

November 13, 2019

Toshiba Corporation

FOR IMMEDIATE RELEASE

**Notice Regarding Commencement of Tender Offer for  
Shares of Toshiba Plant Systems & Services Corporation (TOKYO: 1983)**

TOKYO - Toshiba Corporation (TOKYO: 6502, 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 “common shares of the Target Company”) of Toshiba Plant Systems & Services Corporation (the “Target Company”; Code: 1983, the First 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. Purpose of Purchase, etc.

(1) Overview of the Tender Offer

The Tender Offeror, as of the date of this press release, is holding 48,574,456 (holding ratio (Note): 49.87%) of the common shares of the Target Company listed on the Tokyo Stock Exchange, and combined with holdings of the common shares of the Target Company it indirectly holds through Toshiba Insurance Services Co., Ltd., (“Toshiba Insurance Services”) the Tender Offeror’s wholly-owned subsidiary, amounting to 1,600,929 shares (holding ratio: 1.64%), the Tender Offeror is holding 50,175,385 Target Company common shares (holding ratio: 51.51%), and the Target Company is a consolidated subsidiary of the Tender Offeror. The Tender Offeror, as of its board of directors meeting held on November 13, 2019, intends to acquire all of the common shares of the Target Company (excluding, however, the common shares already owned by the Tender Offeror, as well as the treasury shares owned by the Target Company), and has elected to implement the Tender Offer as part of a transaction intended to convert the Target Company into a wholly-owned subsidiary of the Tender Offeror (hereinafter, the “Transaction”).

(Note) “Holding Ratio” refers to the percentage of holding out of (97,411,759 shares), calculated from the total number of issued shares (97,656,888 shares) of the Target Company as of September 30, 2019 as stated in the Second Quarterly Report “*Dai-ni Shihanki Houkokusho*” of the Target Company that was submitted by the Target Company on November 6, 2019 (“Second Quarterly Report of the Target Company”) minus the number of treasury shares held by the Target Company (245,129 shares, including 29 shares which are shares less than one-unit) on the same date (rounded to the second decimal place; the same applies with regard to subsequent descriptions of holding ratio unless otherwise specified).

In the Tender Offer, the Tender Offeror has set the minimum limit to the number of shares planned to be acquired at 16,366,744 shares (holding ratio: 16.80%), and if the total number of shares (hereinafter referred to as the “Tendered Share Certificates”) offered for purchase in response to the Tender Offer falls short of the minimum limit, the Tender Offeror will not purchase all of the Tendered Share Certificates. On the other hand, as outlined above, the Tender Offeror is planning to acquire all of the common shares of the Target Company (excluding common shares held by the Tender Offeror and treasury shares owned by the Target Company), and no maximum limit to the number of shares to be acquired has been set, and the Tender Offeror will purchase all of the shares tendered if the total number of shares tendered is or above the minimum limit for the Tender Offer. Note that the minimum number of shares to be purchased (16,366,744 shares) is the total number of voting rights of the Target Company to be held by the Tender Offeror if the Tender Offer is completed and will account for at least 2/3rds of the voting rights in the Target Company (974,117 voting rights pertaining to the number

of shares (97,411,759 shares), calculated by deducting the number of treasury shares held by the Target Company as of the same date (245,129 shares) from the total number of voting rights of the Target Company as of September 30, 2019 as stated in the Second Quarterly Report of the Target Company (97,656,888 shares).

As the Tender Offeror intends to make the Target Company its wholly-owned subsidiary, if the Tender Offeror fails to acquire all of the common shares of the Target Company during the Tender Offer, the Tender Offeror plans to acquire all of the common shares of the Target Company by implementing the procedures described in “(4) Post-Tender Offer Reorganization(s) Policy (Two-Step Acquisition Items)” below (excluding common shares held by the Tender Offeror and treasury shares owned by the Target Company). The common shares of the Target Company are listed on the First Section of the Tokyo Stock Exchange as of the date of this press release. However, as described in “(5) The Possibility of Delisting and Reasons Thereof” below, depending on the result of the Tender Offer, there is a possibility that the common shares of the Target Company will be delisted through the prescribed procedures, and if a decision is taken to carry out the procedures listed in “(4) Post-Tender Offer Reorganization, etc. Policy (So-Called Two-Step Acquisition Items)” above after completion of the Tender Offer, the common shares of the Target Company will be delisted through the prescribed procedures.

Furthermore, according to the “Announcement of Opinion in Support of the Tender Offer for the Common Shares of the Company to be conducted by Toshiba Corporation, the Controlling Shareholder, and Recommendation for our Shareholders to Tender their Shares in the Tender Offer” (hereinafter, the “Target Company Press Release”) published by the Target Company on November 13th, 2019, during the Target Company’s board of directors meeting held on November 13, 2019, the Target Company board resolved to express its support for the Tender Offer, and recommend that the Target Company’s shareholders participate in the Tender Offer.

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

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

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

The Tender Offeror was founded in July 1875 and was incorporated as Shibaura Engineering Works Co., Ltd. in June 1904, and merged with Tokyo Electric Company in September 1939 and came to be known as Tokyo Shibaura Electric Co., Ltd. (in 1984, the company name was changed to Toshiba Corporation). In May 1949, the company was listed on the first section of the Tokyo Stock Exchange and the Nagoya Stock Exchange, and on August 1, 2017, it was re-designated to the Second Section of the Tokyo Stock Exchange and the Nagoya Stock Exchange.

The Tender Offeror, together with its 337 consolidated subsidiaries (as of September 30, 2019), constitutes a corporate group (hereinafter referred to as the “Tender Offeror Group”), mainly conducting businesses relating to 7 segments, namely “Energy System Solutions,” “Infrastructure System Solutions,” “Building Solutions,” “Retail & Printing Solutions,” “Device & Storage Solutions,” “Digital Solutions,” and “Others.”

In November 2018, the Tender Offeror formulated “The Toshiba Next Plan,” a company-wide reform plan for the next five years, combining its expertise and track records in a wide range of business fields from social infrastructure to electronic devices it has cultivated over the years as a manufacturer and its strengths in information processing and digital/AI technologies to create new products, services, and solutions with the goal of becoming one of the world’s leading cyber-physical system technology (Note 1) companies in order to solve social issues and contribute to further development of our society, and continue to run businesses “Committed to People, Committed to the Future.”

(Note 1) “Cyber-physical system technology” refers to a mechanism of creating added value by collecting data in the real world (physical), analyzing it with digital technology in the cyber world, creating information and knowledge that can be easily used, and feeding it back to the physical side.

On the other hand, the Target Company was founded in October 1938 as Sanko Denki Kabushiki Kaisha, undertaking construction work for electric power and manufacturing electrical machinery and equipment. In July 1966, it merged with Toshiba Koji Kabushiki Kaisha, and changed its trade name to Toshiba Denki Koji Kabushiki Kaisha, and changed its trade name to Toshiba Plant Kensetsu Kabushiki Kaisha in December 1978. The company was listed on the Second Section of the Tokyo Stock Exchange in November 1979 and was re-designated to the First Section of the Tokyo Stock Exchange in September 1983. After that, it merged with and absorbed Toshiba Engineering Kabushiki Kaisha which was a wholly-owned subsidiary of the Tender Offeror in January 2004 and changed its trade name to Toshiba Plant Systems & Services Corporation.

In terms of the capital relationship between the Tender Offeror and the Target Company, since the Tender Offeror acquired the common shares of the Target Company prior to August 1951, the Tender Offeror underwrote capital increases by the Target Company, issuance of common shares of the Target Company free of charge and issuance of consideration for the merger of Toshiba Construction Co., Ltd. by the Target Company, the Tender Offeror came to hold 9,224,200 shares of the Target Company (76.87% of 12,000,000 issued shares of the Target Company at the time) in September 1979. Then, as a result of the sale of 1,820,000 shares in connection with the listing of the Target Company on the Second Section of the Tokyo Stock Exchange in November 1979, the Tender Offeror came to hold 7,404,200 common shares of the Target Company (49.36% of 15,000,000 issued shares of the Target Company at the time). Thereafter, the Tender Offeror continued to acquire the common shares of the Target Company until around 1992, and in January 2004, Tender Offeror received the issuance of 29,700,000 common shares of the Target Company through absorption and merger of Toshiba Engineering Kabushiki Kaisha by the Target Company, and came to hold 65,866,456 common shares of the Target Company (67.45% of 97,656,888 issued shares of the Target Company at the time). Subsequently, the Tender Offeror sold 7,624,000 common shares of the Target Company in June 2006 and 9,668,000 common shares of the Target Company in August 2016 on the market, resulting in the number of common shares of the Target Company the Tender Offeror was holding as of the date of filing of this document.

The Target Company has 12 consolidated subsidiaries (together with the Target Company, hereinafter referred to as “Target Company Group”), and is an engineering company that comprehensively covers engineering, procurement, construction, commissioning, adjustment, and services covering thermal power, hydropower, nuclear power generation facilities, substation facilities, public facilities and various facilities and buildings for general industries, working to expand its business in Japan and overseas. Currently, its operations are centered around the “Power Generation System Division” covering planning, designing, supervising construction, commissioning and maintenance, etc. of power generation facilities, and the “Social and Industrial Systems Division” covering planning, design, supervising construction, commissioning and maintenance, etc. of substation facilities, public facilities, and general industries.

Among the businesses run by the Tender Offeror Group (excluding the Target Company Group unless otherwise specified; the same applies hereinafter.) and the Target Company Group, the businesses in which the Tender Offeror Group acts as the prime contractor and operates together with the Target Company Group (hereinafter referred to as “function-sharing business”) are one of the key sources of revenue for the Target Company Group. In connection with the power generation systems business among the function-sharing business, the demand for large-scale thermal power generation facilities is expected to decline due to worldwide efforts to reduce CO2 output, and the nuclear power market is expected to shrink in the future due to continuing uncertainties regarding construction of new power plants in Japan since the Great East Japan Earthquake in 2011. Competition in the reduced marketplace is expected to intensify, and the Tender Offeror believes that the Target Company Group faces reduced future business opportunities and heightened uncertainties with respect to its profitability.

The Tender Offeror Group and the Target Company Group have long been involved together in various projects in construction, maintenance, and service of large power plants that the Tender Offeror Group has received orders for from its customers (mainly power companies). Among individual orders, the Tender Offeror Group mainly conducts sales activities to customers, engineering, equipment design and manufacture, etc., and the Target Company Group mainly

handles engineering, equipment installation work planning and construction, commissioning, and local adjustments, etc. So far, the two companies have worked together on projects; however, against the backdrop of the changes in the power generation systems business, the Tender Offeror believes it is necessary to promptly further the joint businesses, further accelerate the mutual provision and utilization of management business platforms, business expertise, and business resources, and further promote the joint business in the power generation systems business in order to further improve the enterprise value of both companies. On the other hand, the Target Company currently operates its business independently as a listed company, so it takes a considerable amount of time to promote further integrated operation of said power generation system business, and it is now recognized that there are certain limitations to responding to the changing business environment in a timely and appropriate manner with mutual utilization of business resources of both companies.

In addition, the Tender Offeror has reviewed keeping the Target Company as a listed subsidiary in light of the introduction of the practical guidelines on group governance systems by the Ministry of Economy, Trade and Industry in June 2019. It reviewed its reasonableness at the same time from the perspective of maximizing enterprise value for the Tender Offeror Group (hereinafter in this paragraph, including the Target Company Group), including whether it is consistent with the business portfolio strategy of the Tender Offeror Group, and whether the benefits outweigh the constraints and costs, etc. Consequently, it came to recognize that it would be essential to make the Target Company its wholly-owned subsidiary in order to maximize the enterprise value of the entire Tender Offeror Group including the Target Company, jointly promoting the business of both companies to further enhance the enterprise value of both companies and strengthening the power generation systems business of the Tender Offeror Group. Furthermore, it is expected that the implementation of the Transaction would improve Toshiba's consolidated Earnings Per share (EPS) by capturing the current net profit attributable to non-controlling shareholders and other factors.

In addition, in relation to minority shareholders of the Target Company, the Tender Offeror believes it must formulate and implement measures from a medium- to long-term perspective in order to respond to the changing business environment, and since it is expected that a substantial period will be involved in implementing such measures, the occurrence of risks such as the future deterioration of the business environment would be unavoidable, and that providing minority shareholders a reasonable opportunity to sell their common shares of the Target Company without imposing the risk of falling share prices involved in the future worsening of the business environment would be in the interest of minority shareholders.

Therefore, in early September 2019, the Tender Offeror appointed Nomura Securities Co., Ltd. (hereinafter referred to as "Nomura Securities") as its financial advisor and third-party valuation organization independent of the Tender Offeror and the Target Company, and appointed Nishimura & Asahi as its legal advisor, and informed the Target Company that it wished to commence discussion for implementation of the Transaction to improve the enterprise value of both companies, and commenced specific discussions and examinations for the Transaction with the Target Company.

On the other hand, it has been advised that the Target Company, in response to an offer from the Tender Offeror in early September 2019, appointed Daiwa Securities Co., Ltd. ("Daiwa Securities") as its financial advisor and third-party valuation organization and appointed Anderson Mōri & Tomotsune as its legal advisor, and in order to eliminate the arbitrariness in decision making by the Target Company and ensure fairness, transparency and objectivity in the decision making process in connection with the Transaction, the Target Company established a special committee (the "Special Committee") on September 11, 2019 to establish a structure to engage in discussion and negotiation for the Tender Offer (please refer to "③ Establishment of an independent Special Committee, and acquisition of report from said Special Committee by the Target Company" under "(Measures to ensure fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price as well as measures to avoid conflicts of interest)" in "② Details of Calculation" of "(4) Basis for the calculation of the Tender Offer Price" of "2. Outline of Tender Offer" below.)

Further, the Tender Offeror has been conducting due diligence to examine the feasibility of the Transaction in detail from mid-September 2019 to early November 2019, and has engaged in discussions and examination on multiple occasions with the Target Company at the same time regarding the value and purpose of the Transaction, synergies that are expected to be created through the Transaction, dis-synergies that may arise from the Transaction (such as (i) adverse effects on human resources matters including the recruitment, training and utilization of human resources that are the management resources of the Target Company Group, due to decrease of the decision-making authority of the Target

Company Group, (ii) slowdown in business operations due to the multi-step decision-making process, (iii) loss of opportunities to receive orders due to new restrictions on products adopted in the Target Company Group's EPC business, etc., (iv) negative impact on the motivation of the Target Company Group employees due to delisting of the Target Company and loss of independence, etc., and new restrictions on recruitment, personnel matters and terms and conditions of employment at the Target Company Group etc.) and countermeasures therefor, the management structure and business policies after the Transaction, and the terms and conditions of this Transaction, etc.

Consequently, at the meeting of the board of directors of the Tender Offeror held on November 13, 2019, the Tender Offeror reached the conclusion that the Tender Offeror making the Target Company its wholly-owned subsidiary would be extremely beneficial to enhancing the enterprise value of the whole of the Tender Offeror Group including the Target Company, as (i) it avoids the possibility of future conflicts of interest between the parent company and minority shareholders involved in both the parent and subsidiary companies being publicly listed, (ii) allows for mutual utilization of business resources such as customer bases, business platforms, and financial base without any constraints, and will contribute to flexibility and acceleration in decision making on management strategies for the Tender Offeror Group including the Target Company. Specifically, the Tender Offeror Group intends to mutually enhance the enterprise value of companies by strengthening cooperative relationships with the Target Company in all fields such as sales, technology, quality, and production, as described below.

- (a) Improve the profit margin of overseas small to medium thermal power business where the Target Company Group is the prime contractor through utilization of management resources such as overseas bases and technologies held by the Tender Offeror Group, and further, winning new orders for its service business from existing customers of the Target Company Group as well as in new markets
- (b) Share the expertise of the Tender Offeror Group for project management and risk management in thermal power projects where the Target Company Group is the prime contractor, reduce risks such as project delays, and prevent additional costs from occurring
- (c) Improve profit margins in the function-sharing business by implementing cross-sectional and comprehensive project management across the Tender Offer Group and Target Company Group (e.g. shortening the construction processes, improving engineering efficiency, and improving function-sharing interface)
- (d) Achieve cost reduction through integration of hydropower business of the Tender Offeror Group and the Target Company Group
- (e) Utilize the energy management technology and expertise in power generation business of the Tender Offeror Group to support the launch of new businesses in the Target Company Group (e.g. energy management business for industrial estates, and power generation business)
- (f) Recruit and develop human resources development that is essential for business continuity from a medium- to long-term perspective in the Tender Offeror Group and the Target Company Group

Further, we believe that it is necessary to make strategic investments in facilities and research and development that will contribute to our future development from a medium- to long-term perspective that will ensure we capture future changes in the business environment as opportunities.

In addition, the Tender Offeror has engaged in discussions and negotiations with the Target Company regarding the price per common share of the Target Company for the Tender Offer ("Tender Offer Price") since early October, 2019. Thereafter, the Tender Offeror made its final proposal for the Tender Offer to the Target Company in November 7, 2019. The Tender Offeror has continued discussions and negotiations with the Target Company in light of the final proposal, and consequently, the Tender Offeror and the Target Company agreed on November 12, 2019 that making the Target Company its wholly-owned subsidiary is the best way to respond to the changing business environment around both companies and improve their enterprise value. Subsequently, the Tender Offeror resolved at the meeting of the Board of Directors held on November 13 2019 that the Tender Offer will be conducted as part of the Transaction.

The Tender Offeror and Toshiba Energy Systems & Solutions Corporation ("ESS") (Note 2) entered into an agreement in connection with the Transaction ("the Agreement") with the Target Company on November 13, 2019. This Agreement includes measures to maintain and enhance the enterprise value of the Target Company etc. For an overview of the Agreement, please refer to "③ Management policy after the Tender Offer" below.

(Note 2) ESS is a wholly-owned subsidiary of the Tender Offeror, and the Target Company Group is under the purview of ESS pursuant to the internal rules of the Tender Offeror Group. ESS also operates function-sharing business with the Target Company Group.

On the other hand, according to the Target Company Press Release, the Target Company also carefully discussed and evaluated whether the Transaction may enhance the enterprise value of the Target Company and whether the terms and conditions of the Transaction including the Tender Offer Price are appropriate etc.

The Target Company is reportedly expecting that, in connection with the power generation systems division which is one of the core businesses of the Target Company, the demand for construction of new power plants (thermal, hydro, and nuclear power) in Japan will be limited in the future, and the function-sharing business centered on large-scale thermal power facilities, which has been generating stable profits, is expected to decrease due to the decarbonization trend. For this reason, the Target Company reportedly believes that it is essential to expand in the power generation systems business that supports small and medium-sized thermal power generation facilities overseas, mainly in developing countries in areas such as Southeast Asia, as well as in decarbonization, where demand is expected to expand in the future. So far, while the Target Company has received orders mainly for overseas thermal power projects through its own sales activities, construction costs have been increasing due to process delays etc. with some of those overseas thermal power projects, reportedly resulting in the Power Generation System Division incurring an ordinary loss in the second quarter of fiscal year ending in March 2020.

The Target Company reportedly believes that it can reduce its risks through reducing the process recovery costs etc. by utilizing the expertise of the Tender Offeror Group to enable more precise risk management for projects for which the Target Company receives orders, as the Tender Offeror Group has the experience of project management for many overseas thermal power generation projects.

In addition, the Target Company reportedly believes that it can expand into markets that it has not yet entered, by utilizing the Tender Offer Group's high-temperature / high-pressure turbine and combustor technologies, which are key components of the supercritical CO<sub>2</sub> cycle thermal power generation system (Note 3) as well as the sales bases and networks in certain markets (North America, Latin America, etc.) in which the Target Company has no coverage.

(Note 3) "Supercritical CO<sub>2</sub> cycle thermal power generation system" refers to a near-zero emission thermal power generation system in which high-purity, high pressure CO<sub>2</sub> can be collected without having to install separate equipment to separate and recover CO<sub>2</sub>, while having the same power generation efficiency as existing gas combined cycle power generation systems.

The Target Company reportedly believes that it can expect a number of effects in power generation business other than overseas thermal power generation, such as development of new repair and maintenance services using digital technologies such as IoT and AI of the Tender Offeror Group, improved efficiency through cross-sectional project management at the function sharing business mainly in thermal power generation, selection of optimal suppliers and enjoyment of economies of scale, and cost reduction by integrating overlapping functions etc.

The Target Company has reportedly achieved growth by expanding its own business in the Social and Industrial Systems Division, which is another core business of the Target Company Group. The Target Company is reportedly intending to continue working on expanding its business as it will maintain its corporate status as the Target Company and it is expected to expand its own business. The Target Company reportedly believes that the function-sharing business in the Social and

Industrial Systems Division will benefit from eliminating some duplicated work, sharing construction engineering technologies of the Target Company Group, and selection of optimal suppliers and enjoyment of economies of scale etc.

So far, the Target Company has reportedly realized increased sales and profits by strengthening its own direct sales in addition to stable revenues from the function-sharing business. On the other hand, given the possibility that the function-sharing business, which has been a stable revenue base, may decrease in the future, the Target Company reportedly considers it necessary to discuss the suitable format for the function-sharing business with the Tender Offeror, and try to obtain orders for overseas small and medium-sized thermal power generation projects and construction methods and local projects that have not been addressed so far as described above.

Although the Target Company reportedly believes that actively working on business portfolio reform is necessary to improve the enterprise value of the Target Company Group from a medium- to long-term perspective, there is the possibility that these efforts may reduce the profit level and worsen the cashflow in the short-term, and that such reforms may take a certain amount of time. In light of this, the Target Company reportedly believes that it would not be appropriate for the shareholders of the Target Company to have to bear such risks, and by becoming a wholly owned subsidiary of the Tender Offeror, it believes it will be possible to reform its business portfolio while avoiding imposing risks on its shareholders.

Consequently, the Target Company reportedly believes that becoming a wholly owned subsidiary of the Tender Offeror through the Transaction and realizing stronger cooperation with the Tender Offeror Group will not only contribute to improved profitability through elimination of duplicated businesses and cost synergies but also enable the Target Company to mutually utilize management resources and know-how, etc. with the Tender Offeror Group and to create a structure that can respond flexibly to a changing environment, eliminating the previous limitations by function-sharing, and will contribute to development of the Target Company Group and further enhancement of its enterprise value in the future.

The Target Company has reportedly determined that the Transaction is expected to enhance the Target Company's enterprise value and that the Tender Offer Price and other terms and conditions pertaining to the Tender Offer are reasonable and, as such, the Tender Offer will provide the shareholders of the Target Company with an opportunity to sell the common shares of the Target Company at a reasonable price and on reasonable terms and conditions. As such, at the board of directors meeting of the Target Company held on November 13, 2019, the Target Company expressed its support for the Tender Offer and resolved to recommend to the shareholders of the Target Company to participate in the Tender Offer. For details concerning the discussions and decision-making process pertaining to the Tender Offer, please refer to "② Background and reasons for decision making by the Target Company" below.

## ② Background and reasons for decision making by the Target Company

According to the Target Company Press Release, the Target Company, as stated in "① Background to Decision to Implement Tender Offer, Purpose and Decision-Making Process," received the proposal from the Tender Offeror in early September 2019 and in response, appointed Daiwa Securities Co., Ltd. as its financial advisor and third-party valuation organization and Anderson Mōri & Tomotsune as its legal advisor, independent of the Tender Offeror and the Target Company, in connection with the Transaction, in order to ensure fairness of the terms and conditions of the Transaction including the Tender Offer Price. In addition, it is reported that the Target Company has established a Special Committee to eliminate the arbitrary nature of the Target Company's decision-making pertaining to the Transaction including the Tender Offer and to ensure fairness, transparency, and objectivity of the decision-making process, while engaging in discussions and negotiations with the Tender Offeror on multiple occasions including the significance and objective of the Transaction, the synergistic effects expected to be created through the Transaction, potential dis-synergies that may arise as a result of the Transaction and counter-measures therefor, post-transaction management structure and business policies, and terms and conditions of the Transaction.

In addition, the Target Company has reportedly been receiving legal advice from its legal advisor, Anderson Mōri &

Tomotsune, since early September 2019 regarding the decision-making process and the method thereof for the Tender Offer and other points to note in decision-making pertaining to the Tender Offer, and has been receiving advice and support regarding price negotiation etc. from Daiwa Securities, its financial advisor, and commenced negotiation with the Tender Offeror Group and engaged in discussions and negotiations with the Tender Offeror Group on multiple occasions. Further, the Target Company has reportedly made timely reports to the Special Committee regarding discussions and negotiations with the Tender Offeror Group regarding the Transaction, and discussed policies etc. with the Special Committee as required, while progressing with discussions and negotiations with the Tender Offeror. The Target Company is reported to have obtained a share valuation report pertaining to common shares of the Target Company from Daiwa Securities dated November 12, 2019 (“Valuation Report of the Target Company”), and to have received a report from the Special Committee (“the Report”) on the same date (for an overview of the Report, please refer to “③ Establishment of an independent Special Committee, and acquisition of report from said Special Committee by the Target Company” under “(Measures to secure fairness of the Tender Offer, such as measures to secure fairness of the Tender Offer Price as well as measures to avoid conflicts of interest)” in “② Details of Calculation” of “(4) Basis for the calculation of the Tender Offer Price” of “2. Outline of Tender Offer” below).

Further, the board of directors of the Target Company is reported to have taken into consideration the legal advice from Anderson Mōri & Tomotsune regarding the decision-making process and the method thereof for the Transaction including the Tender Offer and other points to note in decision-making pertaining to the Tender Offer, and taking into account the Valuation Report of the Target Company obtained from the Target Company’s third-party valuation organization, Daiwa Securities, and respecting the contents of the Report obtained from the Special Committee to the largest extent possible, carefully conducted discussions and evaluation from the perspectives such as whether the enterprise value of the Target Company may be enhanced through the Transaction and whether the terms and conditions of the Transaction including the Tender Offer Price are appropriate, etc.

Consequently, the Target Company has reportedly come to the conclusion that becoming a wholly owned subsidiary of the Tender Offeror through the Transaction and realizing stronger cooperation with the Tender Offeror Group will not only contribute to improved profitability through increased efficiency elimination of duplicated businesses and cost synergies but also enable the Target Company to mutually utilize management resources and know-how, etc. with the Tender Offeror Group and to create a structure that can respond flexibly to changing environment, eliminating the previous limitations by function-sharing, and will contribute to development of the Target Company Group and further enhancement of its enterprise value in the future.

In addition, the Target Company determined at the meeting of its board of directors meeting held on November 13, 2019 that the Tender Offer provides the Target Company’s shareholders with a reasonable opportunity to sell the common shares of the Target Company at a price with a substantial premium upon consideration of a number of factors including the following: (i) as described in “② Details of Calculation” under “(4) Basis for the calculation of the Tender Offer Price” under Section “2. Outline of Tender Offer”, based on the results of the valuation of the Target Company common shares conducted by Daiwa Securities, the Tender Offer Price exceeds the valuation range of the Target Company common shares based on the average market price method (“Average Market Price Method”) and is within the valuation range based on the discounted cash flow method (the “DCF Method”); (ii) the Tender Offer Price represents a premium of 8.67% compared to the closing price of the common shares of the Target Company on the First Section of the Tokyo Stock Exchange of 2,457 yen on November 12, 2019, which was the business day prior to the date of the announcement of the implementation of the Tender Offer (rounded to the nearest decimal point; the same rounding convention applies to the calculation of the premiums below), a premium of 27.08% compared to the simple average of the closing price for the prior month through the same date (from October 15, 2019 to November 12, 2019) of 2,101 yen, a premium of 41.57% compared to the simple average of the closing price for the prior three months through the same date (from August 13, 2019 to November 12, 2019) of 1,886 yen, a premium of 38.49% compared to the simple average of the closing price for the prior six months through the same date (from May 13, 2019 to November 12, 2019) of 1,928 yen; in addition, the Tender Offer Price represents a premium of 26.96% compared to the closing price of the common shares of the Target Company of 2,103 yen on November 11, 2019 (November 11, 2019 is used in order to exclude the impact on the stock price of speculative media reports on November 11, 2019 by certain news agencies regarding the Transaction), a premium



of 28.30% compared to the simple average of the closing price for the prior month through the same date (from October 15, 2019 to November 11, 2019) of 2,081 yen, a premium of 42.32% compared to the simple average of the closing price for the prior three months through the same date (from August 13, 2019 to November 11, 2019) of 1,876 yen, a premium of 38.77% compared to the simple average for the prior six months through the same date (from May 13, 2019 to November 11, 2019) of 1,924 yen; and that the premium being added can be considered reasonable compared to the level of premiums in other cases of tender offers implemented for the purpose of making a consolidated subsidiary into a wholly owned subsidiary of a parent company; (iii) in determining the Tender Offer Price, the interests of minority shareholders were considered and measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest were implemented, as described in Section “(Measures to ensure fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price as well as measures to avoid conflicts of interest)” under “② Details of Calculation” under “(4) Basis for the calculation of the Tender Offer Price” under Section “2. Outline of Tender Offer”; and (iv) the Tender Offer Price was proposed after taking measures to avoid conflicts of interest as described above and as the result of discussions and negotiations between the Target Company and the Tender Offeror that were equivalent to discussions and negotiations that would occur in a transaction between independent parties; specifically, there were good faith and continuous discussions and negotiations taking into consideration the results of the valuation of the Target Company common shares conducted by Daiwa Securities as well as discussions with the Special Committee.

In light of the above, at the Target Company's board of directors meeting held on November 13, 2019, the Target Company expressed its support for the Tender Offer and decided to recommend that shareholders of the Target Company participate in the Tender Offer.

### ③ Post-Tender Offer Management Policy

As of the date of this press release, out of the 11 directors and 4 statutory auditors of the Target Company, 6 directors and 1 statutory auditor used to hold positions as officers or employees of the Tender Offeror. In this respect, specifics have not yet been determined so far regarding management structure of the Target Company in the future or secondment of officers from the Tender Offeror to the Target Company. However, the Tender Offeror, ESS and the Target Company have agreed on the following in the Agreement for the purpose of, after consummating the Transaction, improving the competitiveness of the Target Company and the Tender Offeror Group and aiming at medium- to long-term enhancement of their enterprise value (note that the Agreement may be amended should there be any change in business environment etc. for the Tender Offeror Group and the Target Company or if and as otherwise reasonably required. Among such changes pertaining to the matter under (c) below, changes to the detriment of the employees of the Target Company shall require sufficient consultation in advance with the labor union of the Target Company).

- (a) The Tender Offeror, ESS and the Target Company shall continue to discuss in good faith aiming for the actual implementation of measures to create synergies in connection with execution of the Transaction
- (b) The Tender Offeror and ESS shall maintain the corporate status of the Target Company after execution of the Transaction, and shall respect the independence of management of the Target Company
- (c) The Tender Offeror and ESS will specifically ensure the following matters in order to respect the independence of the Target Company's management:
  - (i) Position the Target Company as a "General Group company" within the Tender Offeror Group (including the Target Company Group) (Note 4).  
(Note 4) "General Group company" refers to a member company of the Tender Offeror Group (including the Target Company Group) that is subject to direct governance by the Tender Offeror with self-management responsibilities (responsibility for profit and loss).
  - (ii) From the perspective of maintaining and strengthening the competitiveness of the Target Company, compared to the past, ① there shall be no special additional restrictions on the discretion and freedom in procurement by the Target Company, and ② in bidding projects etc., necessary cooperation shall be provided to the Target Company, such as promptly taking credit supplementing measures (parent company guarantees, bond contributions, etc.) upon request of the Target Company etc. and ③ no capital policy shall be implemented which may have adverse effects to sales activities.
  - (iii) Continue to license the Tender Offeror's trademarks, titles, etc. free of charge, and so long as the Target Company

is unable to enjoy the benefits, Target Company shall not be required to bear a share of the expenses for core operating companies and other companies of the Tender Offeror Group etc.

- (iv) No change shall be made to the organizational and personnel matters and terms and conditions of employment of the Target Company upon implementing the Transaction. Any changes made going forward in organizational and/or personnel matters and/or terms of employment, shall be discussed and agreed upon among the Tender Offeror, ESS and the Target Company taking into consideration the policies of the Tender Offeror Group (including the Target Company Group).
- (v) The Tender Offeror shall determine the management structure after execution of the Transaction in consultation with the Target Company.

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

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

- (i) Acquisition of a share valuation report by the Tender Offeror from an independent third-party valuation organization
- (ii) Acquisition of a share valuation report by the Target Company from an independent third-party valuation organization
- (iii) Establishment of an independent Special Committee, and acquisition of a report from said Special Committee regarding the Target Company
- (iv) Acquisition of share value calculation report and written opinion by the Special Committee from an independent third-party valuation organization
- (v) Advice from an independent law firm received by the Special Committee
- (vi) Advice from an independent law firm received by the Target Company
- (vii) Approval of all directors without conflicts of interest with respect to the Target Company and the opinion of all statutory auditors that they have no objection
- (viii) Measures for securing purchase opportunities from other buyers

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

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

As described in “(1) Overview of the Tender Offer” above, the intent of the Tender Offeror is to make the Target Company a wholly-owned subsidiary of the Tender Offeror, and should the Tender Offeror fail to acquire all of the common shares of the Target Company (excluding the common shares of the Target Company held by the Tender Offeror and treasury shares held by the Target Company) through the Tender Offer, the Tender Offeror intends to implement procedures via the methods described below in order to acquire all of the common shares of the Target Company (excluding the common shares of the Target Company held by the Tender Offeror and treasury shares held by the Target Company) following the execution of the Tender Offer.

- ① Upon execution of the Tender Offer, the Tender Offeror shall acquire 90% or more of the total shareholder voting rights

of the Target Company, and if the Tender Offeror should become a Special Controlling Shareholder as prescribed in Article 179(1) of the Companies Act (Act No. 86 of 2005, as amended; hereinafter, the “Companies Act”), the Tender Offeror, in accordance with the provisions of Part II, Chapter 2, Section 4-2 of the Companies Act, plans to request the sale of all common shares of the Target Company by shareholders of the Target Company (excluding the Tender Offeror and the Target Company; the same shall apply hereinafter) promptly following the conclusion of the settlement of the Tender Offer (hereinafter, the “Demand for Sale of Shares”). With respect to the Demand for Sale of Shares, the plan is to provide the Target Company’s shareholders (excluding the Tender Offeror and the Target Company) with monetary sums equivalent to the Tender Offer Price in consideration for each common share of the Target Company. In such an event, the Tender Offeror shall provide the Target Company with notice of such efforts, and seek approval from the Target Company for the Demand for Sale of Shares. If the Target Company approves of the Demand for Sale of Shares via resolution of its Board of Directors, the Tender Offeror shall acquire all common shares of the Target Company possessed by all Target Company shareholders (excluding the Tender Offeror and the Target Company) as of the acquisition date designated in the Demand for Sale of Shares, in accordance with the procedures prescribed by all relevant laws and regulations, and without need for the individual approval of the Target Company shareholders. In addition, as consideration for each common share of the Target Company owned by each applicable shareholder, the Tender Offeror intends to provide each applicable shareholder a monetary amount equivalent to the Tender Offer Price. According to the Target Company Press Release, if the Target Company receives notice from the Tender Offeror that it intends to make a Demand for Sale of Shares that also concerns the items in Article 179-2(1) of the Companies Act, the Target Company plans to approve the Demand for Sale of Shares through its board of directors. If a Demand for Sale of Shares is made, the Target Company shareholders may, in accordance with Article 179-8 of the Companies Act, and all other relevant laws and regulations, petition a court for a decision on the purchase price of the shareholders’ common shares.

## ② Share Consolidation

On the other hand, if, following the execution of the Tender Offer, the total number of the Target Company’s voting rights owned by the Tender Offeror is less than 90% of all of the voting rights for the Target Company, the plan is to consolidate the common shares of the Target Company in accordance with Article 180 of the Companies Act (hereinafter, the “Share Consolidation”), and, subject to the effectuation of the Share Consolidation, hold a special shareholders’ meeting that will include among its measures for deliberation changes to the articles of incorporation that will eliminate provisions on share unit numbers (hereinafter, the “Special Shareholders’ Meeting”) promptly following the conclusion of the settlement of the Tender Offer. Note that the Tender Offeror plans to support each of the measures described above at the Special Shareholders’ Meeting.

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

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

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

It is possible that the procedures described in (1) and (2) above may require additional time, or may experience changes to their methods of implementation due to amendments to related laws and regulations, the status of implementation or the interpretation of relevant authorities, or other possible issues. However, in such an event, if the Tender Offer is realized, the plan is ultimately provide monetary sums to Target Company shareholders (excluding the Tender Offeror or the Target Company) who did not participate in the Tender Offer, and the value of such consideration provided will be the price obtained when the number of common shares owned by the relevant Target Company shareholders is multiplied by the Tender Offer Price. Of course, in the event Target Company shareholders petition a court for a decision on the sale price for shares in response to a Demand for Sale of Shares, or for a decision on the price of shares in response to a share purchase demand made as part of a Share Consolidation, the sale price or price in response to a share purchase demand of common shares of the Target Company shall ultimately be determined by a court of law.

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

#### (5) The Possibility of Delisting and Reasons Thereof

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

#### (6) Critical Agreement-Related Items Concerning the Tender Offer

As of the date of this press release, the Tender Offeror has not made any specific agreement with Toshiba Insurance Service, a wholly-owned subsidiary of the Tender Offeror, regarding participation in the Tender Offer. However, the Tender Offeror will request Toshiba Insurance Service to tender the common shares of the Target Company it is holding for the Tender Offer.

Further, the Tender Offeror and ESS entered into an Agreement with the Target Company on November 13, 2019 regarding measures to maintain and enhance the enterprise value of the Target Company etc. in connection with the Transaction. Please refer to "③ management policy after the Tender Offer" in "(2) Background to the decision to conduct the Tender Offer, purpose and decision-making process, and management policy after the Tender Offer" above for an overview of the Agreement.

## 2. Outline of Tender Offer

### (1) Outline of the Target Company

① Name	Toshiba Plant Systems & Services Corporation
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②	Address	36-5, 4-chome, Tsurumi Chuo, Tsurumi-ku, Yokohama																					
③	Title and name of representative	Koichi Harazono, Representative Director, President and Chief Executive Officer, Representative Director																					
④	Business outline	Provision of integrated services such as engineering, procurement, construction, trial operation and other aspects in connection with thermal power, hydropower and nuclear power generation facilities, substation facilities, public facilities and various facilities and buildings for general industries, which services are provided in connection with the two segments, "power generation system division" and "social/industrial systems division."																					
⑤	Capital stock	11,876,021 thousand yen																					
⑥	Date of establishment	October 3,1938																					
⑦	Major shareholders and shareholding ratios (as of September 30, 2019))	<table><tr><td>Toshiba Corporation</td><td>49.87%</td></tr><tr><td>Goldman Sachs and Company, Regular Account (Standing Proxy: Goldman Sachs Japan Co., Ltd)</td><td>5.05%</td></tr><tr><td>The Master Trust Bank of Japan, Ltd.(Trust Account)</td><td>4.52%</td></tr><tr><td>State Street Trust and Banking Co., Ltd. 510311 (Standing Proxy: Mizuho Bank, Ltd., Settlement and Clearing Services Department)</td><td>2.50%</td></tr><tr><td>State Street Trust and Banking Co., Ltd. 510312 (Standing Proxy: Mizuho Bank, Ltd., Settlement and Clearing Services Department)</td><td>2.42%</td></tr><tr><td>Japan Trustee Service Corporation</td><td>1.85%</td></tr><tr><td>Toshiba Insurance Service Corporation</td><td>1.64%</td></tr><tr><td>Employee stock ownership, Toshiba Plant Systems &amp; Services Corporation</td><td>1.57%</td></tr><tr><td>BNYM SANV BNYM GCM Client Accounts M ILM FE (Standing Proxy: MUFG Bank, Ltd.)</td><td>1.49%</td></tr><tr><td>Northern Trust Company (AVFC) RE Fidelity Funds (Standing Proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Business Division)</td><td>1.19%</td></tr></table>		Toshiba Corporation	49.87%	Goldman Sachs and Company, Regular Account (Standing Proxy: Goldman Sachs Japan Co., Ltd)	5.05%	The Master Trust Bank of Japan, Ltd.(Trust Account)	4.52%	State Street Trust and Banking Co., Ltd. 510311 (Standing Proxy: Mizuho Bank, Ltd., Settlement and Clearing Services Department)	2.50%	State Street Trust and Banking Co., Ltd. 510312 (Standing Proxy: Mizuho Bank, Ltd., Settlement and Clearing Services Department)	2.42%	Japan Trustee Service Corporation	1.85%	Toshiba Insurance Service Corporation	1.64%	Employee stock ownership, Toshiba Plant Systems & Services Corporation	1.57%	BNYM SANV BNYM GCM Client Accounts M ILM FE (Standing Proxy: MUFG Bank, Ltd.)	1.49%	Northern Trust Company (AVFC) RE Fidelity Funds (Standing Proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Business Division)	1.19%
Toshiba Corporation	49.87%																						
Goldman Sachs and Company, Regular Account (Standing Proxy: Goldman Sachs Japan Co., Ltd)	5.05%																						
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State Street Trust and Banking Co., Ltd. 510311 (Standing Proxy: Mizuho Bank, Ltd., Settlement and Clearing Services Department)	2.50%																						
State Street Trust and Banking Co., Ltd. 510312 (Standing Proxy: Mizuho Bank, Ltd., Settlement and Clearing Services Department)	2.42%																						
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Employee stock ownership, Toshiba Plant Systems & Services Corporation	1.57%																						
BNYM SANV BNYM GCM Client Accounts M ILM FE (Standing Proxy: MUFG Bank, Ltd.)	1.49%																						
Northern Trust Company (AVFC) RE Fidelity Funds (Standing Proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Business Division)	1.19%																						
⑧	Relationship between the Tender Offeror and the Target Company																						
	Capital relationship	As of the date of this press release, the Tender Offeror holds 48,574,456 common shares of Target Company's common stock (ownership ratio of 49.87%) on its own, and 50,175,385 shares (ownership ratio of 51.51%) in total together with the 1,600,929 shares (ownership ratio of 1.64%) held indirectly through Toshiba Insurance Services, a wholly-owned subsidiary of the Tender Offeror, which makes the Target Company the Tender Offeror's consolidated subsidiary.																					
	Personnel relationship	Not applicable.																					
	Business relationship	The Target Company undertakes design and implementation, on-site tests/adjustments, maintenance and checkup, etc. of construction works subcontracted by the Tender Offeror Group and purchases some materials in relation to the construction works from the Tender Offeror Group.																					
	Status as related Party	The Tender Offeror is a consolidated subsidiary of the Target Company, and the Tender Offeror and the Target Company are the related parties to each other.																					

(Note) Information in "Major shareholders and shareholding ratios (as of September 30, 2019)" is based on the "Status of major shareholders" in the Second Quarterly Report for the 114th fiscal period, which was filed by the Target Company on November 6, 2019.

(2) Schedule

① 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.
Filing date of tender offer registration statement	November 14, 2019 (Thursday)

② Initially registered offering period

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

③ The possibility of extension of tender offer period upon request of the Target Company

N/A

(3) Price of tender offer

2,670 Yen per share of common stock

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

① Basis of calculation

In order to ensure the fairness of the Tender Offer price, the Tender Offeror, when deciding on the Tender Offer price, requested financial advisor, Nomura Securities, to act as a third-party valuation organization independent of both Tender Offeror and Target Company and to provide a share value calculation report for the Target Company's common shares. Note that Nomura Securities is not a related party to either the Tender Offeror or the Target Company, and has no significant conflicts of interest with either party.

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

The results of Nomura Securities' calculations with respect to the value of each common share of the Target Company is as follows.

Average Market Price Method	1,876 yen to 2,103 yen
Comparable Company Analysis Method	1,326 yen to 2,283 yen
DCF Method	1,900 yen to 3,138 yen

For the Average Market Price Method, setting a reference date of November 11th, 2019, the closing price on the

reference date for Target Company common shares on the First Section of the Tokyo Stock Exchange was 2,103 yen, the simple average closing price over the 5 business days ending November 11th, 2019 was 2,087 Yen, the simple average closing price for the month-long period ending November 11th, 2019 was 2,081 yen, the simple average closing price over the 3-month period ending November 11th, 2019 was 1,876 yen, and the simple average closing price over the 6-month period ending November 11th, 2019 was 1,924 yen. Based on those values, Nomura Securities calculated the share price range for 1 common share of the Target Company as being between 1,876 yen and 2,103 yen.

For the Comparable Company Analysis Method, by comparing financial indicators of listed companies engaged in business substantially similar to that of the Target Company and taking into account factors such as market share price and profitability, Nomura Securities calculated the share price for each of the common shares of the Target Company, and determined a price range of 1,326 yen to 2,283 yen per common share.

For the DCF Method, calculations were based on publicly released information such as the revenues and investment plans described in business plans over 5 terms starting from the March 2020 term to the March 2024 term, from which the Target Company's enterprise value and equity value were derived by discounting the free cash flow expected to be generated by the Target Company in the future from the March 2020 term onward by a set rate in order to determine the present value, which resulted in a per-common share price range of 1,900 yen to 3,138 yen.

In addition to the Tender Offer Calculation Report acquired from Nomura Securities, the Tender Offeror cumulatively considered such factors as the result of due diligence conducted by the Tender Offeror with respect to the Target Company, examples of premiums actually placed in tender offers conducted by parties other than issuers, the level of support from the board of directors of the Target Company regarding the Tender Offer, and projections in changes to the market price of the common shares of the Target Company as well as in the participation in the Tender Offer by shareholders, and, based also on the results of consultation and negotiation with the Target Company, ultimately decided on a Tender Offer price of 2,670 yen per common share via resolution of the board of directors during its November 13th, 2019 meeting.

The Tender Offer Price of 2,670 yen per share includes the following premiums compared to each of the following prices and average prices: a premium of 8.67% compared to the closing price of the common shares of the Target Company on the First Section of the Tokyo Stock Exchange of 2,457 yen on November 12, 2019, the last business day prior to the announcement date of the Tender Offer, a premium of 27.08% compared to the simple average of the closing price for the prior month through November 12, 2019 of 2,101 yen, a premium of 41.57% compared to the simple average of the closing price for the prior three -months through November 12, 2019 of 1,886 yen, a premium of 38.49% compared to the simple average of the closing price for the prior six months through November 12, 2019 of 1,928 yen. In addition, the Tender Offer Price includes a premium of 26.96% compared to the closing price of the Target Company common shares on the first section of the Tokyo Stock Exchange of 2,103 yen on November 11, 2019, the date when media reports were made by certain news agencies regarding the acquisition of the Target Company common shares by the Tender Offeror, a premium of 28.30% compared to the simple average of the closing price for the prior month through November 11, 2019 of 2,081 yen, a premium of 42.32% compared to the simple average of the closing price for the prior three-months through November 11, 2019 of 1,876 yen, and a premium of 38.77% compared to the simple average of the closing price for the prior six months through November 11, 2019 of 1,924 yen.

The Tender Offeror sold the common shares of the Target Company at the market price in the market in August 2016; however, said market transaction was a competitive sale on the First Section of the Tokyo Stock Exchange and, unlike the Tender Offer, no premium was added.

(Note) The calculations as to the share price of the common shares of the Target Company made by Nomura Securities were made based on the presumption that publicly available information and all information provided to Nomura Securities is accurate and complete, and Nomura Securities has not independently investigated the accuracy and completeness of such information. Nomura has not conducted an independent evaluation, appraisal, or assessment of any assets or liabilities owned by the Target Company or any related companies (including derivative financial instruments, unlisted assets and liabilities, and other contingent liabilities), including individualized analyses and evaluations of each asset and liability, nor has it requested that a third party organization to conduct any appraisal or assessment. With respect to the financial projections made by the Target Company (including profit plans and other information), Nomura has proceeded with the presumption that such

projections were developed by the management of the Target Company's employees based on the best and most accurate projections and judgments available at the present time, and were thus considered and developed in a rational fashion. The calculations made by Nomura Securities reflect the information and financial conditions obtained by Nomura Securities up to November 11, 2019. Note that the calculations made by Nomura Securities were made for the sole purpose of being referenced by the Tender Offeror's board of directors when considering the share price of the common shares of the Target Company.

## ② Details of Calculation

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

The Tender Offeror began considering the Transaction around late August, 2019, and selected Nomura Securities as financial advisor and third-party valuation institution, and Nishimura & Asahi as legal advisor, both of which are entities wholly independent of the Tender Offeror and the Target Company, while the Target Company, in order to ensure the fairness of the Tender Offer price as well as the fairness of other aspects of the Transaction, of which the Tender Offer is a part, selected Daiwa Securities as its financial advisor and third-party valuation institution and Anderson, Mori & Tomotsune as its external legal advisor, both of which are entities wholly independent of the Tender Offeror and the Target Company, and established the Special Committee as an advisory body to the Target Company's board of directors on September 11, 2019, thereby establishing the organizational structure necessary for consultation and negotiation concerning the Tender Offer.

Then, contemporaneous with the Tender Offeror's performance of the due diligence necessary to investigate the feasibility of the Tender Offer from mid-September 2019 to early November 2019, the Tender Offeror has engaged in multiple consultations and investigations with the Target Company regarding the various conditions and other factors such as the purpose of the Transaction (including the Tender Offer; the same shall apply hereinafter in this sentence), synergy effects that are expected to be created through the Transaction, and dis-synergy that may arise as a result of the Transaction and counter-measures therefor, and the managerial structure and policy following the Transaction.

As a result, the Tender Offeror concluded at the board of directors meeting held on November 13, 2019 that making the Target Company a wholly-owned subsidiary of the Tender Offeror would be highly advantageous in improving the enterprise value of the Tender Offeror Group, including the Target Company, as it would avoid the possibility of future conflicts of interest that could arise between the parent company and the minority investors due to both the parent company and subsidiary being listed, allowed for the mutual use of unlimited corporate resources such as customer bases, business bases, and financial bases, as well as rendering the decision-making process with respect to management strategies for the Target Company and Tender Offeror Group including the Target Company more flexible and speedy.

On the other hand, based also on the results of consultations and negotiations with the Target Company, the Tender Offeror made a final proposal to the Target Company on November 7, 2019 of a Tender Offer Price of 2,670 Yen per share, and on November 12, 2019 the Tender Offeror received a response from the Target Company accepting such final proposal.

Following this, the Tender Offeror decided to implement the Tender Offer during its board of directors meeting held on November 13, 2019, and decided on the Tender Offer price in the manner described below.

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

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

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

Furthermore, the Tender Offeror has not received a fairness opinion regarding the appropriateness of the Tender



Offer price from Nomura Securities.

(ii) Overview of Applicable Opinions

Nomura Securities used the Average Market Price Method, the Comparable Company Analysis Method, and the DCF Method in order to calculate the price of Target Company's common share, and the share price ranges per each common share of the Target Company as calculated by each method are listed below.

Average Market Price Method	1,876 Yen to 2,103 Yen
Comparable Company Analysis Method	1,326 Yen to 2,283 Yen
DCF Method	1,900 Yen to 3,138 Yen

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

In addition to the Tender Offer Calculation Report acquired from Nomura Securities, the Tender Offeror cumulatively considered such factors as the result of due diligence conducted by the Tender Offeror with respect to the Target Company, examples of premiums actually placed in tender offers conducted by parties other than issuers, the level of support from the board of directors of the Target Company regarding the Tender Offer, and projections in changes to the market price of the Target Company's common shares as well as for participation in the Tender Offer by shareholders, and, based also on the results of consultation and negotiation with the Target Company, ultimately decided on a Tender Offer Price of 2,670 Yen per share via resolution of the board of directors during its November 13, 2019 meeting.

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

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

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

In order to ensure the fairness of the Tender Offer price, the Tender Offeror, when deciding on the Tender Offer Price, requested a financial advisor, Nomura Securities, to act as a third-party valuation organization independent of both Tender Offeror and Target Company and to provide a share value calculation report for the common shares of the Target Company. For details about the tender offer price calculation report regarding the Target Company share value calculation results the Tender Offeror acquired from Nomura Securities, please refer to "Basis for Calculation" above.

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

According to the Target Company Press Release, the Target Company, prior to expressing its opinion on the Tender Offer, requested Daiwa Securities, a financial advisor, as a third-party valuation organization independent of the Target Company and Tender Offeror, to calculate the value of the common shares of the Target Company. Note that Daiwa Securities is not a related party of the Target Company or Tender Offeror, and reportedly does not have any material interest in the Tender Offer.

Daiwa Securities reportedly considered multiple calculation methods to select the method to be used for calculating the value of the common shares of the Target Company, and on the assumption that the Target Company is a going

concern, based on the view that multifaceted valuation of the common shares of the Target Company would be appropriate, analyzed the price per share of the Target Company shares using both of the Average Market Price Method given that the common shares of the Target Company are listed in the First Section of the Tokyo Stock Exchange and thus the market price thereof is available and the DCF Method to reflect the performance and forecast for the Target Company for the valuation. The Target Company reportedly received the Target Company Calculation Report from Daiwa Securities dated as of November 12, 2019. It has been reported that the Comparable Company Analysis Method was not chosen as a final evaluation method in view of the limited similarities with the nature of the business and profitability with the Target Company. Furthermore, the Target Company has not received an opinion (fairness opinion) regarding the appropriateness of the Tender Offer Price from Daiwa Securities.

The share price range per common share of the Target Company as calculated by the selected methods are as follows.

Average Market Price Method: 1,876 Yen to 2,103 Yen

DCF Method: 2,629 Yen to 3,177 Yen

For the Average Market Price Method, the reference date used for the calculation is November 11, 2019, which is the most recent business day that does not reflect the impact of media reports by certain news agencies regarding the Transaction, in order to exclude the impact of such speculative reports on the stock price. The range of price per share for the common shares of the Target Company was calculated to be 1,876 Yen to 2,103 Yen, based on the closing price of 2,103 yen, on the First Section of the Tokyo Stock Exchange on the reference date, of the common shares of the Target Company, the simple average closing price of 2,081 yen for the most recent month, the simple average closing price of 1,876 yen for the most recent 3 months, and the simple average closing price of 1,924 yen for the most recent 6 months.

With the DCF Method, based on the business plan prepared by the Target Company, and taking into account various factors such as earnings and investment plans for the five-term business plan from the March 2020 term to the March 2024 term as well as publicly available information, the enterprise value and equity value of the Target Company was analyzed by discounting the free cash flow that the Target Company is expected to generate after the third quarter of the March 2020 term to the present value at a certain discount rate, and the range of value per common share of the Target Company was analyzed to be between 2,629 yen and 3,177 yen. Reportedly, the discount rate applied was 5.75% to 6.75%, and in calculating the terminal value, the perpetual growth method was employed, with the perpetual growth rate of 0.00% to 0.60%.

The financial forecasts prepared by the Target Company that Daiwa Securities used as the basis for its analysis under the DCF Method are set forth below, and fiscal years in which a large increase or decrease in profit is expected are included. Specifically, in the fiscal year ending March 31, 2020, a large decrease in profit is expected due to an increase in construction and repair costs resulting from process delays for certain projects in the overseas thermal power business in the Power Plant Division. Further, in the fiscal year ending March 31, 2021, free cash flow is expected to decline temporarily due to shortening of payment timing due to strengthening of compliance with the Subcontract Act and the Construction Business Act,

The synergies that are expected to be realized through the execution of the Transaction are not considered in the following financial forecasts because it is difficult to estimate at this point in time.

(In Million Yen)

	2020 March period (6 months)	2021 March period	2022 March period	2023 March period	2024 March period
Net sales	114,922	235,000	250,000	258,602	261,566
Ordinary income	7,750	19,500	21,000	22,435	23,088
EBITDA	7,948	19,648	21,181	22,482	23,109

Free cash flow	8,773	(7,513)	8,480	12,109	14,841
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Of the consolidated financial forecasts set forth above that were used by Daiwa Securities to calculate the value of the common share so of the Target Company applying the DCF Method, the consolidated financial forecast figures for the fiscal year ending March 31, 2020 (six months) are based on consolidated financial forecast figures that were newly prepared by the Target Company based on the cumulative consolidated results through the second quarter of the same year. After the release of the Target Company's consolidated performance forecast (hereinafter “the Consolidated Performance Forecast”) dated May 13, 2019, in response to an increase in construction and repair costs resulting from process delays for certain projects in the overseas thermal power business in the Power Plant Division, there is a certain divergence particularly related to profits between the Consolidated Performance Forecast and the most recent earnings results of the Target Company and the earnings forecast for the fiscal year ending March 31, 2020 based on such results. As a result, for the fiscal year ending March 31, 2020, it was determined that it would be more appropriate to consider the reasonableness of the Tender Offer Price by calculating the enterprise value of the Target Company based on more recent consolidated financial forecasts that reflect the current earnings environment and performance of the Target Company. In addition, regarding the preparation of such consolidated financial forecasts, the Special Committee determined that the consolidated financial forecasts were appropriately prepared through conducting interviews with the persons in charge and confirming that there was no reason identified to doubt the objectivity or reasonableness of the preparation process.

- (iii) Establishment of an independent special committee, and acquisition of a report from said special committee regarding the Target Company

According to the Target Company Press Release, the Board of Directors of the Target Company, for the purpose of eliminating the arbitrary nature of the Target Company's decision-making pertaining to the Transaction including the Tender Offer and to ensure fairness, transparency, and objectivity of the decision-making process, established the Special Committee on September 11, 2019, consisting of three members, namely outside directors of the Target Company Ms. Kishiko Wada (lawyer, Fuji Godo Law Office), Mr. Yoshikazu Yokoyama (certified public accountant, Yokoyama Accounting Firm), and an outside statutory auditor of the Target Company, Mr. Takashi Ishii (attorney, Oh-Ebashi LPC & Partners) (the Target Company reportedly selected those 3 members at the time of establishing the Special Committee and they have changed none of the members; in addition, remuneration for the Special Committee shall be a fixed amount calculated based on the amount of travel time for the work of the Committee multiplied by a fixed hourly unit fee and performance fees will not be provided). The Target Company reportedly requested the Special Committee to examine whether (a) the purpose of the Transaction including the Tender Offer is reasonable (including whether the Transaction will contribute to the enhancement of the enterprise value of the Target Company); (b) the fairness of the terms of the Transaction is ensured; (c) sufficient consideration is given to the interests of the Target Company's shareholders through fair procedures in the Transaction; (d) in addition to (a) to (c) above, the Transaction (including the Target Company resolving the matters set forth in (e) below) is not considered disadvantageous for the minority shareholders of the Target Company; and (e) the Board of Directors of the Target Company should resolve to express an opinion of approval regarding the Tender Offer and recommend that the shareholders of the Target Company should apply for the Tender Offer (collectively referred to as “the Advisory Matters”), and requested them to submit a report on these points to the Target Company. Upon consideration of the Advisory Matters, the Special Committee has reportedly appointed Plutus Consulting Co., Ltd. (“Plutus”) as its own third-party valuation agency and financial advisor independent of the Target Company and the Tender Offeror and Nishida Law Office as its own legal adviser independent of the Target Company and the Tender Offeror.

The Special Committee meetings were reportedly held 9 times in total from September 11, 2019 to November 12, 2019 to discuss and evaluate the Advisory Matters. Specifically, for this review, they reportedly reviewed the materials submitted by the Target Company, the Tender Offeror and Daiwa Securities, and conducted interviews with the Target Company, Daiwa Securities, and Anderson Mōri & Tomotsune. Further, they reportedly received briefings from the

Tender Offeror on the purpose of the Transaction, their views on the Tender Offer Price, and how it will deal with synergies and dis-synergies arising from the implementation of the Transaction. In addition, the Special Committee reportedly received briefings from Daiwa Securities and Plutus regarding calculation of the value of the shares of the Target Company, and received advice from Anderson Mōri & Tomotsune and Nishida Law Office regarding the measures to ensure fairness of the procedures pertaining to the Transaction and the decision making methods and processes of the Board of Directors of the Target Company regarding the Transaction, and other measures to avoid conflicts of interest, and carefully discussed, evaluated, and considered the Advisory Matters. Further, the Special Committee has reportedly held meetings to discuss the policies, etc. upon receiving timely reports from the Target Company on the developments and details of discussions and negotiations between the Tender Offeror and the Target Company regarding the Transaction to discuss the matter, and has been involved in the negotiation process with the Tender Offeror, including holding multiple discussions with the Target Company and providing opinions to the Target Company until the final proposal of 2,670 Yen was received from the Tender Offeror for the Tender Offer Price.

After the aforementioned course of events, the Special Committee reportedly submitted the Report to the Board of Directors of the Target Company regarding the Advisory Matters on November 12, 2019, substantial content of which is as follows:

A. The Advisory Matter (i) Reasonableness of the purpose of the Transaction

The Tender Offeror reached the conclusion that the Tender Offeror making the Target Company its wholly owned subsidiary will be extremely beneficial to enhancing the enterprise value of the whole of the Tender Offeror Group including the Target Company, as it avoids the possibility of future conflicts of interest between the parent company and minority shareholders involved in the public listing of both the parent and subsidiary companies, and allowed for mutual utilization of customer bases, business platforms and business resources such as financial platforms without any constraints, as well as improving the flexibility and speeding up the decision making on management strategies for the Tender Offeror Group including the Target Company. Specifically, the Tender Offeror Group intends to mutually enhance the enterprise value by strengthening cooperative relationships with the Target Company in all areas such as sales, technology, quality, and production, as described below.

(a) Improve the profit margin of overseas small to medium thermal power business where the Target Company Group is the prime contractor through utilization of management resources such as overseas bases and technologies owned by the Tender Offeror Group, and further, winning new orders for its service business from existing customers of the Target Company Group

(b) Share the expertise regarding project management and risk management of the Tender Offeror Group in thermal power projects where the Target Company Group is the prime contractor, reduce risks such as project delays, and prevent additional costs from occurring

(c) Conduct project management across and consistently between the Tender Offeror Group and Target Company Group and improve profit margins in non-function-sharing business (e.g. shortening the construction processes, improving engineering efficiency, and improving ordering interface)

(d) Achieve cost reduction through integration of hydropower business of the Tender Offeror Group and the Target Company Group

(e) Utilize the energy management technical capabilities and expertise regarding home appliance business of the Tender Offeror Group to support the launch of new businesses in the Target Company Group (e.g. energy management business for industrial estates, and power generation business)

(f) Recruit and develop human resources from a medium to long-term perspective in the Tender Offeror Group and the Target Company Group in human resources development that is essential for business continuity

Further, it reportedly believes that it is necessary to make strategic investments in facilities and research and development that will contribute to the Target Company's future development from the medium- to long-term perspective that will make good use of the opportunities involved in the future changes in the business environment.

The above explanations match the materials submitted to the Special Committee and the results of the opinions we have gathered, and therefore, we came to determine that the purpose of the Transaction, which is to improve the

enterprise value of the Tender Offeror Group including the Target Company, is reasonable.

**B. The Advisory Matter (ii) Fairness of the Terms and Conditions of the Transaction**

According to the materials submitted to the Special Committee and the results of questions and answer sessions, (A) taking into consideration the valuation of the common shares of the Target Company by Daiwa Securities, a third-party valuation agency independent of the Target Company and the Tender Offeror, the Tender Offer Price exceeds the upper limit of the calculation result using the market price method, and it is within the range of the DCF Method calculation results, and nothing particularly unreasonable is observed in the calculation methods used for the evaluation of the equity value by Daiwa Securities, and in addition, the Tender Offer Price reportedly adds the premium of 26.96% on the closing price of 2,103 yen for the common shares of the Target Company on the First Section of Tokyo Stock Exchange on November 11, 2019, which is 2 business days before the date of public announcement of the Tender Offer, 28.30% on the simple average closing price of 2,081 yen over the latest 1 month to November 11, 2019, 42.32% on the simple average closing price of 1,876 yen over the latest 3 months to November 11, 2019, and 38.77% on the simple average closing price of 1,924 yen over the latest 6 months to November 11, 2019, and such premium levels are not considered to be unreasonable in light of the premium levels in recent transactions similar to the Transaction, such as tender offers for the purpose of making a domestic listed company a wholly owned subsidiary and, therefore, it is likely that the level of the Tender Offer Price will be judged to be fair in the light of legal precedent(s) involving case(s) of the same type that aimed to make listed companies private in Japan; (B) the Tender Offer Price is deemed to have been determined based on the results of negotiations between independent parties involved in the Transaction; (C) while the minority shareholders of the Target Company who do not participate in the Tender Offer will receive cash in the final procedure for the Target Company to become a wholly owned subsidiary after the Tender Offer, it is clearly stated in press releases etc. that the amount of money to be granted under said procedures is planned to be the same as the Tender Offer Price multiplied by the number of the common shares of the Target Company held by the shareholder; (D) taking into consideration the valuation of the common shares of the Target Company by Plutus as its own third-party valuation agency and financial advisor selected independently by the Special Committee and independent of the Target Company and the Tender Offeror, the Tender Offer Price exceeds the upper limit of the calculation result of the Average Market Price Method and the Comparable Company Analysis Method, and it is within the range of the DCF Method calculation results, and nothing particularly unreasonable is observed in the calculation methods used for the valuation of the shares by Plutus, and in addition, it has obtained a written opinion from Plutus that the Tender Offer Price is fair from the financial perspectives for minority shareholders of the Target Company (fairness opinion) and, therefore, it was determined that the fairness of terms and conditions of the Transaction has been ensured.

**C. The Advisory Matters (iii) Fairness of the procedures of the Transaction**

According to the materials submitted to the Special Committee and the results of questions and answer sessions, (A) the Target Company has obtained advice and opinions from Daiwa Securities, a third-party valuation organization independent of the Target Company and the Tender Offeror, and Anderson Mōri & Tomotsune, its legal advisor, and has carefully considered and discussed the fairness of terms and conditions of the Tender Offer including the Tender Offer Price from the perspective of enhancement of enterprise value of the Target Company; (B) the Target Company engaged in discussions and negotiations in good faith regarding the Tender Offer Price with the Tender Offeror on multiple occasions; (C) none of the directors representing the Target Company to consider and negotiate on the Transaction special interests in the Transaction, and there is no fact from which to infer that the Target Company has been unduly influenced by the Tender Offeror (including those who used to work for the Tender Offeror) in the process of discussion, evaluation and negotiation related to the Transaction. As such, it has been determined that sufficient consideration has been made to the interests of shareholders of the Target Company through fair procedures in the Transaction.

**D. The Advisory Matter (iv) Whether the Transaction (including the Target Company expressing its opinion of**

approval and resolving to recommend participation in themselves) would be disadvantageous to minority shareholders of the Target Company

In addition to situations described in A to C, (A) with respect to the Tender Offer, the shareholders of the Target Company will be provided with an appropriate opportunity to make a decision regarding the Tender Offer, and an opportunity for those other than the Tender Offeror to engage in competitive purchase etc. of common shares of the Target Company will be ensured and, in order to ensure the appropriateness of the Tender Offer Price, the Tender Offer Period will be longer (30 business days) than the shortest period stipulated by law (20 business days); and (B) the Tender Offeror and the Target Company have not made any agreements that may restrict contact with competitive bidders other than the Tender Offeror, and consideration is made to ensure fairness of the Tender Offer by setting the Tender Offer Period as described above and assuring an opportunity for competitive purchases etc. Based on the above, careful evaluations have been made on the impacts of the Transaction on minority shareholders of the Target Company, and it has been determined that the Transaction, including approval to request the sale of shares or the procedures to make the Target Company a wholly owned subsidiary through the share consolidation, would not be disadvantageous to minority shareholders of the Target Company.

E. The Advisory Matter (v) Whether to express their opinion of approval and whether to resolve to recommend participation

Based on the above, it is not detrimental to the minority shareholders for the board of directors of the Target Company to express their opinion that they approve of the Tender Offer and that they resolve to recommend the shareholders of the Target Company to participate in the Tender Offer.

- (iv) Acquisition of share value calculation report and written opinion by the Special Committee from an independent third-party valuation organization

According to the Target Company Press Release, in examining the Advisory Matters, the Special Committee requested a valuation of the common shares of the Target Company from a financial advisor, Plutus, which is a third party valuation agency that is independent from the Target Company and the Tender Offeror. Note that Plutus is reportedly not a related party of the Target Company or the Tender Offeror, and does not have any material interest in the Tender Offer.

We understand that Plutus considered multiple calculation methods to select the method to be used for calculating the value of the common shares of the Target Company and that, on the assumption that the Target Company is a going concern and based on the view that multifaceted valuation of the common shares of the Target Company would be appropriate, analyzed the price per common share of the Target Company using each of the Average Market Price Method given that the common shares of the Target Company are listed in the First Section of the Tokyo Stock Exchange and thus the market price thereof is available, the Comparable Company Analysis Method given the availability of listed companies that can be compared with the Target Company and that the common shares of the Target Company could be estimated through comparison through comparison with peer companies, and the DCF Method to reflect the performance and forecast for the Target Company to the valuation. The Special Committee reportedly received the calculation report pertaining to common shares of the Target Company thus prepared from Plutus dated November 12, 2019. Further, the Special Committee has obtained a written opinion on fairness of the Tender Offer Price (a fairness opinion (Note 1)) from Plutus.

We understand that the share price range per common share of the Target Company as calculated by the above selected methods are as follows.

Average Market Price Method: 1,876 yen to 2,103 yen

Comparable Company Analysis Method: 1,555 yen to 2,640 yen

DCF Method: 2,660 yen to 3,292 yen

With the Average Market Price Method, we understand that November 11, 2019 was used as the reference date for calculation in order to exclude the impact of speculative media reports, and that the range of price per common share of the Target Company was calculated to be 1,876 yen to 2,103 yen, based on the closing price of 2,103 yen on the reference date for a common share of the Target Company, on the First Section of the Tokyo Stock Exchange, the simple average closing price of 2,081 yen for the most recent month, the simple average closing price of 1,876 yen for the most recent 3 months, and the simple average closing price of 1,924 yen for the most recent 6 months.

With the Comparable Company Analysis Method, we understand that the value of the common shares of the Target Company was calculated through comparison with financial indices that indicate the market price and profitability of listed companies that operate relatively similar businesses to the Target Company (JGC HOLDINGS CORPORATION, Chiyoda Corporation, METAWATER. CO., LTD., TOKYO ENERGY & SYSTEMS INC., Kandenko, Kinden Corporation, Kyudenko Corporation, Yurtec Corporation, TOENEC CORPORATION, HOKURIKU ELECTRICAL CONSTRUCTION CO.,LTD., TAIHEI DENGYO KAISHA, LTD., YONDENKO CORPORATION, Kawasaki Heavy Industries, Ltd., NEC Networks & System Integration Corporation, FUJI FURUKAWA ENGINEERING & CONSTRUCTION CO. LTD., SINFONIA TECHNOLOGY CO., LTD., Mitsubishi Electric Corporation, Nissin Electric Co., Ltd., Hitachi, Ltd., MEIDENSHA CORPORATION, Toyo Engineering Corporation were selected), and that the range of price per common share of the Target Company was calculated to be between 1,555 yen and 2,640 yen.

With the DCF Method, we understand that various factors such as earnings and investment plans for the five-period business plan from the fiscal year ending March 31, 2020 to the fiscal year ending March 31, 2024 based on the business plan produced by the Target Company and publicly available information was taken into account and that, based on the above, the enterprise value and equity value of the Target Company was analyzed by discounting the free cash flow that the Target Company is expected to generate after the third quarter of the fiscal year ending March 31, 2020 to the present value at a certain discount rate, and the range of value per common share of the Target Company was analyzed to be between 2,660 yen and 3,292 yen. The discount rate applied was 5.47% to 6.62%, and in calculating the terminal value, the perpetual growth method was employed, with the perpetual growth rate of 0%.

The financial forecasts prepared by the Target Company that Plutus used as the basis for its analysis under the DCF Method are set forth below, and fiscal years in which a large increase or decrease in profit is expected are included. Specifically, in the fiscal year ending March 31, 2020, a large decrease in profit is expected due to an increase in construction and repair costs resulting from process delays for certain projects in the overseas thermal power business in the Power Plant Division. Further, in the fiscal year ending March 31, 2021, free cash flow is expected to decline temporarily due to shortening of payment timing due to strengthening of compliance with the Subcontract Act and the Construction Business Act.

The synergies that are expected to be realized through the execution of the Transaction are not considered in the following financial forecasts because it is difficult to estimate at this point in time.

(In Million Yen)

	2020 March period (6 months)	2021 March period	2022 March period	2023 March period	2024 March period
Net sales	114,922	235,000	250,000	258,601	261,567
Ordinary income	7,750	19,500	21,000	22,438	23,090
EBITDA	7,717	19,918	21,476	22,449	23,068
Free cash flow	2,035	(8,893)	8,577	11,656	14,021

(Note): EBITDA is calculated by excluding non-recurring non-operating income and non-operating expenses from ordinary income, and adjusting for the reduction of listing maintenance costs and adding back depreciation expenses, free cash flow is calculated based on EBITDA.

Of the consolidated financial forecasts set forth above that were used by Plutus to calculate the value of the common shares of the Target Company applying the DCF Method, the consolidated financial forecast figures for the fiscal year ending March 31, 2020 (six months) are based on consolidated financial forecast figures that were newly prepared by the Target Company based on the cumulative consolidated results through the second quarter of the same year. After the release of the Consolidated Performance Forecast in response to an increase in construction and repair costs resulting from process delays for certain projects in the overseas thermal power business in the Power Plant Division, there is a certain divergence particularly related to profits between the Consolidated Performance Forecast and the most recent earnings results of the Target Company and the earnings forecast for the fiscal year ending March 31, 2020 based on such results. As a result, for the fiscal year ending March 31, 2020, it was determined that it would be more appropriate to consider the reasonableness of the Tender Offer Price by calculating the enterprise value of the Target Company based on more recent consolidated financial forecasts that reflect the current earnings environment and performance of the Target Company. In addition, regarding the preparation of such consolidated financial forecasts, the Special Committee determined that the consolidated financial forecasts were appropriately prepared through conducting interviews with the persons in charge and confirming that there was no reason identified to doubt the objectivity or reasonableness of the preparation process.

(Note 1) In preparing and submitting its Fairness Opinion and calculating the underlying equity value, Plutus assumed the accuracy or completeness of information and basic materials provided by the Target Company and discussed with the Target Company as well publicly available materials and that there are no facts that were not disclosed to Plutus which may have a significant impact on the analysis and calculation of the value of the common shares of the Target Company, and Plutus did not independently assess or verify, and has no obligation to assess or verify, such assumptions.

Further, Plutus has not conducted its own evaluation or appraisal of the assets and liabilities, including any analysis or evaluation of individual assets and liabilities, of the Target Company and its affiliates (including off-balance sheet assets and liabilities and other contingent liabilities) and has made no assessment of the creditworthiness of the Target Company under applicable laws regarding bankruptcy, suspension of payment or similar matters. Furthermore, Plutus has submitted no evaluations or appraisals regarding such matters.

Plutus has assumed that the business plan and other materials of the Target Company used by it as the basic materials for its Fairness Opinion were reasonably prepared by the Target Company's management based on the best estimates and judgments at the present time. However, Plutus does not guarantee the feasibility of such plans or materials, and does not express any opinion on the analysis or estimates that are the basis for these plans or materials, or the assumptions on which they were based.

The Fairness Opinion expresses an opinion on whether the Tender Offer Price is appropriate for the minority shareholders of the Target Company from a financial perspective, given the financial and capital markets, economic conditions and other circumstances as of the date of its preparation. In addition, opinions expressed at the time of preparation of the Fairness Opinion are based on information obtained by Plutus as of the date of preparation, and the content of the Fairness Opinion may be affected by subsequent changes in facts. Even if there has been such a change, Plutus is not obligated to modify, change or supplement the contents of the Fairness Opinion. In addition, the Fairness Opinion is not intended to infer or suggest any opinion other than what is explicitly stated in the Fairness Opinion or any opinion after the submission date of the Fairness Opinion. The Fairness Opinion only expresses an opinion that the Tender Offer Price is reasonable and not detrimental to the minority shareholders of the Target from a financial perspective. It does not express any opinion or recommendation regarding the implementation of the Tender Offer or subscribing for the Tender Offer or any other actions, and does not state any opinion to the holders of securities of the Target Company, creditors or other related parties.

In addition, this Fairness Opinion was provided by Plutus to be used as a basis for the judgment of the Target Company's Board of Directors and Special Committee regarding the Tender Offer Price, and no other person may rely on this information.



- (v) Advice from the independent law firm received by the Special Committee

According to Target Company Press Release, the Special Committee has appointed Nishida Law Office as its own legal adviser independent of the Target Company and the Tender Offeror, and has been receiving legal advice for evaluations and discussions regarding the Advisory Matters at the Special Committee.

- (vi) Advice from an independent law firm received by the Target Company

According to the Target Company Press Release, the Target Company, in order to ensure fairness and appropriateness in the decision-making process of its Board of Directors, appointed Anderson Mōri & Tomotsune as its legal advisor that is independent from the Target Company and the Tender Offeror, and has been receiving legal advice on the decision-making method and process regarding the Tender Offer and the subsequent series of procedures and other points to note in decision-making.

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

According to the Target Company Press Release, the Target Company has resolved at the meeting of the Board of Directors of the Target Company held on November 13, 2019 to express the opinion that it approves the Tender Offer and to recommend to the shareholders to participate in the Tender Offer for the common shares of the Target Company, as stated in "② Background and reasons for decision making by the Target Company" in "(2) Background to Decision to Implement Tender Offer, Purpose and Decision-Making Process, and Post-Tender Offer Management Policy" in "1. Purpose of Purchase, etc." as a result of careful discussions and evaluations of terms and conditions of the Tender Offer from the Tender Offeror, taking into account the legal advice obtained from Anderson Mōri & Tomotsune, the contents of the Calculation Report of the Target Company, the Report obtained from the Special Committee, details of multiple ongoing discussions with the Tender Offeror, and other related materials.

The aforementioned resolution of the Board of Directors of the Target Company was reportedly unanimous among all directors present at the discussion, with participation of all 11 directors (including 2 outside directors) of the Target Company.

Further, reportedly all 4 statutory auditors of the Target Company (including 2 outside statutory auditors) attended the aforementioned meeting of the Board of Directors, and all statutory auditors reportedly expressed their opinions that they have no objection to the Board of Directors of the Target Company expressing their view that they approve the Tender Offer and recommending to shareholders of the Target Company to participate in the Tender Offer.

According to the Target Company, while 6 of the directors who participated in discussions and resolutions at the Target Company board of directors meeting (Koichi Harazono, Masayuki Kitabayashi, Kohji Shiotsuki, Kazuhiro Uchino, Nobuyuki Tada and Yoshikatsu Tanaka) and one statutory auditor who participated in the discussion at the Target Company board of directors meeting (Tomohiko Yabu) used to hold a position of an officer or an employee at the Tender Offeror in the past, none of the directors or statutory auditors are currently holding a position of an officer or an employee at the Tender Offeror and they are reportedly not in a position to receive any instruction from the Tender Offeror. Further, the Target Company reportedly promptly established a Special Committee that is independent of the Target Company, consisting of two outside directors and one outside statutory auditor, following the offer from the Tender Offeror in early September 2019, and it has been reporting to the Special Committee in a timely manner the course of events and details of discussions and negotiations related to the Transaction with the Tender Offeror, and proceeds with discussions and negotiation with the Tender Offeror as they discuss their policies etc. with the Special Committee as required, and it reportedly believes that the Special Committee is functioning effectively in the process of evaluation and negotiation on the Transaction at the Target Company. Therefore, the Target Company has reportedly determined that none of the 6 directors or one statutory auditor of the Target Company who used to hold a position of an officer or an employee of the Tender Offeror in the past has any interests to the extent that they need to be excluded from discussions and resolutions at meetings of the board of directors of the Target Company to ensure fairness of

procedures irrespective of the timing of the transfer of their positions from the Tender Offeror to the Target Company.

(viii) Efforts to secure purchase opportunities from other buyers

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

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

We believe that if a "majority of the minority" minimum planned purchase quantity is set with respect to the Tender Offer, this would destabilize the execution of the Tender Offer, and potentially undercut the profit that could be realized by minority investors who seek to participate in the Tender Offer, leading us to elect not to set a minimum planned purchase quantity. Given that both the Tender Offeror and the Target Company have put in place the measures described above, we believe that sufficient care and thought has been put into the interests of minority shareholders of the Target Company. Furthermore, the measures described above implemented with respect to the Target Company were based on explanations received from the Target Company.

③ Relationship with the accounting organization

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

(5) Number of Share Certificates planned for purchase

Planned Purchase Quantity	Minimum Planned Purchase Quantity	Maximum Planned Purchase Quantity
48,837,303 (shares)	16,366,744 (shares)	—

(Note 1) If the total number of Tendered Share Certificates is less than the planned minimum quantity for the Tender Offer (16,366,744 shares), none of the Tendered Share Certificates will be acquired. If the total number of Tendered Share Certificates is equal to or above the planned minimum quantity (16,366,744), all of them will be purchased.

(Note 2) No upper limit of the planned purchase quantity has been set for this Tender Offer, and therefore, the maximum number of common shares of the Target Company to be acquired by the Tender Offeror through the Tender Offer (48,837,303) is stated as the planned purchase quantity. The planned purchase quantity is calculated by subtracting the number of the treasury shares owned by the Target Company as of November 13th, 2019 (245,129 shares) and the number of common shares of the Target Company owned by the Tender Offeror as of the date of the submission of this Statement (48,574,456 shares) from the total number of shares issued by the Target Company as of September 30, 2019 as recorded in the Target Company's second quarterly accounts (97,656,888).

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

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

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

Number of voting rights associated with the share certificates held by the Tender Offeror prior to the Tender Offer	485,744	(Percentage of the share certificates held prior to the Tender Offer 49.87%)
Number of voting rights associated with the share certificates held by the	16,009	(Percentage of the share certificates held prior to the Tender Offer 1.64%)

Special Related Parties prior to the Tender Offer		
Number of voting rights associated with the share certificates held by the Tender Offeror following the Tender Offer	974,117	(Percentage of the share certificates held following the Tender Offer 100.00%)
Number of voting rights associated with the share certificates held by the Special Related Parties following the Tender Offer	0	(Percentage of the share certificates held following the Tender Offer 0%)
Number of voting rights held by all shareholders of the Target Company	973,700	

(Note 1) "Number of voting rights associated with the share certificates held by the Tender Offeror following the Tender Offer" records the sum of the number of voting rights associated with the planned purchase quantity in the Tender Offer and "Number of voting rights associated with the share certificates held by the Tender Offeror prior to the Tender Offer."

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

(Note 3) "Number of voting rights held by all shareholders of the Target Company" records the number of the voting rights held by all shareholders as of September 30, 2019 as recorded in the Target Company's Second Quarterly Report. However, given that fractional unit shares are also targets of the Tender Offer, for the purpose of calculating the "Percentage of the share certificates held prior to the Tender Offer" and the "Percentage of the share certificates held following the Tender Offer," "Number of voting rights held by all shareholders of the Target Company" was 974,117, the number of voting rights associated with the total number of shares remaining as of September 30th, 2019 as reported in the Second Quarterly Accounts of the Target Company (97,411,759 shares) after subtracting the total number of treasury shares owned by the Target Company as of the same date (245,129 shares) from the total number of outstanding shares as of the same date (97,656,888 shares).

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

(7) The amount of consideration for the purchase 130,395,599,010 JPY

(Note) The amount of consideration for the purchase records the amount calculated by multiplying Planned Purchase Quantity (48,837,303 shares) by the Tender Offer Price (2,670 JPY)

(8) Settlement Method, etc.

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

Nomura Securities Co., Ltd.

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

② Settlement Start Date

January 7th, 2020 (Tuesday)

### ③ Settlement Method

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

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

### ④ Share Certificates Return Method

If not all Tendered Share Certificates could be purchased in accordance with “(1) Existence of Conditions Described in Each Item of Article 27-13(iv) of the Act, and the Particulars Thereof” and “(2) Existence of Conditions of Withdrawals of the Tender Offer, the Particulars Thereof, and Method for Disclosing Withdrawals” of “(11) Other Terms and Conditions and Methods for Purchasing” below, all share certificates that are to be returned shall be returned by restoring them to their registration immediately prior to the point they were offered promptly on the second business day following the last day of the Tender Offer Period (or, if the Tender Offer was withdrawn, the date of withdrawal). (If transferring the share certificates to an account held by a tendering shareholder opened at a different financial instruments business operator, confirm with the main store or one of the domestic branches of the Tender Offer Agent where the application was accepted.)

## (9) Other Conditions and Methods for Purchases

### ① Existence of Conditions Described in Each Item of Article 27-13(iv) of the Act, and the Particulars Thereof

If the total number of Tendered Share Certificates is less than the planned minimum quantity (16,366,744), none of the Tendered Share Certificates will be acquired. If the total number of Tendered Share Certificates is equal to or above the planned minimum quantity (16,366,744), all of such Tendered Share Certificates will be purchased.

### ② Existence of Conditions of Withdrawals of the Tender Offer, the Particulars Thereof, and Method for Disclosing Withdrawals

In the event any of the facts described in Article 14(1)(i)(a) through (i) as well as (l) through (r), Article 14(1)(iii)(a) through (h) and (j), Article 14(1)(iv), as well as Article 14(2)(iii) through (vi) of the Order occur, the Tender Offer may be withdrawn. “Facts constituting the facts listed from (a) to (i)” prescribed in Article 14(1)(iii)(j) of the Ordinance refers to cases where there is found to be a false statement about material matters in the legal disclosure documents submitted by the Target Company in the past, or a material matter that should be stated is omitted in such documents, and the Tender Offeror is unaware of such false statement or omission, and that it could not have been known to the Tender Offeror despite exercising considerable caution.

In addition, if, by the day preceding the expiration date of the Tender Offer Period (including where it is extended), the Minister of Finance or the competent minister deems it necessary to examine whether the Tender Offer would amount to inward direct investment that may affect the national security in response to the notice under the provisions of Article 27(1) of the Foreign Exchange Act and the waiting period before the Tender Offeror becomes able to acquire common shares of the Target Company becomes extended for that purpose, or if the Minister of Finance or the competent minister deems Tender Offer as constituting an inward direct investment that may affect the national security and issues a recommendation to change the particulars of or abandon it, the Tender Offer may be withdrawn on the ground that it was unable to obtain the “permission, etc.” prescribed in Article 14(1)(iv) of the Ordinance.

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

### ③ Existence of Conditions for Reduction in Purchase price, the Details Thereof, and Method for Disclosing Reductions

In accordance with the provisions of Article 27-6(1)(i) of the Act, in the event the Target Company engages in any of the actions described in Article 13(1) of the Order during the Tender Offer Period, the price of purchase may be reduced

in accordance with the standards provided in Office Ordinance Article 19(1). If the price of purchase is to be reduced, an electronic public notice will be made, and notice of such electronic public notice will be published in the Nihon Keizai Shimbun. However, if issuing the public notice by the last day of the Tender Offer Period proves difficult, the announcement will be made via the methods prescribed in Article 20 of the Office Ordinance, and a public notice shall be issued immediately thereafter. If the price of purchase is to be reduced, purchases will be made at the newly reduced price of purchase, even with respect to Tendered Share Certificates that were offered in response to the Tender Offer before the date on which such public notice was made.

④ Matters Relating to Agreement Cancellation Rights of Applying Shareholders

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

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

Party authorized to receive the Cancellation Document

Nomura Securities Co., Ltd.

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

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

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

⑤ Method of Disclosing Changes Made to Terms and Conditions of Purchase

Unless prohibited in Article 27-6(i) of the Act and Article 13 of the Ordinance, the Tender Offeror may change the terms and conditions of purchase during the Tender Offer Period.

If purchase conditions are to be changed, an electronic public notice will be made regarding such changes, and notice of such electronic public notice will be published in the Nihon Keizai Shimbun. However, if issuing the public notice by the last day of the Tender Offer Period proves difficult, the announcement will be made via the methods prescribed in Article 20 of the Office Ordinance, and a public notice shall be issued immediately thereafter. If purchase conditions are to be changed, purchases will be made under the newly changed purchase conditions even with respect to Tendered Share Certificates that were offered in response to the Tender Offer before the date on which such public notice was made.

⑥ Disclosure Method if a Corrected Registration Statement is Submitted

If a corrected registration statement is submitted to the Kanto Finance Bureau (excluding where prescribed in the proviso in Article 27-8(xi) of the Act, all details recorded in the corrected registration statement relating to the details recorded in the public notice announcing the start of the Tender Offer will be published via the methods prescribed in Article 20 of the Office Ordinance. Furthermore, the tender offer explanation form shall be immediately corrected, and any tendering

shareholders who have already received an uncorrected version of the explanation form shall be provided with a corrected version. However, if the scope of correction is small, a document containing the reasons for correction, the corrected items, and the content following corrections will be prepared, and said document will be sent to the tendering shareholders for the purpose of correcting the previously provided explanation form.

⑦ Method of Disclosing the Results of Tender Offer

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

(10) Date of Public Notice

November 14th, 2019 (Thursday)

(11) Tender Offer Agent

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

3. Management policy following the Tender Offer and the future outlook

(1) Management policy following the Tender Offer

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

(2) Future outlook

Revisions will not be made to the full-year forecast for the fiscal year 2019 due to the Tender Offer. If the Tender Offer is consummated, the shareholder equity is expected to decrease by 47 billion yen due to payment of consideration to the minority shareholders.

4. Other Information

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

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

(i) Support for the Tender Offer

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

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

(ii) The Agreement

The Tender Offeror entered into the Agreement with ESS and the Target Company on November 13, 2019 regarding measures to maintain and enhance the enterprise value of the Target Company etc. in connection with the Transaction. For an overview of the Agreement, please refer to "③ Management policy after the Tender Offer" of "(2) Background to Decision to Implement the Tender Offer, Purpose and Decision-Making Process, and Post Tender Offer Management Policy" in "1. Purpose of Purchase, etc." above.

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

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

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

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

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

① Amendments to March 2020 Term dividend projections

According to the Target Company, the Target Company resolved during its November 13th, 2019 board of directors meeting that no distribution of fiscal-end dividends would be made at the end of the March 2020 term subject to the consummation of the Tender Offer. For details, please refer to “Notice regarding the revision on the amount of expected fiscal-end dividends for the term ending in March 2020,” published by the Target Company dated November 13th, 2019.

**Soliciting Regulations**

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

**U.S. Regulations**

The Tender Offer shall be implemented in compliance with the procedures and information disclosure standards provided by the Act, which procedures and standards are not necessarily identical to the procedures and information disclosure standards applied in the United States. Specifically, Article 13 (e) or Article 14 (d) the Securities Exchange Act of 1934 (as amended; hereinafter, "1934 Securities Exchange Act" or the rules promulgated under such Article do not apply to the Tender Offer, and the Tender Offer is not necessarily in compliance with the procedures and standards thereunder.

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

**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 common shares of the Target Company. 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.

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

**Other Countries**

The announcement, issuance, or distribution of this press release may be legally restricted in some countries or territories. In 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.