

FOR IMMEDIATE RELEASE

Notification of Tender of Shares of Subsidiary in Tender Offer and Recognizing Extraordinary Item on an Unconsolidated Basis

Tokyo, October 26, 2018 --- Hitachi, Ltd. (TSE: 6501, "Hitachi") today announced that it has executed a tender offer agreement (the "Agreement") with Hennape Six SAS (the "Offeror"), a subsidiary of Faurecia S.A. ("Faurecia"), and Faurecia under which Hitachi agrees to tender all shares of common stock in Clarion Co., Ltd. (TSE: 6796, "Clarion") held by Hitachi, in response to a tender offer (the "Tender Offer") to be carried out by the Offeror for the shares of common stock of Clarion, a consolidated subsidiary of Hitachi.

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

1. Reasons for the execution of the Agreement

Clarion was established in 1940 as a manufacturer of battery-powered radios for households. It currently develops, produces, sells and provides in-vehicle information devices, in-vehicle audio systems, and system products such as safety and information systems and automobile cloud information network services. Since 2006, Clarion has pushed forward with the expansion of business as Hitachi's consolidated subsidiary.

Clarion's technological abilities and production system with high flexibility are highly rated in the global market. In particular, Clarion has built a sound relationship of mutual trust with the world's major automobile manufacturers over many years in OEM (original equipment manufacturing) where Clarion produces genuine equipment on behalf of customers.

Amid intensifying global competition in the market related to automobile, Hitachi came to the conclusion that by utilizing the customer base, business foundation and technological abilities of Faurecia, Clarion could realize further acceleration of growth and increase of its corporate value, and therefore decided to tender its shares in the Tender Offer. Under the umbrella of Faurecia, Clarion will respond to the competitive environment that is intensifying globally, and to new business opportunities, in the automobile industry, and continue to provide unique added value to customers by strengthening sales and marketing functions and conducting organizational reform of

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product development and sales and service functions.

After the completion of the Tender Offer, Faurecia will actively invest in Clarion's technology and research and development, and maintain and develop Clarion's competitive edge in the field of cockpit electronics*1, as well as contribute to Clarion's further development by realizing synergies through collaboration in Faurecia's other business fields and taking the lead in transforming the company.

Hitachi is globally promoting its Social Innovation Business by utilizing digital technologies, focusing on the business domains of "Power/Energy", "Industry/Distribution/Water", "Urban" and "Finance/Social/ Healthcare". As one "Urban" business, Hitachi is operating the business of automotive equipment and related systems with its wholly owned subsidiary, Hitachi Automotive Systems, Ltd. ("Hitachi Automotive Systems") at the core.

Hitachi and Hitachi Automotive Systems will continue to develop their cooperative relationship with Clarion, aiming further growth in focused fields including autonomous driving. By utilizing the capital obtained through the Tender Offer, Hitachi will accelerate the strengthening of the Social Innovation Business, including mobility areas such as automated driving based on the business' strength in control technology, in an effort to achieve further growth.

Note

*1 "Cockpit electronics" is the control software used for the cockpit and the electronic devices that control the cockpit functions such as infotainment, human-machine interfacing, seat adjustments and temperature control.

2. Outline of Clarion

1. Name	Clarion Co., Ltd.
2. Head Office	7-2 Shintoshin, Chuo-ku, Saitama-shi, Saitama
3. Representative	President & CEO: Atsushi Kawabata
4. Outline of Business	Safety & information systems, cloud-based information network services for vehicles, commercial vehicle drive management systems, car navigation systems, car audio.
5. Capital (as of Mar. 31, 2018)	20,346 million yen
6. Established	December 18, 1940

7. Main Shareholders and Shareholding Ratios (as of Mar. 31, 2018)	Hitachi, Ltd.		63.80%
	Japan Trustee Services Bank, Ltd. (Trust Account)		3.38%
	The Master Trust Bank of Japan, Ltd. (Trust Account)		2.21%
	Credit Suisse Securities (USA) LLC SPCL. FOR EXCL. BEN		1.79%
	Goldman Sachs and Company (Regular Account)		1.71%
	NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)		1.23%
	Chase Manhattan Bank GTS Clients Account Escrow		0.95%
	Japan Trustee Services Bank, Ltd. (Trust Account 5)		0.71%
	BARCLAYS CAPITAL SECURITIES LIMITED A/C CAYMAN CLIENTS		0.66%
	Japan Trustee Services Bank, Ltd. (Trust Account 1)		0.58%
8. Relationship between Hitachi and Clarion	Capital relationship	Hitachi owns 63.80% of the aggregate number of issued shares in Clarion.	
	Personnel relationship	One director of Hitachi's consolidated subsidiary has been appointed Director at Clarion.	
	Transaction relationship	Hitachi has received capital from Clarion based on Hitachi's pooling system.	
	Status as related party	Clarion is a consolidated subsidiary of Hitachi, and is considered a related party.	

3. Outline of the Offeror

1. Name	Hennape Six SAS		
2. Head Office	2, rue Hennape, 92000 Nanterre, France		
3. Representative	President: Nolwenn Delaunay		
4. Outline of Business	Acquisition and management of shares, etc.		
5. Capital (as of October 26, 2018)	10,000 euro (1,301,000 yen)* ²		
6. Established	December 22, 2016		
7. Main Shareholders and Shareholding Ratios (as of October 28, 2018)	Faurecia S.A. 100%		
8. Relationship between Hitachi and the Offeror	Capital relationship	N/A	
	Personnel relationship	N/A	
	Transaction relationship	N/A	
	Status as related party	N/A	

Note

*² Converted at 129.33 Japanese yen to 1 Euro, the exchange rate as of October 22, 2018, which is an average price of the exchange rate of Sumitomo Mitsui Banking Corporation.

4. Number of Shares to be Tendered in the Tender Offer, Transfer Price, and Number of Owned Shares Before and After the Tender Offer*2

1. Number of Owned Shares Before the Tender Offer	35,963,034 shares Number of voting rights: 359,630 (Ratio of voting rights owned: 63.80%)*3
2. Number of Shares to be Subscribed in the Tender Offer	35,963,034 shares Number of voting rights: 359,630 (Ratio of voting rights owned: 63.80%)*3
3. Transfer Price	89.9 billion yen (2,500 yen per share)
4. Number of Owned Shares After the Tender Offer	0*4 (Number of voting rights: 0) (Ratio of voting rights owned: 0.00%)*3

Notes

*3 Clarion consolidated its shares at a ratio of 1 share for every 5 shares of Clarion shares with October 1, 2018 as the effective date. The ratio of voting rights owned described here is the ratio against the number of voting rights (563,640 units) with respect to the number of shares (56,364,034 shares) as calculated by deducting the Adjusted Number of Treasury Shares (184,803 shares) from the Adjusted Aggregate Number of Issued Shares (56,548,837 shares). The Adjusted Aggregate Number of Issued Shares and the Adjusted Number of Treasury Shares mean the aggregate number of issued shares and treasury shares, respectively, as of September 30, 2018, as described in the "Financial Results for the Second Quarter of the Fiscal Year Ending March 2019 [IFRS] (consolidated)" announced by Clarion on October 25, 2018, under the assumption that the share consolidation described above was made as of the beginning of the preceding consolidated fiscal year.

*4 The number of owned shares after the Tender Offer is the number in the event that the Tender Offer is completed. The Offeror has set 37,576,000 shares as the minimum number of shares to be purchased in the Tender Offer. If the total number of shares tendered in the Tender Offer ("tendered share certificates") is less than the minimum number of shares to be purchased, the Offeror will not purchase all tendered shares certificates.

5. Schedule

The Tender Offer is scheduled to commence promptly after the completion of necessary procedures and measures in accordance with Japanese and foreign competition law has been confirmed, and the conditions precedent for commencement of the Tender Offer have been satisfied (or waived by the Offeror). As of today, Hitachi has been informed that the Offeror aims to commence the Tender Offer in January 2019. Further, the Offeror plans to set a period of 20 business days for the Tender Offer.

6. Outlook

In the case that all of Shares to be Sold by Hitachi are sold in fiscal year ending March 2019 (April 1, 2018 to March 31, 2019), Hitachi plans to post an extraordinary gain of approximately 78.0 billion yen in gains on sale of affiliated companies' common shares in its unconsolidated statements of operations for the fiscal year ending March 31, 2019. In addition, Hitachi plans to record a gain on business reorganization and others in the amount of approximately 65.0 billion yen in its consolidated accounts as other income.

About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, delivers innovations that answer society's challenges, combining its operational technology, information technology, and products/systems. The company's consolidated revenues for fiscal 2017 (ended March 31, 2018) totaled 9,368.6 billion yen (\$88.4 billion). The Hitachi Group is an innovation partner for the IoT era, and it has approximately 307,000 employees worldwide. Through collaborative creation with customers, Hitachi is deploying Social Innovation Business using digital technologies in a broad range of sectors, including Power/Energy, Industry/Distribution/Water, Urban Development, and Finance/Social Infrastructure/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;
- uncertainty as to Hitachi's ability to attract and retain skilled personnel;
- 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 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.

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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.
