

News Release

FOR IMMEDIATE RELEASE

Hitachi Receives Order for Electricity Balancing Market System to be Established through Joint Procurement for TEPCO Power Grid, Inc. and Chubu Electric Power Co.

*Contributing to the stable supply of energy
by using the Market Management System solution of ABB*

Tokyo, August 2, 2019 --- Hitachi, Ltd. (TSE: 6501, "Hitachi") today announced that it received an order for the electricity balancing market system ("the system") to be established through joint procurement for TEPCO Power Grid, Inc. ("TEPCO PG") and Chubu Electric Power Co. ("Chubu Electric Power")

The system will serve as a platform that realizes market transactions in the electricity balancing market to be established in April 2021 in order to enable efficient procurement of adjustment capacity contributing to the stable supply of power, and TEPCO PG and Chubu Electric Power are advancing development on behalf of the 10 domestic power companies* that are general transmission and distribution operators. This time, based on a strategic partnership concluded with ABB Ltd. ("ABB") in December 2017, Hitachi will build the system using the ABB's Market Management System solution.

At present, the capacity to store generated power is still technically developing and is difficult; and it is thus necessary to adjust the balance between the supply and demand for electricity consumption (demand) and power plant output (supply). Moreover, to prevent malfunctions in the use of the equipment, it is also necessary that the frequency be kept constant by balancing the demand and supply of power. "The electricity balancing market" is the supply capacity that allows general transmission and distribution operators to finally match supply and demand, and maintain the frequency, and it is to be established as a market for trading "adjustment capacity" to realize stable supply; and the system will function as a platform that supports the base of the new market.

Hitachi has introduced large systems that require close coordination with the system, such as backbone systems for Japanese power companies. ABB has provided number of systems for the supply/demand markets of many countries that have opened such markets of their own, in both Europe and North America. Hitachi will realize and build a smoothly and efficiently operable system by means of the strengths of both companies.

Hitachi concluded a partnership agreement with ABB for software solutions in Japan since December 2017, Hitachi and ABB have been promoting cooperation on multiple solutions including Market Management System, to enable Hitachi to offer solutions to power suppliers responding to the power system reforms using ABB's software. In addition, based on the agreement concluded in December 2018, Hitachi is scheduled to acquire the power grid business company to be spun off from ABB, becoming one of Hitachi's consolidated subsidiaries by the end of the first half of 2020.

Hitachi will respond to the needs of the Japanese power system market for further digitalization, on the basis of the strong partnership built and maintained between us through these mutual efforts.

* Hokkaido Electric Power Co., Inc., Tohoku Electric Power Co., Inc., TEPCO Power Grid, Incorporated, Chubu Electric Power Co., Inc., Hokuriku Electric Power Company, The Kansai Electric Power Company, Incorporated, The Chugoku Electric Power Co., Inc., Shikoku Electric Power Company, Incorporated, Kyushu Electric Power Company, Incorporated, and The Okinawa Electric Power Company, Incorporated.

About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, is focusing on Social Innovation Business combining its operational technology, information technology and products. The company's consolidated revenues for fiscal 2018 (ended March 31, 2019) totaled 9,480.6 billion yen (\$85.4 billion), and the company has approximately 296,000 employees worldwide. Hitachi delivers digital solutions utilizing Lumada in five sectors including Mobility, Smart Life, Industry, Energy and IT, to increase our customer's social, environmental and economic value. For more information on Hitachi, please visit the company's website at <https://www.hitachi.com>.

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.
