

November 13, 2019

Toshiba Corporation

Toshiba Infrastructure Systems & Solutions Corporation

FOR IMMEDIATE RELEASE

**Notice Regarding Commencement of Tender Offer for
Shares of NISHISHIBA ELECTRIC CO., LTD. (TOKYO: 6591) by Subsidiary of Toshiba
Corporation (Toshiba Infrastructure Systems & Solutions Corporation)**

TOKYO - Toshiba Corporation (TOKYO: 6502) (“Toshiba”) today announced that Toshiba Infrastructure Systems & Solutions Corporation (“Toshiba Infrastructure Systems”), the subsidiary of Toshiba, resolved at its board of directors meeting held on November 13, 2019 to acquire the shares of NISHISHIBA ELECTRIC CO., LTD. (Code: 6591, the second section of the Tokyo Stock Exchange, Inc.) 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 NISHISHIBA ELECTRIC CO., LTD. (TOKYO: 6591)” released by Toshiba Infrastructure Systems.

Outline of Toshiba Infrastructure Systems

Address	72-34, Horikawa-cho, Saiwai-ku, Kawasaki, Kanagawa, Japan
Name and title of representative	Takayuki Konno, President and CEO
Business outlines	Development, manufacturing and sales of products and systems in the fields of social systems, defense & electronic systems, security & automation systems, railway systems, and industrial systems, and providing the services therefor, etc.
Capital stock	JPY 10,000 million (as of November 13, 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 Infrastructure Systems Corporation (the Tender Offeror) to Toshiba Corporation (the Tender Offeror’s parent company).

November 13, 2019

Toshiba Infrastructure Systems & Solutions Corporation

**Notice Regarding Commencement of Tender Offer for
Shares of NISHISHIBA ELECTRIC CO., LTD. (TOKYO: 6591)**

Kawasaki, Japan –Toshiba Infrastructure Systems & Solutions Corporation (the “Tender Offeror”) today announced that it resolved at its board of directors meeting held on November 13, 2019 to acquire the shares of common stock (the “Target Company Shares”) of NISHISHIBA ELECTRIC CO., LTD. (the “Target Company”; Code:6591, the second section 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. Purposes of Tender Offer

(1) Outline of Tender Offer

As of today, the Tender Offeror holds 21,292,385 shares (ownership ratio (Note 1):54.43%) of the Target Company Shares, which are listed on the second section of the Tokyo Stock Exchange, and the Target Company is a consolidated subsidiary of the Tender Offeror. The Tender Offeror resolved at its board of directors meeting held on November 13, 2019 to conduct the Tender Offer as part of a transaction aimed at making the Target Company a wholly-owned subsidiary of the Tender Offeror (the “Transaction”) by acquiring all of the Target Company Shares (excluding the Target Company Shares held by the Tender Offeror and the treasury shares held by the Target Company). In the Toshiba Group (Note 2), to which the Tender Offeror belongs, in addition to the Tender Offeror, Toshiba Insurance Service Corporation holds 132,447 Target Company Shares (ownership ratio: 0.34%) as of today.

Note 1: “Ownership ratio” means the ratio (expressed as a percentage rounded to two decimal places) of the number of shares held by a relevant shareholder to the number of outstanding shares (39,118,517 shares) of the Target Company resulting from the following formula:
(i) the total number of issued shares of the Target Company (39,176,000 shares) as of September 30, 2019, stated in the “Second Quarterly Report for the 95th Fiscal Year” submitted to the Director of Kinki Local Finance Bureau on October 30, 2019 by the Target Company (the “Second Quarterly Report of the Target Company”) minus (ii) the number of treasury shares held by the Target Company (57,483 shares) as of September 30, 2019, stated in the Second Quarterly Report of the Target Company.

Note 2: As of September 30, 2019, the Toshiba Group consists of Toshiba Corporation (“Toshiba”) and its 337 consolidated subsidiaries and mainly conducts businesses related to the following seven business areas: the “Energy Systems Solution Business”, the “Infrastructure Systems & Solution Business”, the “Buildings Solution Business”, the “Retail & Printing Solution Business”, “Device & Storage Solution Business”, the “Digital Solution Business” and “Other Businesses”.

In the Tender Offer, the Tender Offeror has set 4,786,615 shares (ownership ratio: 12.24%) as the minimum number of shares to be purchased, and, if the total number of share that are offered for sale in response to the Tender Offer (the “Tendered Shares”), is less than

such minimum number, the Tender Offeror will not purchase any of the Tendered Shares. On the other hand, the Tender Offeror intends to make the Target Company a wholly-owned subsidiary of the Tender Offeror through the Transaction, and, therefore, has not set the maximum number of shares to be purchased, and, if the total number of the Tendered Shares, is no less than the minimum number, the Tender Offeror will purchase all of the Tendered Shares.

The minimum number of shares to be purchased in the Tender Offer (4,786,615 shares) has been set so that the aggregate number of voting rights of the Target Company to be held by the Tender Offeror after the completion of the Tender Offer will be equivalent to two-thirds of the total voting rights of the Target Company (the number of voting rights (391,185) corresponding to the number of shares (39,118,517 shares) obtained by deducting (a) the number of treasury shares held by the Target Company (57,483 shares) as of September 30, 2019 stated in the Second Quarterly Report of the Target Company, from (b) the total number of issued shares of the Target Company (39,176,000 shares) as of the same date stated in the Second Quarterly Report of the Target Company.

Furthermore, if the Tender Offeror is unable to acquire all of the Target Company Shares (excluding the Target Company Shares held by the Tender Offeror and the treasury shares held by the Target Company) through the Tender Offer, the Tender Offeror plans to implement a series of procedures to make the Tender Offeror the sole shareholder of the Target Company after the Tender Offer (For details, please refer to “(4) Policy for organizational restructuring after the Tender Offer (matters relating to two-step acquisition”).

According to the “Notice Regarding Expression of Opinion in Respect of Tender Offer and Recommendation of Tender Offer by Toshiba Infrastructure Systems & Solutions Corporation, controlling shareholder, for Shares of NISHISHIBA ELECTRIC” released on November 13, 2019 by the Target Company (the “Target Company Press Release”), the Target Company resolved at its board of directors meeting held on November 13, 2019 to express an opinion in favor of the Tender Offer and to recommend that the Target Company’s shareholders tender the shares held by them in the Tender Offer. For details of the resolution by the Target Company’s board of directors, please refer to “(vi) Obtaining approvals from all directors of the Target Company without interests in the Transaction and opinions from all statutory auditors of the Target Company without interests in the Transaction to the effect that they have no objections” of “Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer” of “(B) Process of calculation” of “(4) Basis for the calculation of the Tender Offer Price” under “2. Outline of Tender Offer” below.

- (2) Background, purpose and decision-making process leading to the decision to conduct the Tender Offer and management policy following the Tender Offer
 - (A) Background, purpose and decision-making process leading to the conduct of the Tender Offer

The Tender Offeror was established in May 1987 as Toshiba Electric Service Corporation, which engaged in the businesses of maintenance, inspection and repair of electrical equipment, information/telecommunication equipment and machinery equipment. In July 2017, Toshiba, the wholly-owning parent company of the Tender Offeror, split and transferred Infrastructure Systems & Solutions Corporation, which was an in-house company of Toshiba, to Toshiba Electric Service Corporation by means of a company split

and the present Toshiba Infrastructure Systems & Solutions Corporation (i.e., the Tender Offeror) was established. Thereby, the Tender Offeror became responsible for the development, manufacture and sale of the products and systems of the Social Infrastructure Business of the Toshiba Group and the services therefor. In addition, as part of said company split, all of the Target Company Shares held by Toshiba were transferred to the Tender Offeror. As a result, the Target Company became responsible for provision of power generators and power generation control equipment for the Power Supply Infrastructure Business in the Social Systems Division of the Tender Offeror.

Thereafter, in April 2019, by means of the company split between the Tender Offeror and Toshiba, the Batteries Business of the Tender Offeror and the shares of the company engaged in the Building Solutions Business that were held by the Tender Offeror were transferred to Toshiba. As a result, as of today, the Tender Offeror has five business divisions, namely, the Social Systems Division, Defense and Electronic Systems Division, Security and Automation Systems Division, Transportation Systems Division and Industrial Systems Division, 31 companies in Japan and 41 companies overseas (14 countries) as subsidiaries and equity-method affiliates, and approximately 16,000 employees in Japan and approximately 3,000 employees overseas.

In the aim of realizing the management policy of "contributing to the solution of social issues through the combination of cyber and physical technologies" set forth in the "Toshiba Next Plan" by Toshiba, the Tender Offeror is expected to play a key role as a company with a high public profile that is focused on customers, which support vital social lifelines, such as public infrastructure, railways and industrial systems. In addition, the Tender Offeror stated its new management vision, which is "Care for People and Contribute to Society: We realize safe, secure lives through our technologies and partnerships. We are passionate and committed, determined to transform social and industrial infrastructure, to make it more productive and enriching." Under this vision, the Tender Offeror aims to be an entity that supports people's safety and security and a prosperous society through the products and services that the Tender Offeror provides to customers in a changing society with global warming, declining birthrates and aging population, aging urban infrastructure and ever-evolving digitalization. In the Power Supply Infrastructure Business, the Tender Offeror provides diversified power system, such as renewable energy centered on solar power and, for the purpose of providing a safe and stable supply of electrical energy, the Tender Offeror combines transmission and distribution systems that ensure delivery of generated electricity to national organizations, local governments, business operators and commercial and industrial facilities in a reliable manner; energy storage systems that efficiently store energy without waste; uninterruptible power generation systems that prevent power outages and power troubles; and emergency power generators and power generation control systems by using the technologies it has cultivated since its foundation and up-to-date AI and IoT technologies to provide customers with optimal solutions, such as high quality, high reliability, energy-saving performance and environmentally-friendly solutions.

On the other hand, the Target Company group (the "Target Company Group") consists of the Target Company and its two subsidiaries as of today and, through the Tender Offeror, which is the Target Company's parent company, the Target Company Group is engaged in part of the Infrastructure Systems & Solutions Business of the Toshiba Group and develops the business related to manufacture and sales of rotating electrical machinery systems (power generators, motors, electric propulsion system, shaft generator system) as well as

the related installation, maintenance and inspection business and the energy solutions business.

The origin of the Target Company is Aboshi Works of Tokyo Shibaura Electric Co., Ltd. (current Toshiba), which was constructed in March 1940, and Aboshi Works commenced its operation as a factory manufacturing heavy-electric machinery in September 1942. In February 1950, pursuant to the Enterprise Reorganization Act of Japan, Aboshi Works was separated and became independent from Toshiba becoming a wholly-owned subsidiary of Toshiba, and commenced its operation as NISHISHIBA ELECTRIC CO., LTD. (i.e., the Target Company), which succeeded to the facilities and personnel of Aboshi Works. Thereafter, the Target Company was listed on the second section of the Osaka Securities Exchange in April 1973 and the second section of the Tokyo Stock Exchange in April 1974, respectively. As a result of several capital increases conducted by the Target Company and transfers of the Target Company Shares by Toshiba before and after the listing, the ratio of shareholding by Toshiba gradually decreased, and at the time after the capital increase through public offering, which was conducted by the Target Company in October 1981, the ratio of shareholding by Toshiba was 45.99% (the ratio to the total number of issued shares including treasury shares held by the Target Company; the Target Company is not able to have accurate information on the number of treasury shares at the time.). Thereafter, in May 2008, the Target Company conducted a capital increase by way of third-party allotment, the subscriber of which was Toshiba, and the number of the Target Company Shares held by Toshiba was 21,292,385 shares, and the ratio of its shareholding became 54.46% (the ratio to the total number of issued shares including treasury shares held by the Target Company; the Target Company is not able to have accurate information on the number of treasury shares at the time). On July 1, 2017, Toshiba transferred Infrastructure Systems & Solutions Corporation, which was an in-house company of Toshiba that managed the Target Company, to the Tender Offeror by means of a company split, and upon such transfer, the Target Company Shares held by Toshiba were transferred to the Tender Offeror, and the number of the Target Company Shares held by the Tender Offeror is 21,292,385 shares (54.43%, the ratio to the total number of issued shares excluding treasury shares held by the Target Company as of today), its current shareholding.

In respect of the market related to the Power Generator-related Business that is operated by the Tender Offeror and the Target Company, due to the necessity to respond to social issues, such as natural disasters, global warming and the exhaustion of fossil fuels, the Tender Offeror believes that such market is expected to grow in the future given the growing need to establish social infrastructures for business continuity plans (BCPs) and sustainable societies and given the shift to renewable energy and diversified power based on the Japanese government's energy policies. On the other hand, in respect of the Power Supply Infrastructure Business, in the future, it will be necessary to construct a connection system between power generators (rotary) and power semiconductors (semiconductors that convert direct current power supply from renewable energy sources and energy storage to alternating current power supply). Therefore, since construction of the system requires an understanding of the technical characteristics of both of the said products, it will be essential to integrally have products and technologies related to power generators, power semiconductors and energy storage as a series of integrated systems in order to respond to the increasingly sophisticated and complicated needs of power generation, transmission and distribution and energy storage, such as BCPs, virtual power plants (VPPs) (Note) and local consumption for locally-produced energy. In this regard, considering that other competing heavy-electric machinery manufacturers manufacture power generators at their

own plants and reinforce their businesses in view of future trends in the power supply infrastructure industry, the Tender Offeror believes that, while maintaining its competitive edge as a mature manufacturer, such as its track record of supplying a large number of the Tender Offeror's products, into which the Target Company's power generators were integrated, to customers of the Tender Offeror from the late 1980s to the early 1990s, and expected demand for new sales for replacement of such products, in order to respond to such demand without delay, it is important to construct a system to promote business jointly with the Target Company, which handles power generators.

Note: "Virtual power plants (VPP)" means a system, in which small facilities such as power generators, energy storage, and fuel cells, which are located in various areas, are controlled together in a networked system that manages electricity demand to function as if they were a single power plant.

Against the backdrop of this business environment, the Tender Offeror believes that in aiming for the further enhancement of the corporate value of both companies, it is necessary to facilitate the integrated business promotion of both companies with respect to the Power Generator-related Business more than ever before to respond appropriately to the changing business environment, and further that, it is also necessary, without being limited from the perspective of securing independence of the Target Company as a listed company, to further accelerate the mutual provision and utilization of the management foundations, business know-how, and management resources of both companies and swiftly execute further collaborations with the Target Company from the perspective of optimization of the entire Toshiba Group. Toshiba, the parent company of the Tender Offeror, has also verified, together with the Tender Offeror, whether it is rational to keep the Target Company as a listed subsidiary from the perspective of maximizing the corporate value of Toshiba Group, such as whether it conforms to the business portfolio strategy of Toshiba Group and whether the benefits exceed the limitations and costs, based on the "Practical Guidelines for Group Governance Systems" issued by the Ministry of Economy, Trade and Industry of Japan on June 28, 2019. As a result, Toshiba came to the same understanding and belief as the Tender Offeror, which is that the integrated business promotion between the Tender Offeror and the Target Company is necessary to further enhance the corporate value of both companies. Toshiba believes that the Tender Offer is essential for realizing the reinforcement of the Infrastructure Systems & Solution Business of the Toshiba Group, and considering the business environment in which the Tender Offeror and the Target Company are situated, Toshiba believes that integrating their business operations, rather than conducting their respective business operations independently, will contribute to maximizing the corporate value of both the Tender Offeror and the Target Company, and in turn, the corporate value of the Toshiba Group as a whole. Additionally, considering the business scale of the Target Company, becoming a wholly-owned subsidiary will reduce various burdens the Target Company has had as a listed company, thereby producing a great benefit, and becoming a wholly-owned subsidiary is both necessary and beneficial for the Target Company. Toshiba expects that the Transaction would improve EPS (Earnings Per Share) of Toshiba on a consolidated basis by, among other things, adding net income attributable to non-controlling interests with respect to the Target Company.

On the other hand, considering that, as the Target Company engages in independent business operations as a listed company and it would need considerable time for the integration of business operations of such Power Generator-related Business, there are limitations on the mutual utilization of management resources to responding promptly and appropriately to the changing business environment, the Tender Offeror has come to the

understanding by early September, 2019 that making the Target Company a wholly-owned-subsi-dary of the Tender Offeror is essential to realize the integrated business promotion aimed at further enhancing the corporate value of both companies. Furthermore, given that it is necessary to develop and implement medium- to long-term measures in order to respond to the changing business environment and it is expected that such implementations require a certain period, there are unavoidable risks such as a deterioration of the business environment in the future. Thus the Tender Offeror believes that providing a reasonable opportunity for sales of shares without exposing the Target Company's minority shareholders with the risk of decline in the share price associated with the deterioration of the business environment, etc., which in turn would contribute to the interests of the Target Company's minority shareholders.

Accordingly, in early September 2019, the Tender Offeror appointed Nomura Securities Co., Ltd. ("Nomura") as its financial advisor and third party valuation institution independent from the Toshiba Group, including the Tender Offeror and the Target Company, and appointed Nagashima Ohno & Tsunematsu as its legal advisor, and on September 6, 2019, the Tender Offeror submitted a proposal (the "Proposal Dated September 6, 2019") to the Target Company and conveyed to the Target Company its intention to commence consideration of the mid-term/long-term and measures to sustainably enhance the corporate value of both companies, including the Transaction. Further, the Tender Offeror submitted a document to provide an initial explanation as to the background leading to the proposal of the Transaction and meanings/purposes of the Transaction (the "Document Dated September 18, 2019") and thereafter, began detailed discussions and negotiations with the Target Company regarding the Transaction.

Thereafter, the Tender Offeror conducted due diligence from early October 2019 to early November 2019 to review the feasibility of the Transaction. Concurrently, the Tender Offeror continued discussions and negotiations with the Special Committee (as defined in "(B) Decision-making process of the Target Company" below) regarding various terms and conditions of the Transaction including the Tender Offer. As discussions and considerations between the Target Company and the Special Committee advanced, in early November 2019, the Tender Offeror re-recognized that making the Target Company a wholly-owned subsidiary of the Tender Offeror is the best option because by doing so, both companies can expect to enjoy a synergy effect, and will contribute to enhanced corporate value for both companies. Specifically, the Tender Offeror and the Target Company intend to enhance the corporate value of both companies by, among other things, providing abundant resources (human resources, funds, and facilities) held by the Toshiba Group including the Tender Offeror to the Target Company following the implementation of the Transaction and collaborating in the following areas: sales, technology, quality, manufacturing, and procurement. As mentioned in "Practical Guidelines for Group Governance Systems" issued by the Ministry of Economy, Trade and Industry of Japan on June 28, 2019, in order to proceed with such collaboration, the Tender Offeror believes that making the Target Company a wholly-owned subsidiary of the Tender Offeror will enable the Tender Offeror to implement the measures and make investment decisions from the perspective of mid-term/long-term and optimization of the entire Toshiba Group, without limitations, which may occur if the Target Company remains a listed company, to implement the group strategies and re-allocate the management resources.

(a) Sales

- Expand the commercial distribution channels of the Target Company by utilizing

the customer base of the Tender Offeror, including customers in businesses other than the Power Generator-related Businesses

- Jointly capture renewal demand regarding existing products that have been delivered to customers

(b) Technology

- Facilitate the exchange of personnel such as engineers of rotary machines
- Strengthen proposal and development capabilities through joint research, etc., between the Tender Offeror and the Target Company and implement strategic R&D

(c) Quality

- Improve quality by providing the quality control know-how of the Tender Offeror to the Target Company

(d) Manufacturing

- Provision of support by the Tender Offeror to the Target Company in the introduction of manufacturing equipment concerning the infrastructure-related businesses
- Transfer and introduction of the manufacturing technologies possessed by the Tender Offeror to the Target Company

(e) Procurement

- Cost reduction through joint sourcing
- Reduction of procedures and costs, etc., by simplifying intra-group transactions

Furthermore, the Tender Offeror believes that it is necessary to strategically conduct capital expenditures and R&D from a medium-to long-term perspective to seize future changes in the business environment as opportunities and contribute to future development and, by utilizing the fund raising capacity and capital strength of the Tender Offeror, the Target Company is able to raise funds and invest them more efficiently than before.

Regarding the price for the Tender Offeror's purchase of the Target Company Shares (the "Tender Offer Price"), the Tender Offeror held discussions and negotiations with the Special Committee multiple times after the Tender Offeror made a first proposal to the Target Company to set the tender offer price at 185 yen per share on October 15, 2019. Thereafter, the Tender Offeror made a final proposal to the Special Committee regarding the Tender Offer Price on November 8, 2019. As a result of the Tender Offeror's continued discussions and negotiations with the Special Committee based on such final proposal, in early November 2019, the Tender Offeror and the Special Committee reached a consensus that making the Target Company a wholly-owned subsidiary of the Tender Offeror would be the best measure to respond to the changing business environment surrounding the Tender Offeror and the Target Company and contribute to enhancing the corporate value of both companies; therefore, the Tender Offeror resolved at its board of directors meeting held on November 13, 2019 to conduct the Tender Offer as part of the Transaction.

(B) Decision-making process of the Target Company

According to the Target Company Press Release, the Target Company recognizes that the business environment surrounding the Target Company is as follows.

In the shipbuilding and ship-related market in the field of marine electrical systems, although the shipbuilding market, which had been remained sluggish due to decrease in supply of new vessels because of the past oversupply, seems to be past the worst, the gap between supply and demand of shipbuilding attributable to the oversupply of vessels has not decreased yet. Under such market circumstances, increase in the sales of vessels ordered at a low price in the past and intensifying price competition for marine electrical appliances due to stronger demand for lower prices of marine products from shipyards are expected and, therefore, the Target Company expects that the harsh business environment continues in the field of marine electrical systems. In order to respond to such business environment, the Target Company believes that it has to strengthen the price competitiveness of component products such as generators and motors through further cost reductions. Since there has been a demand for vessels of higher performance and energy efficiency in recent years, the Target Company believes that, in order to further develop its business, it is necessary to more proactively develop and expand sales of systems products such as electric propulsion system and shaft generator system, which have high added value and contribute to the reduction of environmental impact.

In the field of power generation and industrial system, although there are some expectations for the domestic market due to the market environment, in which it is expected to increase opportunities to supply the Target Company's products, such as global warming countermeasures, promotion of renewable energy and distributed energy based on the 5th Strategic Energy Plan approved by the Cabinet in 2018, liberalization of sales of electricity and gas, revision of the feed-in tariff scheme, and development of infrastructure and capital investment for the Tokyo Olympic and Paralympic Games, price competition is expected to intensify further since such field is strongly influenced by the reduction of energy costs, and therefore, the Target Company does not have any optimistic view of the business environment. Under the business environment, according to the Target Company, in order to capture its business opportunities, it is necessary to work on further expansion of sales of a continuous power generating system and emergency power generating system by strengthening power supply security and proposing a total system for power supply in response to the Business Continuity Plan (BCP), as well as the increase of orders of environmentally conscious renewable energy sources, such as small and medium scale hydroelectric power generation and biomass power generation. Also, the Target Company considers it necessary to work on the improvement of total service capabilities by focusing on expansion of maintenance and service business for the Target Company's products operated by Nishishiba Engineering Co., Ltd. ("Nishishiba Engineering"), a subsidiary of Target Company. In addition, since the sales of the Target Company currently depend on the domestic market, the Target Company believes that, it is essential for the further business development of Target Company Group to strengthen its overseas business by enhancing the relationship with manufacturer of motors and plants, and attracting demands for energy infrastructure in emerging countries.

Under such circumstances, as stated in "(A) Background, purpose and decision-making process leading to the conduct of the Tender Offer", the Target Company received the Proposal Dated September 6, 2019, from the Tender Offeror on September 6, 2019, and, on September 18, 2019, the Company received the Document Dated September 18, 2019, which provided the Target Company with an initial explanation of the background leading to the proposal of the Transaction and the meaning and purpose of the Transaction. In response to this, given the fact that the Target Company is the parent company of the

Tender Offeror, and the Transaction falls under the category of material transactions, etc., with a controlling shareholder, and also the transaction where issues with respect to structural conflicts of interest and information asymmetries between a tender offeror and minority shareholders typically exist, the Target Company appointed SMBC Nikko Securities, Inc. (“SMBC Nikko”) as its financial advisor and Mori Hamada & Matsumoto as its legal advisor in the middle of September 2019 in order to promptly establish the framework to respond to these issues and to ensure the fairness of the Transaction, subject to the approval of the Special Committee below. Based on the legal advice given by Mori Hamada & Matsumoto as to the process, method and other important matters regarding the decision-making for the Transaction, the Target Company resolved to establish the special committee (the “Special Committee”) at the extraordinary meeting of the board of directors held on September 27, 2019, and established the Special Committee on the same date. (For details of the background of the establishment of the Special Committee, its composition and activities, please refer to “(iv) Obtaining a share valuation report from an independent third party valuation institution by the Target Company” of “(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)” of “(B) Process of calculation” of “(4) Basis for the calculation of the Tender Offer Price” under “2. Outline of tender offer” below.) The Target Company requested that the Special Committee (a) examine whether the board of directors of the Target Company should support the Tender Offer and whether they should recommend that the shareholders of the Target Company tender their shares in the Tender Offer and make recommendations to the board of directors of the Target Company based on such examinations and (b) examine whether the decisions made at the meeting of the board of directors of the Target Company concerning the Tender Offer are not disadvantageous to the minority shareholders of the Target Company and provide an opinion for the board of directors of the Target Company (collectively, the “Consulted Matters”). (With respect to the examinations of the Consulted Matters in (a) above, it was requested that the Special Committee (i) examine and determine the merits of the Transaction from the perspective of whether the Transaction would contribute to the enhancement of the corporate value of the Target Company and (ii) examine and determine the appropriateness of the terms and conditions of the Transaction and the fairness of the procedures from the perspective of protecting the interests of general shareholders of the Target Company.) Furthermore, with respect to the decision-making of the board of directors of the Target Company concerning the Tender Offer, the Target Company resolved at the extraordinary meeting of the board of directors held on September 27, 2019 that the Target Company must pay the utmost respect to the matters determined by the Special Committee, including whether or not to support the Tender Offer, and if the Special Committee determines that the terms and conditions of the Transaction are inappropriate, the Target Company must resolve not to support the Tender Offer, and must resolve to grant the Special Committee the authority to negotiate with the Tender Offeror regarding the terms and conditions, etc., of the Transaction, and the authority to retain advisors for its financial or legal matters, as necessary, upon responding to the Consulted Matters (fees for the advisors are to be borne by the Target Company), the authority to appoint or approve (including post approvals) financial or legal advisors of the Target Company, and the authority to receive necessary information from the officers and employees of the Target Company for the examination and determination with respect to the Tender Offer.

Thereafter, on September 27, 2019, the Special Committee (i) approved the appointment of SMBC Nikko as the financial advisor of the Target Company and Mori Hamada & Matsumoto as the legal advisor of the Target Company, and (ii) appointed Plutus

Consulting Co., Ltd. (“Plutus Consulting”) as its own financial advisor and a third party valuation institution independent from the Toshiba Group, including the Tender Offeror and the Target Company, and the Transaction, and Kitahama Partners L. P. C. (“Kitahama Partners”) as its own legal advisor independent from the Toshiba Group, including the Tender Offeror and the Target Company, and the Transaction and then established the framework for discussion and negotiation regarding the Transaction.

Under this framework, considering the proposal of the Transaction made by the Tender Offeror, the Special Committee discussed the business, business environment, and details of existing business plans with the management of the Target Company on several occasions, and examined the impact of the Transaction on the corporate value of the Target Company. In addition, the Special Committee also discussed with the Tender Offeror the impact of the Transaction on the corporate value of the Target Company by giving instructions to the management of the Target Company or SMBC Nikko or by directly discussing with the Tender Offeror.

Furthermore, after receiving from the Tender Offeror the proposal to set the tender offer price at 185 yen per share on October 15, 2019, the Special Committee held multiple discussions and negotiations with the Tender Offeror regarding the terms and conditions of the Transaction including the tender offer price, taking into account financial advice from Plutus Consulting, the financial advisor of the Special Committee, including the valuation of the share value of the Target Company and negotiation strategy and financial opinion from SMBC Nikko, the financial advisor of the Target Company, including the valuation of the share value of the Target Company and negotiation strategy. Thereafter, on November 8, 2019, the Special Committee received the final proposal from the Tender Offeror to set the Tender Offer Price at 240 yen per share, which, the Target Company considers, provides its shareholders with an opportunity to sell their shares at a reasonable price as described below.

Given the final proposal by the Tender Offeror on November 8, 2019, the Special Committee prepared a report dated November 12, 2019 (the “Special Committee Report”) by taking into consideration the report concerning the result of the share valuation of the Target Company prepared by SMBC Nikko, which the Target Company received from SMBC Nikko; the share valuation report dated November 12, 2019 (the “Target Company Share Valuation Report (SMBC)”); the report concerning the result of the share valuation of the Target Company prepared by Plutus Consulting, which the Special Committee received from Plutus Consulting; the share valuation report dated November 12, 2019 (the “Target Company Share Valuation Report (Plutus)”) and the opinion (fairness opinion) dated November 12, 2019 (the “Fairness Opinion”) to the effect that the Tender Offer Price is fair to the minority shareholders of the Target Company from a financial perspective and the Target Company received the Special Committee Report from the Special Committee on the same date (For details of the outline of the Report, please refer to “(ii) Establishment of the Special Committee independent from the Target Company and obtaining the Special Committee Report by the Target Company” of “Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer” of “(B) Process of calculation” under “(4) Basis for the calculation of the Tender Offer Price” under “2. Outline of Tender Offer” below.).

Thereafter, the Target Company carefully considered the various terms and conditions of the Transaction from the perspective of enhancing corporate value by taking into account

the details of the legal advice it has obtained from Mori Hamada & Matsumoto as to the process, method and other important matters regarding the decision-making for the Transaction, the Target Company Share Valuation Report (SMBC), the Target Company Share Valuation Report (Plutus) and the Fairness Opinion, and gave the utmost respect to the details of the Special Committee Report submitted by the Special Committee as described above.

As a result, the Target Company also reached the conclusion that becoming a wholly-owned subsidiary of the Tender Offeror will enable more efficient management and swift implementation of the measures to solve the issues of the Target Company.

Specifically, the Target Company reached the conclusion that by deepening the collaboration between the Target Company and the Tender Offeror more than ever before, synergy effects described in (a) through (e) below can be expected, and as a result, the corporate value of Toshiba Group overall, including the Target Company, will be enhanced further after the completion of the Transaction.

(a) Further expansion of the customer base by establishing a seamless collaboration system within the group

The implementation of the Transaction will enable active use of the customer base and information, etc., of the Toshiba Group, which, despite the Target Company belonging to the Toshiba Group, could only be attained within a limited scope until now, due to maintain independence and autonomy as a listed company, and the Target Company anticipates increased opportunities to obtain not only existing customers of the Target Company but also various customers in Japan and overseas as well as the expansion of commercial distribution channels.

Specifically, with respect to the field of marine electrical systems, by establishing a close collaboration system regarding the needs of cargo owners etc. who are important customers of the Toshiba Group, the Target Company anticipates the accuracy of the forecasts of receiving vessel construction orders to improve. The Target Company and the Tender Offeror have produced results through collaboration in new fields such as Lithium-ion battery installed vessels, and further technical support is expected from the Tender Offeror after the Transaction, and, thereby, the Target Company anticipates an expansion of business in the relevant new fields (for details of the technical support, please refer to (b) below). Furthermore, with respect to marine electrical propulsion systems (the “Propulsion System”), Japanese vessel-related companies, including the Target Company, each have fields of expertise with respect to each part of the product of the Propulsion System, such as consoles, electrical distribution systems, power generators, and electric motors, and the Propulsion System is not collectively delivered to customers by one company; however, foreign major manufacturers are able to collectively deliver these Propulsion Systems single-handedly and have strong competitiveness, thereby posing a threat to the Target Company. The Target Company believes that it will be able to establish a system to enable the collective delivery of the Propulsion System with the technical support from, and continuing to closely collaborate with, the Tender Offeror, thereby enabling it to compete with foreign major manufacturers. Furthermore, the Target Company believes that smart-grids (a transmission network that controls and optimizes the flow of electricity from both the supply side and the demand side), which the Tender Offeror and Toshiba have knowledge, can be applied to the electrical components of vessels, and the Target Company anticipates an expansion of business in the field of the Target Company’s marine electrical

systems.

With respect to the generating and industrial systems field, the Target Company anticipates an expansion of the sales routes for the Target Company's products to important customers of the Tender Offeror, such as government ministries and agencies, municipalities, data centers, urban development companies, hospitals and universities, and an expansion of business opportunities by making comprehensive proposals including energy efficiencies, substations, UPSs (Uninterruptable Power Supply), batteries and in-house power generation. Additionally, because the Target Company will have an easier time capturing the demand for product replacements and renewal projects of customers to whom the Tender Offeror has a past record of supplying products, the Target Company anticipates an expansion of business opportunities and also an expansion of the business opportunities of the maintenance and service business of Nishishiba Engineering, a subsidiary of the Target Company. An expansion of customers is anticipated not only through the direct sales route of the Tender Offeror but also through the distributors of the Tender Offeror.

Therefore, the Target Company believes that the Transaction will also strengthen the sales capabilities that have been difficult to restore based on the organizational structure of the Target Company alone.

- (b) Maximizing the sharing management resources and know-how of the Toshiba Group
Through the Transaction, the Target Company believes that it will be able to maximize the use of the Toshiba Group's management resources (human resources, technology, quality control know-how, etc.).

In the area of design and manufacturing, the Target Company regularly holds technical exchange meetings with the Toshiba Group and shares cases of improvements made at their respective manufacturing sites. However, due in part to the current ownership ratio of the Tender Offeror in the Target Company, the Target Company and the Toshiba Group were able to share the information hold these meetings only within a limited scope of its research division, rotating machinery design division, and production engineering division, etc.

By making the Target Company a wholly-owned subsidiary of the Tender Offeror, the Target Company will be able to improve the accessibility to information through the technology sharing system of the Toshiba Group and to share knowledge and know-how on the most up-to-date technologies of the Toshiba Group. By such improvement, it is expected to further improve technological capabilities and quality control know-how of the Target Company. In particular, it is expected that the Toshiba Group's life diagnosis and failure diagnosis for rotary systems will be used in the Target Company's products. In addition, the technical provision of the Tender Offeror's system engineering capabilities is expected to improve the quality of products and expand the size of the Target Company's shipping business. In addition to technologies, the Target Company expects to incorporate advanced cases of the Toshiba Group in the areas of productivity improvement and work style reform.

In addition, the Target Company expects that personnel exchanges within the Toshiba Group will become more active and easier than the current structure. In addition to engineers, with respect to personnel such as those of quality control and business management, the Target Company expects that human resources are optimally allocated and effectively utilized within the entire group. It is also expected that development of the

Target Company's human resources will be strengthened. In particular, for the Target Company, employment and retention of university-graduated science professionals is an urgent issue, and personnel exchanges that meet the Target Company's needs are expected to be strengthened.

(c) Enhancement of efficient production system and price competitiveness

Currently, the Target Company's procurement divisions participate in the Toshiba Group's concentrated purchasing activities, and are enjoying benefits of cost reductions through concentrated purchasing of materials such as steel, thick plates, and copper. Through these activities, the Target Company believes that it can further reduce costs. The Target Company procures products from the Toshiba Group and the Target Company expects that the management procedures for intra-group transactions will be simplified.

In addition, by introducing the Toshiba Group's production technologies, utilizing customers' needs obtained from the broad customer base of the Toshiba Group in production, and receiving support for the introduction of production facilities and the improvement of existing facilities, the Target Company expects that the production efficiencies will be further improved from what they are now, and as a result, together with the effects of cost reductions, the Target Company will be able to improve its price competitiveness.

(d) Speeding up of decision-making based on the Toshiba Group's management strategy

As mentioned above, under the business environment where the price competition is expected to be further intensified and the Target Company is required to develop and expand the sales of high value added products and strengthen overseas operations in order to further develop its business, the Target Company believes that it needs to quickly reflect the management strategies of the Toshiba Group in management decisions of the Target Company. As stated in, "(A) Background, purpose and decision-making process leading to the conduct of the Tender Offer", the Toshiba Group's policy is to further facilitate the integrated business promotion of the Power Supply Infrastructure Business for the entire Toshiba Group, including the Target Company. The Target Company believes that the integrated business promotion will further enhance the corporate value of the entire Toshiba Group, including the Target Company.

In the above-mentioned process, even in the case where the Target Company, as a member of the Toshiba Group, considers acting in the interest of the entire Toshiba Group, it is also necessary to consider the interests of minority shareholders in the Target Company, based on the current capital relationship. For example, the Target Company believes that it must continue to invest a considerable amount in production facilities in order to build a more efficient production system, including measures to combat aging of the Target Company's production facilities and labor-saving measures. Therefore, the Target Company believes that it is important to take an investment stance that is not focused on short-term profits. For example, upgrading the infrastructure of the Target Company's factories, such as the renovation of aged substations thereat, is not urgent, and does not directly increase revenues in the short-term. However, investing on such upgrades is necessary for the Target Company to continue its business and grow in the future, and therefore it is necessary to make investment decisions from a long-term perspective. By becoming a wholly-owned subsidiary of the Tender Offeror, the Target Company will be able to pursue profits for the entire Toshiba Group, and in addition to enhancing the corporate value of the entire Toshiba Group, the Target Company expects to enhance its corporate value by expanding

transaction volumes and avoiding loss of opportunities by responding swiftly to market changes.

(e) Elimination of listing maintenance costs

As stated in the Ministry of Economy, Trade and Industry's "Practical Guidelines for Group Governance Systems" dated June 28, 2019 that listed subsidiaries shall, in principle, aim to increase the ratio of independent outside directors in the board of directors, currently, the oversight of the management of parent-child listings is becoming increasingly stringent with respect to listed subsidiaries. In order to maintain listings with continued independence of the Target Company Group, since the burden of retaining outside directors, for which it is expected that the Target Company will be required to increase the number of such outside directors, is extremely large, by realizing the delisting through the Transaction, such burden will be relieved. In addition, other management burdens due to maintenance of listing, such as costs for maintaining the administration divisions, which are required as a listed company, and other costs, will be eliminated, and the concentration of management resources into business growth will be enabled, which will enhance the corporate value of the Target Company Group.

From the following viewpoints, the Target Company determined that the Tender Offer provides the Target Company's shareholders an opportunity to sell shares at a reasonable price:

- (i) The Target Company agreed to the Tender Offer Price after it took sufficient measures to ensure the fairness of the terms and conditions of the Transaction, including the Tender Offer Price as set forth in the section titled "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)" of "(B) Process of calculation" of "(4) Basis for the calculation of the Tender Offer Price" under "2. Outline of Tender Offer" below and fully negotiated with the Tender Offeror.
- (ii) The Tender Offer Price is higher than the highest price of the calculation results derived from the market price analysis and falls within the range of calculation results derived from the comparable companies analysis and the discounted cash flow analysis (the "DCF Analysis") set out in the Target Company Share Valuation Report (SMBC) regarding the Target Company as set forth in the section titled "b. Outline of calculation" of "(iv) Obtaining a share valuation report from an independent third party valuation institution by the Target Company" of "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)" of "(B) Process of calculation" of "(4) Basis for the calculation of the Tender Offer Price" under "2. Outline of Tender Offer" below.
- (iii) The Tender Offer Price is higher than the highest price of the calculation results derived from the market price analysis and the comparable companies analysis and falls within the range of calculation results derived from the DCF Analysis set out in the Target Company Share Valuation Report (Plutus) regarding the Target Company as set forth in the section titled "b. Outline of calculation" of "(v) Obtaining a share valuation report and fairness opinion from an independent third party valuation institution by the Special Committee" of

“(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)” of “(B) Process of calculation” of “(4) Basis for the calculation of the Tender Offer Price” under “2. Outline of Tender Offer” below, and the Fairness Opinion, to the effect that the Tender Offer Price is fair to the minority shareholders of the Target Company from a financial perspective, has been submitted by Plutus Consulting as set forth in the section titled “c. Outline of the Fairness Opinion” of “(v) Obtaining a share valuation report and fairness opinion from an independent third party valuation institution by the Special Committee” of “(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)” of “(B) Process of calculation” of “(4) Basis for the calculation of the Tender Offer Price” under “2. Outline of Tender Offer” below.

- (iv) The Tender Offer Price includes a premium of 9.09% (rounded to two decimal places; hereinafter the same applies to the calculations of premiums) on 220 yen, which is the closing price of the Target Company’s Shares quoted on the second section of the Tokyo Stock Exchange on November 12, 2019, which is the business day immediately preceding the announcement date for the Tender Offer, a premium of 42.86% on 168 yen (rounded to the nearest whole yen; hereinafter the same applies to simple average closing prices), which is the simple average closing price for the last one-month period from November 12, 2019, a premium of 60.00% on 150 yen, which is the simple average closing price for the last three-month period, and a premium of 71.43% on 140 yen, which is the simple average closing price for the last six-month period. In addition, the Tender Offer Price includes a premium of 41.18% on 170 yen, which is the closing price of the Target Company’s Shares quoted on the second section of the Tokyo Stock Exchange on November 11, 2019, which is the latest trading day on which the share price prior to speculation related to the Transaction reported by certain media (the “Media Speculation”) can be recognized, a premium of 45.45% on 165 yen, which is the simple average closing price for the last one-month period from November 11, 2019, a premium of 61.07% on 149 yen, which is the simple average closing price for the last three-month period, and a premium of 71.43% on 140 yen, which is the simple average closing price for the last six-month period.
- (v) In the Special Committee Report from the Special Committee, it is stated that the Special Committee recognizes the appropriateness of the terms and conditions of the Transaction and the fairness of the procedures as set forth in the section titled “c. Matters determined” of “(ii) Establishment of the Special Committee independent from the Target Company and obtaining the Special Committee report by the Target Company” of “(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)” of “(B) Process of calculation” under “(4) Basis for the calculation of the Tender Offer Price”.

As described above, the Target Company resolved at its board of directors meeting held on November 13, 2019 to express an opinion in support for the Tender Offer and to recommend that the Target Company’s shareholders tender their shares in the Tender Offer.

For details of the decision-making process at the relevant board of directors meeting, please refer to “(vi) Obtaining approvals from all directors of the Target Company without interests in the Transaction and opinions from all statutory auditors of the Target Company without interests in the Transaction to the effect that they have no objections” of (Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)” of “(B) Process of calculation” of “(4) Basis for the calculation of the Tender Offer Price” under “2. Outline of Tender Offer” below.

(C) Management policies subsequent to the Tender Offer

As of today, the officers of the Target Company consist of eleven directors and four statutory auditors and out of which, Mr. Jun Takatani, a director, holds a position as an employee of the Tender Offeror and Mr. Shigenao Noda, a statutory auditor, holds a position as an employee of Toshiba. The management structure subsequent to the Tender Offer has yet to be determined as of today. However, with deference to the Target Company's current management structure, the Tender Offeror will establish a structure that contributes to the integrated management of the entire of the Tender Offeror and the Target Company Group and from the perspective of enhancing the corporate value of the Target Company Group, the Tender Offeror intends to determine such management structure in discussion with the Target Company in the future.

(3) Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer

Taking into account that the Target Company is a consolidated subsidiary of the Tender Offeror as of today and the Transaction falls under the category of a material transaction, etc. with a controlling shareholder, and also a transaction where issues with respect to structural conflicts of interest and information asymmetries between a tender offeror and minority shareholders typically exist, the Tender Offeror and the Target Company have implemented the following measures to respond to these issues from the perspective of ensuring fairness of the Tender Offer, eliminating any arbitrariness in the decision-making process leading up to the determination to implement the Tender Offer, and avoiding conflicts of interest.

The Tender Offeror has set the minimum number of shares to be purchased in the Tender Offer (4,786,615 shares) so that the aggregate number of voting rights of the Target Company to be held by the Tender Offeror after the completion of the Tender Offer will be equivalent to two-thirds of the total voting rights of the Target Company (the number of voting rights (391,185) corresponding to the number of shares (39,118,517 shares) obtained by deducting (a) the number of treasury shares held by the Target Company (57,483 shares) as of September 30, 2019 stated in the Second Quarterly Report of the Target Company, from (b) the total number of issued shares of the Target Company (39,176,000 shares) as of the same date stated in the Second Quarterly Report of the Target Company). On the other hand, the Tender Offeror has not set, as a condition to the Tender Offer, the minimum number of shares to be purchased with respect to the so-called “majority of minority”, but as the Tender Offeror and the Target Company have implemented the measures set out in (A) through (G) below, the Tender Offeror considers that the interests of the Target Company’s minority shareholders have been sufficiently considered. In addition, the Special Committee considers in the Special Committee Report, and the Target Company also considers, that the non-existence of a majority of minority condition will not cause any problems in relation to the measures to secure fairness, given

that the Target Company takes other measures to secure fairness sufficiently.

- (A) Obtaining a share valuation report from an independent third party valuation institution by the Tender Offeror
- (B) Establishment of the Special Committee independent from the Target Company and obtaining the Special Committee Report by the Target Company
- (C) Obtaining advice from an outside law firm by the Target Company
- (D) Obtaining a share valuation report from an independent third party valuation institution by the Target Company
- (E) Obtaining a share valuation report and fairness opinion from an independent third party valuation institution by the Special Committee
- (F) Obtaining approvals from all directors of the Target Company without interests in the Transaction and opinions from all statutory auditors of the Target Company without interests in the Transaction to the effect that they have no objections
- (G) Measures to ensure opportunities for tender offers from other tender offerors

For details of the above, please refer to “(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)” of “(B) Process of calculation” of “(4) Basis for the calculation of the Tender Offer Price” under “2. Outline of Tender Offer” below.

- (4) Policy for organizational restructuring after the Tender Offer (matters relating to two-step acquisition)

As stated in the section above titled “(1) Outline of Tender Offer,” because the objective of the Tender Offer is for the Target Company to become a wholly-owned subsidiary of the Tender Offeror, if the Tender Offeror is unable to obtain all of the Target Company Shares (excluding Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company) through the Tender Offer, the Tender Offeror plans to implement the following series of procedures after the Tender Offer, so that the Tender Offeror will obtain all of the Target Company Shares (excluding Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company).

Specifically, if the total number of voting rights held by the Tender Offeror is equal to or exceeds 90% of the total number of voting rights of all shareholders of the Target Company after the completion of the Tender Offer, the Tender Offeror intends, promptly after the settlement of the Tender Offer, to require all shareholders of the Target Company (excluding the Tender Offeror and the Target Company) to sell all of their Target Company Shares (excluding Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company) to the Tender Offeror (the “Demand for the Sale of Shares”), as stipulated in Article 179 of the Companies Act (Act No. 86 of 2005, as amended; the same applies hereinafter). In the event of a Demand for the Sale of Shares, each of the Target Company Shares held by each shareholder of the Target Company (excluding the Tender Offeror and the Target Company) will be exchanged for cash consideration equal to the Tender Offer Price. In such case, the Tender Offeror will notify the Target Company of the Demand for the Sale of Shares and seek the Target Company’s approval thereof. If the Target Company approves the Demand for the Sale of Shares by resolution of the board of directors, then, in accordance with the procedures provided for in applicable laws and regulations and without requiring the consent of the individual shareholders of the Target Company, on the day stipulated by the Demand for the Sale of Shares, the Tender Offeror will acquire all of the Target Company Shares (excluding Target Company Shares held by

the Tender Offeror and treasury shares held by the Target Company) held by shareholders of the Target Company (excluding the Tender Offeror and the Target Company) in exchange for cash consideration equal to the Tender Offer Price. According to the Target Company Press Release, in the event that the Demand for the Sale of Shares is made by the Tender Offeror, the Target Company intends to approve such Demand for the Sale of Shares at its board of directors meeting.

In the interest of protecting the rights of minority shareholders, the Companies Act provides that if the Demand for the Sale of Shares is made, then in accordance with Article 179-8 of the Companies Act and other applicable laws and regulations, the shareholders of the Target Company (excluding the Tender Offer and the Target Company) may file a petition with a court to determine the sale price of their Target Company Shares. In the event that such petition is filed, the sale price of the Target Company Shares will be finally determined by the court.

Alternatively, if the total number of voting rights held by the Tender Offeror is less than 90% of the total voting rights of all shareholders of the Target Company after the completion of the Tender Offer the Tender Offeror, promptly after the the settlement for the Tender Offer, intends to request the Target Company to hold an extraordinary shareholders' meeting (the "Extraordinary Shareholders' Meeting") which includes the following proposals in the agenda items: (i) to conduct a consolidation of the Target Company Shares (the "Share Consolidation") pursuant to Article 180 of the Companies Act, and (ii) to make a partial amendment to the Target Company's Articles of Incorporation that would abolish the provision regarding the number of shares constituting one unit of shares subject to the Share Consolidation taking effect. The Tender Offeror intends to approve each of said proposals at the Extraordinary Shareholders' Meeting. If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, on the effective date of the Share Consolidation, the shareholders of the Target Company (excluding the Tender Offerer) will hold the number of Target Company Shares proportionate to the ratio of the Share Consolidation that is approved at the Extraordinary Shareholders' Meeting. If, due to the Share Consolidation, any fraction constituting less than one share arises, each holder of the Target Company Shares will be delivered an amount of cash which is to be obtained by selling the Target Company Shares, number of which is equivalent to the total number of such fractions constituting less than one share (if any fraction constituting less than one share arises with respect to such total number, such fraction shall be rounded down to the nearest whole number), to the Target Company or the Tender Offeror in accordance with the procedures provided for in Article 235 of the Companies Act and other applicable laws and regulations. The sale price of such Target Company Shares, number of which is equivalent to the total number of such fractions constituting less than one share, will be calculated such that, as a result of the sale, the amount of cash delivered to each of the shareholders who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company) will be equal to the price obtained by multiplying the Tender Offer Price by the number of Target Company Shares held by each of such shareholders. Upon conducting such calculation, the Tender Offeror will request the Target Company to file a petition with a court for permission with respect to voluntary sale of such Target Company Shares. Although the ratio of the consolidation of the Target Company Shares has not been determined as of today, the Tender Offeror intends to request of the Target Company that it determine the ratio of the Share Consolidation which will make the number of the Target Company Shares to be held, as a result of the Share Consolidation, by any of shareholders (excluding the Tender

Offeror and the Target Company) who do not tender their shares in the Tender Offer a fraction constituting less than one share so that the Tender Offeror will hold all of the Target Company Shares (excluding treasury shares held by the Target Company).

In the interest of protecting the rights of minority shareholders, the Companies Act provides that if the Share Consolidation is conducted and any fraction constituting less than one share arises, the shareholders of the Target Company (excluding the Tender Offeror and the Target Company) may request the Target Company to purchase at a fair price all of their shares in fraction constituting less than one share and may file a petition with the court for determination of the price of the Target Company Shares pursuant to the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws or ordinances. As stated above, as a result of the Share Consolidation, the number of the Target Company Shares held by the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company) will be fractions constituting less than one share, and therefore, shareholders of the Target Company who are against the Share Consolidation (excluding the Tender Offeror and the Target Company) will be able to file the above-mentioned petition. In the event that such petition is filed, the sale price of the Target Company Shares will be finally determined by the court.

For each of the above-mentioned procedures for the Demand for the Sale of Shares and the Share Consolidation, the method or time of the implementation therefor may be changed due to the amendment to, or enforcement of the relevant laws and regulations, the status of interpretation by the authorities of the relevant laws and regulations, etc. However, even in such cases, the Tender Offeror intends to take any measures to eventually pay cash to each of shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company) and cause the amount of cash to be paid to each of the shareholders to be equal to the amount obtained by multiplying the Tender Offer Price by the number of the Target Company Shares held by such shareholder. Specific procedures and the schedule thereof in the above cases will be announced by the Target Company once they are determined through mutual discussions between the Tender Offeror and the Target Company.

However, the Tender Offer is not in any way intended to solicit the shareholders of the Target Company to approve the proposals at the Extraordinary Shareholders' Meeting. All holders of the Target Company Shares need to take sole responsibility for seeking advice from their tax accountants with regard to the tax consequences of tendering their shares into the Tender Offer or participating in the procedures outlined above.

- (5) Possibility of and reasons for delisting
The Target Company Shares are listed on the second section of the Tokyo Stock Exchange as of today. However, since the Tender Offeror has not set a maximum limit on the number of shares to be purchased in the Tender Offer, the Target Company Shares may be delisted through prescribed procedures in accordance with the stock delisting criteria of the Tokyo Stock Exchange, depending on the results of the Tender Offer. Also, even in the case where the shares of common stock of the Target Company do not fall under the criteria for such delisting at the time of the completion of the Tender Offer, the Tender Offeror plans to implement the procedures aimed at acquiring all of the Target Company Shares (excluding Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company) as set out in “(4) Policy for organizational restructuring after the Tender Offer

(matters relating to two-step acquisition)” above thereafter pursuant to applicable laws and regulations, and in the case where such procedures are implemented, the Target Company Shares will be delisted through the prescribed procedures in accordance with the stock delisting criteria of the Tokyo Stock Exchange. After delisting, the Target Company Shares may not be traded on the Tokyo Stock Exchange.

- (6) Matters concerning material agreements regarding the Tender Offer
N/A

2. Outline of Tender Offer

(1) Outline of the Target Company

(A)	Name	NISHISHIBA ELECTRIC CO., LTD.	
(B)	Address	1000, Hamada, Aboshi-ku, Himeji, Hyogo	
(C)	Title and name of representative	Ichizo Kobayashi, Representative Director, President and Chief Executive Officer	
(D)	Business outline	Manufacturing, sales, installation, maintenance and inspection services in respect of rotating electrical machinery systems, and energy solutions business	
(E)	Capital stock (as of September 30, 2019)	2,237,989 thousand yen	
(F)	Date of establishment	February 21, 1950	
(G)	Major shareholders and ownership ratios (as of September 30, 2019)	Toshiba Infrastructure Systems & Solutions Corporation	54.43%
		IHI Corporation	7.01%
		Nishishiba Electric Employee Shareholding Association	2.51%
		MSIP CLIENT SECURITIES (Standing Proxy: Morgan Stanley MUFG Securities Co., Ltd.)	1.27%
		Tokio Marine & Nichido Fire Insurance Co., Ltd.	1.00%
		Sumitomo Mitsui Banking Corporation	0.98%
		TAIJU LIFE INSURANCE COMPANY LIMITED (Standing Proxy: Japan Trustee Services Bank, Ltd)	0.92%
		Hideo Matsuoka	0.77%
		SBI SECURITIES Co.,Ltd.	0.57%
		Tsuya Kawada	0.53%
(H)	Relationship between the Tender Offeror and the Target Company		

Capital relationship	The Tender Offeror owns 21,292,385 Target Company Shares (ownership ratio: 54.43%). Additionally, Toshiba, the wholly-owning parent company of the Tender Offeror, indirectly holds 21,424,832 shares (ownership ratio: 54.77%) in total of the shares held by the Tender Offeror and the shares held by Toshiba Insurance Service Corporation, a subsidiary of Toshiba.
Personnel relationship	Four of the directors of Target Company are formerly from Toshiba, the wholly-owning parent company of the Tender Offeror, and one of them is seconded from the Tender Offeror. In addition, among the statutory auditors of the Target Company, one statutory auditor is formerly from KITASHIBA ELECTRIC CO., LTD., which belongs to the Toshiba Group, one statutory auditor is formerly from Toshiba and concurrently serves as a statutory auditor of Toshiba Electronic Device Solutions Corporation, and one statutory auditor has the status of an employee of Toshiba. Further, two employees of the Tender Offeror are seconded to the Target Company. Two employees of the Target Company are seconded to the Tender Offeror.
Business relationship	The Target Company sells products, etc. for power generating and industrial systems to the Tender Offeror (the Target Company's sales regarding such transactions for the fiscal year ended March 31, 2019 was 2,930 million yen). The Target Company purchases parts, etc. for products from the Tender Offeror (the Target Company's cost of such purchases regarding such transactions for the fiscal year ended March 31, 2019 was 202 million yen). In addition, the Target Company deposits funds with Toshiba, the wholly-owning parent company of the Tender Offeror, and leases its land to Toshiba Elevator Products Corporation, a subsidiary of Toshiba.
Status as related party	The Tender Offeror is a consolidated subsidiary and thus a related party of the Target Company.

Note: Information in "Major shareholders and ownership ratios (as of September 30, 2019)" is based on the "Status of major shareholders" in the Second Quarterly Report of the Target Company.

(2) Schedule
(A) Schedule

Resolution by board of directors	November 13, 2019 (Wednesday)
Date of public notice of commencement of tender offer	November 14, 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 Nikkei. (URL of the electronic notice: http://disclosure.edinet-fsa.go.jp/)

Filing date of tender offer registration statement	November 14, 2019 (Thursday)
--	------------------------------

(B) Initially registered offering period
From Thursday, November 14, 2019, through Wednesday, December 25, 2019 (30 business days)

(C) The possibility of extension of tender offer period upon request of the Target Company
N/A

(3) Price of tender offer
240 yen per share of common stock

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

(A) Basis of calculation

In order to ensure the fairness of the Tender Offer Price, when determining the Tender Offer Price, Tender Offeror requested Nomura, a financial advisor and a third-party valuation institution that is independent of Toshiba Group including the Tender Offeror and the Target Company, to evaluate the share value of the Target Company Shares. Nomura is not a related party to Toshiba Group including the Tender Offeror and the Target Company, and has no material interest in the Tender Offer.

As a result of consideration of the calculation methods for the Tender Offer, Nomura calculated the share price for the Target Company Shares using (i) the average market price analysis because the Target Company Shares are listed on the second section of the Tokyo Stock Exchange, (ii) the comparable company analysis because there are listed companies comparable to the Target Company and analogical inference of the share value of the Target Company Shares is possible through this approach, and (iii) the DCF Analysis so as to reflect the status of future business activities in the evaluation. The Tender Offeror obtained the share valuation report from Nomura as of November 12, 2019 (the “Tender Offeror’s Share Valuation Report”). The Tender Offeror has not obtained an opinion concerning the fairness of the Tender Offer Price (a fairness opinion) from Nomura.

The results of the evaluation by Nomura of the value per share of the Target Company Shares are as follows:

Average market price analysis: 140 yen to 170 yen
Comparable company analysis: 137 yen to 269 yen
DCF Analysis: 131 yen to 276 yen

The average market price analysis, with the reference date of November 11, 2019, shows that the value per share of the Target Company Shares is in the range of 140 yen to 170 yen, based on the following prices of the Target Company Shares on the second section of the Tokyo Stock Exchange: the closing price on the reference date (170 yen); the simple average closing price for the last five business days (170 yen); the simple average closing price for the last one-month period (165 yen); the simple

average closing price for the last three-month period (149 yen); and the simple average closing price for the last six-month period (140 yen).

For the comparable company analysis, the share value of the Target Company Shares is calculated by comparing the market prices of the shares and financial indicators showing profitability, etc., of some listed companies engaged in business similar to that conducted by the Target Company. This analysis shows that the value per share of the Target Company Shares is in the range of 137 yen to 269 yen.

For the DCF Analysis, the corporate value and the share value of the Target Company are calculated by first estimating the amount of future free cash flow that the Target Company is expected to generate in and after third quarter of the fiscal year ending March 2020 based on various factors, such as earnings estimates and investment plans in the business plan of the Target Company for five fiscal years from the fiscal year ending March 2020 through the fiscal year ending March 2024 and publicly disclosed information, and then deriving the present value of that amount using a certain discount rate. This analysis shows that the value per share of the Target Company Shares is in the range of 131 yen to 276 yen. It should be noted that the business plan on which the DCF Analysis is premised assumes a large increase or decrease in earnings. In particular, in the fiscal year ending March 2020, the operating income, which had a deficit in the previous fiscal year (i.e. the fiscal year ended March 2019), is expected to bounce back. This is due to the prospect of decrease in expenses for quality assurance that arose from mechanical problems of certain types of power generators occurred in the fiscal year ended March 2019 and contributed to the deficit of operating income of such year, as well as increase in sales. Furthermore, the expected synergies to be realized through the implementation of the Transaction are not taken into account because it is difficult to make detailed estimate of the impact on earnings at this point.

In determining the Tender Offer Price, the Tender Offeror comprehensively took into account several factors, by referencing the valuation results of the analysis methods in the Tender Offeror's Share Valuation Report received from Nomura, including the results of the due diligence performed by the Tender Offeror on the Target Company from early October to early November, the possibility of the Target Company's board of directors supporting the Tender Offer, the trend of the market price of the Target Company Shares, the premiums added to the tender offer prices in certain precedent tender offers conducted by parent companies for the purpose of making their listed subsidiaries wholly owned subsidiaries, and the outlook for tendering of shares in the Tender Offer, and based on the results of the discussions and negotiations with the Target Company, the Tender Offeror ultimately set the Tender Offer Price at 240 yen per share through a resolution at its board of directors' meeting held on November 13, 2019.

The Tender Offer Price of 240 yen per share represents (a) a premium of 9.09% on 220 yen, which is the closing price of the Target Company Shares on the second section of the Tokyo Stock Exchange on November 12, 2019, the business day immediately preceding today; (b) a premium of 42.86% on 168 yen, which is the simple average closing price for the last one-month period (from October 15, 2019 to November 12, 2019); (c) a premium of 60.00% on 150 yen, which is the simple average closing price for the last three-month period (from August 13, 2019 to

November 12, 2019); (d) a premium of 71.43% on 140 yen, which is the simple average closing price for the last six-month period (from May 13, 2019 to November 12, 2019); (e) a premium of 41.18% on 170 yen, which is the closing price of the Target Company's Shares quoted on the second section of the Tokyo Stock Exchange on November 11, 2019, on which speculation related to an acquisition of the Target Company's Shares by Toshiba was reported by certain media; (f) a premium of 45.45% on 165 yen, which is the simple average closing price for the last one month period (from October 15, 2019 to November 11, 2019); (g) a premium of 61.07% on 149 yen, which is the simple average closing price for the last three-month period (from August 13, 2019 to November 11, 2019); and (h) a premium of 71.43% on 140 yen, which is the simple average closing price for the last six-month period (from May 13, 2019 to November 11, 2019).

Note: In evaluating the value of the Target Company Shares, Nomura assumes that all publicly available information and information provided to Nomura is accurate and complete, without independently verifying the accuracy or completeness of such information. With respect to the Target Company's and its affiliated companies' assets and liabilities (including financial derivatives, off-balance-sheet assets and liabilities, and other contingent liabilities), Nomura has not independently evaluated, appraised or assessed these assets or liabilities, including any analysis or evaluation of individual assets or liabilities, or ordered any appraisal or assessment from a third-party. Nomura assumes that the financial forecasts (including profit plans and other information) of the Target Company have been reasonably reviewed or prepared by the Target Company's management based on best and good faith forecasts and judgments available to them at present. The evaluation by Nomura reflects the information obtained by, and the economic conditions known to, Nomura on or before November 11, 2019. Please note that the sole purpose of the evaluation by Nomura is to provide information to help the Tender Offeror's board of directors consider the value of the Target Company Shares.

(B) Process of calculation

(Process leading up to determination of the Tender Offer Price)

In early September 2019, the Tender Offeror appointed Nomura as its financial advisor and third party valuation institution independent from the Toshiba Group, including the Tender Offeror and the Target Company, and appointed Nagashima Ohno & Tsunematsu as its legal advisor, and on September 6, 2019, the Tender Offeror submitted the Proposal Dated September 6, 2019 to the Target Company and conveyed to the Target Company its intention to commence consideration of the mid-term/long-term and measures to sustainably enhance the corporate value of both companies, including the Transaction. Further, the Tender Offeror submitted the Document Dated September 18, 2019 to provide an initial explanation as to the background leading to the proposal of the Transaction and meanings/purposes of the Transaction and thereafter, began detailed discussions and negotiations with the Target Company regarding the Transaction.

Thereafter, the Tender Offeror conducted due diligence from early October 2019 to early November 2019 to review the feasibility of the Transaction. Concurrently, the Tender Offeror continued discussions and negotiations with the Special Committee regarding various terms and conditions of the Transaction including the Tender Offer. As discussions and considerations between the Target Company and the Special Committee advanced, in early November 2019, the Tender Offeror re-recognized that making the Target Company a wholly-owned subsidiary of the Tender Offeror is the best option because by doing so, both companies can expect to enjoy a synergy effect, and will contribute to enhanced corporate value for both companies.

Regarding the Tender Offer Price, the Tender Offeror held discussions and negotiations with the Special Committee multiple times after the Tender Offeror made a first proposal to the Target Company to set the tender offer price at 185 yen per share on October 15, 2019. Thereafter, the Tender Offeror made a final proposal to the Special Committee regarding the Tender Offer Price on November 8, 2019. As a result of the Tender Offeror's continued discussions and negotiations with the Special Committee based on such final proposal, in early November, 2019, the Tender Offeror and the Special Committee reached a consensus that making the Target Company a wholly-owned subsidiary of the Tender Offeror would be the best measure to respond to the changing business environment surrounding the Tender Offeror and the Target Company, and contribute to enhancing the corporate value of both companies; therefore, the Tender Offeror determined the Tender Offer Price through the following process and resolved at its board of directors meeting held on November 13, 2019 to conduct the Tender Offer as part of the Transaction.

- (i) Name of the third party from whom the Tender Offeror received advice upon calculation

In order to ensure the fairness of the Tender Offer Price, when determining the Tender Offer Price, the Tender Offeror requested Nomura, a financial advisor, to evaluate the share value of the Target Company Shares as a third-party valuation institution that is independent of Toshiba Group, including the Tender Offeror and the Target Company. The Tender Offeror obtained the Tender Offeror's Share Valuation Report concerning the results of the evaluation of the Target Company Shares on November 12, 2019. (The Tender Offeror has not obtained an opinion concerning the fairness of the Tender Offer Price (a fairness opinion) from Nomura.)

- (ii) Summary of the advice from Nomura

Nomura evaluated the share value of the Target Company by using the average market price analysis method, the comparable company analysis method and the DCF Analysis method. The methods used for the evaluation and the share value ranges per share of the Target Company Shares calculated by Nomura based on each of the analyses above are as follows:

Market share price analysis:	From 140 yen to 170 yen
Comparable company analysis:	From 137 yen to 269 yen
DCF Analysis:	From 131 yen to 276 yen

- (iii) Background to the decision on the Tender Offer Price in consideration of advice from Nomura

In determining the Tender Offer Price, the Tender Offeror comprehensively took into account several factors, by referencing the valuation results of the analysis methods in the Tender Offeror's Share Valuation Report received from Nomura, including the results of the due diligence performed by the Tender Offeror on the Target Company, the possibility of the Target Company's board of directors supporting the Tender Offer, the trend of the market price of the Target Company Shares, the premiums added to the tender offer prices in certain precedent tender offers conducted by parent companies for the purpose of making their listed subsidiaries wholly owned subsidiaries, and the outlook for tendering of the shares in the Tender Offer, and based on

the results of the discussions and negotiations with the Target Company, the Tender Offeror ultimately set the Tender Offer Price at 240 yen per share through a resolution at the board of directors' meeting held on November 13, 2019.

(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)

Taking into account that the Target Company is a consolidated subsidiary of the Tender Offeror, and the Transaction falls under the category of a material transaction, etc. with a controlling shareholder, and also a transaction where issues with respect to structural conflicts of interest and information asymmetries between a tender offeror and minority shareholders typically exist, the Tender Offeror and the Target Company have implemented the following measures to respond to these issues from the perspective of ensuring fairness of the Tender Offer, eliminating any arbitrariness in the decision-making process leading up to the determination to implement the Tender Offer, and avoiding conflicts of interest.

The Tender Offeror has set the minimum number of shares to be purchased in the Tender Offer (4,786,615 shares) so that the aggregate number of voting rights of the Target Company to be held by the Tender Offeror after the completion of the Tender Offer will be equivalent to two-thirds of the total voting rights of the Target Company (the number of voting rights (391,185) corresponding to the number of shares (39,118,517 shares) obtained by deducting (a) the number of treasury shares held by the Target Company (57,483 shares) as of September 30, 2019 stated in the Second Quarterly Report of the Target Company, from (b) the total number of issued shares of the Target Company (39,176,000 shares) as of the same date. On the other hand, the Tender Offeror has not set, as a condition of the Tender Offer, the minimum number of shares to be purchased with respect to the so-called "majority of minority", but as the Tender Offeror and the Target Company have implemented the measures set out in (i) through (vii) below, the Tender Offeror believes that the interests of the Target Company's minority shareholders have been sufficiently considered. In addition, the Special Committee considers in the Special Committee Report, and the Target Company also considers, that the non-existence of a majority of minority condition will not cause any problems in relation to the measures to secure fairness, given that the Target Company takes other measures to secure fairness sufficiently.

- (i) Obtaining a share valuation report from an independent third party valuation institution by the Tender Offeror

The Tender Offeror obtained the Tender Offeror's Share Valuation Report concerning the result of the share valuation of the Target Company from Nomura on November 12, 2019. For details please refer to "(A) Basis of calculation" above.

- (ii) Establishment of the Special Committee independent from the Target Company and obtaining the Special Committee Report by the Target Company

- a. Process of establishment of the Special Committee, etc.

According to the Target Company Press Release, on September 19, 2019, the Target Company, based on the advice of its legal advisor, Mori Hamada & Matsumoto, informed Mr. Sadao Degawa (Advisor of IHI Corporation), an outside director, and Mr. Mikio Nakajou (attorney-at-law), an outside statutory

auditor, who are independent officers of the Target Company and independent from the Toshiba Group including the Tender Offeror and the Target Company, and the Transaction, that the Target Company received from the Tender Offeror, the Proposal Dated September 6, 2019 and the Document Dated September 18, 2019, and taking into account that the Transaction falls under the category of a material transaction, etc., with a controlling shareholder and also a transaction where issues with respect to structural conflicts of interest and information asymmetries between a tender offeror and minority shareholders typically exist, to respond to these issues, and as a part of the system to ensure the fairness of the Transaction, the establishment of the Special Committee was being under consideration, and requested Mr. Degawa and Mr. Nakagami to assume office as members of the Special Committee, and obtained informal consent from both persons. Furthermore, as a result of consultation between the Target Company, Mr. Degawa and Mr. Nakagami, it was decided that the Special Committee was comprised of three persons, consisting of Mr. Degawa, Mr. Nakagami and one outside expert, and with respect to such outside expert, a request would be made to Mr. Toru Watanabe (attorney-at-law, Partner of Kitahama Partners), who is independent from the Toshiba Group including the Tender Offeror and the Target Company, and the Transaction, to assume office as a member of the Special Committee, due to his considerable experience as an attorney-at-law in the field of transactions similar to the Transaction. The Target Company made such request to Mr. Watanabe and obtained his informal consent.

Thereafter, the Target Company resolved at an extraordinary meeting of the board of directors held on September 27, 2019 to establish the Special Committee and, on the same date, established the Special Committee consisting of three members, Mr. Sadao Degawa, Mr. Mikio Nakajou and Mr. Toru Watanabe (Mr. Sadao Degawa was elected as the chairman of the Special Committee, taking into account his position directly involving in the management decisions of the Target Company as a member of the board of directors of the Target Company, and also his specific knowledge of the business of the Target Company. The members of the Special Committee have not changed since its initial establishment.). The compensation for each member is a fixed compensation that is not contingent on the announcement and closing of the Transaction.

Based on the resolutions at the extraordinary meeting of the board of directors above, the Target Company requested the Special Committee to examine the Consulted Matters. With respect to the examination of the Consulted Matters (a), the Special Committee was requested to (i) examine and determine the merits of the Transaction from the perspective of whether the Transaction would contribute to the enhancement of the corporate value of the Target Company, and (ii) examine and determine the appropriateness of the terms and conditions of the Transaction and the fairness of the procedures from the perspective of protecting the interests of general shareholders of the Target Company. Furthermore, with respect to the decision-making of the meeting of the board of directors of the Target Company concerning the Tender Offer, the Target Company resolved at the extraordinary meeting of the board of directors held on September 27, 2019 that the Target Company must pay utmost respect

to the matters determined by the Special Committee, including whether or not to support the Tender Offer, and if the Special Committee determines that the terms and conditions of the Transaction are inappropriate, the Target Company must resolve not to support the Tender Offer, and must resolve to grant the Special Committee the authority to negotiate with the Tender Offeror regarding the terms and conditions, etc., of the Transaction, and the authority to retain advisors for its financial or legal matters, as necessary, upon responding to the Consulted Matters (fees for the advisors are to be borne by the Target Company), the authority to appoint or approve (including post approvals) financial or legal advisors of the Target Company, and the authority to receive necessary information from the officers and employees of the Target Company for the examination and determination with respect to the Tender Offer.

b. Process of review

The Special Committee held ten meetings in total from September 27, 2019 to November 12, 2019, and carefully reviewed the Consulted Matters. Specifically, at the initial meeting, the Special Committee retained Kitahama Partners as its own legal advisor independent from the Toshiba Group including the Tender Offeror and the Target Company, and the Transaction and, based on a review of multiple candidates for third party valuation institution regarding its independence, expertise and records, etc., retained Plutus Consulting as its own financial advisor and its third party valuation institution independent from the Toshiba Group including the Tender Offeror and the Target Company, and the Transaction. Also, it was confirmed that SMBC Nikko and Mori Hamada & Matsumoto were not related parties to the Target Company or the Tender Offeror and had no material interest in the Tender Offer, and they approved as the financial advisor and legal advisor, respectively, of the Target Company, and it was confirmed that the Special Committee may also obtain their expert advice as necessary. In addition, the Special Committee confirmed that there were no problems with respect to the Target Company's review system from the perspective of its independence from the Tender Offeror's group excluding the Target Company's group, and the Transaction, and approved such review system. Further, regarding the Special Committee's policy concerning its involvement in the negotiation process with the Tender Offeror, the Special Committee confirmed that it would be able to be involved directly in the negotiation process about the terms and conditions through the person in charge at the Target Company or its advisors.

Thereafter, as part of the process of the examination conducted by the Special Committee, (i) the Special Committee received an explanation from the Target Company regarding the details of the Target Company's business condition, business environment, consolidated financial forecast prepared by the Target Company (the "Business Plan") and the impact that the Transaction would have on the Target Company's business, etc., and made inquiries about such explained matters, and (ii) the Special Committee made inquiries to the Tender Offeror, in the form of an interview, regarding its current situation and business environment, the purpose and background of the Transaction, and the management policy, etc., after the Transaction.

The Special Committee also received an explanation from the Target Company regarding the details of and background concerning the Business Plan it prepared, and confirmed the rationality of these matters by taking into account the advice from Plutus Consulting and the opinions obtained through interviews with SMBC Nikko. Furthermore, the Special Committee received an explanation from Plutus Consulting and SMBC Nikko regarding the details of the share valuation conducted as the basis for the Business Plan, and important assumptions, including the basis of the discount rate calculation with respect to DCF Analysis, and the reasons for selecting the relevant companies as comparable listed companies with respect to the comparable company analysis and confirmed the rationality of such matters.

Furthermore, the Special Committee deliberated and reviewed the measures that should be taken to ensure the fairness of the procedures in the Transaction taking into account the legal advice obtained from Kitahama Partners and the opinion obtained from Mori Hamada & Matsumoto.

The Special Committee obtained the opinion from SMBC Nikko regarding its negotiation policy which was designed to conduct sufficient negotiation in line with the general negotiation process concerning M&As between mutually independent third-parties in order to draw a higher price from the Tender Offeror, and deliberated and reviewed the details of such negotiation policy. Also, after the receipt of the Tender Offeror's proposal of a tender offer price of 185 yen per share on October 15, 2019, the Special Committee deliberated and reviewed the policy about negotiation with the Tender Offeror based on the advice received from Plutus Consulting and the opinion obtained from SMBC Nikko, and conducted the discussions and negotiations with the Tender Offeror concerning the tender offer price through, among others, the direct written communications. As a result, the Special Committee received the Tender Offeror's final proposal of a tender offer price of 240 yen per share on November 8, 2019. In addition, the Special Committee obtained from Plutus Consulting, the Target Company Share Valuation Report (Plutus) dated November 12, 2019, and the Fairness Opinion as of the same date.

c. Matters determined

The Special Committee took into consideration the details of each investigation, discussions and review of the above, and as a result of careful discussion and review of the Consulted Matters, submitted the Special Committee Report as follows to the board of directors of the Target Company on November 12, 2019, upon the unanimous approval of the members.

(a) Whether the Transaction enhance the corporate value of the Target Company

According to the Tender Offeror, its purpose of implementing the Transaction and its measures to enhance the corporate value of the Target Company after the Transaction are as stated in "(A) Background, purpose and decision-making process leading to the conduct of the Tender Offer" of "(2) Background, purpose and decision-making process leading to the decision to conduct the Tender Offer and management policy following the Tender Offer" under "1. Purposes of Tender Offer" above. With respect to the collaborations in the areas as specified by the Tender Offeror, at the least: (a) in terms of sales,

expansion of sales regarding upgrading projects and expansion of the sales routes by utilizing the distributors and dealers of Toshiba Group, including the Tender Offeror, in the field of power generation and industrial system are feasible, (b) in terms of technology, utilization of Toshiba Group's sophisticated technological capabilities, and obtaining new technologies to improve the price competitiveness in the field of battery systems, etc., concerning power generator, motors in the field of marine systems are feasible, (c) in terms of quality, Toshiba Group's technological capabilities concerning quality will be utilized more than ever before, (d) in terms of manufacturing, measures such as technical exchange meetings that are held regularly, introductions of cases of improvements made at their respective manufacturing sites, and horizontal expansion of successful practices will be further deepened, and exchanges in technology and personnel will be deepened, and (e) in terms of procurement, further cost reductions by sharing the suppliers of Toshiba Group are feasible.

Additionally, with the Transaction (a) active use of the customer base and information, etc., of the Toshiba Group, which could only be attained within a limited scope in the phase prior to the Transaction, due to maintaining independence and autonomy as a listed company, will be enabled, (b) with respect to the field of marine systems, the level of certainty of receiving vessel construction orders are anticipated to improve by establishing a system of close collaboration regarding the needs of cargo owners etc. who are important customers of the Toshiba Group, (c) with respect to marine system, where foreign major manufacturers are able to collectively deliver the Propulsion Systems single-handedly, the Target Company will be able to obtain the technical support from the Tender Offeror after the Transaction to establish a system to enable the collective delivery of the Propulsion System thereby enabling it to compete with foreign major manufacturers, (d) an expansion of the sales routes to important customers of the Tender Offeror and an easier time capturing the demand for product replacements and renewal projects of customers to whom the Tender Offeror has a past record of supplying products are expected with respect to the generating and industrial systems field, (e) the use of the Toshiba Group's management resources (human resources, technology, quality control know-how, etc.) will be maximized through the Transaction, (f) the accessibility to information through the technology sharing system of the Toshiba Group will improve and sharing of knowledge and know-how on the most up-to-date technologies (especially, conversion of technology concerning life diagnosis and failure diagnosis for rotary systems and adoption of system engineering capabilities through technical provision from the Toshiba Group) are anticipated after the Transaction, (g) personnel exchanges within the Toshiba Group are anticipated to become more active and easier, (h) concentrated purchasing activities will be deepened further and through benefits of cost reductions, its price competitiveness will improve, and (i) after the Transaction, the Target Company will no longer be required to consider the interests of minority shareholders in the Target Company and will be able to make investments necessary to continue its business and grow in the future (for example, renovation of aged substations, etc.) even if it does not lead to short-term profits.

Based on the above, the Special Committee believes that the Transaction will enhance the corporate value of the Target Company.

(b) Whether the appropriateness of the terms and conditions of the Transaction and the fairness of the procedures are recognized

- Establishment of Independent Special Committee

The Special Committee recognizes that the Target Company established the Special Committee concerning the Transaction immediately after it received the Document Dated September 18, 2019 from the Tender Offeror. The Special Committee recognizes that members of the Special Committee are independent from the Tender Offeror and whether or not the Transaction is closed (the compensation for members of the Special Committee are fixed compensation, and does not include a contingency fee subject to the announcement or closing of the Transaction). Further, the Special Committee recognizes that independent outside directors and independent outside statutory auditors of the Target Company are voluntarily and substantially engaged in establishment of such Special Committee. Meetings of the Special Committee were held ten times in total, and under the authority granted by the extraordinary meeting of the board of directors of the Target Company held on September 27, 2019, the Special Committee, upon selecting experts whom the Special Committee can trust and seek for their expert advice (Plutus Consulting and Kitahama Partners), obtained information necessary for the Special Committee to examine and determine the Transaction from the management of the Target Company, negotiated with the Tender Offeror multiple times regarding the Tender Offer Price, and the Special Committee recognizes that a premium, which matches those of similar precedents, was added to the Tender Offer Price obtained as a result of such negotiation. At the above-mentioned extraordinary meeting of the board of directors, it was resolved respectively that (i) upon establishing the Special Committee, with respect to the decision-making concerning the Tender Offer, the board of directors of the Target Company must pay the utmost respect to the matters determined by the Special Committee, including whether or not to support the Tender Offer, and that (ii) if the Special Committee determines that the terms and conditions of the Transaction are inappropriate, the board of directors of the Target Company must resolve not to support the Tender Offer. Therefore, the Special Committee recognizes that the board of directors of the Target Company shall, in making a decision on the Tender Offer, understand and comprehend appropriately, and pay the utmost respect to, the matters determined by the Special Committee and make its decision in such a manner in which the board of directors of the Target Company. Further, the Special Committee recognizes that at the Target Company, in examination of the Transaction, a system has been established where the Target Company is able to examine and negotiate the Transaction from a position independent from the Tender Offeror, which is the purchaser.

- Obtaining independent expert advice from outside experts by the Target Company

The Target Company obtained advice from Mori Hamada & Matsumoto, its

outside legal advisor, as to the process, method and other important matters regarding the decision-making at the meeting of the Board of Directors for the Transaction, including the Tender Offer, from a legal perspective. The Target Company also obtained the Target Company Share Valuation Report (SMBC) from SMBC Nikko, a financial advisor independent from the Toshiba Group including the Tender Offeror and the Target Company. The Special Committee obtained the Target Company Share Valuation Report (Plutus) from Plutus Consulting, a financial advisor independent from the Toshiba Group including the Tender Offeror and the Target Company. There are no unreasonable points in the calculation process of share valuation therein. In addition, the Special Committee obtained the Fairness Opinion from Plutus Consulting to the effect that the Tender Offer Price is fair to the minority shareholders of the Target Company from a financial perspective. It is appropriate to select Plutus Consulting as provider of the fairness opinion based on the followings: (a) Plutus Consulting is independent from, and neutral to, the Toshiba Group, including the Tender Offeror and the Target Company, (b) Plutus Consulting carefully took its procedures to provide the Fairness Opinion including a review by a committee independent from the engagement team in Plutus Consulting, and (c) Plutus Consulting has a considerable experience to not only make share valuations but also provide fairness opinions, and thus has sufficient expertise and experience.

- Securing opportunities for others to make competing offers (market check) and setting of a majority of minority condition

Since the Transaction falls under the category of transaction with a controlling shareholder, securing opportunities for others to make competing offers (marketing check) is not considered to be a measure that will work to ensure fairness (there are no exceptional circumstances where the market check is feasible). However, from the perspective of securing opportunities for general shareholders to make a judgement based on adequate information, setting a relatively long Tender Offer Period can work as a period for general shareholders to consider the merits of the Transaction and appropriateness of the terms and conditions for the Transaction and make appropriate decision, which the Special Committee recognizes as the measure to secure fairness. Given that, as the Tender Offer Period is set for 30 business days, the Special Committee recognizes that a relatively long Tender Offer Period was set for the Transaction. In addition, with respect to the shares of the Target Company, the Target Company's ownership ratio is 54.43%, the Target Company substantially operates its business independent from the Tender Offeror and it conducts negotiations in the Transaction with a sincere but not aggressive attitude. Based on the above, the Special Committee recognizes that a majority of minority condition is not necessary in the Transaction and the non-existence of a majority of minority condition will not cause any problems in relation to the measures to secure fairness, given that the Special Committee recognizes that the Target Company takes other measures to secure fairness sufficiently.

- Provision of sufficient information to general shareholders and improvement of process transparency

The Special Committee recognizes that, from the perspective of the provision of sufficient information to general shareholders and improvement of process transparency, the Target Company plans to provide sufficient information in the Target Company Press Release.

- Elimination of coercion

Regarding the policies for organizational restructuring after the Tender Offer, as described in “(4) Policy for organizational restructuring after the Tender Offer (matters relating to two-step acquisition)” under “1. Purposes of Tender Offer” above, the process to be taken in the Transaction by the Tender Offeror after the Tender Offer does not adopt a scheme that does not secure the rights of dissenting shareholders to request a purchase of shares or to determine the price thereof. For the shareholders who do not tender their shares in the Tender Offer, the consideration to be provided in the process above is based on the same price as the Tender Offer Price and such information is to be disclosed. Therefore, the Special Committee recognizes that the Transaction takes due care to prevent any occurrence of coercion in order to secure opportunities for general shareholders of the Target Company to appropriately decide whether or not to tender their shares in the Tender Offer.

Based on the above, the Special Committee recognizes the appropriateness of the terms and conditions of the Transaction and the fairness of the procedures.

(c) Opinion of the Special Committee

Based on (a) and (b) above, the Special Committee recognizes that the Transaction will enhance the corporate value of the Target Company and also recognizes the appropriateness of the terms and conditions of the Transaction and the fairness of the procedures, and therefore, believes that the board of directors of the Target Company should support the Tender Offer and should recommend the shareholders of the Target Company to tender their shares in the Tender Offer. In addition, taking (a) and (b) into account, the Special Committee believes that it would not be disadvantageous to the minority shareholders of the Target Company for the meeting of the board of directors of the Target Company to resolve to express an opinion in support of the Tender Offer and to recommend that the shareholders of the Target Company to tender their shares in the Tender Offer.

- (iii) Obtaining advice from an outside law firm by the Target Company
- According to the Target Company Press Release, in order to ensure fairness and appropriateness of the decision-making process of the Target Company’s board of directors, the Target Company appointed Mori Hamada & Matsumoto as its outside legal advisor and has obtained from the law firm legal advice in relation to the process, method and other important matters regarding the decision-making of the Target Company’s board of directors with respect to the Transaction. In addition, Mori Hamada & Matsumoto is not a related party of the Target Company and the Tender Offeror, and has no material interest in the Tender Offer.

- (iv) Obtaining a share valuation report from an independent third party valuation institution by the Target Company
- a. Name of the valuation institution and relationship with the Target Company and the Tender Offeror

According to the Target Company Press Release, in determining its opinion regarding the Tender Offer, in order to ensure fairness in the decision-making process with respect to the tender offer price presented by the Tender Offeror, the Target Company, with the approval from the Special Committee, requested SMBC Nikko, a financial advisor and the third party valuation institution independent from the Toshiba Group including the Tender Offeror and the Target Company, and the Transaction, to appraise the Target Company Shares, and obtained the share valuation report dated November 12, 2019.

SMBC Nikko is not a related party of the Toshiba Group including the Tender Offeror and the Target Company, and has no material interest in the Transaction including the Tender Offer. The fee to be paid to SMBC Nikko includes a contingency fee subject to the closing, etc. of the Transaction.

- b. Outline of calculation

The Target Company requested SMBC Nikko to appraise the Target Company Shares and received the Target Company Share Valuation Report (SMBC) from SMBC Nikko as of November 12, 2019. In accordance with the request from the Target Company, the current business condition and the future business plan of the Target Company and explanations thereof were disclosed to SMBC Nikko, and SMBC Nikko calculated the value of the Target Company Shares based on such information. The Target Company has not obtained an opinion concerning the fairness of the Tender Offer Price (a fairness opinion) from SMBC Nikko.

SMBC Nikko appraised the Target Company Shares by using (i) market price analysis, since the Target Company Shares are listed on the second section of the Tokyo Stock Exchange and market prices exist, (ii) comparable listed company analysis, since it is possible to infer the share value based on a comparison with the several comparable listed companies, and (iii) DCF Analysis, in order to reflect the condition of future business operations in the valuation. The following are the ranges of values per share of the Target Company Shares that were calculated based on each calculation method described above.

Market price analysis:	From 140 yen to 168 yen
Comparable listed company analysis:	From 169 yen to 261 yen
DCF Analysis:	From 221 yen to 433 yen

Under the market price analysis, the range of values per share of the Target Company Shares has been calculated as being from 140 yen to 168 yen, which is based on the average closing price over the last one-month period (168 yen), three-month period (150 yen), and six-month period (140 yen), respectively for the Target Company Shares quoted on the second section of the Tokyo Stock Exchange with the calculation reference date of November 12, 2019.

Under the comparable listed company analysis, MEIDENSHA CORPORATION, TERASAKI ELECTRIC CO., LTD., Togami Electric Mfg. Co., Ltd. and SEIKO ELECTRIC CO.,LTD.were selected as the comparable listed companies, which are judged to be relatively similar to the Target Company after screening by industry type (company that manufactures an electric power distributor and controller, and electric power facility, etc.) and holding a hearing with the Target Company, and the range of values per share of the Target Company Shares was calculated using an enterprise-value-to-EBITDA multiple.

Under the DCF Analysis, the range of values per share of the Target Company Shares has been calculated as being from 221 yen to 433 yen, which is based on the enterprise value and share value calculated by discounting , at a certain discount rate, the free cash flow that the Target Company is expected to generate from the third quarter of the fiscal year ending March 2020 to the present value, based on the future revenue forecast of the Target Company from the fiscal year ending March 2020 through the fiscal year ending March 2024 (with respect to the fiscal year ending March 2020, for the six months from October 2019 through March 2020), with the reference date of the end of September 2019. With respect to the calculation of the going-concern value under the DCF Analysis, the perpetual growth method and multiple method were used. Under the perpetual growth method, the perpetual growth rate is from -0.25% to 0.25%, and under the multiple method, the EBITDA multiple is from 3.8x to 4.7x. Also, the discount rate is from 6.31% to 7.71%. In addition, the Weighted Average Cost of Capital (WACC) is used as the discount rate. The Weighted Average Cost of Capital is calculated by taking the weighted-average of (i) the equity capital cost calculated based on the Capital Asset Pricing Model (CAPM) using the market data and other information of the Target Company and (ii) the cost of debt of the Target Company, based on the capital structure of the Target Company.

The following table shows the Business Plan of the Target Company, which SMBC Nikko uses as a basis for performing the DCF Analysis. With respect to the Business Plan, SMBC Nikko held question and answer sessions with the Target Company several times and reviewed the content thereof, and the Special Committee also confirmed the content thereof and the rationality of the assumptions, etc. The Business Plan includes a fiscal year expecting a large increase or decrease in earnings. In particular, in the fiscal year ending March 2020, the operating income, which had a deficit in the previous fiscal year (i.e. the fiscal year ended March 2019), is expected to bounce back. This is due to the prospect of decrease in expenses for quality assurance that arose from mechanical problems of certain types of power generators occurred in the fiscal year ended March 2019 and contributed to the deficit of operating income of such year, as well as increase in sales. Also, in the fiscal year ending March 2021, the Target Company expects the operating income to increase by 60% from the previous fiscal year. This is due to the prospect of an increase in sales of the high value added products in the field of marine electrical systems. In addition, the Business Plan does not take into account the expected synergies that will be realized though the implementation of the Transaction, because it is difficult to make a detailed estimate of the impact at this point.

(Millions of yen)

	FY ending March 2020 (6 months)	FY ending March 2021	FY ending March 2022	FY ending March 2023	FY ending March 2024
Net Sales	11,796	22,600	23,300	24,300	24,400
Operating income	514	1,344	1,514	1,704	1,724
EBITDA	741	1,915	2,195	2,483	2,591
Free Cash Flow	45	-359	596	1,276	1,131

Note: EBITDA is calculated by adding recurring non-operating income and/or expense and depreciation expenses, to operating income. Free Cash Flow is calculated based on EBITDA calculated as such.

- (v) Obtaining a share valuation report and fairness opinion from an independent third party valuation institution by the Special Committee
- a. Name of the valuation institution and relationship with the Target Company and the Tender Offeror

According to the Target Company Press Release, the Special Committee requested Plutus Consulting, a financial advisor and the third party valuation institution independent from the Toshiba Group including the Tender Offeror and the Target Company, and the Transaction, to appraise the Target Company Shares and to assess whether or not the Tender Offer Price is fair for the minority shareholders of the Target Company from a financial perspective.

In addition, Plutus Consulting is not a related party of the Toshiba Group including the Tender Offeror and the Target Company, and has no material interest in the Transaction including the Tender Offer. The fee to be paid to Plutus Consulting is a fixed compensation that is not contingent on the announcement and closing of the Transaction.

- b. Outline of calculation

The Special Committee requested Plutus Consulting to appraise the Target Company Shares and received the Target Company Share Valuation Report (Plutus) from Plutus Consulting dated November 12, 2019. In accordance with the request from the Special Committee, the current business condition and the future business plan of the Target Company and explanations thereof were disclosed to Plutus Consulting, and Plutus Consulting calculated the value of the Target Company Shares based on such information.

Plutus Consulting appraised the Target Company Shares by using (i) market price analysis, since the Target Company Shares are listed on the second section of the Tokyo Stock Exchange and market prices exist, (ii) comparable company analysis, since it is possible to infer the share value based on a comparison with the several comparable listed companies, and (iii) DCF Analysis, in order to reflect the condition of future business operations in the valuation. The following are the ranges of values per share of the Target Company Shares that were calculated based on the calculation methods described above.

Market price analysis:	From 140 yen to 170 yen
Comparable company analysis:	From 94 yen to 239 yen
DCF Analysis:	From 200 yen to 420 yen

Under the market price analysis, the range of values per share of the Target Company Shares has been calculated as being from 140 yen to 170 yen, which is based on the closing price (170 yen) and the average closing price over the last one-month period (165 yen), three-month period (149 yen), and six-month period (140 yen), respectively for the Target Company Shares quoted on the second section of the Tokyo Stock Exchange with the calculation reference date of November 11, 2019 to exclude the impact of the Media Speculation.

Under the comparable company analysis, MEIDENSHA CORPORATION, Togami Electric Mfg. Co., Ltd., SEIKO ELECTRIC CO.,LTD., TERASAKI ELECTRIC CO., LTD., KAWADEN CORPORATION, NITTO KOGYO CORPORATION and TAKAOKA TOKO CO., LTD. were selected as the comparable companies, which are judged to be relatively similar to the Target Company after screening by industry type (company which manufactures an electric power distributor and controller, and electric power facility, etc.) and holding a hearing with the Target Company, and the range of values per share of the Target Company Shares was calculated using an enterprise-value-to-EBIT, EBITA and EBITDA multiple.

Under the DCF Analysis, the range of values per share of the Target Company Shares has been calculated as being from 200 yen to 420 yen, which is based on the enterprise value and share value calculated by discounting, at a certain discount rate, the free cash flow that the Target Company is expected to generate from the third quarter of the fiscal year ending March 2020 to the present value, based on the future revenue forecast of the Target Company for a period of five fiscal years from the fiscal year ending March 2020 through the fiscal year ending March 2024 (with respect to the fiscal year ending March 2020, for the six months from October 2019 through March 2020), with the reference date of the end of September 2019. With respect to the calculation of the going-concern value under the DCF Analysis, the perpetual growth rate method and multiple method are used. Under the perpetual growth rate method, the perpetual growth rate is 0%, and under the multiple method, the EV/EBITDA multiple is 4.04x. Also, the discount rate is from 6.11% to 7.51%. In addition, the Weighted Average Cost of Capital (WACC) is used as the discount rate. The Weighted Average Cost of Capital is calculated by taking the weighted-average of (i) the equity capital cost estimated based on the Capital Asset Pricing Model (CAPM) and (ii) the cost of debt estimated based on the expected procurement interest rates after taking into account the expected tax savings, based on the ratio of the shareholders' equity estimated based on the information of comparable listed companies.

The following table shows the Business Plan of the Target Company, which Plutus Consulting uses as a basis for performing the DCF Analysis. With respect to the Business Plan, Plutus Consulting held question and answer sessions with the Target Company several times and reviewed the content thereof, and the Special Committee also confirmed the content thereof and the rationality of the assumptions, etc. The Business Plan includes a fiscal year expecting a large increase or decrease in earnings. In particular, in the fiscal year ending March 2020, the operating income, which had a deficit in the

previous fiscal year (i.e. the fiscal year ended March 2019), is expected to bounce back. This is due to the prospect of decrease in expenses for quality assurance which arose from mechanical problems of certain types of power generators that occurred in the fiscal year ended March 2019 and contributed to the deficit of operating income of such year, as well as increase in sales. Also, in the fiscal year ending March 2021, the Target Company expects the operating income to increase 60% from the previous fiscal year. This is due to the prospect of an increase in sales of the high value added products in the field of marine electrical systems. In addition, the Business Plan does not take into account the expected synergies that will be realized through the implementation of the Transaction other than the effect of reduction of maintenance of the status of a listed company, because it is difficult to make a detailed estimate of the impact at this point.

(Millions of yen)

	FY ending March 2020 (6 months)	FY ending March 2021	FY ending March 2022	FY ending March 2023	FY ending March 2024
Net Sales	11,796	22,600	23,300	24,300	24,400
Operating income	514	1,344	1,514	1,704	1,724
EBITDA	767	2,011	2,296	2,584	2,692
Free Cash Flow	-542	302	552	1,281	1,231

Note: EBITDA is calculated by adding recurring non-operating income, the effect of reduction of maintenance of the status of a listed company and depreciation expenses to operating income. Free Cash Flow is calculated based on the EBITDA calculated as such.

According to the Target Company, Plutus Consulting does not have or has not had any business with the Tender Offeror or the Target Company, and other kinds of relationship. Also, Plutus Consulting does not fall under the category of the related party of the Toshiba Group including the Tender Offeror and the Target Company, and is the third-party appraisal institution independent from the Toshiba Group including the Tender Offeror and the Target Company.

c. Outline of the Fairness Opinion

On November 12, 2019, the Special Committee obtained the Fairness Opinion from Plutus Consulting to the effect that the Tender Offer Price of 240 yen per share is fair to the minority shareholders of the Target Company from a financial perspective. The Fairness Opinion provides that the Tender Offer Price of 240 yen per share is fair to the minority shareholders of the Target Company from a financial perspective, considering the results of the share valuation of the Target Company based on the Business Plan prepared by the Target Company (the Business Plan does not take into account the expected synergies that will be realized through the implementation of the Transaction other than the effect of reduction of maintenance of the status of a listed company), etc. For the issuance of the Fairness Opinion, Plutus (a) received information on current situation of the Target Company's business and future business plan, etc., (b) considered the results of the share valuation of the Target Company implemented after receiving explanations in relation to them, (c) made inquiries to the Tender Offeror regarding the outline, purpose and background of the Tender Offer, (d) considered the business environment of the Target Company, and economy, market and financial situation to the extent that Plutus Consulting deemed necessary and (e) took a review procedure by

the committee independent from the engagement team in Plutus Consulting.

Note: In preparing and submitting the Fairness Opinion and conducting the calculation of the stock value underlying the opinion, Plutus Consulting has relied upon the assumptions that all base materials furnished by the Target Company, publicly-available information and information obtained from the Target Company were accurate and complete and all facts that could materially affect the analysis and calculation of the value of common stock of the Target Company were disclosed to Plutus Consulting, and Plutus Consulting has not surveyed or verified anything other than taking the procedures above, and is not obliged to do so.

Plutus Consulting has not independently evaluated or appraised assets and liabilities (including off-balance-sheet assets, off-balance-sheet liabilities and other contingent liabilities) of the Target Company and their respective affiliates including any analysis and valuation of individual assets and liabilities. Plutus Consulting has not independently received any report regarding such valuation or appraisal. In addition, Plutus Consulting has not independently assessed creditworthiness of the Target Company under applicable laws or ordinances in respect of insolvency, suspension of payment or similar matters.

Plutus Consulting assumed that the Business Plan of the Target Company and other materials used as base materials for preparing the Fairness Opinion were prepared by the management of the Target Company based on the best estimation and judgment which could be obtained as of the date of the preparation of such materials and in accordance with reasonable and appropriate methods. Plutus Consulting has not guaranteed their feasibility, nor expressed any opinion on the analyses or forecasts subject to which they were prepared or the assumptions on which they were based.

The Fairness Opinion constitutes an expression of opinion as of the date of its preparation regarding whether the Tender Offer Price is fair to the minority shareholders of the Target Company from a financial perspective. Such opinion is based on the premise of the financial and capital markets, economic conditions and other environment as of the preparation date, and based on the information that Plutus Consulting has received or obtained before the preparation date. Even if such premise is changed by subsequent changes in circumstances, Plutus Consulting will not be obligated to update, revise or supplement the content of the Fairness Opinion. In the Fairness Opinion, Plutus Consulting does not infer or indicate any opinion other than those expressly indicated therein or with respect to the matters after the submission date of the Fairness Opinion.

The Fairness Opinion only expresses an opinion that the Tender Offer Price is fair to the minority shareholders of the Target Company from a financial perspective, and, accordingly, the Fairness Opinion does not express any opinion for holders of any security, creditors, or any other stakeholders of the Target Company, nor recommend shareholders of the Target Company any actions regarding the Transaction including tendering their shares in the Tender Offer.

Furthermore, the Fairness Opinion was provided by Plutus Consulting for the purpose of being used as a base material for the decisions by the meeting of the board of directors of the Target Company and the Special Committee, and therefore, any other person may not rely on it.

- (vi) Obtaining approvals from all directors of the Target Company without interests in the Transaction and opinions from all statutory auditors of the Target Company without interests in the Transaction to the effect that they have no objections

According to the Target Company Press Release, the Target Company carefully considered the terms and conditions of the Transaction from the perspective of enhancing corporate value by taking into account the details of the Target Company Share Valuation Report (SMBC) that it received from

SMBC Nikko and the legal advice it obtained from Mori Hamada & Matsumoto, and gave the utmost respect to the details of the Report submitted by the Special Committee. Thereafter, based on the reason described in “(B) Decision-making process of the Target Company” of “(2) Background, purpose and decision-making process leading to the decision to conduct the Tender Offer and management policy following the Tender Offer” under “1. Purposes of Tender Offer” above, at the Target Company’s meeting of the board of directors held on November 13, 2019, all directors (7 directors), excluding Messrs. Ichizo Kobayashi, Naohisa Nakamura, Yasuo Mochizuki and Jun Takatani, deliberated, and unanimously resolved, among those who were present, to express an opinion in support for the Tender Offer and to recommend that the Target Company’s shareholders tender their shares in the Tender Offer. In addition, the statutory auditor who attended the said board of directors meeting (among the four statutory auditors, one statutory auditor attended (i.e., outside statutory auditor Mikio Nakajou, who was a member of the Special Committee)) expressed the opinion that he had no objections with respect to the above resolution by the board of directors of the Target Company.

Among the Target Company’s directors, since Mr. Ichizo Kobayashi, Representative Director, President and Chief Executive Officer, and Messrs. Naohisa Nakamura, Yasuo Mochizuki and Jun Takatani, Directors, had worked for Toshiba, the Tender Offeror’s parent company, and Mr. Jun Takatani is seconded from the Tender Offeror, they did not participate in the discussions and negotiations held with the Tender Offeror in the capacity of the Target Company’s directors in order to avoid conflicts of interest. They also did not participate in any of the deliberations and resolutions on the agenda brought before the extraordinary meeting of the board of directors held on September 27, 2019 and the board of directors meetings of the Target Company concerning the Transaction (including the board of directors meeting mentioned above).

Among the Target Company’s statutory auditors, since Mr. Yoshitomo Kanno had worked for KITASHIBA ELECTRIC CO., LTD., which belongs to the Toshiba Group, and Mr. Masayuki Hasumi had worked for Toshiba, the Tender Offeror’s parent company, and holds a position as a statutory auditor of Toshiba Electronic Device Solutions Corporation, which belongs to the Toshiba Group, and Mr. Shigenao Noda holds a position as an employee of Toshiba, they did not participate in any of the deliberations and resolutions on the agenda brought before the extraordinary meeting of the board of directors held on September 27, 2019 and the board of directors meetings of the Target Company concerning the Transaction (including the board of directors meeting mentioned above) in order to avoid conflicts of interest.

- (vii) Measures to ensure opportunities for tender offers from other tender offerors
While the minimum period for tender offers under laws and regulations is 20 business days, the Tender Offeror has set 30 business days for the period of the Tender Offer (“Tender Offer Period”). By setting a relatively long Tender Offer Period, the Tender Offeror ensures an appropriate opportunity for the shareholders of the Target Company to make a decision whether to tender their shares in the Tender Offer while also ensuring an opportunity for tender

offerors other than the Tender Offeror to conduct counter offers of the Tender Offer Shares, through which means the Tender Offeror intends to ensure the appropriateness of the Tender Offer Price.

Moreover, the Tender Offeror and the Target Company have not entered into any agreement that includes deal protection provisions to prohibit the Target Company from having contact with a counter offeror or that would otherwise restrict a counter offeror from acts such as having contact with the Target Company. In this way, the Tender Offeror has given consideration to ensuring the fairness of the Tender Offer by not only setting the Tender Offer Period as above but also ensuring the opportunity for a counter offer.

(C) Relationship with appraiser

The Tender Offeror's financial advisor Nomura is not a related party of the Tender Offeror or the Target Company, nor does it have any material interest in relation to the Tender Offer.

(5) Number of shares to be purchased

Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
17,826,132 (shares)	4,786,615 (shares)	- (shares)

Note 1: If the total number of the Tendered Shares is less than the minimum number of shares to be purchased (4,786,615 shares), the Tender Offeror will not purchase any of the Tendered Shares. If the total number of the Tendered Shares is no less than the minimum number of shares to be purchased (4,786,615 shares), the Tender Offeror will purchase all of the Tendered Shares.

Note 2: Since the maximum number of shares to be purchased has not been set in the Tender Offer, the number of shares to be purchased is stated as 17,826,132 shares, the maximum number of the Target Company Shares that can be acquired by the Tender Offeror through the Tender Offer. This figure (17,826,132 shares) represents (i) the total number of issued shares of the Target Company (39,176,000 shares) as of September 30, 2019, as stated in the Second Quarterly Report of the Target Company, minus (ii) the total sum of the number of treasury shares held by the Target Company (57,483 shares) as of September 30, 2019, as stated in the Second Quarterly Report of the Target Company and the number of Target Company Shares held by the Tender Offeror (21,292,385 shares) as of today.

Note 3: Shares less than one unit are also subject to the Tender Offer. If a right to request a purchase of shares less than one unit is exercised by a shareholder of the Target Company in accordance with the Companies Act, the Target Company may purchase its own shares less than one unit during the Tender Offer Period in accordance with procedures required by laws and regulations.

Note 4: The Tender Offeror does not intend to acquire the treasury shares held by the Target Company (57,483 shares) through the Tender Offer.

(6) Changes in ownership ratio of shares through the tender offer

Number of voting rights represented by shares held by the Tender Offeror before tender offer	212,923	(Ownership ratio of shares before tender offer: 54.43%)
Number of voting rights represented by shares held by special related parties before tender offer	0	(Ownership ratio of shares before tender offer: 0.00%)

Number of voting rights represented by shares held by the Tender Offeror after tender offer	391,184	(Ownership ratio of shares after tender offer: 100.00%)
Number of voting rights represented by shares held by special related parties after tender offer	0	(Ownership ratio of shares after tender offer: 0.00%)
Total number of voting rights of all shareholders of the Target Company	391,060	

Note 1: The “Number of voting rights represented by shares held by the Tender Offeror after tender offer” is the number of voting rights (178,261) with respect to the number of the shares to be purchased in the Tender Offer (17,826,132 shares) plus the “Number of voting rights represented by shares held by the Tender Offeror before tender offer” (212,923).

Note 2: The “Number of voting rights represented by shares held by special related parties before tender offer” is the total number of the voting rights represented by the shares held by each of the special related parties (excluding the parties who are excluded from the special related parties, pursuant to Article 3, Paragraph 2, Item 1 of the Cabinet Ordinance on Disclosure Required for Tender Offer for Share Certificates, Etc. by Person other than Issuer (Ministry of Finance Ordinance No. 38 of 1990, as amended) (the “Cabinet Ordinance”), in calculating the ownership ratio of shares. pursuant to each of the Items of Article 27-2, Paragraph 1 of the Act). In addition, after confirming the shares of the Target Company owned by special related parties, if amendment is required, the Tender Offeror will immediately disclose the amendment.

Note 3: The “Total number of voting rights of all shareholders of the Target Company” is the number of voting rights of all shareholders as of September 30, 2019 as stated in the Second Quarterly Report. However, since shares less than one unit are also subject to the Tender Offer, when calculating the “Ownership ratio of shares before tender offer” and the “Ownership ratio of shares after tender offer,” the number of voting rights (391,185) represented by 39,118,517 shares is used as a denominator. This number of shares (39,118,517 shares) represents: the total number of issued shares (39,176,000 shares) as of September 30, 2019, as stated in the Second Quarterly Report of the Target Company, minus (ii) the number of treasury shares held by the Target Company (57,483 shares) as of September 30, 2019, as stated in the Second Quarterly Report of the Target Company.

Note 4: The “Ownership ratio of shares before tender offer” and the “Ownership ratio of shares after tender offer” have been rounded to two decimal places.

(7) Purchase price: 4,278,271,680 yen

Note: The amount obtained by multiplying the number of shares to be purchased through the Tender Offer (17,826,132 shares) by the Tender Offer Price (240 yen).

(8) Method of settlement

(A) Name and address of head office of financial instruments business operator/bank etc. in charge of settlement of tender offer
Nomura Securities, Co., Ltd. 9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo

(B) Commencement date of settlement
January 7, 2020 (Tuesday)

(C) Method of settlement
A notice regarding the purchase under the Tender Offer will be mailed to the address of tendering shareholders (or the standing proxy in the case of foreign shareholders)

without delay after the expiration of the Tender Offer Period.

The purchase will be settled in cash. The tendering shareholders will, in accordance with the instructions given by the tendering shareholders and without delay on or after the commencement date of settlement, receive the sale price with regard to the Tender Offer. (Remittance fees may be charged.)

(D) Method of return of shares

If all of the shares are not purchased in accordance with the terms described in “Conditions set forth in each item of Article 27-13, Paragraph 4 of the Act and the details thereof” and “(B) Conditions of withdrawal, etc. of the tender offer, details thereof and method of disclosure of withdrawal, etc.” of “(9) Other conditions and methods of purchase” below, the shares that need to be returned will be returned to tendering shareholders promptly after two (2) business days following the last day of the Tender Offer Period (the day of the withdrawal, if the Tender Offer is withdrawn) by restoring the record of the shares in the tendering shareholders’ account to the state that existed immediately prior to the relevant tender (If the tendering shareholders wish their shares to be transferred to their accounts established with other financial instruments business operators, they are asked to confirm with the head office or domestic branch office of the tender offer agent at which the relevant tender was accepted.).

(9) Other conditions and methods of purchase

(A) Conditions set forth in each item of Article 27-13, Paragraph 4 of the Act and the details thereof

If the total number of the Tendered Shares is less than the minimum number of shares to be purchased (4,786,615 shares), the Tender Offeror will not purchase any of the Tendered Shares. If the total number of the Tendered Shares is no less than the minimum number of shares to be purchased (4,786,615 shares), the Tender Offeror will purchase all of the Tendered Shares.

(B) Conditions of withdrawal, etc. of the tender offer, details thereof and method of disclosure of withdrawal, etc.

If any event listed in Article 14, Paragraph 1, Items (1)1 through (1)9 and Items (1)12 through (1)18, Items (3)1 through (3)8 and (3)10, Item (4), as well as Article 14, Paragraph 2, Items (3) through (6) of the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended; the “Enforcement Order”) occurs, the Tender Offeror may withdraw the Tender Offer.

In Article 14, Paragraph 1, Item (3)10 of the Enforcement Order, the “events that are equivalent to those listed in Items (3)1 through (3)9” shall refer to the either of following;

- (i) the case where it is found that there is a false statement, or an omission of, a material matter to be stated, in the statutory disclosure documents which the Target Company submitted in the past, where the Tender Offeror was not aware of the false statement or the omission and, despite using due care, the Tender Offeror was unable to be aware of the false statement or the omission; or
- (ii) the case where the events listed in Article 14, Paragraph 1, Items (3)1 through (3)7 occurs to the material subsidiary of the Target Company.

If, with respect to the notification given under Article 27, Paragraph 1 of the Foreign Exchange and Foreign Trade Act of Japan (Act No. 228, 1949, as amended), the Minister of Finance and the ministers having jurisdiction over the business of the Target Company consider it necessary to examine whether or not the Tender Offer to be an Inward Direct Investment, etc., pertaining to National Security and extends the period to obtain the Target Company Share, or, if they find the Tender Offer to be an Inward Direct Investment, etc., pertaining to national security and recommend the terms and conditions of such Inward Direct Investment to be changed or the suspension of such Inward Direct Investment, the Tender Offeror may withdraw the Tender Offer as provided for in Article 14, Paragraph 1, Item (4) of the Enforcement Order.

If the Tender Offeror intends to withdraw the Tender Offer, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set out in Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement.

(C) Conditions to reduce purchase price, details thereof and method of disclosure of reduction

Under Article 27-6, Paragraph 1, Item (1) of the Act, if the Target Company conducts any act set out in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Tender Offeror may reduce the Tender Offer Price in accordance with the standards set out in Article 19, Paragraph 1 of the Cabinet Ordinance. If the Tender Offeror intends to reduce the Tender Offer Price, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set out in Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement. If the Tender Offer Price is reduced, the Tender Offeror will also purchase the shares tendered on or before the date of the public notice at the Tender Offer Price.

(D) Matters concerning tendering shareholders' right to cancel the tender agreement
Tendering shareholders may, at any time during the Tender Offer Period, cancel their agreements for the Tender Offer.

Tendering shareholders who wish to cancel their tender must deliver or send a document stating that such tendering shareholder cancels its agreement for the Tender Offer (the "Cancellation Notice") to the head office or other Japanese branches of the person designated below which received the application from such tendering shareholders, by 3:30 p.m. on the last day of the Tender Offer Period; provided, however, the Cancellation Notice is sent by postal mail, it must reach the person designated below by no later than 3:30 p.m. on the last day of the Tender Offer Period.

An agreement executed via the online service can be canceled either via the online service (<https://hometrader.nomura.co.jp/>) or by personally delivering or mailing the Cancellation Notice. To cancel a contract via the online service, tendering shareholders must complete the cancellation procedures in the manner prescribed on

that website by 3:30 p.m. on the last day of the Tender Offer Period. Tendering shareholders may not cancel via the online service the agreement executed at the office of the tender offer agent they have an account with. To cancel an agreement by personally delivering or mailing the Cancellation Notice, Tendering shareholders must request the form of the Cancellation Notice in advance from the office of the tender offer agent they have an account with and then send the filled out form to such office by 3:30 p.m. on the last day of the Tender Offer Period. If cancellation is made by postal mail, the cancellation will not be effective unless the Cancellation Notice are delivered by 3:30 p.m. on the last day of the Tender Offer Period.

Person who is authorized to receive the Cancellation Notice:

Nomura Securities Co., Ltd. 9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo (Other Japanese branches of Nomura Securities Co., Ltd.)

Even if tendering shareholders cancel their agreements for the Tender, the Tender Offeror will not make a claim for damage or penalty against such tendering shareholders. The Tender Offeror will bear all expenses incurred in returning shares.

- (E) Method of disclosure if the conditions of the Tender Offer are changed
The Tender Offeror may change the conditions, etc. of the Tender Offer unless such change is prohibited under Article 27-6, Paragraph 1 of the Act or Article 13 of the Enforcement Order. If the Tender Offeror intends to change any conditions, etc. of the Tender Offer, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement in the manner set out in Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement. If the conditions, etc. of the Tender Offer are changed, the Tender Offeror will also purchase the shares tendered on or before the date of the public notice in accordance with the changed conditions, etc. of the Tender Offer.
- (F) Method of disclosure if amendment statement is filed
If the Tender Offeror submits an amendment statement to the Tender Offer Statement to the Director-General of the Kanto Local Finance Bureau (excluding the cases provided for in the proviso in Article 27-8, Paragraph 11 of the Act), the Tender Offeror will immediately make a public announcement of the content of such amendment statement that is relevant to the content of the public notice of the commencement of the Tender Offer in the manner set out in Article 20 of the Cabinet Ordinance. The Tender Offeror will also immediately amend the explanatory statement of the Tender Offer and deliver the amended explanatory statement to the tendering shareholders who have already received the original explanatory statement. However, if the amendments are limited in scope, the Tender Offeror may instead prepare and deliver to tendering shareholders a document stating the reason for the amendments, the matters amended, and the details thereof.
- (G) Method of disclosure of results of tender offer
The results of the Tender Offer will be made public on the day following the last day of the Tender Offer Period in the manner set out in Article 9-4 of the Enforcement Order and Article 30-2 of the Cabinet Ordinance.

(H) Other matters

The Tender Offer is not and will not be made, directly or indirectly, in or to the U.S., or by using the U.S. postal service or any other means or instruments of interstate or foreign commerce (including, but not limited to, telephone, telex, facsimile, e-mail, and internet communication), or through any facilities of a securities exchange in the U.S. No one can tender shares in the Tender Offer by any means or instruments above, or through any facility above, or from the U.S.

In addition, the tender offer registration statement or other related documents are not and may not be sent or delivered by the postal service or any other means in, to, or from the U.S. Any tender of shares in the Tender Offer that directly or indirectly breaches any of the restrictions above will not be accepted.

Each person who tenders shares in the Tender Offer (or the standing proxy in the case of foreign shareholders) is required to represent and warrant the following:

(i) The person is not located in the U.S. at the time of tendering shares or sending the tender offer acceptance form; (ii) the person did not receive or send any information regarding the Tender Offer or any document regarding the purchase within or from the U.S.; (iii) the person did not use, directly or indirectly, the U.S. postal service or any other means or instruments of interstate or foreign commerce (including, but not limited to, telephone, telex, facsimile, e-mail, and internet communication) or facilities of a securities exchange in the U.S. with respect to the purchase or to signing or delivering the tender offer acceptance form; and (iv) the person is not acting as an attorney, a trustee or a mandatary without discretion for any other person (except for the case where the latter provides all instructions for the purchase outside the U.S.).

(10) Date of public notice of commencement of tender offer
November 14, 2019 (Thursday)

(11) Tender offer agent
Nomura Securities Co., Ltd. 9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo

3. Post-tender offer policy and future outlook

For the policies after the Tender Offer, please refer to “1. Purposes of Tender Offer” above. Toshiba’s business results forecast for the fiscal year ending 2020 is unchanged in connection with the Tender Offer. Upon the completion of the Tender Offer, consolidated equity attributable to shareholders of Toshiba is expected to decrease in approximately 1 billion yen by the payments of the consideration to minority shareholders of the Target Company.

4. Others

(1) Agreements between the Tender Offeror and the Target Company or its officers, and contents thereof

(A) Agreements between the Tender Offeror and the Target Company, and contents thereof

(a) Agreements between the Tender Offeror and the Target Company, and contents thereof

According to the Target Company Press Release, the Target Company resolved at its board of directors meeting held on November 13, 2019 to express an opinion in

support of the Tender Offer and to recommend that the Target Company's shareholders tender their shares in the Tender Offer.

For details of the decision-making above, please refer to "(vi) Obtaining approvals from all directors of the Target Company without interests in the Transaction and opinions from all statutory auditors of the Target Company without interests in the Transaction to the effect that they have no objections" of "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)" of "(B) Process of Calculation" of "(4) Basis for the calculation of the Tender Offer Price" under "2. Outline of tender offer" above.

- (b) Background, reason, and decision-making process leading to decision to conduct the Tender Offer, and management policy following the Tender Offer

Please refer to "(2) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer" of "1. Purpose of Tender Offer" above.

- (c) Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer

Please refer to "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)" of "(B) Process of Calculation" of "(4) Basis for the calculation of the Tender Offer Price" under "2. Outline of Tender Offer" above.

- (B) Agreements between the Tender Offeror and officers of the Target Company, and contents thereof

N/A

- (2) Other information considered necessary for investors to decide whether to tender their shares in tender offer

The Target Company resolved at a meeting of its board of directors held on November 13, 2019, on condition that the Tender Offer be completed, to revise its dividend forecast for the fiscal year ending March 2020 and not to make a year-end dividend for such fiscal year. For detail, please refer to the press release titled "Notice Regarding Revision of Year-End Dividend Forecast for Fiscal Year ending March 2020 (Non-Payment)" dated November 13, 2020 announced by the Target Company.

End

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.

Forward-Looking Statements

This press release contains forward-looking statements concerning future plans and strategies of the Tender Offeror and Toshiba Group after the acquisition by the Tender Offeror of the Target Company 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.

Restriction related to the U.S.

The Tender Offer is not and will not be made, directly or indirectly, in or to the U.S., or by using the U.S. postal service or any other means or instruments of interstate or foreign commerce (including, but not limited to, telephone, telex, facsimile, e-mail, and internet communication), or through any facilities of a securities exchange in the U.S. No one can tender shares in the Tender Offer by any means or instruments above, or through any facility above, or from the U.S. In addition, the tender offer registration statement or other related documents are not and may not be sent or delivered by the postal service or any other means in, to, or from the U.S. Any tender of shares in the Tender Offer that directly or indirectly breaches any of the restrictions above will not be accepted.

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.