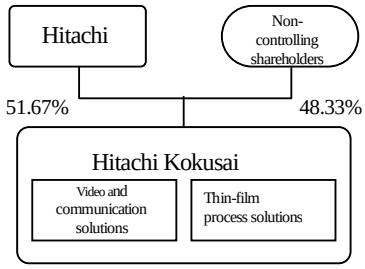
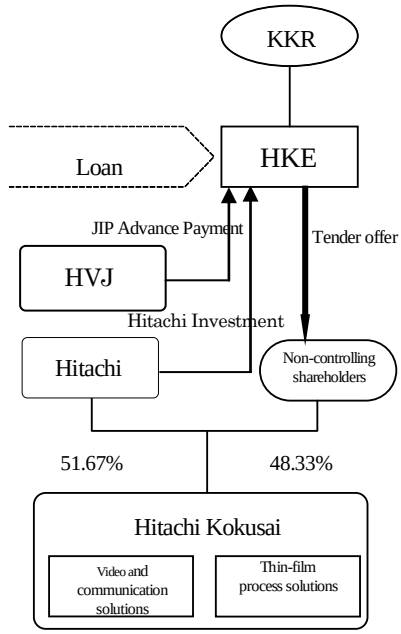
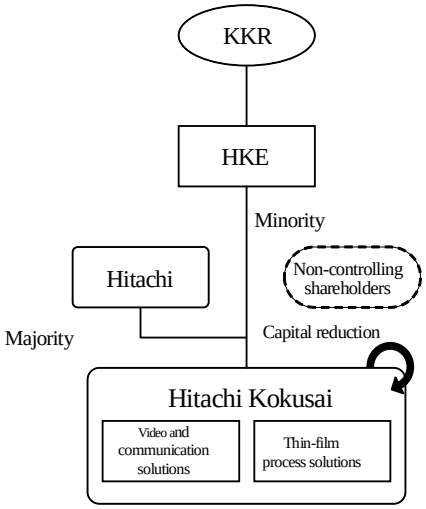
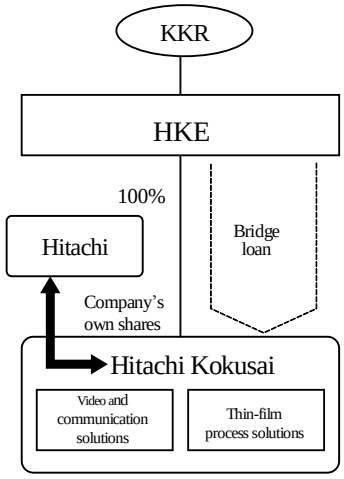
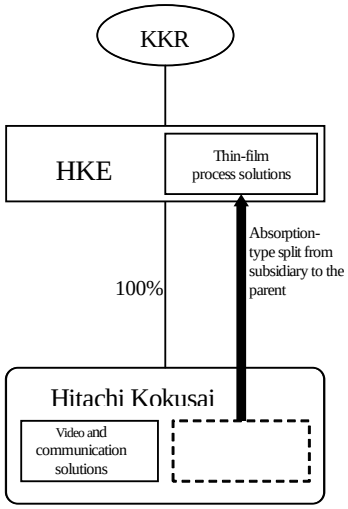
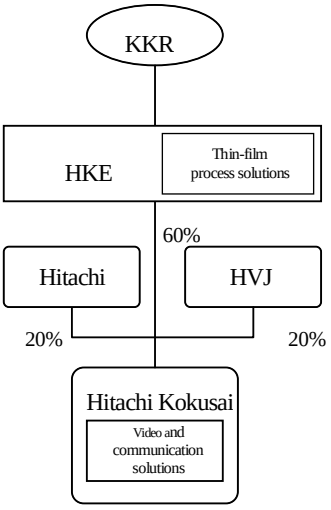
Exhibit : Scheme Diagram of the Transaction

Current Status		■ As of March 31, 2017, Hitachi held 51.67% of the total number of issued shares (excluding the Company's own shares) of Hitachi Kokusai, and non-controlling shareholders held the remaining 48.33%.
Arrangement of loan by HKE A tender offer by HKE(for all of Hitachi Kokusai Shares except for those held by Hitachi)		■ A special purpose company ("HKE"), which is incorporated for the Transaction through a 100% investment by a fund managed by KKR, will arrange the loan for the Transaction. ■ HVJ will make an advance payment of part of the proceeds of the Partial Share Transfer, and Hitachi will make the Hitachi Investment in HKE. ■ HKE will implement the Tender Offer to purchase all (excluding those held by Hitachi Kokusai) of Hitachi Kokusai Shares, except for those held by Hitachi. ■ As of this point in time, it is expected that the Tender Offer will be commenced in early August 2017, in light of the clearance procedures necessary for permissions, approvals and the like pursuant to the domestic and foreign competition acts and other applicable laws and regulations.
Squeeze-out by HKE through share consolidation Capital reduction by Hitachi Kokusai in order to increase the distributable funds		■ If, after successful completion of the Tender Offer, HKE could not acquire all of Hitachi Kokusai Shares (excluding those held by Hitachi and Hitachi Kokusai), the Share Consolidation will be conducted so that HKE and Hitachi will be the only shareholders of Hitachi Kokusai. The Share Consolidation is expected to be effectuated sometime between mid-November and early December 2017 with approval at an extraordinary shareholders' meeting after successful completion of the Tender Offer. ■ In order for Hitachi Kokusai to maximize the amount for the acquisition of its own shares from Hitachi, it is anticipated that Hitachi Kokusai's capital and statutory capital reserve will be reduced (Capital Reduction) so that the distributable funds of Hitachi Kokusai will be increased. The reduction is expected to be resolved at a shareholders' meeting after the completion of the Share Consolidation and after Hitachi and HKE become the only shareholders of Hitachi Kokusai.

Hitachi Kokusai's acquisition of its own shares from Hitachi through a negotiated transaction Provision of a bridge loan by HKE to Hitachi Kokusai		■ After the completion of the Tender Offer, the Share Consolidation and the Capital Reduction, Hitachi Kokusai will acquire all of the Company Shares held by Hitachi through a negotiated transaction. ■ Immediately after Hitachi Kokusai's acquisition of its own shares, HKE will provide a bridge loan to Hitachi Kokusai, and Hitachi Kokusai will pay the transfer price for Hitachi Kokusai's own shares to Hitachi.
Absorption-type split of the thin-film process solutions business of Hitachi Kokusai with HKE (which is the parent entity) being the succeeding entity		■ An absorption-type split of the thin-film process solutions business of Hitachi Kokusai will be implemented, with HKE (which is the parent entity) being the succeeding entity.
HKE's partial transfer of Hitachi Kokusai Shares to Hitachi and HVJ		■ Through HKE's partial transfer of Hitachi Kokusai Shares to Hitachi, Hitachi will continue to have a capital relationship with Hitachi Kokusai, which is to operate the video and communication solutions business only. ■ A series of transactions in the present case, including HKE's partial transfer of Hitachi Kokusai Shares to Hitachi and HVJ, is expected to be completed by mid- or late January 2018.