Hitachi High-Tech Signs Memorandum of Understanding Regarding Acquisition and Subsequent Consolidation of SII NanoTechnology Inc.

Hitachi High-Technologies Corporation (TOKYO: 8036, Hitachi High-Tech) announced today that it has reached a basic agreement with Seiko Instruments Inc. (SII) to acquire all of the shares of its wholly owned subsidiary SII NanoTechnology Inc. (SII NanoTech). Once complete, this transfer of ownership will make SII NanoTech a wholly owned subsidiary of Hitachi High-Tech.

Pending regulatory approval, the parties plan to conclude a share transfer agreement that will aim to carry out the share acquisition in fall 2012.

1. Reasons for the Acquisition

Hitachi High-Tech leverages its own world-leading technology, and global sales capability and network to promote business. Guided by its corporate vision of “Becoming a global top in high-tech solutions,” the Hitachi High-Tech Group has formulated its Long-term Management Strategy (CS11: Corporate Strategy 2011), and is aggressively promoting business development in growth fields. In this context, Science & Medical Systems, one of the Group’s in-house product divisions, is pursuing a three-pronged growth strategy: (1) Reinforce and augment core technologies, (2) Enter new and growth markets, and (3) Strengthen the competitiveness and lineup of general-purpose analytical instruments.

SII NanoTech, for its part, is a company with a history in the development, manufacture and sale of competitive products in analytical and measuring instruments and other cutting-edge fields, grounded in the management philosophy of providing its customers solutions and contributing to social progress through the pursuit of proprietary technology.

SII NanoTech’s operations are highly compatible with and complementary to Hitachi High-Tech’s own business. Consequently, Hitachi High-Tech determined that the conversion of SII NanoTech into a wholly owned subsidiary has the potential to enhance its own core technologies, particularly in X-rays, thermal analysis, ion optics, and physical measurement technologies. The move is also expected to strengthen Hitachi High-Tech’s business portfolio through the addition of products to the lineup.

Going forward, Hitachi High-Tech will strive to create synergies with Science & Medical Systems’ manufacturing, sales and services, while simultaneously launching cutting-edge applications, in a bid to further enhance competitiveness and enter new and growth markets.

2. Overview of the Subsidiary to be Transferred

| (1) Name | SII NanoTechnology Inc. |
| (2) Location | 8, Nakase 1-chome, Mihama-ku, Chiba-shi, Chiba 261-8507, Japan |
| (3) Representative | Kenji Kawasaki, President & CEO |
| (4) Business lines | Development, manufacture and sale of analytic, measurement and observation instruments. |
| (5) Capital | 100 million yen |
| (6) Date of establishment | Mar. 1, 2000 (Date of corporate separation: Dec. 1, 2003) |
| (7) Principal shareholders and ownership | Seiko Instruments Inc. 100% |
Relationship between Hitachi High-Tech and SII NanoTech.

Capital relationships:
No noteworthy capital relationships exist between Hitachi High-Tech and SII NanoTech. Similarly, no noteworthy capital relationships exist between individuals or affiliated companies associated with Hitachi High-Tech and individuals or affiliated companies associated with the subsidiary to be transferred.

Personal relationships:
No noteworthy personal relationships exist between Hitachi High-Tech and SII NanoTech. Similarly, no noteworthy personal relationships exist between individuals or affiliated companies associated with Hitachi High-Tech and individuals or affiliated companies associated with the subsidiary to be transferred.

Transactional relationships:
No noteworthy transactional relationships exist between Hitachi High-Tech and SII NanoTech. Similarly, no noteworthy transactional relationships exist between individuals or affiliated companies associated with Hitachi High-Tech and individuals or affiliated companies associated with the subsidiary to be transferred.

Three-year operating results and financial condition for the subsidiary to be transferred:

<table>
<thead>
<tr>
<th>Years ended Mar. 31</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total net assets</td>
<td>4,164 yen</td>
<td>4,276 yen</td>
<td>4,338 yen</td>
</tr>
<tr>
<td>Total assets</td>
<td>22,754 yen</td>
<td>21,485 yen</td>
<td>18,535 yen</td>
</tr>
<tr>
<td>Shareholders’ equity per share</td>
<td>69,407 yen</td>
<td>71,271 yen</td>
<td>72,302 yen</td>
</tr>
<tr>
<td>Net sales</td>
<td>17,265 yen</td>
<td>15,222 yen</td>
<td>15,576 yen</td>
</tr>
<tr>
<td>Operating income</td>
<td>-1,813 yen</td>
<td>-594 yen</td>
<td>43 yen</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>-1,240 yen</td>
<td>125 yen</td>
<td>470 yen</td>
</tr>
<tr>
<td>Net income</td>
<td>-1,569 yen</td>
<td>247 yen</td>
<td>258 yen</td>
</tr>
<tr>
<td>Net income per share</td>
<td>-26,155 yen</td>
<td>4,126 yen</td>
<td>4,305 yen</td>
</tr>
<tr>
<td>Cash dividend per share</td>
<td>-yen</td>
<td>-yen</td>
<td>-yen</td>
</tr>
</tbody>
</table>

Note:
1. Operating results and financial condition is a sum of SII NanoTech and its 3 subsidiaries (Epolead Service Inc., SII NanoTechnology USA Inc., SII NanoTechnology (Shanghai) Inc.) since there are no consolidated numerical data.
2. 13 months data is applied for the year ended Mar. 31, 2010 for SII NanoTech and Epolead Service Inc.,
3. The end of Dec. is the settlement day for SII NanoTechnology USA Inc. and SII NanoTechnology (Shanghai) Inc.

Overview of the Share Acquisition Counterparty:

(1) Name: Seiko Instruments Inc.
(2) Location: 8, Nakase 1-chome, Mihama-ku, Chiba-shi, Chiba 261-8507, Japan
(3) Representative: Kunio Kamata, President
(4) Business lines: Development, manufacture and sale of mechatronic, electronic component, system application, and scientific instrument businesses.
(5) Capital: 9,756 million yen
(6) Date of establishment: Sep. 7, 1937
(7) Total net assets: 31,384 million yen
(8) Total assets: 169,949 million yen
(9) Principal shareholders and ownership: Seiko Holdings Corporation 100%

(10) Relationship between Hitachi High-Tech and SII
Capital relationships:
No noteworthy capital relationships exist between Hitachi High-Tech and SII. Similarly, no noteworthy capital relationships exist between individuals or affiliated companies associated with Hitachi High-Tech and individuals or affiliated companies associated with SII.
4. Number of Shares Acquired, Acquisition Price and Shareholding Before and After Acquisition

| (1) Shareholding prior to transfer | 0 shares  
(No. of voting rights: 0)  
(Ownership: 0.0%) |
|-----------------------------------|----------------|
| (2) Number of shares acquired     | 60,000 shares 
(No. of voting rights: 60,000) 
(Percentage of issued shares: 100.0%) 
(Acquisition price: TBD) |
| (3) Shareholding after transfer   | 60,000 shares 
(No. of voting rights: 60,000) 
(Ownership: 100.0%) |

5. Schedule

| (1) Conclusion of the basic agreement | May 24, 2012 |
| (2) Conclusion of the share transfer agreement (tentative) | Jul. 25, 2012 |
| (3) Date of share transfer (tentative) | Oct. 1, 2012 |

6. Future Outlook

Discussions are ongoing regarding the specific terms and conditions of the share transfer pursuant to the basic agreement. However, the share acquisition is expected to have only a negligible impact on Hitachi High-Tech’s consolidated business performance.

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