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(Translation)

(Securities Code: 4217)
May 21, 2020

To Our Shareholders:

1-9-2, Marunouchi, Chiyoda-ku, Tokyo
Hitachi Chemical Co., Ltd.
Director and
President & Chief Executive Officer
Hisashi Maruyama

Notice of the Extraordinary General Shareholders' Meeting

Hitachi Chemical Co., Ltd. (the "Company") hereby notifies that its extraordinary general shareholders' meeting (the "EGM") will be held in accordance with the details listed below.

The purpose of convening the EGM is to ask our shareholders to approve proposals necessary for proceeding with the management integration with Showa Denko K. K. You can exercise your voting rights through a voting form or the Internet if you don't attend the EGM in person. In light of the novel coronavirus disease (COVID-19) outbreak situation and the requests from Japanese government and related agencies to reduce the potential spread of infection, we kindly ask you to consider exercising your voting rights through a voting form or the Internet no later than 5:30 P.M. on Thursday, June 4, 2020 (Japan Time) after referring to the reference materials set out at the end of this Notice, and in accordance with the "Information on Exercising Voting Rights" set out on page 4.

1. **Date and time:** 10:00 A.M., Friday, June 5, 2020

2. **Location:** Main Hall, Toranomon Hills Forum
Toranomon Hills Mori Tower 5th Floor, 1-23-3 Toranomon, Minato-ku, Tokyo

3. Purpose of meeting:

Items to be Resolved:

Proposal 1: Share Consolidation

Proposal 2: Partial Amendment to Articles of Incorporation

4. Matters determined regarding exercise of voting rights

(1) If you do not indicate your vote for each proposal when you exercise your voting rights through the enclosed voting form or the Internet, the Company will assume you have indicated your vote in favor of the proposal as proposed.

(2) If you exercise your voting rights via the Internet, the Company will treat the voting made via the Internet as valid even if you indicate otherwise by returning a voting form by postal mail.

(3) In the event that a voting right is exercised more than once via the Internet or other method, the most recent vote will be treated as valid.

(4) If using postal mail, please send the completed voting form so that it arrives at the Company before 5:30 P.M. on Thursday, June 4, 2020 (Japan Time).

(5) If exercising voting rights via the Internet, please do so before 5:30 P.M. on Thursday, June 4, 2020 (Japan Time).

Information for and Request to Shareholders

- The reception desk will open at **9:00 A.M.**
- No gift will be given to attending shareholders. There will be no shareholders lounge or complimentary beverages.
- **The Company will take preventive measures at the venue against the potential spread of infection, such as having our staff masked and providing alcohol-based hand sanitizer for attendees, according to the COVID-19 outbreak situation as of the day on which the EGM is held. Also, the Company will make as much effort as possible to reduce the time of the EGM.**
- **If you attend the EGM in person, please give your consideration to taking preventive measures against the potential spread of infection, such as wearing a face mask, for the safety of yourself and other shareholders.**
- **If you appear to be ill, our operation staff may ask you to check your temperature or may refuse your entry.**
- **Details of our preventive measures against the potential spread of infection and major changes to be made, if any, to the operation of the EGM due to COVID-19 will be posted on the Company's website (https://www.hitachi-chem.co.jp/japanese/ir/gm.html).**
- If you attend the EGM on the day, please bring along the enclosed voting form and be sure to submit it at the reception desk.
- Please note that the exercise of your voting rights by a proxy is only allowed if you mandate one shareholder of the Company who holds a voting right.
- Any corrections required to be made to the reference materials, during the period from the day on which this Notice was sent out and to the day immediately before the meeting date, will be posted on the Company's website (https://www.hitachi-chem.co.jp/japanese/ir/gm.html.)

Information on Exercising Voting Rights

You may exercise your voting rights through one of the three ways below; however, in order to reduce the potential spread of COVID-19, we kindly ask you to exercise your voting rights through the Internet.

■ If exercising voting rights via the Internet
Please access the online voting website (https://www.tosyodai54.net) from a personal computer, a smartphone, or a cellular phone, enter your "voting rights exercise code (議決権行使コード)" and "password (パスワード)" stated on the enclosed voting form, follow the instructions on the screen, and enter your approval or disapproval by the deadline below.
For more details, please refer to "Online voting website" on the next page.

Deadline: 5:30 P.M., Thursday, June 4, 2020

■ If exercising your voting rights via postal mail
Please indicate your approval or disapproval for each item to be resolved on the enclosed voting form and send the completed voting form by postal mail without a stamp so that it arrives by the deadline below (Your seal is not necessary.).

Deadline: 5:30 P.M., Thursday, June 4, 2020

How to fill in the voting form
If you approve a proposal, circle approve (賛) for the proposal.
If you disapprove a proposal, circle disapprove (否) for the proposal.

■ If attending the EGM
Please present the enclosed voting form to the receptionist at the venue (Your seal is not necessary.).

Date and time:	10:00 A.M., Friday, June 5, 2020
Location:	Main Hall, Toranomon Hills Forum Toranomon Hills Mori Tower 5th Floor, 1-23-3 Toranomon, Minato-ku, Tokyo

The Company will take preventive measures at the venue against the potential spread of infection, such as having our staff masked and providing alcohol-based hand sanitizer for attendees, according to the COVID-19 outbreak situation as of the day on which the EGM is held.

If you attend the EGM in person, please give your consideration to taking preventive measures against the potential spread of infection, such as wearing a face mask, for the safety of yourself and other shareholders.

Details of our preventive measures against the potential spread of infection will be posted on the Company's website (https://www.hitachi-chem.co.jp/japanese/ir/gm.html). You are kindly requested to read them through before attending the EGM.

Online voting website

1. Accessing the online voting website

Access the online voting website using the below URL and click [next page (次へすすむ)].

Online voting website:

https://www.tosyodai54.net

[2D barcode for smartphones and cellular phones]

2. Logging in

Enter your [voting rights exercise code (議決権行使コード)] stated on the enclosed voting form and click [log in (ログイン)].

3. Entering your password

Enter your [password (パスワード)] stated on the enclosed voting form, and click [next (次へ)].

Then, enter your approval or disapproval following the instructions on the screen.

* Please note that the Company will not bear any connection fees or telephone bills in relation to using the online voting website.
* Please be advised that you may not be able to use the online voting website depending on the device you use.

Should you have any questions, please use the contact details below.

Transfer Agent: Tokyo Securities Transfer Agent Co., Ltd.

Tel: 0120-88-0768 (toll free only within Japan)

Inquiries are accepted 7 days a week from 9:00 A.M. to 9:00 P.M. (Japan Time)

Reference Materials for General Shareholders' Meeting

Proposal 1: Share Consolidation

1. Reasons for Share Consolidation

As announced in the "Notice Regarding the Result of the Tender Offer for the Shares of Hitachi Chemical Company, Ltd. by HC Holdings K. K. and Change of the Parent Company and the Largest Major Shareholder" dated April 21, 2020 (the "Tender Offer Result Press Release"), HC Holdings K. K. ("HC Holdings") conducted the tender offer for the common shares of the Company (the "Company Shares" and such tender offer, the "Tender Offer") starting March 24, 2020. As a result, as of April 28, 2020, which is the settlement commencement date of the Tender Offer, HC Holdings owns 182,412,507 shares of the Company Shares (ownership ratio of voting rights (Note) of 87.61%).

(Note) The term "ownership ratio of voting rights" of a shareholder is the percentage (rounded off to the second decimal place) of the number of voting rights of the Company Shares held by that shareholder to the number of voting rights (2,082,182) for 208,218,230 shares obtained by deducting the number of the treasury shares held by the Company as of December 31, 2019 (146,683 shares) from the total number of shares issued as of the same day (208,364,913 shares), as stated in the Consolidated Financial Summary (For the Third Quarter Ended December 31, 2019 (IFRS basis)) published by the Company on January 28, 2020. The same will apply hereinafter.

As discussed in the "③ The Process and Reasons of the Company's Decision-Making" of "(2) Grounds and Reasons for the Opinion" under "3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer" in the "Announcement of Opinion regarding the Tender Offer for the Shares of Hitachi Chemical Company, Ltd. by HC Holdings K. K." published by the Company on March 23, 2020 (the "Opinion Press Release"), in early July 2019 the Company commenced a bidding process together with Hitachi, Ltd. ("Hitachi") for selecting a potential partner company (the "Bidding Process") for the purpose of becoming a leading global manufacturer of high-functionality materials. After completing the bidding procedure, including due diligence by more than one candidate which lasted for about seven weeks, and discussion with each candidate, the Company comprehensively examined the content of each candidate's proposal. As a result, in late November 2019, the Company selected Showa Denko K. K. ("Showa Denko" and collectively with HC Holdings, "HC Holdings Side") as the priority negotiation partner among those candidates and began discussions and examinations with Showa Denko for the implementation of the transaction for the purpose of making the Company a wholly-owned subsidiary of HC Holdings (the "Transaction").

Taking into consideration that it was planned that a candidate that would be finally selected as the buyer and Hitachi, the Company's controlling shareholder (parent company), would enter into a tender agreement whose content includes Hitachi's tendering the Company Shares held by Hitachi in the Tender Offer, and thus it was also possible that the interests of Hitachi and those of the Company's minority shareholders would not necessarily coincide, as discussed in "(2) Matters taken note of to ensure the interests of shareholders

other than parent company or similar entity, if any, are not damaged" under "3. Matters Regarding Appropriateness of Provisions of Matters Listed in Items (i) and (iii) of Paragraph (2) under Article 180 of the Companies Act" below, the Company established the Independent Committee on July 25, 2019 during the first bidding process, for the purposes of eliminating the arbitrariness of the Company's decision-making regarding the Transaction and ensuring the fairness, transparency and objectivity of the Company's decision-making process. The Company requested that the Independent Committee advise the Company as to several matters such as the fairness and reasonableness of the procedure of the Transaction, including the Bidding Process (For the composition of the members and the details of the matters the Company requested the Independent Committee advise, please refer to "④ Establishment by the Company of the Independent Committee and obtainment of its opinion" of "(2) Matters taken note of to ensure the interests of shareholders other than parent company or similar entity, if any, are not damaged" under "3. Matters Regarding Appropriateness of Provisions of Matters Listed in Items (i) and (iii) of Paragraph (2) under Article 180 of the Companies Act" below). In addition to that, after having implemented the measures discussed in "(2) Matters taken note of to ensure the interests of shareholders other than parent company or similar entity, if any, are not damaged" under "3. Matters Regarding Appropriateness of Provisions of Matters Listed in Items (i) and (iii) of Paragraph (2) under Article 180 of the Companies Act" below, the Company has carefully discussed and examined the selection of candidates and other terms and conditions regarding the Transaction, taking into consideration the details of the financial analysis report on the equity value (*kabushiki kachi santei-sho*) obtained from its financial advisor Goldman Sachs Japan Co., Ltd. ("Goldman Sachs") and the legal advice from its legal advisor SHIOMIZAKA, as well as giving the utmost consideration to the independent committee report submitted by the Independent Committee on December 18, 2019 (the "Original Independent Committee Report").

Having comprehensively considered the measures to enhance the corporate value, in light of such factors as the assessed equity value, transaction structure, financing capability and prerequisites for financing, the direction of the business strategy after the Transaction, synergistic and dissynergistic effects, capacity to make an additional investment, capability of global management, business development and business management, management policies after the Transaction such as employment conditions and governance structure, risk factors that may impede growth, M&A-related global PMI ability, necessity of procedures such as clearance acquisition required by the competition law and other applicable laws and regulations and necessary time therefor, and also in light of maximization of interests of minority shareholders, the Company has come to the conclusion that Showa Denko is the best possible partner with whom the Company aims to be a leading global manufacturer of high-functionality materials and that the partnership will help further accelerate the Company's growth and enhance its corporate value. More specifically, Showa Denko presented the highest assessed equity value of the Company compared to that of other candidates who participated in the second bidding process; Showa Denko's prerequisites for financing is more advantageous than those presented by any other candidate who participated in the second bidding process; Showa Denko's direction of the business strategy after the Transaction is identical to the direction the Company desires to take; the Company judges the synergistic effect that is expected to happen both in the short and in the medium-to-long term between

Showa Denko and the Company is more advantageous than that between the Company and any other candidate who participated in the second bidding process; and Showa Denko's measures for the clearance acquisition and other procedures required by the competition law and other applicable laws and regulations are more concrete and thus advantageous in terms of certainty of implementing relevant transactions. Therefore, the Company has determined that Showa Denko submitted the best possible proposal for the Company's shareholders.

Furthermore, in light of the following facts with respect to the per-share purchase price of the Company Shares in the Tender Offer (the "Tender Offer Price"): (a) as stated above, Showa Denko presented the highest assessed equity value compared to that of other candidates who participated in the second bidding process; (b) out of the valuation results of the Company's equity value provided by Goldman Sachs as described in "① Analysis Report Obtained by the Company from Its Financial Advisor" of "(3) Overview of Valuation *(Santei)*" under "3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer" in the Opinion Press Release, the Tender Offer Price exceeds the upper limit of the valuation result based on the market price analysis and exceeds the intermediate value of the range of the valuation results based on the illustrative discounted cash flow analysis (the "DCF Analysis"); (c) the Tender Offer Price represents a premium of 13.48% (rounded off to the second decimal place; the same applies for calculations of premium rates hereinafter) over the closing price (4,080 yen) of the Company Share on the Tokyo Stock Exchange as of December 17, 2019, which is the business day immediately preceding the date of the announcement of the planned Tender Offer (December 18, 2019), or a premium of 19.39% over the simple average closing price for the most recent one-month period (3,878 yen) (rounded off to the nearest whole number; the same applies for calculations of closing prices hereinafter), or a premium of 27.20% over the simple average closing price for the most recent three-month period (3,640 yen), or a premium of 37.47% over the simple average closing price for the most recent six-month period (3,368 yen), thus it is deemed that an adequate level of premium is added compared to the previous tender offer cases carried out by entities other than issuers that intended to make a company to be a wholly-owned subsidiary; and (d) the measures have been implemented to ensure the fairness of the Tender Offer as described in "(2) Matters taken note of to ensure the interests of shareholders other than parent company or similar entity, if any, are not damaged" under "3. Matters Regarding Appropriateness of Provisions of Matters Listed in Items (i) and (iii) of Paragraph (2) under Article 180 of the Companies Act" below and thus it is deemed that the interests of the minority shareholders of the Company are respected, the Company has determined that the Tender Offer will provide the shareholders of the Company with a reasonable opportunity to sell their shares.

For the reasons above, the Company resolved at its board of directors meeting held on December 18, 2019 that, as the Company's opinion as of the same date, if the Tender Offer is commenced, the Company would express its opinion supporting the Tender Offer and recommend the Company's shareholders to tender their shares in the Tender Offer.

The Company also resolved, at the board of directors meeting above, that, when the Tender Offer is to commence, the Company should request the Independent Committee, which has been established by the

Company, examine whether there are any changes in the opinion the Independent Committee expressed to the Company's board of directors as of December 18, 2019, and if there is no change in their opinion, state to such effect to the board of directors, and if there is any change, state their new opinion to the board of directors. The Company also resolved that based on such opinion of the Independent Committee, the Company should re-express its opinion regarding the Tender Offer at the time of commencement of the Tender Offer.

Thereafter, at the tenth Independent Committee's meeting held on February 20, 2020, the Company shared with the members of the Independent Committee the information on the status of the Company and HC Holdings Side and other relevant information.

The Company received a notice from HC Holdings Side on March 16, 2020 that since they have completed the clearance acquisition for permissions or authorizations required by the domestic and foreign (meaning Japan, China, South Korea, the US, EU and Taiwan) competition law, they were going to commence the Tender Offer on March 24, 2020 as the commencement date of the Tender Offer on the condition that the other conditions for the commencement of the Tender Offer are fulfilled. Accordingly, as stated in "④ Establishment by the Company of the Independent Committee and obtainment of its opinion" of "(2) Matters taken note of to ensure the interests of shareholders other than parent company or similar entity, if any, are not damaged" under "3. Matters Regarding Appropriateness of Provisions of Matters Listed in Items (i) and (iii) of Paragraph (2) under Article 180 of the Companies Act" below, on the same date (March 16, 2020), the Company requested that the Independent Committee, which was established by the Company, examine whether there were any changes in their opinion stated in the Original Independent Committee Report, and if there is no change in their opinion, state to such effect to the Company's board of directors, and if there is any change, state their new opinion to the Company's board of directors. As a result of careful examination of what they were requested to do, the Independent Committee confirmed that, even after taking into consideration what happened between December 18, 2019 and March 18, 2020, the Independent Committee found no issues that would have required the content of their opinion in the Original Independent Committee Report to be changed, and on March 18, 2020, the Independent Committee submitted to the Company's board of directors their additional report (the "Additional Independent Committee Report") to the effect that the Independent Committee would make no change to their opinion in the Original Independent Committee Report. While giving utmost consideration to the content of the Additional Independent Committee Report submitted by the Independent Committee, the Company has again carefully discussed and examined the terms and conditions regarding the Tender Offer. As a result, the Company again passed the resolution on March 23, 2020, by resolution under Article 370 of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same) (written resolution in lieu of resolution at a meeting of the board of directors), with the unanimous approval of its directors having no interests, that the Company would express its opinion supporting the Tender Offer and recommend the Company's shareholders to tender their shares in the Tender Offer.

For more details of those two resolutions passed by the Company's board of directors, please refer to "⑥ Unanimous approval of the Company's disinterested directors" of "(2) Matters taken note of to ensure the

interests of shareholders other than parent company or similar entity, if any, are not damaged" under "3. Matters Regarding Appropriateness of Provisions of Matters Listed in Items (i) and (iii) of Paragraph (2) under Article 180 of the Companies Act" below.

Thereafter, despite the successful completion of the Tender Offer, HC Holdings was not able to acquire all the Company Shares (excluding the treasury shares held by the Company) through the Tender Offer. Accordingly, as announced in the Opinion Press Release, upon the request from HC Holdings, the Company has decided to submit to the EGM a proposal to approve the share consolidation in which 26,027,000 shares of the Company Shares will be consolidated into one share (the "Share Consolidation") to make HC Holdings be the sole shareholder of the Company as stated in "2. Details of Matters Listed in Items of Paragraph (2) under Article 180 of the Companies Act (Details of Share Consolidation)" below.

It is expected that as a result of the Share Consolidation, the Company Shares to be held by each shareholder other than HC Holdings will be a fractional share, which is less than one share of the Company Shares.

For more details on the course of events in the Transaction, please also refer to the Opinion Press Release ("Announcement of Opinion regarding the Tender Offer for the Shares of Hitachi Chemical Company, Ltd. by HC Holdings K. K." dated March 23, 2020) and the Tender Offer Result Press Release ("Notice Regarding the Result of the Tender Offer for the Shares of Hitachi Chemical Company, Ltd. by HC Holdings K. K. and Change of the Parent Company and the Largest Major Shareholder" dated April 21, 2020).

2. Details of Matters Listed in Items of Paragraph (2) under Article 180 of the Companies Act (Details of Share Consolidation)

(1) Ratio of consolidation

26,027,000 shares of the Company Shares will be consolidated into one share.

(2) Effective date of share consolidation

Tuesday, June 23, 2020 (planned)

(3) Total number of authorized shares on the effective date of share consolidation

32 shares

3. Matters Regarding Appropriateness of Provisions of Matters Listed in Items (i) and (iii) of Paragraph (2) under Article 180 of the Companies Act

As the ratio of consolidation in the Share Consolidation, 26,027,000 shares of the Company Shares will be consolidated into one share. The Company deems that the ratio of consolidation in the Share Consolidation is appropriate for the reasons that, as discussed in "1. Reasons for Share Consolidation" above, the Share Consolidation will be implemented so that HC Holdings will be the sole shareholder of the Company, and

that the Tender Offer, which was conducted as part of the Transaction in the course of events as detailed in the "1. Reasons for Share Consolidation" above, has been successfully completed, and also for the following reasons:

(1) Method of cash settlement of fractional shares, amount of money expected to be delivered to shareholders upon cash settlement, and matters regarding appropriateness of the amount

As discussed in "1. Reasons for Share Consolidation" above, it is expected that as a result of the Share Consolidation, the Company Shares to be held by each shareholder other than HC Holdings will be a fractional share, which is less than one share of the Company Shares.

With respect to fractional shares created as a result of the Share Consolidation, the Company will sell such shares the number of which is equal to the sum of those fractional shares (such sum will be rounded down to the nearest whole number) and deliver to each such shareholder the proceeds obtained by selling those shares according to the number of the fractional share held by that shareholder. With respect to selling those shares, the Company plans to obtain permission from the court and then sell those shares to HC Holdings pursuant to Article 234, paragraph (2) of the Companies Act as applied mutatis mutandis under Article 235, paragraph (2) of the same Act or the Company plans to obtain permission from the court and then repurchase those shares pursuant to Article 234, paragraph (4) of the Companies Act as applied mutatis mutandis under Article 235, paragraph (2) of the same Act.

If the Company obtains permission from the court as expected, the Company will set the sales price in the foregoing case to such an amount that enables the Company to deliver to each such shareholder a sum of cash the amount of which is equal to the amount obtained by multiplying 4,630 yen, which is equal to the Tender Offer Price, by the number of the Company Shares held by that shareholder.

In addition, in light of the following facts with respect to the Tender Offer Price: (a) as stated in "1. Reasons for Share Consolidation" above, Showa Denko presented the highest assessed equity value compared to that of other candidates who participated in the second bidding process; (b) out of the valuation results of the Company's equity value provided by Goldman Sachs as described in "① Analysis Report Obtained by the Company from Its Financial Advisor" of "(3) Overview of Valuation *(Santei)*" under "3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer" in the Opinion Press Release, the Tender Offer Price exceeds the upper limit of the valuation result based on the market price analysis and exceeds the intermediate value of the range of the valuation results based on the DCF Analysis; (c) the Tender Offer Price represents a premium of 13.48% over the closing price (4,080 yen) of the Company Share on the Tokyo Stock Exchange as of December 17, 2019, which is the business day immediately preceding the date of the announcement of the planned Tender Offer (December 18, 2019), or a premium of 19.39% over the simple average closing price for the most recent one-month period (3,878 yen), or a premium of 27.20% over the simple average closing price for the most recent three-month period (3,640 yen), or a premium of 37.47% over the simple average closing price for the most recent six-month period (3,368 yen), thus it is

deemed that an adequate level of premium is added compared to the previous tender offer cases carried out by entities other than issuers that intended to make a company to be a wholly-owned subsidiary; and (d) the measures have been implemented to ensure the fairness of the Tender Offer as described in "(2) Matters taken note of to ensure the interests of shareholders other than parent company or similar entity, if any, are not damaged" and thus it is deemed that the interests of the minority shareholders of the Company are respected, the Company has determined that the Tender Offer will provide the shareholders of the Company with a reasonable opportunity to sell their shares. Furthermore, the Company has confirmed that there has been no material change in the terms and conditions that forms the basis for the valuation of the Tender Offer Price since the Company passed the resolution on March 23, 2020, by resolution under Article 370 of the Companies Act (written resolution in lieu of resolution at a meeting of the board of directors), that the Company would express its opinion supporting the Tender Offer and recommend the Company's shareholders to tender their shares in the Tender Offer, and up until May 11, 2020 when the Company's board of directors passed the resolution.

As explained above, the Company believes that the amount of money expected to be delivered to the shareholders upon the cash settlement of fractional shares is appropriate.

(2) Matters taken note of to ensure the interests of shareholders other than parent company or similar entity, if any, are not damaged

The Share Consolidation is to be conducted as the second step of the so-called "Two-Step Acquisition" after the Tender Offer as part of the Transaction. Accordingly, as stated in "(6) Measures to Ensure the Fairness of the Purchase Prices and Avoid Conflicts of Interest, and Other Measures to Ensure the Fairness of the Tender Offer" under "3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer" in the Opinion Press Release, HC Holdings Side and the Company implemented the following measures before the commencement of the Tender Offer with the objective of ensuring the fairness of the Transaction, including the Share Consolidation, and avoiding conflicts of interest.

① Implementation of a bidding procedure

As stated in "1. Reasons for Share Consolidation" above, since early July 2019, the Company has implemented the Bidding Process for a number of candidates, providing opportunities for due diligence to more than one of those candidates, including Showa Denko, from early October 2019 to mid-November of the same year and has received from more than one candidate their final statements of intent. Showa Denko presented the highest assessed equity value compared to that of other candidates who participated in the second bidding process and also, Showa Denko's proposal was superior in terms of the certainty of execution of relevant transactions for the reason that Showa Denko's proposed measures for necessary procedure and actions in relation to the competition law and other applicable laws and regulations are more concrete, and moreover, in terms of the conditions of the Transaction, Showa Denko presented the most advantageous conditions since Showa Denko's

conditions for financing is more advantageous than those presented by any other candidate, then no other candidates offered a more favorable condition to the Company's shareholders than Showa Denko's.

② Analysis report obtained by the Company from its financial advisor

In order to secure the fairness throughout the process of decision making with respect to the price (4,630 yen per Company Share) presented by Showa Denko, which underlies the Tender Offer Price, the Company has obtained from Goldman Sachs, a financial advisor independent of the Company, Hitachi and HC Holdings Side, the financial analysis report on the Company's equity value (*kabushiki kachi santei-sho*) dated December 17, 2019 (the "Analysis Report"), as discussed in "① Analysis Report Obtained by the Company from Its Financial Advisor" of "(3) Overview of Valuation *(Santei)*" under "3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer" in the Opinion Press Release. Goldman Sachs is not a related party of the Company, Hitachi or HC Holdings Side, nor does Goldman Sachs have any material interest in the Transaction.

For the outline of the Analysis Report that the Company obtained from Goldman Sachs, please refer to "① Analysis Report Obtained by the Company from Its Financial Advisor" of "(3) Overview of Valuation *(Santei)*" under "3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer" in the Opinion Press Release.

③ Acquisition by HC Holdings Side of a share valuation report and fairness opinion from an independent third-party evaluator

In determining the Tender Offer Price, HC Holdings Side asked Mizuho Securities Co., Ltd. ("Mizuho Securities"), a financial advisor acting as a third-party evaluator independent from HC Holdings Side and the Company, to evaluate the share value of the Company, and obtained, and referred to, the share valuation report as of December 18, 2019. Mizuho Securities is not a related party of HC Holdings Side, the Company, or Hitachi, and has no material interest with respect to the Transaction. Furthermore, although Mizuho Bank, Ltd. ("Mizuho Bank"), a sister company of Mizuho Securities, engages activities such as loan transactions with HC Holdings Side, Mizuho Bank has no material interests that may causes conflicts of interest with HC Holdings Side with respect to the Transaction. Mizuho Securities also has established, and is operating, the appropriate systems to manage conflicts of interest including explaining the conflict of interest situation and obtaining consent from HC Holdings Side if there is a possibility of a conflict of interest in accordance with applicable laws and regulations, such as the Financial Instruments and Exchange Act (Article 36, paragraph 2) and the Cabinet Office Order on Financial Instruments Business, etc. (Article 70-4), and Mizuho Securities evaluates the share value of the Company from a position independent from Mizuho Bank's position as a lender. HC Holdings Side judged that Mizuho Securities has established, and is operating, the appropriate systems to manage conflicts of interest in order to evaluate the share value of the

Company, and selected Mizuho Securities as a third-party evaluator. In addition, HC Holdings Side has not received a written opinion (fairness opinion) from Mizuho Securities stating that the Tender Offer Price is fair for HC Holdings Side from a financial perspective.

Additionally, HC Holdings Side requested Deloitte Tohmatsu Financial Advisory LLC ("Deloitte Tohmatsu"), a third-party evaluator independent from HC Holdings Side and the Company, to submit a written opinion (fairness opinion) on the fairness of the Tender Offer Price for Showa Denko from a financial standpoint. HC Holdings Side obtained the written opinion as of December 17, 2019. Deloitte Tohmatsu is not a related party of HC Holdings Side, the Company, or Hitachi, and has no material interest with respect to the Transaction. In addition, HC Holdings Side did not request Deloitte Tohmatsu to evaluate the share value of Company and has not obtained share valuation report from them.

For more details, please refer to "② Obtainment by the Offerors of an Analysis Report and a Fairness Opinion from an Independent Third-Party Valuation Institution" of "(3) Overview of Valuation *(Santei)*" under "3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer" in the Opinion Press Release.

④ Establishment by the Company of the Independent Committee and obtainment of its opinion

Taking into consideration that it was planned that a candidate that would be finally selected as the buyer and Hitachi, the Company's controlling shareholder (parent company) would enter into a tender agreement whose content includes Hitachi's tendering the Company Shares held by Hitachi in the Tender Offer, and thus it was also possible that the interests of Hitachi and those of the Company's minority shareholders would not necessarily coincide, the Company established, on July 25, 2019 during the first bidding process, the Independent Committee comprised of Masayuki Sarumaru (outside director and independent officer of the Company), who is independent of the Company, Hitachi and HC Holdings Side, and two outside experts, who have a wealth of experience as an independent committee member in the category of transactions similar to the Transaction, Hidetaka Nishina (attorney-at-law, NAKAMURA, TSUNODA & MATSUMOTO) and Shinsuke Hasegawa (certified public accountant and certified public tax accountant, Hasegawa CPA Office), for the purposes of eliminating the arbitrariness of the Company's decision-making regarding the Transaction and ensuring the fairness, transparency and objectivity of the Company's decision-making process. The members of the Independent Committee have not changed since its establishment. Additionally, Hidetaka Nishina has been elected as the chairperson of the Independent Committee by mutual vote. As to the remuneration of members of the Independent Committee to be paid, the remuneration of each of the two outside experts is not a contingent fee payable upon the completion of the Transaction; it will be calculated by multiplying his hourly rate by the number of hours he worked. Masayuki Sarumaru is an outside director of the Company whose duties are deemed to include the duties as a member of the Independent Committee, and thus

the remuneration committee should consider whether he will be paid a remuneration in compensation for the duties of a member of the Independent Committee.

As the basis for the Company to examine the content of its opinion to be expressed regarding the Tender Offer, the Company requested that the Independent Committee advise the Company as to (i) the rationality of the purpose of the Transaction (including whether the Transaction contributes to the enhancement of corporate value of the Company), (ii) the fairness and reasonableness of the procedure of the Transaction (including the process of selecting a partner), (iii) the fairness and reasonableness of the terms and conditions of the Transaction, (iv) whether it is appropriate that the board of directors of the Company approves the Transaction, and (v) whether it is not disadvantageous to the minority shareholders of the Company for the Company to make a decision on the Transaction based on the foregoing items (i) to (iv) (items (i) to (v) are hereinafter collectively referred to as the "Matters of Inquiry"). The Company has also authorized the Independent Committee to appoint an advisor by itself when the Independent Committee deems it necessary for examining the Matters of Inquiry and judgements thereon, and to ask the Company and the Company's advisors to provide the Independent Committee with information necessary for such examination. The Independent Committee, however, has not exercised the authority to appoint an advisor by itself since the Independent Committee deems that the Company's financial advisor Goldman Sachs and the Company's legal advisor SHIOMIZAKA are both independent enough. In choosing members of the Independent Committee, the Company has confirmed at its board of directors meeting that it would give consideration to securing the situation in which the Independent Committee can have actual impact on the process of selecting candidates and the process for negotiating terms and conditions of the Transaction, in light of the specific status of the Transaction.

The Independent Committee met nine times from August 14, 2019 to December 17, 2019, totaling approximately 19 hours, and also, even between those meetings the Independent Committee had discussions and made decisions via email, to carefully discuss and examine the Matters of Inquiry.

Specifically, the Independent Committee collected and examined the materials submitted by HC Holdings Side and the Company and other necessary information and materials. The Independent Committee also conducted hearings for investigation by interviewing with the Company's financial advisor Goldman Sachs, the Company's legal advisor SHIOMIZAKA, and the Company's directors, officers and employees, as well as sending written questions to the Company, Hitachi and HC Holdings Side, and received explanations from them along with conducting Q&As regarding matters related to the Transaction, such as the outline of the process of choosing Showa Denko, how to choose Showa Denko, confirmation of the selecting procedure, the course of events, background, content, meaning and purpose of the Transaction including the Tender Offer, possible impact on the Company's corporate value, the relationship with HC Holdings Side and Hitachi and the details of the current partnership with them, the degree of independence of each advisor, rationality of the valuation method of the Tender Offer Price, appropriateness of the facts as the basis for analysis,

whether any interested party unjustifiably interferes with the Transaction, current status of HC Holdings Side, Hitachi and the Company, reasonableness of the course of events through, and of examinations for, decision-making by HC Holdings Side, Hitachi and the Company, and appropriateness of disclosure. In addition, the Independent Committee received explanations from the Company's directors, officers and employees regarding the Company's business plan and confirmed that the business plan was reasonable after conducting Q&As, and after that the Independent Committee received explanations from the Company's financial advisor Goldman Sachs regarding the Analysis Report, thereby conducting hearings for investigation into the basis for that share valuation and other related matters. Moreover, the Independent Committee received explanations on legal advice that the Company had received from its legal advisor SHIOMIZAKA on the decision-making process for the Transaction including the Tender Offer at the Company, how to make decisions, and other matters to take note in making decisions on the Transaction including the Tender Offer, and examined those matters. Every time the Company received a proposal of the price from the candidates, including Showa Denko, in the Bidding Process, the Independent Committee was given a report thereon by the Company in a timely manner. After that, the Independent Committee interviewed with the Company for its views based on the advice that Goldman Sachs had given to the Company from a financial viewpoint, then discussed and examined the content of those views, and expressed its opinions regarding terms and conditions of the Transaction, including the Tender Offer Price, in critical phases such as selection of candidates. By doing this, the Independent Committee has been substantially involved in the process of selecting candidates and the process of negotiating those terms and conditions.

After having received those explanations along with Q&As in the above-mentioned course of events, on December 18, 2019, the Independent Committee submitted to the Company's board of directors a report whose content is outlined as follows, with the unanimous approval, subject to certain conditions, including the condition that all the information disclosed or explained to the Independent Committee is true and correct:

(i) Rationality of the purpose of the Transaction (including whether the Transaction contributes to the enhancement of corporate value of the Company)

The purpose of the Transaction — choosing a partner with whom the Company aims to be a leading global manufacturer of high-functionality materials— is beneficial in light of the enhancement of the Company's corporate value.

Additionally, the Company and HC Holdings Side face in the same direction of the business strategies in the four main business fields: Information and communication, Mobility, Energy, and Life sciences. The Transaction can be appreciated as something that is expected to further grow the Company's technological strength, improve profitability, and further accelerate the Company's business model, and also, while the Company is superior in the packaging business, HC Holdings

Side has such a significant feature that they have their strength in materials technology. Therefore, their advantages are complementary with each other, and the Transaction has sort of a nature of vertical integration, thus a substantial level of synergy effect can be expected (moreover, there is no discrepancy or major difference between the explanations by the Company and those by HC Holdings Side). Accordingly, the Transaction is expected to further accelerate the Company's business model.

Moreover, for the reasons that the Company conducted the Bidding Process which covered almost all entities who would be possible candidates to select a partner for the enhancement of corporate value, and that, compared to an effort to achieve organic growth by itself, the Independent Committee considers that the Transaction will contribute to the enhancement of the Company's corporate value, so the Independent Committee acknowledges that, as the means to enhance the Company's corporate value, the implementation of the Transaction is more effective than the use of any other means.

On the other hand, it is anticipated that disadvantages the Transaction may have include the clearance under the competition laws, possible financial stress the Company may suffer from due to its obligations to pay interest on the relevant loans, and re-obtainment of permissions or authorizations by authorities. However, the Independent Committee deems that appropriate measures have been taken to avoid such disadvantages and there is no major concern.

Consequently, the Transaction will contribute to the enhancement of the Company's corporate value. The Independent Committee acknowledges that the purpose of the Transaction is rational.

(ii) Fairness and reasonableness of the procedure of the Transaction (including the process of selecting partners)

To ensure the fairness of the Transaction, various measures have been taken as follows:

The Independent Committee deems that it functions effectively as a measure to ensure the fairness for the following reasons: (a) the Independent Committee was established considerably before the determination of the terms and conditions of the Transaction by the Company and HC Holdings Side, and also, an outside director which is deemed to be the most appropriate for being a member of the Independent Committee is a member of the Independent Committee; (b) both when the Company was selecting candidates who were moving on to the second bidding process after the first bidding process and when the Company was selecting the final candidate from the second bidding process, the Company asked the Independent Committee for prior verification. According to this request, the Independent Committee was given a report on the content of, and how the negotiations with the candidates were going in, the Bidding Process in a timely manner, and in critical phases the Independent Committee stated its opinions, gave directions and made request. By doing this, the Independent Committee secured the condition in which the

Independent Committee had a substantial influence on the negotiation process for the terms and conditions of the Transaction; (c) the Independent Committee was given the authority to appoint an advisor by itself when the Independent Committee deems it necessary for examining the Matters of Inquiry and judgements thereon, and to ask the Company and the Company's advisors to provide the Independent Committee with information necessary for such examination; (d) the Independent Committee acted for and on behalf of general shareholders and obtained important information, including the draft of agreements that the Company is going to conclude in connection with the Transaction, and made examinations and judgements based on such information; (e) the Company was given advice from its legal advisor that the Company's board of directors should resolve matters regarding the Transaction by giving the utmost consideration to the opinion of the Independent Committee.

In the Company's decision-making process, out of the directors of the Company, Mamoru Morita, who concurrently serves as the Vice President and Executive Officer of the Company's parent company, and Richard Dyck, who concurrently serves as director of a certain company, did not attend any prior board of directors meeting of the Company held to examine and discuss the Transaction, nor were they involved in any examination of the Transaction or any negotiation or discussion with the candidates of bidding processes, including HC Holdings Side, and the Company's parent company regarding the Transaction, in their capacity as the Company's director, in order to avoid any potential conflicts of interest and ensure the fairness of the Transaction. Similar measures will be taken for the resolutions, and the examination therefor, to be passed at the board of directors meetings to be held when the Transactions is publicized, when the Tender Offer is commenced, and when the procedure is implemented to make the Company a wholly-owned subsidiary of HC Holdings after the successful completion of the Tender Offer.

The Company has been given advice and the Analysis Report from the Company's independent legal and financial advisors.

In the Transaction, the parties have proactively conducted market checks even before the Transaction was publicized and, an environment has been established so that other potential buyers can make an opposing offer after the Transaction was publicized. What the Company placed importance on when selecting candidates in the Bidding Process is limited to rational elements, such as the enhancement of the Company's corporate value and reasonableness of the terms and conditions of the Transaction, and there is no such fact that the Company rejected a proposal that would bring a significant financial benefit to minority shareholders for a reason that is not necessarily concrete, such as "a difference in the corporate culture." Furthermore, the Company asked the Independent Committee for prior verification both (a) when the Company was selecting candidates who were moving on to the second bidding process after the first bidding process, and (b) when the Company was selecting the final candidate from the second bidding process. The Independent Committee verified the fairness and reasonableness of the process each such time.

As a result, the Independent Committee confirmed that HC Holdings Side presented the highest price in the Bidding Process and that HC Holdings Side was deemed to be the best possible candidate in terms of the direction of business strategy and the synergy effect. The Independent Committee believes that selecting HC Holdings Side as the final candidate as the result of the Bidding Process is rational from the viewpoint of both the Company and the Company's minority shareholders.

In the Transaction, information on the Independent Committee and on the Analysis Report and other relevant information is stated in the disclosure documents of the Transaction, and the Independent Committee acknowledges that the parties made efforts to improve the transparency of the process by providing adequate information to general shareholders. Additionally, the parties have disclosed the procedure that they will implement to make the Company a wholly-owned subsidiary of HC Holdings after the successful completion of the Tender Offer, and thus the Independent Committee acknowledges that actions have been taken to exclude strong pressure.

In light of conflicts of interest observed in the Transaction, these measures can be assessed as the measures to ensure fairness having the necessary and adequate content for the Transaction both in the process of selecting a partner towards the Transaction and upon determination of the Transaction, from the following viewpoints: (a) the parties have secured situations which can be deemed to be equivalent to transactions between independent parties during the process of formulating the terms and conditions of the Transaction, and (b) the parties have secured opportunities in which general shareholders can make an appropriate judgement based on adequate information. Additionally, the Independent Committee acknowledges that those measures to ensure fairness are actually in effect and being implemented.

Accordingly, the Independent Committee acknowledges that interests of the general shareholders of the Company are adequately respected in the Transaction through fair procedures.

(iii) Fairness and reasonableness of the terms and conditions of the Transaction

In the Transaction, HC Holdings Side submitted the highest price in the Bidding Process after proactive market checks were conducted. There are no circumstances in such Bidding Process that incite doubts over the transparency or the fairness, and thus, there are no questions raised about the negotiation process of the Transaction.

The figures of the business plan, which forms the basis for the valuation of the equity value, were prepared before the proposal of the Transaction was made. The business plan assumes high growth, and not only HC Holdings Side but also the parent company of the Company were not involved in its preparation, and thus, no arbitrariness is found about the business plan.

Also, since there is no unreasonableness in selection of the analysis method and the analysis

content in the equity value valuation, the valuation materials have credibility and the Tender Offer Price is within the reasonable range in relation to the results of the valuation of equity value in the valuation materials. In terms of the levels of the premium, taking into consideration the facts (a) that the Tender Offer Price exceeds the upper limit of the per-share equity value for the Company derived by the market price analysis, (b) that the Tender Offer Price exceeds the intermediate value of the range of valuation results derived by the DCF analysis, (c) that the premium withstands comparison with the premiums in the recent tender offer cases, and (d) that the Tender Offer Price is in the level that exceeds the Company's highest share price since its listing, the Independent Committee acknowledges that the Tender Offer Price considerably reflects the equity value that will realize to the Company through the synergy of the Transaction. Especially, the Independent Committee believes that the above (a) (the fact that the Tender Offer Price exceeds the upper limit of the valuation results derived by the market price analysis regardless of the fact that the market price has, unlike ordinary cases, reflected the expectations on the acquisition due to the leak reports as to the Transaction made in the early days), and the above (b) (the fact that the Tender Offer Price exceeds the intermediate value of the DCF analysis range that illustrates the Company's primary value) are the material factors that support the reasonableness of the Tender Offer Price.

Also, as to the scheme of the Tender Offer, that is, HC Holdings Side acquires all of the Company Shares through a tender offer (cash consideration), the scheme is considered to be reasonable since there are no other feasible schemes and also, this scheme gives the Company's minority shareholders the proper opportunities to recoup their investment.

Also, in the Transaction, the minority shareholders are entitled to the consideration the amount of which is the same as Tender Offer Price not only in the case where they receive compensation through the Tender Offer but also in the case where they receive compensation in the procedure to make the Company a wholly-owned subsidiary of HC Holdings.

Therefore, in conclusion, for the Company's minority shareholders, the reasonableness of the terms and conditions of the Transaction as a whole, including the Tender Offer Price, is secured.

However, since it is assumed that it takes considerable time from the announcement of the Tender Offer, before the Tender Offer commences, it is possible that additional consideration will be required if and when circumstance changes, for example, in the case where the market share price becomes higher than the Tender Offer Price in the period before the commencement of the Tender Offer.

(iv) Whether it is appropriate that the board of directors of the Company expresses its opinion supporting the Tender Offer and recommends the Company's shareholders to tender in the Tender Offer

Since it is considered that there are no problems as to items (i) through (iii) of the Matters of Inquiry,

it is appropriate that the board of directors of the Company resolves to express its opinion supporting the Tender Offer and to recommend the Company's shareholders to tender in the Tender Offer.

However, since it is assumed that it takes considerable time from the announcement of the Tender Offer, before the Tender Offer commences, it is possible that additional consideration will be required if and when circumstance changes, for example, in the case where the market share price becomes higher than the Tender Offer Price in the period before the commencement of the Tender Offer. Therefore, the content of report in response to item (iv) of the Matters of Inquiry is based on the conditions as of the date when the Original Independent Committee Report was submitted.

(v) Whether it is not disadvantageous to the minority shareholders of the Company for the Company to make a decision on the Transaction based on the foregoing items (i) to (iv)
Since it is considered that there are no problems as to items (i) through (iii) of the Matters of Inquiry, it is not disadvantageous to the minority shareholders of the Company for the Company to make a decision on the Transaction.

Thereafter, at the tenth Independent Committee's meeting held on February 20, 2020, the Company shared with the members of the Independent Committee the information on the status of the Company and HC Holdings Side and other relevant information.

The Company received a notice from HC Holdings Side on March 16, 2020 that since they have completed the clearance acquisition for permissions or authorizations required by the domestic and foreign (meaning Japan, China, South Korea, the US, EU and Taiwan) competition law, they were going to commence the Tender Offer on March 24, 2020 as the commencement date of the Tender Offer on the condition that the other conditions for the commencement of the Tender Offer are fulfilled. Accordingly, on the same date (March 16, 2020), the Company requested that the Independent Committee, which was established by the Company, examine whether there were any changes in their opinion stated in the Original Independent Committee Report, and if there is no change in their opinion, state to such effect to the Company's board of directors, and if there is any change, state their new opinion to the Company's board of directors. As a result of careful examination of what they were requested to do, the Independent Committee confirmed that, even after taking into consideration what happened between December 18, 2019 and March 18, 2020, the Independent Committee found no issues that would have required the content of their opinion in the Original Independent Committee Report to be changed, and on March 18, 2020, the Independent Committee submitted to the Company's board of directors the Additional Independent Committee Report to the effect that the Independent Committee would make no change to their opinion in the Original Independent Committee Report.

⑤ Obtainment by the Company of advice from an independent law firm

In order to ensure the fairness and appropriateness of the decision-making process of the board of directors of the Company concerning the Transaction, including the Tender Offer, the Company appointed SHIOMIZAKA as a legal advisor that is independent of the Company, Hitachi and HC Holdings Side. The Company has been receiving legal advice from the law firm concerning the procedures for the Transaction, including the Tender Offer, decision-making methods and processes of the board of the directors of the Company, and other matters to take notice in making decisions on the Transaction (including, but not limited to, the scope of the directors of the Company who have interests, whether and when to establish the Independent Committee, the advice that it is desirable to make decisions by giving the utmost consideration to the content of the report from the Independent Committee). SHIOMIZAKA is not a related party of the Company, Hitachi or HC Holdings Side and does not have any material interest with respect to the Transaction.

⑥ Unanimous approval of the Company's disinterested directors

The Company has carefully discussed and examined the selection of candidates and other terms and conditions regarding the Transaction, taking into consideration the details of the Analysis Report obtained from its financial advisor Goldman Sachs and the legal advice from its legal advisor SHIOMIZAKA, as well as giving the utmost consideration to the Original Independent Committee Report submitted by the Independent Committee.

As a result, as discussed in "1. Reasons for Share Consolidation" above, the Company passed the resolution at its board of directors meeting on December 18, 2019, with the unanimous approval of its directors present at the meeting who have no interests, that, as the Company's opinion as of the same date, the Company would express its opinion supporting the Tender Offer and recommend the Company's shareholders to tender their shares in the Tender Offer.

In addition, the Company resolved, at the board of directors meeting above, that, when Tender Offer is to commence, the Company should request the Independent Committee, which has been established by the Company, examine whether there are any changes in the opinion the Independent Committee expressed to the Company's board of directors as of December 18, 2019, and if there is no change in their opinion, state to such effect to the board of directors, and if there is any change, state their new opinion to the board of directors. The Company also resolved that based on such opinion of the Independent Committee, the Company should re-express its opinion regarding the Tender Offer at the time of commencement of the Tender Offer.

The Company received a notice from HC Holdings Side on March 16, 2020 that since they have completed the clearance acquisition for permissions or authorizations required by the domestic and foreign (meaning Japan, China, South Korea, the US, EU and Taiwan) competition law, they were

going to commence the Tender Offer on March 24, 2020 as the commencement date of the Tender Offer on the condition that the other conditions for the commencement of the Tender Offer are fulfilled. Accordingly, while giving utmost consideration to the content of the Additional Independent Committee Report submitted by the Independent Committee, the Company has again carefully discussed and examined the terms and conditions regarding the Tender Offer. As a result, the Company again passed the resolution on March 23, 2020, by resolution under Article 370 of the Companies Act (written resolution in lieu of resolution at a meeting of the board of directors), with the unanimous approval of its directors having no interests, that the Company would express its opinion supporting the Tender Offer and recommend the Company's shareholders to tender their shares in the Tender Offer.

Out of the directors of the Company, Mamoru Morita, who concurrently serves as Hitachi's Vice President and Executive Officer, and Richard Dyck, who concurrently serves as director of a certain company which may have a conflict of interest, did not attend any board of directors meeting of the Company held to examine and discuss the Transaction, nor were they involved in any examination of the Transaction or any negotiation or discussion with the candidates of the Bidding Process, including Showa Denko, and Hitachi regarding the Transaction, in their capacity as the Company's director, in order to avoid any potential conflicts of interest and ensure the fairness of the Transaction. Additionally, neither of the two directors manifested his intention to agree for the above-stated resolution (written resolution in lieu of resolution at a meeting of the board of directors). While some directors of the Company are from Hitachi or were directors of Hitachi in the past, the Transaction does not fall under the category of transactions in which, due to the structure of the transaction in question, an issue of conflicts of interest is inherent, such as a management buyout or an acquisition of a controlled company by its controlling company. Furthermore, the Independent Committee was established for the Transaction on July 25, 2019 during the first bidding process, which has been functioning effectively, and also, directors of the Company are required to take advantage of their knowledge gained through their duties as director of the Company. Taking these facts into consideration, only Mamoru Morita and Richard Dyck are deemed to be directors who have conflicts of interest as discussed above and the foregoing measures have been taken accordingly.

⑦ Measures to ensure purchase opportunities for other offerors

Since there was a long period of time between the official announcement of the planned commencement of the Tender Offer and the commencement of the Tender Offer, HC Holdings believes that this ensures that the Company's general shareholders have an appropriate opportunity to consider whether to tender in the Tender Offer and that persons or organizations other than HC Holdings have an opportunity to purchase the Company Shares.

In addition, as discussed in "1. Reasons for Share Consolidation" above, the Company implemented the Bidding Process, whereupon Showa Denko was selected through comparison with the other

potential purchasers in a competitive situation. Therefore, according to HC Holdings, a sufficient opportunity has already been provided for persons other than HC Holdings to acquire the Company Shares.

4. Material disposition of property, material assumption of obligations, and other events having a material impact on the Company's financial status that have taken place at the Company after the last day of the most recent business year

(1) The Tender Offer

As stated in "1. Reasons for Share Consolidation" above, HC Holdings conducted the Tender Offer for the Company Shares from March 24, 2020 through April 20, 2020. As a result, as of April 28, 2020, which is the settlement commencement date of the Tender Offer, HC Holdings owns 182,412,507 shares of the Company Shares (ownership ratio of voting rights of 87.61%).

(2) Company split and transfer of Hitachi Kasei Shoji Co., Ltd.

As detailed in the "Announcement of Hitachi Chemical's Company Split (Simplified Absorption-type Split) and Transfer of its Subsidiary (Split Company)" published by the Company on July 25, 2019, the Company took over the material procurement business for the Company group by absorption-type split from Hitachi Kasei Shoji Co., Ltd., which was the Company's consolidated subsidiary ("Hitachi Kasei Shoji," and its current trade name "Shinko Shoji Co., Ltd."), and on October 1, 2019, the Company transferred all shares of Hitachi Kasei Shoji owned by the Company to Shinko Denki Co., Ltd. For more details on the company split and transfer of the subsidiary, please refer to the "Announcement of Hitachi Chemical's Company Split (Simplified Absorption-type Split) and Transfer of its Subsidiary (Split Company)" dated July 25, 2019.

(3) Transfer of capacitor business (excluding small-sized film capacitor business), etc.

As detailed in the "Announcement of Transfer of the Capacitor Business (Excluding the Small-sized Film Capacitor Business), etc., through Company Split and Share Transfer" published by the Company on January 28, 2020, the Company is going to transfer the capacitor business (excluding the small-sized film capacitor business) and the evaporated film business of the Company and its subsidiary Hitachi AIC Inc. to Nantong Jianghai Capacitor Co., Ltd. For more details on the business transfer, please refer to the "Announcement of Transfer of the Capacitor Business (Excluding the Small-sized Film Capacitor Business), etc., through Company Split and Share Transfer" dated January 28, 2020. As of May 11, 2020, the effective date of the transfer has not yet been determined.

Proposal 2: Partial Amendment to Articles of Incorporation

1. Reasons for Proposal

(1) If Proposal 1 is approved as proposed and the Share Consolidation becomes effective, the total number of authorized shares of the Company Shares will be reduced to 32 shares in accordance with the provisions of Article 182, paragraph (2) of the Companies Act. In order to clarify that point, the Company will amend Article 6 of its Articles of Incorporation (Total Number of Shares Issuable) on the condition that the Share Consolidation becomes effective.

(2) If Proposal 1 is approved as proposed and the Share Consolidation becomes effective, the Company's total number of shares issued will be eight shares, and there will be no need to set out the number of shares constituting one unit of shares. Accordingly, on the condition that the Share Consolidation becomes effective, the provisions of Article 7 (Number of Shares Per Unit, Etc.) and Article 8 (Rights of Shareholders Holding a Fractional Unit of Shares) will be deleted in their entirety from the Articles of Incorporation in order to abolish the provision of the number of shares constituting one unit of shares, which is currently set out to be 100, and the subsequent article numbers will be put forward accordingly.

(3) If Proposal 1 is approved as proposed and the Share Consolidation becomes effective, HC Holdings will be the sole shareholder of the Company and there will be no need for the provision regarding the record date of the ordinary shareholders meeting. Accordingly, on the condition that the Share Consolidation becomes effective, Article 12 (Record Date of Ordinary General Meetings of Shareholders) will be deleted in its entirety from the Articles of Incorporation, and the subsequent article numbers will be put forward accordingly.

2. Details of Amendments

The details of the amendments are as follows. The amendments to the Articles of Incorporation proposed in this Proposal will take effect on June 23, 2020, which is the effective date of the Share Consolidation, on the condition that Proposal 1 is approved as proposed at the EGM, and that the Share Consolidation becomes effective.

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
(Total Number of Shares Issuable) Article 6. The total number of shares issuable of the Company shall be <u>eight-hundred (800) million</u> shares.	*(Total Number of Shares Issuable)* Article 6. The total number of shares issuable of the Company shall be <u>32</u> shares.

(Number of Shares Per Unit, Etc.) Article 7. The number of shares per unit of the Company shall be one hundred (100) shares. 2. Shareholders of the Company may make a demand for sale of fractional unit of shares to the Company with respect to the fractional unit of shares held by them, according to the provisions set forth in the Regulations on Handling of Shares, Etc. set forth in Article 10 of these Articles of Incorporation.	(Deleted)
(Rights of Shareholders Holding a Fractional Unit of Shares) Article 8. Shareholders holding a fractional unit of shares of the Company may not exercise rights other than those mentioned below: 1. The rights mentioned in Article 189 paragraph 2 of the Corporation Law 2. The right to receive allotment of subscribed shares or offered rights to subscribe for new shares according to the number of shares held by the shareholder 3. The right to make a demand for sale of fractional unit of shares as provided in Article 7 paragraph 2 of these Articles of Incorporation	(Deleted)

Article 9 to Article 11 (Text omitted)	Article 7 to Article 9 (Text unchanged)
(Record Date of Ordinary General Meetings of Shareholders) Article 12. The Company shall deem shareholders with voting rights entered or recorded in the last register of shareholders on the last day of each business year as the shareholders entitled to exercise their rights at the ordinary general meeting of shareholders for that business year.	(Deleted)
Article 13 to Article 37 (Text omitted)	Article 10 to Article 34 (Text unchanged)

End

Access to the Venue of the General Shareholders' Meeting

