

Yokogawa Electric Corporation

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Strictly Private and Confidential

KBC Advanced Technologies plc
42-50 Hersham Road
Walton on Thames
Surrey KT12 1RZ
England

Attn: Andrew Howell, CEO

15th January 2016

Dear Sirs:

Project Falcon – Confidentiality Obligations

1. Yokogawa Electric Corporation ("**Interested Party**") has indicated that it is interested in receiving certain information concerning KBC Advanced Technologies plc ("**Company**"), and other members of the Company Group (as defined below) to enable it to investigate their affairs with a view to evaluating and/or implementing a possible acquisition of the issued share capital of Company (the "**Proposal**").
2. Company has also indicated that it is interested in receiving certain information concerning Interested Party and other members of the Interested Party Group (as defined below) in connection with the Proposal.
3. In this letter:
 - (a) "**Adviser**" means in relation to any person, its investment bankers, lenders, lawyers, accountants and other professional advisers retained by it, in each case who may reasonably require access to Confidential Information for the purposes of evaluating, negotiating, advising upon or implementing the Proposal or matters ancillary thereto including (unless the context otherwise requires) partners in and directors, officers and employees of, consultants of, and individuals seconded to work for, such advisers or other companies within their group (including persons who, at the time of receipt of Confidential Information, occupied such position);
 - (b) "**Associate**" in relation to either Party, means,
 - (i) any person within the same Group as that Party; or



- (ii) any person in which such Party would by virtue of Section 823 of the Companies Act 2006 be taken to be interested;
- (c) **"Company Securities"** means any shares of the Company;
- (d) **"Confidential Information"** means:
 - (i) the existence and all of the contents of this letter, the existence of the Proposal and the status or progress of any negotiations or discussions relating thereto, any terms proposed in relation to the Proposal, and the fact that the Parties are in discussions in connection with the Proposal;
 - (ii) all information (whether oral, written or in any other form) relating to the Discloser, each member of its Group or its and/or their businesses, made available directly or indirectly by the Discloser (or its Associates, Representatives or Advisers) to the Recipient in connection with the Proposal (whether before or after this letter is entered into) together with any information to the extent derived from such information and any analyses, compilations, studies, interpretations, records, notes and other material prepared by the Recipient to the extent they contain or otherwise reflect or are generated from such information, but shall not include information which:
 - (1) is publicly available at the time it is made available to the Recipient or subsequently becomes generally available to the public other than as a result of disclosure or other act or omission by the Recipient contrary to the obligations of confidentiality contained herein; or
 - (2) was lawfully available (as can be demonstrated by its written records) to the Recipient prior to the supply of Confidential Information by or on behalf of the Discloser, and which is free of any restrictions on the Recipient as to its use or disclosure; or
 - (3) becomes lawfully available (as can be demonstrated by its written records) to the Recipient from a source other than the Discloser or its Associates, Representatives or Advisers, which source is not bound by any obligation of confidentiality to the Discloser in relation to such information; or
 - (4) the Discloser has agreed in writing not to treat as Confidential Information;
- (e) **"Connected Person"** means a Party, any of its direct or indirect holding companies and any direct or indirect subsidiary undertaking of any such holding company, and each of its and their respective Associates, Representatives or Advisers;
- (f) **"Copies"** means copies of Confidential Information in whatever medium including any document, electronic file, note, extract, analysis, study, plan, compilation or any other way of representing or recording and recalling information which contains, reflects or is derived or generated from Confidential Information;



- (g) "**Discloser**" means either Interested Party or Company, as the case may be, being the Party disclosing the relevant Confidential Information;
- (h) "**Group**" means, in respect of a Party, such Party, its holding companies (if any) and its subsidiary undertakings and those of any such holding companies and its other investments and interests (and the expressions "**Interested Party Group**", "**member of the Interested Party Group**", "**Company Group**" and "**member of the Company Group**" shall be construed accordingly);
- (i) "**Parties**" means Company and Interested Party and "**Party**" means either of them;
- (j) "**Recipient**" in relation to Interested Party or its Associates, Representatives or Advisers as the Discloser shall mean Company or its Associates, Representatives or Advisers and, in relation to Company or its Associates, Representatives or Advisers as the Discloser shall mean Interested Party or its Associates, Representatives or Advisers; and
- (k) "**Representatives**" in relation to any person, means the directors, employees, consultants of, and individuals seconded to work for, such person or other companies within its Group who may reasonably require access to Confidential Information for the purposes of evaluating, negotiating, advising upon or implementing the Proposal (including persons who, at the time of receipt of Confidential Information, occupied such position), but (for the avoidance of doubt) shall not include the Advisers of such person.

4. In consideration of the obligations assumed by the other hereunder each Party agrees, on its own behalf and on behalf of each of its respective Connected Persons:

- (a) to use and apply the Confidential Information solely for the purpose of evaluating and implementing the Proposal and for no other purpose (including, without limitation, to compete with the other Party in connection with any business carried on by it);
- (b) to keep confidential and to safeguard the Confidential Information, and take all precautions necessary to protect it from theft or unauthorised access;
- (c) at no time to disclose or reveal (or permit the disclosure or revelation of) any Confidential Information to any other person or party whatever, other than to its Connected Persons who are in each case required in the course of their duties to receive and consider the same for the purpose of evaluating and implementing the Proposal, who shall first have been made aware by the relevant Party of the obligations contained in this letter and shall be required by the relevant Party to observe the same restrictions concerning the Confidential Information as are contained in this letter which Party shall be responsible for any breach of or non-compliance with any terms of this letter by its Connected Persons;
- (d) to inform the other Party immediately on becoming aware, or suspecting, that an unauthorised person has become aware of the Confidential Information;
- (e) to make Copies only to the extent that the same is reasonably necessary for the evaluation and implementation of the Proposal.

Each Party acknowledges that the Confidential Information may also include personal data which is subject to the Data Protection Act 1998 and undertakes that, insofar as it does, it will not (and



will use all reasonable endeavours to procure that its Connected Persons will not) do anything in relation to that data that would cause any person to be in breach of that Act.

5. The restrictions on use and disclosure set out in paragraph 4 above shall not apply to any Confidential Information which a Party or its Connected Persons becomes required by law or by any applicable regulatory requirements to disclose provided that, prior to such disclosure, such Party shall (and shall use all reasonable endeavours to procure that its Connected Persons shall):
 - (a) give written notice to the other Party of the full circumstances of the disclosure and the information that will be disclosed before any Confidential Information is so disclosed;
 - (b) cooperate with the other Party, have due regard to its views and opinions, and take such steps as it may reasonably require in order to enable it or any member of its Group to mitigate the extent of or avoid the requirement for any such disclosure;
 - (c) cooperate with the other Party if it decides to commence any legal or other proceedings to challenge the validity of the requirement to disclose the Confidential Information (at the other Party's cost and expense); and
 - (d) if such disclosure is not avoided, (i) ensure that any disclosure is made only to the minimum extent required in order to comply with the relevant legal or regulatory requirements and no more, and (ii) seek assurances as to confidentiality from the body to whom the information is to be disclosed, and where disclosure is by way of public announcement, consult with the other Party regarding the wording of such announcement in advance,

provided however that any such steps shall not cause either Party or their respective Connected Persons to act in breach of applicable laws or regulatory requirements and provided further that nothing in this letter shall restrict or prevent: (i) either Party from making any public announcement required under Rule 2 of the City Code on Takeovers and Mergers; or (ii) Company from making any public announcement under Rule 2.3(d) of the City Code on Takeovers and Mergers.

6. If at any time a decision is taken not to progress or otherwise implement the Proposal, or either Party so requests in writing, the Parties shall (and shall use all reasonable endeavours to procure that their Connected Persons shall) forthwith (to the extent reasonably practicable and except as otherwise required by law or by any applicable regulatory requirements) either return to the other Party or destroy all data in whatever form (including but not limited to all documents, papers and computer tapes and discs) to the extent containing, derived from or based on any Confidential Information, together with any Copies and shall confirm to the other Party in writing that all such information has been returned or destroyed (as the case may be) provided that the Parties and their respective Connected Persons shall be entitled to retain copies of the Confidential Information for the sole purpose of complying with its or their respective bona fide internal compliance requirements.
7. Each Party hereby confirms that it is acting in this matter as principal and not as agent or broker for any other person.
8. Each Party agrees, on its own behalf and on behalf of each of its Connected Persons that unless and until the Proposal has been implemented:



- (a) no contract providing for any transaction involving any member of the respective Groups shall be deemed to exist between the Parties with respect to the Proposal, and neither Party shall be under any legal obligation of any kind whatsoever with respect to such a transaction by virtue of this letter except for the matters specifically agreed to herein;
- (b) except in the case of fraud, each Party agrees that it and each of its Connected Persons shall have no cause of action under the Misrepresentation Act 1967 or otherwise in relation to or in connection with the Confidential Information provided; and
- (c) damages may not be an adequate remedy for any breach of the provisions of this letter and accordingly each Party shall, without prejudice to any other rights or remedies which it may have, be entitled to seek specific performance and other equitable relief, or any combination of these remedies, for any threatened or actual breach of the provisions of this letter.

9. In connection with the subject matter of this letter and otherwise with respect to the Proposal:

- (a) neither Interested Party nor any person acting on its behalf shall contact or communicate with any officers, employees, consultants, advisers, landlords, bankers, customers, suppliers or distributors or shareholders of Company or any member of the Company Group other than Andrew Howell and Ian Godden; and
- (b) neither Company nor any person acting on its behalf (including, for the avoidance of doubt, Evercore as Company's financial adviser) shall contact or communicate with any officers, employees, consultants, advisers, landlords, bankers, customers, suppliers or distributors or shareholders of Interested Party or any member of the Interested Party Group other than Satoru Kurosu,

save that the foregoing provisions of this paragraph 9 will not apply (x) to any contact or communications between Advisers of Interested Party and Advisers of Company, or (y) in circumstances where Interested Party and Company have jointly arranged joint contact or joint communications as part of an evaluation of the Proposal or any diligence or investigation relating to the Proposal.

Each Party accepts that knowledge of the Proposal and certain of the Confidential Information may be unpublished price sensitive information. Each Party: (i) will not and will procure that its Group will not use any Confidential Information to deal in any securities or to encourage another person to do so in circumstances that would contravene the Criminal Justice Act 1993 or the Financial Services and Markets Act 2000; and (ii) will procure that its Connected Persons who have access to any Confidential Information that may be unpublished price sensitive information are aware of their obligations under applicable laws.

10. Each Party agrees with the other that during the period of 12 months from the date of this letter, whether on its own behalf or in conjunction with or on behalf of any other person, company, business entity, or other organisation whatsoever it will not directly or indirectly (other than pursuant to a generally advertised employment opportunity or by recruitment through an employment agency without having directly or indirectly encouraged or advised such agency to approach the relevant officer or employee specifically) induce, or solicit, or entice or procure any person who is an officer or senior employee of the other Party's Group to leave their office or employment.



11. No representation or warranty is made, given or implied as to the accuracy, reliability or completeness of the Confidential Information or any other information supplied by either Party or their respective Connected Persons to the other Party or any of the other Party's Connected Persons or as to the reasonableness of any assumptions on which any of the same is based, and each Party agrees (on its own behalf and on behalf of each of its Connected Persons) that neither the other Party nor any Connected Person of the other Party shall have any liability to it, any of its Connected Persons or any other person resulting from the use of Confidential Information or any other information supplied, or for any opinions, projections or forecasts expressed or made by any of them, or for any errors, omissions or misstatements made by any of them and no Connected Person of such Party shall owe any duty of care to any of its Connected Persons or any other person or be under any obligation to provide any additional information, to update the Confidential Information or to correct any inaccuracies which may become apparent in any of the Confidential Information. Nothing in this letter shall exclude any liability for, or remedy in respect of, fraudulent misrepresentation.
12. Nothing in this letter shall be construed to grant any rights in or licences under any Confidential Information or any present or future patent, trademark or copyright. None of the Confidential Information provided by a Party or its Connected Persons is or shall become by virtue of any provision contained in this letter the property of the other Party or its Connected Persons. Each Party reserves all rights in the Confidential Information, and nothing in this letter shall be construed or implied as obliging either Party to disclose any specific information or any specific type of information under this letter, whether Confidential Information or not.
13. Unless otherwise specifically stated to the contrary, each Party's obligations under this letter shall be continuing and, in particular, they shall survive the termination of any discussions or negotiations regarding the acquisition of any or all of the issued share capital or any part of the business of any member of the Company Group, and shall unless in any particular case otherwise provided terminate on the fourth anniversary of the date of this letter. The execution of this letter does not constitute, and shall not be deemed to constitute, an obligation or an agreement to (a) acquire or sell any or all of the issued share capital of Company or any business, assets or undertaking of any member of the Company Group and (b) continue discussions or negotiations in connection with the Proposal.
14. This letter and the supply of Confidential Information by either Party to the other and/or to Connected Persons of such other Party does not constitute an offer or other agreement by either Party to enter into any transaction based upon or arising out of the Proposal. Either Party shall be at liberty to terminate all and any discussions in connection with the Proposal at any time by giving notice to the other.
15. Each Party confirms that it will be responsible for any costs incurred by it or its Connected Persons in connection with the Proposal.
16. The Parties do not intend that any term of this letter should be enforceable by a person who is not a party to this letter (such party being a "**Third Party**") by virtue of the Contracts (Rights of Third Parties) Act 1999 or otherwise except by each Party's Connected Persons. This letter may be varied in writing signed by each of the Parties and without the consent of any Third Party (including each Party's Connected Persons).




17. If any provision of this letter is held to be invalid or unenforceable, that provision shall (so far as it is invalid or unenforceable) be given no effect and shall be deemed not to be included in this letter, but without invalidating any of the remaining provisions.
18. Any failure or delay by any person in exercising any right, power or privilege under this letter shall not act as a waiver under this letter nor shall any single or partial exercise thereof preclude any further exercise of any right, power or privilege.
19. This letter may be executed in counterparts, and by the Parties on separate counterparts, but shall not be effective until each Party has executed at least one counterpart. Each counterpart shall constitute an original of this letter, but the counterparts shall together constitute one and the same instrument.
20. Nothing in this letter shall oblige Company to take any action or not take any action which would not be permitted by Rule 21.2 of the City Code on Takeovers and Mergers.
21. This letter (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this letter or its formation) and the relationship of the Parties shall be governed by and construed in accordance with English law and each of the Parties irrevocably submits to the exclusive jurisdiction of the English Courts.

Handwritten signatures in blue ink, consisting of two distinct marks, one above the other, located in the bottom right corner of the page.

In order to record your agreement with and to be bound by the terms of this letter, please sign and return the attached copy of this letter.

Yours faithfully

Duly authorised for and on behalf of Yokogawa Electric Corporation



Name: Satoru Kurosu
Title: Director, Executive Vice President,
Head of Solutions Service Business Headquarters

We hereby agree to the terms set out above.

Duly authorised for and on behalf of KBC Advanced Technologies plc



Name: Andrew Howell
Title: Chief Executive Officer
Date: 18 January 2016