

FOR IMMEDIATE RELEASE

Notification of Progress Toward Conducting the Tender Offer for Shares of Subsidiary

Tokyo, Japan, August 9, 2017 --- Hitachi, Ltd. (TSE:6501, “Hitachi”) announced in its press release titled “Notification of Execution of Basic Agreement pertaining to Tender Offer for Shares of Subsidiary” issued on April 26, 2017 (“Hitachi’s April 26 Press Release”) that it has executed a basic agreement with HKE Holdings G.K. (Executor: William Janetschek, “HKE”) and HVJ Holdings Inc. (Representative Director and President: Tatsuo Kimura, “HVJ”) regarding a tender offer scheduled to be conducted by HKE for the common shares of Hitachi Kokusai Electric Inc. (President and Chief Executive Officer: Kaichiro Sakuma, “Hitachi Kokusai”), a consolidated subsidiary of Hitachi (the “Tender Offer”), and a share consolidation of Hitachi Kokusai shares, and that HKE intends to commence the Tender Offer in early August 2017. Hitachi herein announces the progress toward conducting the Tender Offer as follows.

As stated in the “Announcement Regarding the Tender Offer for the Shares of Hitachi Kokusai Electric Inc. (Securities Code 6756)” (“HKE’s April 26 Press Release”) and the “Announcement of Opinion regarding the Tender Offer for the Shares of Hitachi Kokusai Electric Inc. by HKE Holdings G.K.” (“Hitachi Kokusai’s April 26 Press Release”) issued on April 26, 2017 by HKE and Hitachi Kokusai respectively, the commencement of Tender Offer is subject to the condition that the third-party committee established by Hitachi Kokusai (the “Third-Party Committee”) has provided and has not withdrawn a positive report in answering as to the following matters of inquiry (the “Condition Precedent”), and to certain other preconditions. The matters of inquiry to be reported by the Third-Party Committee are four: (i) whether the purpose of the Transaction (as defined in HKE’s April 26 Press Release and Hitachi Kokusai’s April 26 Press Release; the same applies hereinafter) is justifiable and reasonable; (ii) whether the fairness of the procedures for the Transaction has been ensured; (iii) whether the legitimacy and propriety of the terms of the Transaction have been ensured; and (iv) whether the implementation of the Transaction is not disadvantageous to the minority shareholders of Hitachi Kokusai.

As stated in the “Announcement Regarding Progress Toward Conducting the Tender Offer for Shares of the Company by HKE Holdings G.K.” announced on August 9, 2017 by Hitachi Kokusai, Hitachi Kokusai requested on July 31, 2017 that the Third-Party Committee examine whether there is any change in its opinion expressed in its report dated as of April 26, 2017 (the “Original Report”) to Hitachi Kokusai’s board of directors; and if there has been no change, to report to Hitachi Kokusai’s board of directors that

there has been no change; or if there has been any change, to report its opinion after the change. Regarding this inquiry, the Third-Party Committee submitted to Hitachi Kokusai's board of directors a report on such matters of inquiry as follows on August 9, 2017 (the "Report"): In respect of matters of inquiry (i) and (ii) described above, the Third-Party Committee does not see any necessary changes to its opinion in the Original Report, but in respect of matter of inquiry (iii) described above, the Third-Party Committee finds it difficult at the current time to maintain its opinion that the legitimacy and propriety of the Tender Offer Price and the Share Repurchase Price (as each term is defined in HKE's April 26 Press Release) are ensured, and accordingly the Third-Party Committee also finds it difficult to maintain its opinion given in the Original Report regarding matter of inquiry (iv), which was premised on the Third-Party Committee's opinion in respect of matter of inquiry (iii).

As stated in the "Announcement Regarding Progress Toward Conducting the Tender Offer for Shares of Hitachi Kokusai Electric Inc." announced on August 9, 2017 by HKE, given that the Condition Precedent has not been satisfied as of August 9, 2017 because the Report withdraws the positive Original Report with respect to the matters of inquiry, HKE has decided not to commence the Tender Offer in early August 2017 as previously scheduled.

Hitachi will continue discussing matters, including its plans regarding the Tender Offer, whether to conduct the Tender Offer and its possible timing, etc., with Hitachi Kokusai, HKE, HVJ and other parties; and Hitachi will announce details promptly after the details are decided.

In light of the above, the timing and other conditions of posting of an extraordinary gain in the case of the sale of all of the Shares to be Sold by Hitachi (as defined in Hitachi's April 26 Press Release) as a result of the Transaction may be changed, and Hitachi will announce this matter promptly once determined.

About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, delivers innovations that answer society's challenges. The company's consolidated revenues for fiscal 2016 (ended March 31, 2017) totaled 9,162.2 billion yen (\$81.8 billion). The Hitachi Group is a global leader in the Social Innovation Business, and it has approximately 304,000 employees worldwide. Through collaborative creation, Hitachi is providing solutions to customers in a broad range of sectors, including Power / Energy, Industry / Distribution / Water, Urban Development, and Finance / Government & Public / Healthcare. For more information on Hitachi, please visit the company's website at <http://www.hitachi.com>.

Cautionary Statement

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this document.

Factors that could cause actual results to differ materially from those projected or implied in any “forward-looking statement” and from historical trends include, but are not limited to:

- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors Hitachi serves;
- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities, declines in which may require Hitachi to write down equity securities that it holds;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- the possibility of cost fluctuations during the lifetime of, or cancellation of, long-term contracts for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- credit conditions of Hitachi’s customers and suppliers;
- fluctuations in product demand and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in product demand, exchange rates and/or price of raw materials or shortages of materials, parts and components;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technologies on a timely and cost-effective basis and to achieve market acceptance for such products;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;

- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to the success of cost structure overhaul;
- uncertainty as to Hitachi's access to, or ability to protect, certain intellectual property;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- the possibility of disruption of Hitachi's operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- uncertainty as to Hitachi's ability to maintain the integrity of its information systems, as well as Hitachi's ability to protect its confidential information or that of its customers; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

The factors listed above are not all-inclusive and are in addition to other factors contained in other materials published by Hitachi.

###

Information contained in this news release is current as of the date of the press announcement, but may be subject to change without prior notice.
