

July 28, 2009

To whom it may concern

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 Representative: Isao Ono, President, Chief Executive Officer
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Announcement concerning Expression of Opinion for Tender Offer by Hitachi, Ltd., for Shares of the Company

Hitachi Software Engineering Co., Ltd. (the “Company”), today announces that the Board of Directors of the Company resolved to express the following opinion in favor of the tender offer (the “Tender Offer”) for the common stock of the Company (the “Shares of the Company”) by Hitachi, Ltd. (the “Tender Offeror”), and to recommend that the shareholders of the Company subscribe to the Tender Offer, at the meeting of its board of directors held today.

The aforementioned resolution at the meeting was adopted on the assumption that the Tender Offeror intends to make the Company a wholly owned subsidiary through the Tender Offer and a series of subsequent procedures and that the Shares of the Company may be subject to delisting.

1. Outline of the Tender Offeror

(1) Corporate Name	Hitachi, Ltd.	
(2) Description of Business	Manufacturing and selling of Electric and Electronic Equipment and Systems	
(3) Date Established	February 1, 1920	
(4) Head Office	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	
(5) Name and Title of Representative	Takashi Kawamura, Chairman, President and Chief Executive Officer	
(6) Paid-in Capital	¥282,033 million (As of March 31, 2009)	
(7) Major Shareholders and Shareholdings		The Master Trust Bank of Japan, Ltd. (Trust Account) 6.22%
		NATS CUMCO 5.60%
		Japan Trustee Services Bank, Ltd. (Trust Account4G) 5.39%
		Japan Trustee Services Bank, Ltd. (Trust Account) 4.88%
		Hitachi Employees' Shareholding Association 3.24%
		Nippon Life Insurance Company 2.91%
		The Dai-Ichi Mutual Life Insurance Company 2.12%
		State Street Bank and Trust Company 505224 1.63%
		State Street Bank and Trust Company 1.44%
		Meiji Yasuda Life Insurance Company 1.43%
(As of March 31, 2009)		
(8) Relationships between the Tender Offeror and the Company	Capital Relationships	The Tender Offeror holds 33,238,836 shares of the Company, equivalent to a shareholding of 51.55% of the total number of issued shares, including indirect holdings of 0.20%, whereas the Company does not hold any shares of the Tender Offeror (As of June 30, 2009).
	Personnel Relationships	One of the Directors of the Company concurrently serves as Executive Officer and another as Advisor of the Tender Offeror. The Tender Offeror currently has nine employees on loan to the Company (As of June 30, 2009).
	Transaction Relationships	The Company and the Tender Offeror mutually have transactions concerning business sales and purchases. The Company deposits funds with the Tender Offeror under the Hitachi Group's cash pooling system.

	Status as a Related Party	The Tender Offeror is the parent company of the Company, and therefore a Related Party of the Company.
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2. Opinion concerning the Tender Offer and Reason and the Background for the Opinion

(1) Outline of the Opinion concerning the Tender Offer

The Board of Directors of the Company, at its meeting held today, resolved to approve the Tender Offer and to recommend that the shareholders of the Company subscribe to the Tender Offer.

(2) Reason and Background to the Opinion concerning the Tender Offer

(a) Outline of the Tender Offer

The Tender Offeror currently holds 51.55% of the Company's issued shares, including indirect shareholdings of 0.20%, and thus accounts for the Company as a consolidated subsidiary. The Tender Offeror intends to acquire all the issued shares of the Company (exclusive of the Shares of the Company already held by the Tender Offeror and its treasury stock) in order to make the Company a wholly owned subsidiary through the Tender Offer. The Tender Offer does not set maximum and minimum limits to the number of shares to be purchased.

Concurrently with the commencement of the Tender Offer, the Tender Offeror has initiated tender offers for issued shares of Hitachi Information Systems, Ltd. and Hitachi Systems & Services, Ltd., both of which are currently the Tender Offeror's consolidated subsidiaries, with the aim of making them wholly owned subsidiaries.

(b) Decision-Making Process of the Tender Offer

The Company was established in 1970 and currently engages in software service businesses, including systems development, services and products & packages, and the information processing equipment businesses. The systems development business mainly handles the development of large-scale systems for major financial and public institutions—the Tender Offeror's principle clients. The services business conducts an Internet banking service "FINEMAX," and SaaS (Software as a Service) businesses utilizing "Salesforce," a product of Salesforce.com, Inc. of the U.S. The products & packages business offers package software solutions including "HIBUN," which is used in security fields, and "KATSUBUN," which contributes to promoting the paperless office. The information processing equipment business offers electronic blackboard systems "StarBoard," which enjoy a high market share at home and abroad.

The Hitachi Group, which consists of the Tender Offeror, its subsidiaries and affiliated companies, conducts a wide range of business activities from the development, production and sales of offerings to the provision of relevant services in seven business segments: Information & Telecommunication Systems; Electronic Devices; Power & Industrial Systems; Digital Media & Consumer Products; High Functional Materials & Components; Logistics, Services & Others; and Financial Services.

In the information & telecommunication systems business, the Hitachi Group was quick in initiating, as part of its effort to meet users' diverse needs, the development of various information and telecommunication systems that correspond to various types and lines of business (system integration). The Hitachi Group has also expanded its outsourcing business and has been a pioneer in the SaaS business, which grants customers the use of software for their needs. These initiatives have progressed well.

However, the domestic information service market is currently at a critical turning point.

In the conventional information service market, users' demand for hardware and software to establish, operate and maintain their own information and telecommunication systems led to the

expansion and growth of the market. However, interest in system investments has been shifting recently from the maintenance of information systems (system integration) to the more efficient use and operation of information and telecommunication systems (e.g., outsourcing and SaaS). Consequently, it is expected that users' demand for these new services, including the use of packaged software products and systems for shared use, will become a driving force in the market. In order to secure earnings and achieve further growth by responding to the changing market needs at this period of transition in the information service market, the Hitachi Group believes it necessary to enlarge the global businesses that have been led solely by the Company, as well as to further enhance the Group's advanced and large-scale system-building capability and high-quality software development abilities.

As for the information and telecommunication systems market, in countries and regions that have already built a certain degree of social infrastructure, including power systems, transportation systems, roads and water and other public systems, information and telecommunication systems are expected to grow further as part of these social infrastructures and to be increasingly fused with existing social infrastructures. Therefore, the demand for the "social innovation business" that fuses the social infrastructure business with the information and telecommunication systems business is expected to significantly increase. For the Tender Offeror, with its extensive track record in the conventional fields of both the social infrastructure business and the information and telecommunication systems business, in order to utilize its experience, expertise and technological capacity to concentrate on the social innovation business, the urgent tasks are the development of products and packages commensurate with the business, and the swift establishment of a service business foundation. Thus the Tender Offeror considers it necessary that the Hitachi Group invests its management resources in the information and telecommunication systems business. Meanwhile, the Company believes that proactive promotion of the business will contribute to its future development.

Under these circumstances, since early April 2009, the Tender Offeror and the Company have worked together and continued to discuss and consider various measures for business structural reform with the goal of raising their respective corporate values. As a result, the Tender Offeror and the Company have determined that strengthening the collaboration between the Company and the Hitachi Group and promoting the integration of the information telecommunication systems businesses in the Hitachi Group could be reinforced by establishing a closer capital relationship between both corporations, and thereby,

- 1) The Company, as a core company in the Hitachi Group, will be able to further reinforce its response capabilities to big accounts, expansion of businesses for leading medium-sized enterprises, and development of products & packages or service business foundation in market demands as well as high-quality basic software and embedded software;
- 2) The Company will be able to strengthen its earning power by utilizing the Hitachi Group's human resources, sales and marketing and technological capabilities more than before;
- 3) The Company will be able to further expand its global businesses through the active utilization of the Hitachi Group's overseas sales and marketing strengths; and
- 4) The social innovation business on which the Hitachi Group including the Tender Offeror and the Company, focus its efforts will create and expand new business opportunities of the Company by swiftly conducting various developments required for the business expansion.

The Tender Offeror and the Company have reached a conclusion that these effects will enhance the enterprise value of both companies and the Hitachi Group and to achieve the intended effects, it is essential to make the Company a wholly owned subsidiary of the Tender Offeror.

As a specific method to establish a new unified business structure, establishment of an information and telecommunication company as a virtual entity within the Hitachi Group is being considered. Five

major existing companies—the Tender Offeror (Information and Telecommunication Group), the Company, Hitachi Systems & Services, Hitachi Information Systems and Hitachi Electronics Services Co., Ltd., a wholly owned subsidiary of the Tender Offeror—would be equal partners in this virtual company. The most appropriate strategies and business structure for the future information and telecommunication company as a whole, as well as the strategies to reinforce the social innovation business will be decided and implemented.

Under such a business structure, the Hitachi Group intends to improve and expand the structure to flexibly cope with customer needs while taking into account the industry, scale and the type of business of each customer with the aim of providing valuable one-stop services throughout the whole IT life cycle to customers in the global market as follows.

- 1) Development of the data center operation business optimizing green IT technologies;
- 2) Offer of highly reliable cloud-computing environment;
- 3) Expansion of global businesses utilizing collaborations with local business partners and localized operations;
- 4) Strengthen our readiness for projects of large-scale accounts, such as backbone systems for financial institutions including megabanks and optimization systems in the public sector;
- 5) Unify the information system businesses for the SMB (small to medium business) markets, mainly in the industrial and distribution fields;
- 6) Expand the development system for middleware and embedded software for products; and
- 7) Strengthen and expand the network service business and the outsourcing business.

Although the optimal solution for the basic strategies and future orientation of the Hitachi Group's information and telecommunication company after making the Company a wholly owned subsidiary will be determined in consultation with each company in the aforementioned information and telecommunication company, the Tender Offeror intends to reinforce the Company's business, even after making the Company a wholly owned subsidiary, by not only respecting its self-initiatives and independence but also paying attention to the business features and the management which fully utilizes operation and structural strengths. As a result, while receiving the benefit of the effective unification and distribution of overall management resources within the information and telecommunication systems businesses of the Hitachi Group, the Company will be able to conduct business operations taking advantage of its originality and own corporate culture.

(c) Reason and Background to the Opinion concerning the Tender Offer

The Tender Offer Price per share of ¥2,650 represents a premium of 54.8% (rounded to the first decimal place) on the closing price of ¥1,712 of the Shares of the Company on the First Section of the Tokyo Stock Exchange on July 24, 2009. It also represents a premium of 56.9% (rounded to the first decimal place) on the simple average of ¥1,689 (rounded to the nearest yen) of the closing share prices of the Shares of the Company for the past month (from June 25 to July 24, 2009) as well as a premium of 72.4% (rounded to the first decimal place) on the simple average of ¥1,537 (rounded to the nearest yen) of the closing share prices of the Shares of the Company for the past three months (from April 27 to July 24, 2009) and a premium of 94.3% (rounded to the first decimal place) on the simple average of ¥1,364 (rounded to the nearest yen) of the closing share prices of the Shares of the Company for the past six months (from January 26 to July 24, 2009). The stock price of the Company rose following a news report regarding the business restructuring of the Hitachi Group on July 27, 2009, which is the day before the day when the Tender Offer was announced. Considering this rise in the stock price, the premium was calculated using the stock price on July 24, 2009, a business day before July 27, 2009. The calculations of the respective premiums on the simple average of the

closing share prices of common stock for the past one month, for the past three months and for the past six months were made in the same manner.

In determining the opinion concerning the Tender Offer, the Company had Mizuho Securities Co., Ltd. calculate its equity value. Mizuho Securities is a financial adviser as a third party appraiser independent of the Company and the Tender Offeror, and also does not hold the status as a Related Party. On this basis, Mizuho Securities calculated the equity value of the Company and the Company received a valuation report on its equity value as of July 27, 2009 from Mizuho Securities. Mizuho Securities used the market share price method, the comparable company analysis method and the discounted cash flow (the “DCF”) method. Valuation results on the value per share of common stock of the Company computed using each method was as follows. The Company inspected the Tender Offer Price based on these valuation results and judged the Tender Offer Price to be appropriate level and reasonable.

1) Market Share Price method: ¥1,364 to ¥1,712

The average market price method is a method to compute the equity value of the Company based on the share prices of the Company in the stock market. The share prices are determined through the principle of market competition with many entrants, widely disclosed and objective. They are taken into account in the valuation of share prices of listed companies. For these reasons, this method was employed. With the average market price method, based on July 24, 2009, the record date, of the common stock of the Company on the First Section of the Tokyo Stock Exchange for the past six months until the record date, the per share price of the Company was calculated to be ¥1,364 to ¥1,712.

2) Comparable Company Analysis method: ¥1,813 to ¥2,502

The comparable company analysis method is a method to calculate the Company’s share price using multipliers of financial indicators relative to aggregate stock price of listed companies operating in the same business as that of the Company. Taking into account the situation of major markets and business scale, this method would produce probable results and employed this method. Using the Comparable Company Analysis method, the per share price of the Company was calculated to be ¥1,813 to ¥2,502.

3) DCF method: ¥2,107 to ¥3,081

The DCF method is a method to calculate the value of the Company’s business and share price by estimating and discounting future free cash flows that the Company will produce through business activities by a certain discount rate to give their present values. Adding value of non-operating assets to the resulting the Company’s business value and deducting net liabilities, the share price is derived. Regarding this method as effective and general financial theory, this method was employed. Using the DCF method, the per share price of the shares of the Company was calculated to be ¥2,107 to ¥3,081.

In view of the above recognition and discussions, as well as the analyses of the appropriateness of the Tender Offer Price and other matters, the Company has concluded that the Tender Offer will contribute to reinforce the Company’s operating base, accelerating business strategies and future development, and that conditions of the Tender Offer are reasonable, providing the Company’s shareholders with an opportunity to sell their shares at a reasonable price. Therefore, the Company has agreed that the Tender Offeror would conduct the Tender Offer with aim of making the Company its wholly owned subsidiary and further decided to recommend that the shareholders of the Company

subscribe to the Tender Offer.

(3) Likelihood of the Delisting of the Shares and Reason

(a) Likelihood of the Delisting of the Shares and Reason

As of the date hereof, the Shares of the Company are listed on the First Section of the Tokyo Stock Exchange. As the Tender Offeror has not set the maximum limit to the number of shares to be purchased through the Tender Offer, the Shares of the Company may be subject to delisting upon the fulfillment of certain predetermined procedures if the result of the Tender Offer falls under the delisting standards of the Tokyo Stock Exchange. In addition, even if the delisting standards are not met upon completion of the Tender Offer, the Shares of the Company will be delisted in accordance with the delisting standards because the Tender Offeror intends to hold all the issued Shares of the Company (exclusive of its treasury stock) in accordance with the procedures set forth in “2.(4) Policy on Matters including Organizational Restructuring after the Tender Offer (Matters concerning the so-called Two-Step Acquisition).”

(b) Reason for Approving the Tender Offer, due to Which Delisting of the Shares of the Company Is Expected, and the Study on Substitutive Measures

The Company carefully discussed and deliberated the conditions of the Tender Offer, the availability of the management resources of the Tender Offeror and the operational financial synergies that that the Company might face in becoming a wholly owned subsidiary of the Tender Offeror, and other factors while referring to the valuation report on the equity value of the Company submitted by Mizuho Securities, the advice from a financial viewpoint, and legal advice from its legal adviser the MIYAKEZAKA SOGO LAW OFFICES. As a result, the Company concluded that becoming a wholly owned subsidiary of the Tender Offer through the Tender Offeror is an effective means to swiftly conduct the various measures that are necessary to accelerate the expansion and development of existing software service business of the Company and the social innovation business on which the Hitachi Group is focusing, as well as raise the enterprise value of the Company, and relevant conditions that includes the Tender Offer Price is adequate and the Company’s shareholders are provided with an opportunity to sell the shares of the Company at a reasonable price. Consequently, the Board of Directors of the Company decided at its meeting to approve the Tender Offer and recommend that the Company’s shareholders subscribe to the Tender Offer.

As described in “(3) (a) Likelihood of the Delisting of the Shares and the Reasons,” the Shares of the Company will be delisted in accordance with the delisting standards and then trading of the Shares of the Company will become unavailable on the Tokyo Stock Exchange after the delisting. However, as stated in “2. (2) (c) Reason and Background to the Opinion concerning the Tender Offer” above, the Tender Offer provides the shareholders of the Company with the opportunity to sell the Shares of the Company held thereby at a price more advantageous than the most recent market prices just before the Tender Offer. The Tender Offer Price per share of ¥2,650 represents a premium of 54.8% (rounded to the first decimal place) on the closing price of ¥1,712 of the Shares of the Company on the First Section of the Tokyo Stock Exchange on July 24, 2009. It also represents a premium of 56.9% (rounded to the first decimal place) on the simple average of ¥1,689 (rounded to the nearest yen) of the closing share prices of the Shares of the Company for the past month as well as a premium of 72.4% (rounded to the first decimal place) on the simple average of ¥1,537 (rounded to the nearest yen) of the closing share prices of the Shares of the Company for the past three months and a premium of 94.3% (rounded to the first decimal place) on the simple average of ¥1,364 (rounded to the nearest yen) of the closing share prices of the Shares of the Company for the past six months. Furthermore, to protect the interests of minority shareholders, in accordance with “2. (4) Policy on

Matters including Organizational Restructuring after the Tender Offer (Matters concerning the so-called Two-Step Acquisition)” below, the Tender Offeror intends to provide the Company’s shareholders with opportunities to receive cash delivered as consideration for the delisted Shares of the Company. The resulting cash amount to be delivered as consideration for such shares is expected to be calculated on the basis of the Tender Offer Price.

As described in “2. (2) (b) “Decision-Making Process of the Tender Offer” above, the Tender Offeror intends to make the Company a wholly owned subsidiary. Accordingly, the Tender Offer and the subsequent respective procedures stated in “2. (4) Policy on Matters including Organizational Restructuring after the Tender Offer (Matters concerning the so-called Two-Step Acquisition)” below are not directly intended to be executed for delisting the Shares of the Company.

(4) Policy on Matters including Organizational Restructuring after the Tender Offer (Matters concerning the so-called Two-Step Acquisition)

As described in “2. (2) (a) Outline of the Tender Offer” above, the Tender Offeror aims to make the Company a wholly owned subsidiary and intends to acquire all the issued shares of the Company (exclusive of the Shares of the Company already held by the Tender Offeror and its treasury stock) through the Tender Offer and a series of subsequent procedures.

If the Tender Offeror cannot acquire all the issued shares of the Company (exclusive of its treasury stock) through the Tender Offer, the Tender Offeror intends to acquire all the issued shares of the Company (exclusive of the Shares of the Company already held by the Tender Offeror and its treasury stock) by the following measures.

Specifically, after the Tender Offer comes into effect, the Tender Offeror intends to request that the Company hold an extraordinary general meeting of shareholders (the “Extraordinary Shareholders’ Meeting”), which would include in the agenda Items 1) through 3) as follows: 1) The Articles of Incorporation of the Company shall be partly amended to make the Company a corporation issuing class shares (*shurui kabushiki hakkou kaisha*) under the Companies Act; 2) The Articles of Incorporation of the Company shall be partly amended to the effect that all issued shares of common stock of the Company shall be appended with a call provision (*zenbu-shutoku-joko*) (a provision regarding the redeemable right of the Company for all the shares as stipulated in Article 108, Paragraph 1, Item 7 of the Companies Act; hereinafter the same shall apply); and 3) a different class of the Company’s shares shall be issued in exchange for acquiring all the stocks with the call provision of the Company (exclusive of its treasury stock).

Furthermore, as the Company will become a corporation issuing class shares under the Companies Act on the condition that agenda Item 1) above is approved by the Extraordinary Shareholders’ Meeting, with respect to agenda Item 2), pursuant to Article 111, Paragraph 2, Item 1 of the Companies Act, it will be necessary, in addition to the resolution adopted by the Extraordinary Shareholders’ Meeting and to have a resolution at a meeting of shareholders with class shares (the “Class Shareholders’ Meeting”), at which the participants will be shareholders who hold all the stock with the call provision of the Company. For this purpose, the Tender Offeror will also request that the Company hold the Class Shareholders’ Meeting to include agenda Item 2) above for partial amendment to the Articles of Incorporation. Meanwhile, the Tender Offeror will vote for the respective agenda items above at the Extraordinary Shareholders’ Meeting and the Class Shareholders’ Meeting.

If all of the above procedures are completed, all shares issued by the Company will be subject to the call provision and shall be acquired by the Company (exclusive of its treasury stock) and a different class of the Company’s shares shall be delivered to such shareholders of the Company as consideration for such acquisition by the Company. Shareholders who are to receive fractions of the different class of the Company’s shares will receive cash as consideration, which will be obtained

through a sale of the different class of the Company's shares that correspond to the sum of all such fractions (including the purchase of a whole or a part of the sum of such fractions by the Company) (fractions of the aggregate number to be rounded down) through the procedures pursuant to Article 234 of the Companies Act and other applicable laws and regulations. The selling price of the different class of the Company's shares corresponding to the sum of all such fractions (and the cash amount to be delivered to each of the relevant shareholders, resulting from the sale of the aggregate number of fractions) is expected to be calculated on the basis of the Tender Offer Price. Although the class and number of shares of the Company to be delivered as consideration in compensation for the acquisition of the stock with the call provision of the Company have not been determined as of the date hereof, the Tender Offeror intends to request that the Company to determine that the shares that must be delivered to shareholders who have not tendered the Tender Offer other than the Tender Offeror shall be limited to such fractions of the different class of the Company for the purpose of enabling the Tender Offeror to acquire all the issued shares of the Company (exclusive of its treasury stock).

As provisions to protect the rights of minority shareholders in connection with the above respective procedures, the Companies Act provides that (i) in the event that the Articles of Incorporation are partly amended to the effect that all the common stock issued by the Company shall be subject to the call provision as stated in agenda Item 2) above, any shareholder may request that the Company purchase his/her shares in accordance with Articles 116 and 117 of the Companies Act and other applicable laws and regulations, and that (ii) in the case where acquisition of all the stock with the call provision, as described in agenda item 3) above, has been resolved by the General Meeting of Shareholders, any shareholder may file a petition for determination of a fair price for the acquisition in accordance with Article 172 of the Companies Act and other applicable laws and regulations. In addition, the purchase price and the acquisition price per share under (i) and (ii) above would be determined in the last instance by a competent court.

With regard to the above procedures, there is a possibility that the Tender Offeror may request the Company to conduct another method that would have similar effects depending on such factors as the Tender Offeror's holding status of the Company's shares after the Tender Offer, the holding status of the Company's shares by shareholders other than the Tender Offeror, or the interpretation of the competent authorities on the applicable laws and regulations or the like and such steps might require some time to be successfully completed. Even in such a case, however, the Tender Offeror intends to make the Company a wholly owned subsidiary by adopting the method of finally delivering cash to shareholders of the Company other than the Tender Offeror. In such cases, the resulting cash amount to be delivered to the relevant shareholders is also expected to be calculated on the basis of the Tender Offer Price.

The Company is considering taking the procedures relating to the aforementioned requests by the Tender Offeror if and when they are made, on the condition that the Tender Offer comes into effect. The Tender Offer is not intended to solicit shareholders of the Company to vote in favor of the proposals to be put to the Extraordinary Shareholders' Meeting and the Class Shareholders' Meeting. Furthermore, each of the shareholders of the Company is kindly requested to consult with tax specialists individually at his/her own responsibility with respect to the tax consequences of the aforementioned procedures.

(5) Measures to Ensure the Fairness of the Tender Offer

The Tender Offeror and the Company took into consideration the following matters to ensure the fairness of the Tender Offer.

According to the Tender Offeror, for reference in determining the Tender Offer Price, the Tender Offeror requested that Nomura Securities, a financial adviser as a third-party appraiser independent from the Tender Offeror and the Company, calculate the equity value of the Company. To calculate the equity value of the Company, Nomura Securities used the average market share price method, the comparable company analysis method and the DCF method. The Tender Offeror received the valuation report regarding the valuation results on the equity value of the Company today from Nomura Securities. (The Tender Offeror did not obtain an opinion on the fairness of the valuation results of the Tender Offer Price, the so-called Fairness Opinion, from Nomura Securities.) The Tender Offeror took into account the valuation results received from Nomura Securities using each method in its valuation report as a reference and comprehensively considered examples of premiums added as of determining the tender offer prices in past examples of tender offers for shares by entities other than issuers; whether the Board of Directors of the Company would accept the Tender Offer; the market share price trend of the Company's common stock; the expected number of subscriptions to the Tender Offer; and other factors. Furthermore, taking into account the results of consultations and negotiations with the Company, the final Tender Offer Price was determined at ¥2,650 per share of common stock by the Tender Offeror's President and Chief Executive Officer today.

By setting the Tender Offer Period at 33 business days, which is a relatively long period, The Tender Offeror provides the shareholders of the Company with the opportunity to fully reflect on the application for the Tender Offer and ensures the fairness of the Tender Offer Price.

Meanwhile, in determining the opinion concerning the Tender Offer, as stated in 2. (2) (c) "Reason and Background to the Opinion concerning the Tender Offer", the Company had Mizuho Securities Co., Ltd. calculate its equity value. Mizuho Securities is a financial adviser as a third party appraiser independent of the Company and the Tender Offeror, and also does not hold the status as a Related Party. On this basis, Mizuho Securities calculated the equity value of the Company and the Company received a valuation report on its equity value as of July 27, 2009 from Mizuho Securities. The Company did not obtain an opinion on the fairness of the Tender Offer Price, the so-called Fairness Opinion, from Mizuho Securities.

Furthermore, the Company received legal advice from its legal adviser the MIYAKEZAKA SOGO LAW OFFICES on the fairness and appropriateness of the decision-making process of the Board of Directors.

(6) Measures to Avoid Conflicts of Interest

The Tender Offeror is the parent company and a controlling shareholder of the Company. To avoid any conflict of interest, as stated in "(5) Measures to Ensure the Fairness of the Tender Offer" above, the Tender Offeror obtained opinion on the equity value of the Company from Mizuho Securities, a third-party appraisers independent of the Tender Offeror and the Company respectively, and this opinion were referred to in discussing about making the judgment whether accept the Tender Offer.

The Company carefully discussed on the Tender Offer at a meeting of its Board of Directors, which was attended by all Directors who have no vested interest with the Tender Offeror, including an Outside Director who does not belong to the parent company, and unanimously resolved to approve the Tender Offer and to recommend that the Company's shareholders subscribe to the Tender Offer. Specifically, Board members, Kotaro Muneoka and Koichiro Nishikawa, who concurrently serves as an adviser or executive officer of the Tender Offeror, did not participate in the discussion or the decisions with regard to the Tender Offer to avoid any conflict of interest and refrained from

expressing their opinions at the meeting. In addition, neither has participated in the consultations and negotiations with the Tender Offeror from the standpoint of being director of the Company.

Furthermore The Company received legal advice from its legal adviser the MIYAKEZAKA SOGO LAW OFFICES on the way to resolve the approval of the Tender Offer above, etc, to avoid conflicts of interest.

3. Matters concerning Material Agreement regarding the Application to the Tender Offer between the Tender Offeror and Shareholders of the Company

None

4. Benefits to be Provided by the Tender Offeror or Person Having a Special Relationship Therewith

None

5. Response Policy to Basic Policy pertaining to the Control of the Company

None

6. Question to the Tender Offeror

None

7. Request for Extension of the Period for the Tender Offer

None

8. Matters concerning Transactions with Controlling Shareholders

The Tender Offeror is a controlling shareholder of the Company, and this transaction falls within the category of transaction with controlling shareholders. The Company has established the policy to protect minority shareholders against transactions between the Company and controlling shareholder. This policy, as appears in “other special circumstances that may have material impact on corporate governances” of the Corporate Governance Report disclosed on July 1, 2009, provides that the Company ensures the objectiveness of managerial judgment and supervisions by means of setting one Outside Director who does not belong to the parent company and conducts transactions with the parent company as well as other companies in accordance with in-house procedures stipulated by internal rules after adequate deliberations. This transaction complies with this policy, as described in “2.(5)Measures to Ensure the Fairness of the Tender Offer” and “2.(6)Measures to Avoid Conflicts of Interest” above.

(Reference) Outline for the purchase by the Tender Offeror

See the [“Hitachi to Commence Tender Offer for the Shares of its Subsidiary, Hitachi Software Engineering.”](#) announced today.