

FOR IMMEDIATE RELEASE

Notification of Subscription to Tender Offer for Shares, etc. of Subsidiary

Tokyo, Japan, January 13, 2017 --- Hitachi, Ltd. (TSE:6501, "Hitachi") today announced that it has executed an agreement (the "Agreement") with HK Holdings Co., Ltd. (Representative Director: William Janetschek; the "Offeror"), all of whose issued shares are owned by investment funds related to Kohlberg Kravis Roberts & Co. L.P. (Co-Chairman and Co-CEO: Henry R. Kravis, George R. Roberts; including affiliate companies and other related business entities, collectively referred to as "KKR"), regarding to a tender offer made by the Offeror (the "Tender Offer"). The Tender Offer aims to acquire common stock of Hitachi Koki Co., Ltd. (President & Representative Executive Officer: Osami Maehara; "Hitachi Koki"), a consolidated subsidiary of Hitachi, and stock acquisition rights issued based on a resolution at the Hitachi Koki's Board of Directors' Meeting held on July 28, 2015. The Agreement provides that Hitachi will subscribe all shares of common stock of Hitachi Koki owned by Hitachi to the Tender Offer.

After the completion of the Tender Offer, Hitachi Koki will no longer be a consolidated subsidiary of Hitachi.

1. Reasons for the transfer of shares

Hitachi Koki was established in 1948 as a manufacturer of power tools and coal mining equipment. Hitachi made Hitachi Koki a consolidated subsidiary in 2009, as part of efforts to strengthen the comprehensive capabilities of the Hitachi Group, and to expand Hitachi Koki's global business. Hitachi Koki undertakes the manufacture and sales of power tools and other products on a global scale, in keeping with its management policy of contributing to society by providing innovative, high-performance, high-quality products and services that meet user needs and offer outstanding customer satisfaction.

Amid intensifying global competition in the power tool industry, Hitachi came to the conclusion that by utilizing the resources and expertise provided by KKR worldwide, Hitachi Koki could achieve continuous growth and further increase its corporate value, and then decided to subscribe to the Tender Offer. Working closely with KKR, Hitachi Koki will accelerate the development and introduction of new products, strengthen sales and marketing functions, promote structural reforms and pursue growth through M&As with the aim of becoming a leading global company in the power tool industry.

By utilizing the capital obtained through the Tender Offer, Hitachi will accelerate the concentration of management resources in its Social Innovation Business, in an effort to achieve further growth.

2. Outline of Hitachi Koki

(1) Name	Hitachi Koki Co., Ltd.		
(2) Head Office	2-15-1 Konan, Minato-ku, Tokyo		
(3) Representative	President & Representative Executive Officer: Osami Maehara		
(4) Outline of Business	Manufacture and sales of power tools and life-science instruments		
(5) Capital (as of Sept. 30, 2016)	17,813 million yen		
(6) Established	December 18, 1948		
(7) Main Shareholders and Shareholding Ratios (as of Sept. 30, 2016)	Hitachi, Ltd.	33.17%	
	Hitachi Urban Investment, Ltd.	8.99%	
	Japan Trustee Services Bank, Ltd. (Trust Account)	3.34%	
	State Street Bank and Trust Company 505223	2.71%	
	BNP Paribas Sec Service Luxembourg/JASDEC/Aberdeen Global Client Assets	1.54%	
(8) Relationship between Hitachi and Hitachi Koki	Capital relationship	Hitachi owns 42.16% of the aggregate number of issued shares (8.99% indirect ownership) in Hitachi Koki.	
	Personnel relationship	One associate at Hitachi has been appointed Director at Hitachi Koki.	
	Transaction relationship	Hitachi has received capital from Hitachi Koki based on Hitachi's pooling system.	
	Status as related party	Hitachi Koki is a consolidated subsidiary of Hitachi, and so is considered a related party.	

3. Outline of the Offeror

(1) Name	HK Holdings Co., Ltd.		
(2) Head Office	2-1-1 Marunouchi, Chiyoda-ku, Tokyo Meiji Yasuda Seimei Building; 11F		
(3) Representatives	Representative Director: William Janetschek		
(4) Outline of Business	Trade and all operations incidental to trade		
(5) Capital (as of Jan. 13, 2017)	25,000 yen		
(6) Established	November 10, 2016		
(7) Main Shareholders and Shareholding Ratios (as of Jan. 13, 2017)	KKR HK Investment L.P. 100.00%		
(8) Relationship between Hitachi and the Offeror	Capital relationship	None	
	Personnel relationship	None	
	Transaction relationship	None	
	Status as related party	N/A	

4. Number of shares to be subscribed to the Tender Offer, transfer price, dividends received, and number of owned shares before and after the Tender Offer

(1) Number of owned shares before the Tender Offer	51,885,353 shares (including indirectly owned shares) Number of voting rights: 518,852 (including rights attributable to indirectly owned shares) (Ratio of voting rights owned: 51.24 %) ¹
(2) Number of shares to be subscribed to the Tender Offer	51,885,353 shares (including indirectly owned shares) ² Number of voting rights: 518,852 (including rights attributable to indirectly owned shares) (Ratio of voting rights owned: 51.24 %)
(3) Transfer price	45.1 billion yen (870 yen/share)
(4) Dividends received ³	30.0 billion yen (580 yen/share)
(5) Number of owned shares after the Tender Offer	0 ⁴ (Number of voting rights: 0) (Ratio of voting rights owned: 0.00%)

*Notes: 1. The ratio of voting rights owned is based on the number of total voting rights of Hitachi Koki (1,012,689) as of September 30, 2016.

- 2. Indirectly owned shares will also be tendered to the Tender Offer.
- 3. It is informed that Hitachi Koki's Board of Directors today decided the distribution of surplus (Special Dividends) in relation to the Tender Offer. The Special Dividends have the condition that the Tender Offer is completed, with a record date of January 29, 2017.
- 4. The number of owned shares after the Tender Offer is indicated in the event that the Tender Offer is completed. It is informed that the Offeror has set 67,632,900 shares as the minimum number of shares to be purchased in the Tender Offer. If the total number of share, subscribed in the Tender Offer ("subscribed share certificates") falls below the minimum number of shares to be purchased, the Offeror will not purchase all subscribed shares certificates..

5. Schedule

- (1) Execution of the Agreement: January 13, 2017
- (2) Tender Offer Period: January 30 - March 22, 2017
(In the event that the Tender Offer Period is extended in accordance with relevant laws and regulations, the extended period)
- (3) Start of settlements: March 29, 2017
(In the event that the Tender Offer Period is extended in accordance with relevant laws and regulations, the changed starting date of settlements)

6. Outlook

In case that this transfer of shares has a significant impact on the consolidated business results for the year ending March 31, 2017, Hitachi will immediately announce it.

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, particularly against the U.S. dollar and the euro;
- 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 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 ability to attract and retain skilled personnel;
- uncertainty as to Hitachi's access to, or ability to protect, certain intellectual property rights;
- 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.

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 2015 (ended March 31, 2016) totaled 10,034.3 billion yen (\$88.8 billion). The Hitachi Group is a global leader in the Social Innovation Business, and it has approximately 335,000 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>.

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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.
