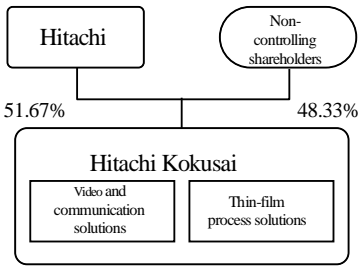
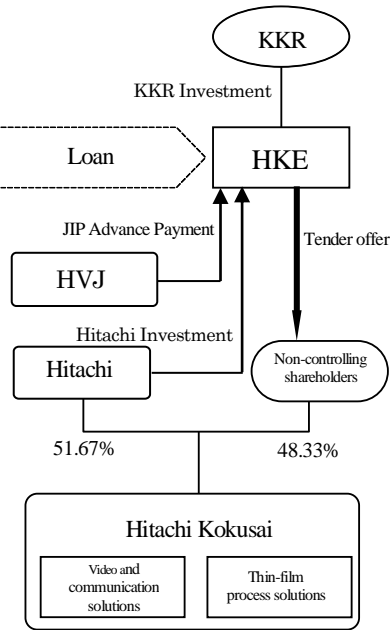
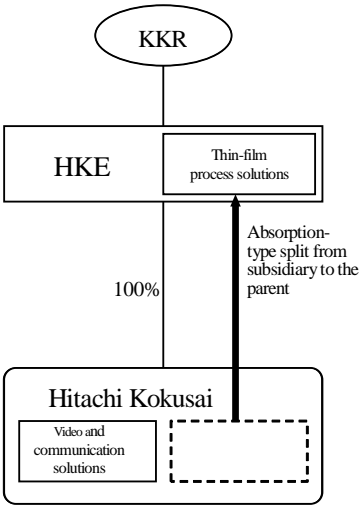
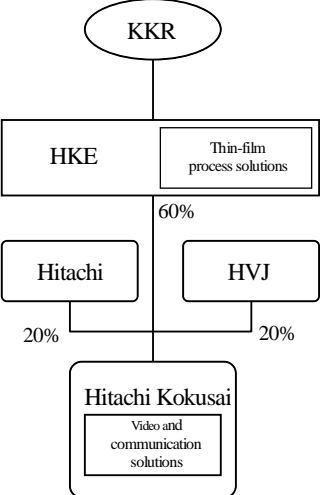


Exhibit : Scheme Diagram of the Transaction

<p>Current Status</p>	 <p>The diagram shows Hitachi (51.67%) and Non-controlling shareholders (48.33%) as owners of Hitachi Kokusai. Hitachi Kokusai is divided into 'Video and communication solutions' and 'Thin-film process solutions'.</p>	<ul style="list-style-type: none"> <li>As of June30, 2017, Hitachi held 51.67% of the total number of issued shares (excluding treasury shares) of Hitachi Kokusai, and non-controlling shareholders held the remaining 48.33%.</li> </ul>
<p>Tender offer by HKE and procurement of necessary funds for settlement of the tender offer</p>	 <p>The diagram illustrates the tender offer process. HKE is the offeror, receiving 'KKR Investment' and a 'Loan'. HKE makes a 'Tender offer' to Hitachi Kokusai. Funds for the offer are procured from: 'JIP Advance Payment' by HVJ, 'Hitachi Investment' by Hitachi, and 'KKR Investment' by KKR. Hitachi Kokusai remains owned by Hitachi (51.67%) and Non-controlling shareholders (48.33%).</p>	<ul style="list-style-type: none"> <li>A limited liability company (<i>godo kaisha</i>) (“HKE”), which has been incorporated to acquire and own Hitachi Kokusai shares through the Tender Offer and to control the business activities of Hitachi Kokusai after the Tender Offer, will conduct the Tender Offer to purchase all of Hitachi Kokusai shares, except for the Hitachi shares and the treasury shares held by Hitachi Kokusai.</li> <li>The funds used for the settlement of the Tender Offer will be obtained from: a part of Debt Financing, the KKR Investment by KKR, the First JIP Advance Payment by HVJ and the First Hitachi Investment in the Offeror by Hitachi.</li> </ul>

<p>Squeeze-out by HKE through share consolidation</p> <p>Capital reduction by Hitachi Kokusai in order to increase the distributable funds for share repurchase</p>	<ul style="list-style-type: none"> <li>■ 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 early and mid-March 2018 with approval at an extraordinary shareholders' meeting after successful completion of the Tender Offer.</li> <li>■ The acquisition price for the total number of fractional Hitachi Kokusai shares resulting from the Share Consolidation will be funded by a portion of the Debt Financing and a portion of the Second Hitachi Investment.</li> <li>■ In order for Hitachi Kokusai to increase the distributable amount needed for the acquisition of its shares held by Hitachi, it is anticipated that Hitachi Kokusai's capital and statutory capital reserve will be reduced (Capital Reduction). The Capital Reduction is expected to be resolved at a shareholders' meeting to be held after the completion of the Share Consolidation and after Hitachi and HKE become the only shareholders of Hitachi Kokusai.</li> </ul>
<p>Hitachi Kokusai's Share Repurchase from Hitachi</p> <p>Provision of a bridge loan by HKE to Hitachi Kokusai</p>	<ul style="list-style-type: none"> <li>■ After the completion of the Tender Offer, the Share Consolidation and the Capital Reduction, Hitachi Kokusai will acquire all of the Hitachi Kokusai shares held by Hitachi. (Share Repurchase).</li> <li>■ Immediately after the Share Repurchase by Hitachi Kokusai, HKE will provide a loan to Hitachi Kokusai (Bridge Loan), and Hitachi Kokusai will pay to Hitachi transfer price for the Share Repurchase.</li> </ul>

<p>Absorption-type split of the thin-film process solutions business of Hitachi Kokusai with HKE being the succeeding entity</p>	 <ul style="list-style-type: none"> <li>■ Following the Tender Offer, the Share Consolidation, and the Share Repurchase, an absorption-type company split of the thin-film process solutions business of Hitachi Kokusai will be carried out, with HKE (which is the parent entity) as the succeeding entity.</li> </ul>
<p>HKE's partial transfer of Hitachi Kokusai shares to Hitachi and HVJ</p>	 <ul style="list-style-type: none"> <li>■ Through HKE's Partial Share Transfer (Hitachi) to Hitachi, Hitachi will continue to have a capital relationship with Hitachi Kokusai, which will operate only the video and communication solutions business.</li> <li>■ A series of transactions, including HKE's partial transfer of Hitachi Kokusai shares to each of Hitachi and HVJ, is expected to be completed by sometime between late April and early May 2018.</li> </ul>

This document has been translated from Japanese-language original for reference purpose only. While this English translation is believed to be generally accurate, if there is any inconsistency between the English translation and the Japanese documentation, the Japanese documentation will prevail.