third party valuation organization obtained on the part of the Committee, ④ the Fairness Opinion obtained on the part of the Committee, ⑤ establishment of the Committee and the Report obtained from the Committee, ⑥ the Committee's substantial involvement in the negotiations, ⑦ legal advice received from external law firms by the Tender Offeror and the Target Company, ⑧ legal advice received from independent law firm by the Committee, ⑨ approval of all the directors of the Target Company without conflicts of interest and the opinion of all the statutory auditors of the Target Company without conflicts of interest, ⑩ measures to ensure the purchase opportunity for other potential purchaser, ⑪ appropriate disclosure of information, ⑫ elimination of strong pressure and, as such, there is no factor that may compromise the fairness in the negotiation process concerning the transaction terms including the price.

Given the above, it is confirmed that (A) the compliance of each transaction constituting the Transaction is ensured, (B) the negotiation process concerning the price and other terms of the Transaction was properly implemented, and (C) the measures to ensure the fairness of the Transactions are deemed to have functioned effectively on the whole. As such, it can be said that the fairness of the procedures in connection with the Transaction is ensured from the perspective of protecting the interests of the Target Company's general shareholders.

(iii) Conclusion

As established above, the implementation of the Transaction is deemed to enhance the corporate value of the Target Company and, from the perspective of protecting the interests of the Target Company's general shareholders. As such, the Committee believes that the resolution by the Target Company board of directors regarding the Transaction including the Tender Offer, i.e., the resolution to express support for the Tender Offer and to recommend to the Target Company's shareholders to participate in the Tender Offer, and the resolution in connection with the Demand for Sale of Shares or Share Consolidation to be implemented following the Tender Offer as part of the Transaction, are not

detrimental to the minority shareholders of the Target Company.

(v) Advice from an external law firm regarding the Target Company

To ensure fair and appropriate decision-making by the Target Company's board of directors, the Target Company selected Mori Hamada & Matsumoto as an external legal advisor, from which it is receiving legal advice with respect to the Target Company's board of directors' decision-making process and methods, and other matters to consider in connection with the Tender Offer and a series of subsequent procedures.

(vi) Advice from an independent law firm on the Target Company's special committee

The special committee selected Hibiya Park Law Offices as the special committee's legal advisor, from which it is receiving legal advice with respect to all matters pertaining to the Transaction.

(vii) Approval of all the directors of the Target Company without conflicts of interest and the opinion of all the statutory auditors of the Target Company without conflicts of interest that they have no objection

According to the Target Company's Press Release, as a result of the Target Company's board of directors' careful discussion and consideration based on the report it obtained from the special committee, while taking into account the legal advice from Mori Hamada & Matsumoto with respect to the board's decision-making process and methods, and other matters to consider in connection with the Transaction, including the Tender Offer; the Mizuho Securities Valuation Report; the Deloitte Tohmatsu Valuation Report; and the content of the fairness opinion, all 10 of the Target Company directors that participated in the deliberations and resolution at the Target Company board of directors' meeting held on November 13th, 2019, except Mr. Yuji Mori and Mr. Soichi Inoue, resolved, as is described in "② Process of and reasons for the Decision-Making by the Target Company" of "(2) Background to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process, and Post-Tender Offer Management Policy" of "1. Purpose of Purchase, etc." above, to express the opinion that they agree to the Tender Offer and recommend that the Target Company's shareholders participate in the Tender Offer. Furthermore, as is described below, while Shunya Noji and Hiroki Kawagoe of the three Target Company auditors did not attend the board of directors' meeting described above, Mr. Hitonori Abe, who did attend, indicated that there were no objections to the above resolution.

Note that to avoid suspicions of conflicts of interest of the 10 Target Company directors, and to ensure the fairness of the Transaction, Mr. Yuji Mori, who serves concurrently as a director for Toshiba Machine, which is a major Target Company shareholder, and Mr. Soichi Inoue, who serves concurrently as a director for the Toshiba group, did not participate in the deliberations or the resolution associated with the Transaction, including the aforementioned board of directors' meeting. Furthermore, also from the perspective of ensuring the fairness of the Transaction, of the three Target Company auditors, Mr. Shunya Noji, who serves concurrently as auditor for Toshiba Digital Solutions Corporation, and Mr. Hiroki Kawagoe, who serves concurrently as the Tender Offeror's General Manager of Business Planning Division, did not participate in the Target Company's board of directors' deliberations associated with the Transaction. While the directors and statutory auditors who participated or were involved in the Target Company's contemplation and resolution and the discussion and negotiation with the Tender Offeror contain those who used to hold positions at the Toshiba group company or Toshiba Machine, all such directors and statutory auditors have left such positions and do not concurrently serve in such positions at this time. In the consideration and negotiation concerning the Transaction, as described in "(iv) Establishment of an independent special committee and acquisition of a report from said committee on the part of the Target Company," the Target Company resolved that (A) the decisions concerning the Transaction by the board of directors shall be made respecting the determination of the special committee to the fullest extent, including, among other things, its approval of the Tender Offer, and (B) the board of directors shall not approve the Tender Offer in case the special committee determines that the implementation of the Tender Offer or the transaction terms therefor is not appropriate.

As such, the Target Company has reportedly determined that the resolution to express its support for the Tender Offer and to recommend the shareholders of its common shares to participate in the Tender Offer at the board of directors'

meeting where the directors and statutory auditors who used to hold positions at a Toshiba Group company or Toshiba Machine participated did not pose an issue from the standpoint of a conflict of interest.

(viii) Efforts to secure purchase opportunities from other buyers

The Tender Offeror has not entered into agreements with the Target Company that would limit the Target Company's contact with competitive potential bidders, such as agreements that include transaction safeguarding provisions that would prohibit the Target Company from coming into contact with competitive potential bidders.

Furthermore, the Tender Offeror has set a Tender Offer period of 30 business days, which is comparatively longer than the minimum of 20 business days mandated by laws and regulations. By setting a comparatively long Tender Offer period, the Tender Offeror intends to ensure appropriate opportunity for Target Company shareholders to decide on whether to participate in the Tender Offer, while also ensuring opportunities for alternative purchases to be attempted by parties other than the Tender Offeror, thereby confirming the appropriateness of the Tender Offer Price.

Note that, as is described in "(1) Overview of Tender Offer" of "1. Purpose of Purchase, etc." above, since the Tender Offeror already owns 6,000,100 shares of Target Company Common Shares (ownership ratio: 52.40% as of date of the submission of this Statement, the Tender Offeror believes that if a "majority of minority" minimum planned purchase quantity is set with respect to the Tender Offer, this would destabilize the execution of the Tender Offer, and actually undercut the profit that could be realized by minority investors who seek to participate in the Tender Offer, leading us to elect not to set such a minimum planned purchase quantity. But as both the Tender Offeror and the Target Company have put in place the measures described above, the parties believe that sufficient care and thought has been put into the interests of minority shareholders of the Target Company even without setting such minimum. Furthermore, the measures described above implemented with respect to the Target Company were based on explanations received from the Target Company.

③ Relationship with the accounting organization

Nomura Securities Co., Ltd., Tender Offeror's financial advisor (accounting organization), does not constitute a related party to either the Tender Offeror or the Target Company, and has no significant conflicts of interest with either party.

(5) Number of share certificates planned for purchase

Planned Purchase Quantity	Minimum Planned Purchase Quantity	Maximum Planned Purchase Quantity
5,450,695 (shares)	1,633,700 (shares)	- (shares)

(Note 1) If the total number of Offered Share Certificates do not satisfy the minimum planned purchase quantity (1,633,700 shares), the Offered Share Certificates will not be purchased. If the total number of Offered Share Certificates equals or exceeds the minimum planned purchase quantity (1,633,700 shares), all Offered Share Certificates will be purchased.

(Note 2) No maximum planned purchase quantity has been set with respect to the Tender Offer, so the planned purchase quantity lists the maximum number of share certificates representing common shares of the Target Company that the Tender Offeror can acquire through the Tender Offer (5,450,695 shares). The planned purchase quantity is the remainder after the number of shares the Tender Offeror held as of the date of the submission of this Statement (6,000,100 shares) and the number of treasury shares the Target Company held as of November 8th, 2019 (305 shares), as described in the Second Quarterly Report of the Target Company, have been subtracted from the total number of issued shares (11,451,100 shares) as of the same date as described in the Second Quarterly Report of the Target Company.

(Note 3) Fractional unit shares are also targets of the Tender Offer. Note that, in the event the Target Company's shareholders exercise their right to demand a purchase of fractional shares in accordance with the Companies Act, the Target Company may buy back its own shares during the Tender Offer Period in accordance with the law.

(Note 4) There are no plans to acquire the treasury shares owned by the Target Company via the Tender Offer.

(6) Changes in the ownership ratio as a result of the Tender Offer

Number of voting rights associated with the share certificates held by the Tender Offeror prior to the Tender Offer	60,001	(Percentage of the share certificates held prior to the Tender Offer 52.40%)
Number of voting rights associated with the share certificates held by the Special Related Parties prior to the Tender Offer	18,089	(Percentage of the share certificates held prior to the Tender Offer 15.80%)
Number of voting rights associated with the share certificates held by the Tender Offeror following the Tender Offer	114,507	(Percentage of the share certificates held following the Tender Offer 100%)
Number of voting rights associated with the share certificates held by the Special Related Parties following the Tender Offer	0	(Percentage of the share certificates held following the Tender Offer 0%)
Number of voting rights held by all shareholders of the Target Company	114,586	

(Note 1) "Number of voting rights associated with the share certificates held by the Tender Offeror following the Tender Offer" records the sum of the number of voting rights associated with the Planned Purchase Quantity in the Tender Offer (5,450,695 shares) (54,506) and "Number of voting rights associated with the share certificates held by the Tender Offeror prior to the Tender Offer (60,001)."

(Note 2) "Number of voting rights associated with the share certificates held by the Special Related Parties prior to the Tender Offer" records the total number of voting rights associated with the share certificates held by the each of the special related parties (excluding, however, those special related parties who are excluded from being a Special Related Party under Article 3(2)(i) of the Cabinet Office Ordinance on Disclosure Required for a Tender Offer for Share Certificates by Persons Other than the Issuer (Ordinance of the Ministry of Finance No. 38 of 1990; as amended) for the purpose of calculating the percentage of ownership of share certificates, etc. under each Item of Article 27-2(1) of the Act). Given that the share certificates owned by special related parties (excluding the treasury shares owned by the Target Company) are also targets of the Tender Offer, "Number of voting rights related to share certificates held by the special related parties following the Tender offer" is recorded as 0. Further, the Tender Offeror will check the number of share certificates of the Target Company held by the Special Related Parties hereinafter, and will publish the corrections made to this Notice as necessary.

(Note 3) "Number of voting rights held by all shareholders of the Target Company" records the number of the voting rights held by all shareholders as of September 30th, 2019 as recorded in the Target Company's Second Quarterly Report. However, given that fractional unit shares are also targets of the Tender Offer, for the purpose of calculating the "Percentage of the share certificates held prior to the Tender Offer" and the "Percentage of the share certificates held following the Tender Offer," "Number of voting rights held by all shareholders of the Target Company" was 114,507, the number of voting rights associated with the total number of shares remaining as of November 8th, 2019 as reported in the Second Quarterly Accounts of the Target Company (11,450,795 shares) after subtracting the total number of treasury shares owned by the Target Company as of the same date (305 shares) from the total number of outstanding shares as of the same date (11,451,100 shares).

(Note 4) "Percentage of the share certificates held prior to the Tender Offer" and the "Percentage of the share certificates held following the Tender Offer" are both rounded to the nearest hundredth.

(7) The amount of consideration for the purchase JPY 64,863,270,500

(Note)The amount of consideration for the purchase records the amount calculated by multiplying Planned Purchase Quantity (5,450,695 shares) by the Tender Offer Price (11,900 yen).

(8) Settlement Method

- ① Names and main office locations of financial instruments business operators, banks, and other institutions conducting settlement of purchases, etc.

Nomura Securities Co., Ltd.

1-chome 9-1 Nihonbashi, Chuo-ku, Tokyo

- ② Settlement Start Date

January 7th, 2020 (Tuesday)

- ③ Settlement Method

Without delay following the conclusion of the Tender Offer Period, notifications of purchases through the Tender Offer will be mailed to the addresses of the tendering shareholders (or standing proxies for Foreign Shareholders).

Purchases are made with cash. Tendering shareholders may receive the proceeds of sales arising from the Tender Offer without delay after the start of settlement in the manner designated by the tendering shareholder, such as through money transfer (money transfer fees may apply).

- ④ Share Certificates Return Method

If not all Offered Share Certificates could be purchased in accordance with “① Existence of Conditions Described in Each Item of Article 27-13(4) of the Law, and Details Thereof” and “② Existence of Conditions of Withdrawals of the Tender Offer, the Details Thereof, and Method for Disclosing Withdrawals” of “(9) Other Conditions and Methods for Purchases” below, all share certificates that are to be returned shall be returned by restoring them to their registration immediately prior to the point they were offered promptly on the second business day following the last day of the Tender Offer Period (or, if the Tender Offer was withdrawn, the date of withdrawal) (If transferring the share certificates to accounts held by tendering shareholders opened at a different financial instruments business operator, confirm with the main office or one of the domestic branches of the Tender Offer Agent where the application was accepted).

(9) Other Conditions and Methods for Purchases

- ① Existence of Conditions Described in Each Item of Article 27-13(4) of the Law, and Details Thereof

If the total number of Offered Share Certificates is less than the minimum planned purchase quantity (1,633,700 shares), no Offered Share Certificates will be purchased. If the total number of Offered Share Certificates equals or exceeds the minimum planned purchase quantity (1,633,700 shares), all Offered Share Certificates will be purchased.

- ② Existence of Conditions of Withdrawals of the Tender Offer, the Details Thereof, and Method for Disclosing Withdrawals

If any of the circumstances set forth in Article 14(1)(i)(a) to (i) and as well as (l) through (r)(o), 14(1)(iii)(a) to (h) and (j), Article 14(1)(iv), and Article 14(2)(iii) to (vi) of the Order should occur, the Tender Offer may be withdrawn. “Circumstances equivalent to facts listed in (a) to (i)” as set forth in Article 14(1)(iii)(j) of the Order are defined as cases where false statements about material matters or omission of material matters required have been discovered in legal disclosure documents the Target Company has submitted in the past and the Tender Offeror was unaware of said false statements or omissions and was unable to learn of said false statements or omissions despite using adequate care.

Furthermore, if, by the day before the expiration of the Tender Offer Period (including situations where the Period was extended), the Minister of Finance and/or the competent minister deems it necessary to examine whether the Tender Offer would constitute an inward direct investment that may affect the national security in response to the notice filed in accordance with Article 27(1) of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended; hereinafter, "Foreign Exchange Act") and the waiting period before the Tender Offeror becomes able to acquire the common shares of the Target Company is extended for that purpose, or the Minister of Finance and/or the competent minister determines that the Tender Offer constitutes an inward direct investments that may impact national security and recommend termination or changes to the particulars thereof, the Tender Offer may be withdrawn based on failure to obtain "permissions, etc." as prescribed in Article 14(1)(iv) of the Order.

If the Tender Offer is to be withdrawn, an electronic public notice will be made, and notice of such electronic public notice will be published in the Nihon Keizai Shimbun. However, if issuing the public notice by the last day of the Tender Offer Period proves difficult, announcement will be made via the methods prescribed in Article 20 of the Ordinance, and a public notice shall be issued immediately thereafter.

③ Existence of Conditions for Reduction in Price of Purchase, etc. the Details Thereof, and Method for Disclosing Reductions

In accordance with the provisions of Article 27-6(1)(i) of the Law, in the event the Target Company engages in any of the actions described in Article 13(1) of the Order during the Tender Offer Period, the Price of Purchase may be reduced in accordance with the standards provided in the Ordinance Article 19(1). If the price of purchase is to be reduced, an electronic public notice will be made, and notice of such electronic public notice will be published in the Nihon Keizai Shimbun. However, if issuing the public notice by the last day of the Tender Offer Period proves difficult, announcement will be made via the methods prescribed in Article 20 of the Ordinance, and a public notice shall be issued immediately thereafter. If the price of purchases is to be reduced, purchases will be made at the newly reduced price even with respect to Offered Share Certificates that were offered in response to the Tender Offer before the date on which such public notice was made.

④ Items Relating to Agreement Cancellation Rights Held by Tendering Shareholders

Tendering shareholders may cancel agreements regarding the Tender Offer at any time during the Tender Offer Period. When canceling the agreement, submit or send a document indicating the intention of canceling the agreement relating to the Tender Offer (hereinafter, the “Cancellation Document”) to the main office or domestic branch of the person designated below where you submitted your original application no later than 3:30 PM on the final day of the Tender Offer Period. However, if sending the Cancellation Document, the document must arrive by 3:30 PM on the last day of the Tender Offer Period.

When canceling application agreements made through the online service, please cancel the agreement via the online service (<https://hometrade.nomura.co.jp/>), or by submitting or sending the Cancellation Document. If canceling agreements through operation of the online service, please follow the instructions provided on the online service screen, and complete cancellation procedures no later than 3:30 PM on the last day of the Tender Offer Period. Note that application agreements made at transaction branches cannot be canceled using the online service. If submitting or sending a Cancellation Document, first request a Cancellation Document from your transaction branch and then submit the Cancellation Document to the same transaction branch no later than 3:30 PM on the last day of the Tender Offer Period. However, if sending the Cancellation Document, the document must arrive by 3:30 PM on the last day of the Tender Offer Period.

Party authorized to receive the Cancellation Document

Nomura Securities Co., Ltd.

1-chome 9-1 Nihonbashi, Chuo-ku, Tokyo

(Or other domestic branches of Nomura Securities Co., Ltd.)

Note that the Tender Offeror will not seek payment of damages or penalties from any tendering shareholders who cancel their agreements. Furthermore, any expenses associated with returning Offered Share Certificates shall be borne by the Tender Offeror.

⑤ How to Disclose Changes Made to Purchase Conditions

Except when prohibited under Article 27(6)(i) of the Act and Article 13 of the Order, the Tender Offeror may change the purchase conditions.

If purchase conditions are to be changed, an electronic public notice will be made regarding such changes, and notice of such electronic public notice will be published in the Nihon Keizai Shimbun. However, if issuing the public notice by the last day of the Tender Offer Period proves difficult, announcement will be made via the methods prescribed

in Article 20 of the Ordinance, and a public notice shall be issued immediately thereafter. If purchase conditions are to be changed, purchases will still be made under the newly changed purchase conditions, etc. even with respect to Offered Share Certificates, etc. that were applied to the Tender Offer before that date on which the publication described above was made.

⑥ Disclosure Method if a Corrected Registration Statement is Submitted

If a corrected registration statement is submitted to the Kanto Finance Bureau, all details recorded in the corrected registration statement relating to the details recorded in the public notice announcing the start of the Tender Offer will be published via the methods prescribed in Article 20 of the Ordinance. Furthermore, the Tender Offer explanation form shall be immediately corrected, and any tendering shareholders who have already received an uncorrected version of the explanation form shall be provided with a corrected version. However, if the scope of the correction is small, a document containing the reasons for correction, the corrected items, and the content following corrections will be prepared, and said document will be sent to the tendering shareholders for the purpose of correcting the previously provided explanation form.

⑦ Disclosure Method for Results of Tender Offer

The results of the Tender Offer will be publicly announced on the day following the final day of the Tender Offer Period in accordance with the methods prescribed in Article 9-4 of the Order and Article 30(2) of the Ordinance.

(10) Date of Public Notice

November 14th, 2019 (Thursday)

(11) Tender Offer Agent

Nomura Securities Co., Ltd. 1-chome 9-1 Nihonbashi, Chuo-ku, Tokyo

3. Management policy following the Tender Offer and the outlook going forward

For the management policy following the Tender Offer, please see "(2) Background to Decision to Implement Tender Offer, Purpose and Decision-Making Process, and Post-Tender Offer Management Policy," "(4) Post-Tender Offer Reorganization(s) Policy (Two-Step Acquisition Items)" and "(5) The Possibility of Delisting and Reasons Thereof" of "1. Purpose of Purchase, etc." above.

There will be no amendment to Toshiba performance forecast for fiscal 2019 as a result of the Transaction. Upon consummation of the Tender Offer, the amount of consolidated shareholder capital will be reduced by 26 billion yen due to the payment to be made to the minority shareholders.

4. Other Information

(1) Existence of, and Details of Agreements Formed Between Tender Offeror and Target Company or Target Company Officers

① Existence of, and Details of Agreements Formed Between Tender Offeror and Target Company

According to the Target Company's Press Release, at the board of directors' meeting held November 13th, 2019, the Target Company expressed the opinion that the Board agreed to the Tender Offer and decided to recommend that all of its shareholder participate in the Tender Offer.

For details regarding the decision-making of the Target Company, please refer to the Target Company's Press Release as well as "(vii) Approval of all the directors of the Target Company without conflicts of interest and the opinion of all the statutory auditors of the Target Company without conflicts of interest that they have no objection" of "(Measures to ensure fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price as well as measures to avoid conflicts of interest)" of "② Details of Valuation" of "(4) Basis for the valuation of the Tender Offer Price" of "2. Outline of Tender Offer" above.

② Background to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process, and Post-Tender Offer Management Policy

Please refer to “(2) Background to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process, and Post-Tender Offer Management Policy” of “1. Purpose of Purchase, etc.” above.

③ Measures to ensure fairness of the Tender Offer, such as measures to ensure fairness of the Price of Purchases, as well as measures to avoid conflicts of interest

Please refer to “(Measures to ensure fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price as well as measures to avoid conflicts of interest)” of “② Details of Valuation” of “(4) Basis for the valuation of the Tender Offer Price” of “2. Outline of Tender Offer” above.

(2) Other information deemed necessary for the investors in deciding whether to apply for the Tender Offer

① Amendments to March 2020 period dividend projections

According to the Target Company, the Target Company resolved during its board of directors’ meeting held on November 13th, 2019, that no distribution of fiscal-end dividends would be made at the end of the March 2020 period subject to the consummation of the Tender Offer. For details, please refer to "Notice regarding revision of dividend for FY2020", published by the Target Company on November 13th, 2019.

Soliciting Regulations

This press release is intended 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 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 a 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) the Securities Exchange Act of 1934 (as amended; hereinafter, "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 the procedures in connection with the Tender Offer shall be taken in Japanese language. While a part 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 Japanese documents and corresponding English documents

This press release contains "forward-looking statements" as defined in Article 27A of the Securities Act of 1933 (as amended) and Article 21E of 1934 Securities Exchange Act. The actual results may be grossly different from the projections implied or expressly stated as "forward-looking statements" due to known or unknown risks, uncertainties or other factors. Tender Offeror and its related parties including related companies are not in the position to covenant that the projections implied or expressly stated as "forward-looking statements" will actually be realized. "Forward-looking statements" contained herein were prepared based on the information available to the Tender Offeror as of the date of this press release and, unless required by laws and regulations, neither Tender Offeror nor its related parties including related companies shall have the obligation to update or correct the statements made herein in order to reflect the future events or circumstances.

Forward-Looking Statements

This press release contains forward-looking statements concerning future plans and strategies of the Tender Offeror and the Toshiba Group after the acquisition by the Tender Offeror of the Target Company common shares. These statements are based on management's assumptions and beliefs in light of the economic, financial and other data currently available. The Tender Offeror therefore wishes to caution readers that actual results might differ materially from our expectations due to various risks and uncertainty.

Other Countries

The announcement, issuance, or distribution of this press release may be legally restricted in some countries or territories. In such case, shareholders should be aware of and comply with such 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.