FOR IMMEDIATE RELEASE

Notification of Tender of Shares of Subsidiary in Tender Offer, and Recognition of Extraordinary Gain on Unconsolidated Basis and Other Income on Consolidated Basis

Tokyo, December 18, 2019 --- Hitachi, Ltd. (TSE: 6501, "Hitachi") today announced that it has executed a tender offer agreement (the "Agreement") with Showa Denko K.K. (TSE: 4004, "Showa Denko") and HC Holdings K.K. (the "Offeror"), a wholly-owned subsidiary of Showa Denko, under which Hitachi agrees to tender all shares of common stock in Hitachi Chemical Company, Ltd. (TSE: 4217, "Hitachi Chemical") 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 Hitachi Chemical, a consolidated subsidiary of Hitachi.

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

1. Reasons for the execution of the Agreement

Hitachi Chemical is currently engaged in the manufacturing, processing, and sale of functional materials(1) as well as advanced components and systems. Hitachi Chemical has been challenging growing areas while historically and consistently having the DNA of a "technological innovation company" and has achieved sustainable growth by creating high value-added "performance products" based on the basic technology consisting of materials technology, process technology, and evaluation technology.

Showa Denko Group, which engages in the petrochemical, chemicals, electronics, inorganics(2), and aluminum businesses in Japan and overseas, pursuing business model innovation in order to become a "solution provider beyond the manufacturing industry."

In the markets for high performance products which Hitachi Chemical is involved in, the functions demanded by the customers change within a short term, and existing products and technologies face more intensifying competition. Hitachi came to the conclusion that the merger between Hitachi Chemical and Showa Denko would further accelerate their growth strategy because there is a commonality in the management policies and business strategies of Hitachi Chemical, which aims to become a "global

top high functional material manufacturer with a strong presence by creating functions and providing solutions," and those of Showa Denko, which aims to become a "solution provider beyond the manufacturing industry," and therefore Hitachi decided to tender its shares in the Tender Offer.

Going forward, Hitachi Chemical and Showa Denko aim to quickly and flexibly propose solutions to the sophisticated and diverse demands of end users, thereby solidifying their position as a "one-stop, advanced materials partner."

Hitachi is aiming to contribute to improving people's Quality of Life, and to increasing our customer's social, environmental and economic values through providing digital solutions utilizing Lumada in five sectors including Mobility, Smart Life, Industry, Energy and IT. Hitachi will aim to achieve further growth by utilizing the transaction proceeds and focusing management resources onto Social Innovation Business leveraging digital technologies.

(1) "Functional materials" refer to products mainly in Hitachi Chemical's information and communication-related area, such as electronic materials, wiring board materials, and electronic components. On the other hand, "high functional materials" refer to products that consist of a wide range of organic and inorganic material technologies and create high "function" to solve customers' tasks (functional material, and advanced components and systems).
(2) Specifically, "inorganics business" deals with ceramics products such as polishing agent, abrasive material, and fire-resistant material, graphite electrodes for electric steel furnace, high performance carbon products, and the like.

2. Outline of Hitachi Chemical

1. Name	Hitachi Chemical Company, Ltd.		
2. Head Office	1-9-2, Marunouchi, Chiyoda-ku, Tokyo		
3. Representative	President & CEO: Hisashi Maruyama		
4. Outline of Business	Manufacturing, processing, and sales of functional materials and advanced components and systems		
5. Capital (as of September 30, 2019)	15,454 million yen		
6. Established	October 10, 1962		
7. Major Shareholders and Shareholding Ratios(3) (as of September 30, 2019)	Hitachi, Ltd.		51.24%
	Goldman Sachs and Company (Regular Account)		5.89%
	Credit Suisse Securities (Japan), Ltd.		3.74%
	Japan Trustee Services Bank, Ltd. (Trust Account)		2.65%
	Goldman Sachs International		2.08%
	The Master Trust Bank of Japan, Ltd. (Trust Account)		1.94%
	State Street Bank and Trust Company 510312		1.78%
	State Street Bank and Trust Company 510311		1.50%
	The Bank of New York GCM Client Account JPRD ISG (FE-AC)		1.37%
	Japan Trustee Services Bank, Ltd. (Trust Account 7)		1.02%
8. Relationship between Hitachi and Hitachi Chemical	Capital relationship	Hitachi owns 51.36% (of which 0.12% is held indirectly) of the total number of shares (excluding treasury stock) issued by Hitachi Chemical.	
	Personnel relationship	One executive officer of Hitachi has been appointed Director at Hitachi Chemical.	
	Transaction relationship	Hitachi Chemical sells electronic parts, molding products and energy storage devices and systems, etc. to Hitachi.	
	Status as related party	Hitachi Chemical is a consolidated subsidiary of Hitachi, and is considered a related party.	

9. Consolidated financial conditions and business results for the past three years

Fiscal year	FY2016	FY2017	FY2018
Total equity attributable to owners of the parent (million yen)	375,001	400,383	420,095
Total assets (million yen)	609,155	701,163	708,659
Total equity attributable to owners of the parent per share (yen)	1,800.91	1,922.85	2,017.54
Revenues (million yen)	554,144	669,234	681,025
Operating income (million yen)	53,152	46,219	36,353
Net income attributable to owners of the parent (million yen)	40,186	36,324	28,723
Net income per share (yen)	192.99	174.45	137.94
Dividend per share (yen)	55.00	60.00	60.00

(3) Major Shareholders and Shareholding Ratios (as of September 30, 2019) are based on “Status of Major Shareholders” in the 71st Second Quarterly Report submitted by Hitachi Chemical on November 12, 2019.

3. Outline of the Offeror

1. Name	HC Holdings K.K.	
2. Head Office	13-9, Shiba Daimon 1-Chome, Minato-ku, Tokyo	
3. Representative	Representative Director: Eishi Wakutsu	
4. Outline of Business	The purpose of the company is to engage in the following activities and to control and manage the business activities of companies by owning the shares or equity interests of such companies which engage in the following business activities: 1. Manufacturing and sale of electrical insulating materials and electrical equipment; 2. Manufacturing and sale of electronic materials and electronic components; 3. Manufacturing and sale of batteries, capacitors, and their applied products; 4. Manufacturing and sale of synthetic resins, other organic chemical products, their applied and processed products, and environmental equipment; 5. Manufacturing and sale of housing equipment and building materials; 6. Manufacturing and sale of ceramic industrial products, carbon products, other inorganic chemical products, and their applied products; 7. Manufacturing and sale of pharmaceuticals and medical devices; 8. Manufacturing and sale of powdered metallurgy, special metals and their applied products; 9. Design, execution, supervision, and contracting for electrical works, telecommunication works, equipment installation works, civil engineering works, steel structure works, and other construction works; and 10. Any other business activities related to each of the preceding items.	
5. Capital (as of December 18, 2019)	1 yen(4)	
6. Established	December 9, 2019	
7. Main Shareholders and Shareholding Ratios (as of December 18, 2019)	Showa Denko K.K.: 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

(4) Subject to (I) the submission of the materials for conditions precedent, (II) the absence of reasons for insolvency, (III) the opening and maintenance of certain bank accounts, (IV) the execution and maintenance of related agreements, (V) the absence of any material breach of representations and warranties, (VI) the absence of any material breach of duties, (VII) the absence of certain reasons for purchase demands, (VIII) the confirmation of the successful completion of the Tender Offer and other certain matters regarding the Tender Offer, (IX) the fact that Showa Denko is a wholly-owning parent company of the Offeror, (X) the lack of change of the business plan submitted to investors, (XI) the lack of change of the transaction structure for making Hitachi Chemical a wholly-owned subsidiary of the Offeror, (XII) the investment by Showa Denko to be implemented by a certain date, (XIII) the certainty of implementation of the borrowing up to 400 billion yen from Mizuho Bank, Ltd. ("Mizuho Bank"), (XIV) the certainty of the absence, repayment, and dissolution of existing borrowings, existing commitment lines,

existing security rights, guarantees, etc. in Hitachi Chemical Group (other than certain borrowings, etc.), (XV) the change of the articles of incorporation of the Offeror and the implementation of other internal procedures necessary for issuing preferred shares, and (XVI) other matters specified in investment contracts regarding preferred shares, the Offeror is scheduled to obtain investments of up to 185 billion yen from Mizuho Bank by the subscription of Class A preferred shares, up to 90 billion yen from Development Bank of Japan Inc. by the subscription of Class A preferred shares, by one or two business days before the settlement commencement date of the Tender Offer (the "Settlement Commencement Date"), and subject to the implementation of a loan of up to 295 billion yen from Mizuho Bank to Showa Denko, the Offeror is also scheduled to obtain investments of up to 295 billion yen from Showa Denko by the subscription of common shares by two or three business days before the Settlement Commencement Date, resulting in a total amount of up to 570 billion yen. As a result, the amount of stated capital of the Offeror is estimated to increase by up to 570 billion yen.

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

1. Number of Owned Shares Before the Tender Offer	106,699,955 shares Number of voting rights: 1,066,999 (Ratio of voting rights owned: 51.29%)(5)
2. Number of Shares to be Subscribed in the Tender Offer	106,699,955 shares Number of voting rights: 1,066,999 (Ratio of voting rights owned: 51.29%)(5)
3. Transfer Price	approx. 494 billion yen (4,630 yen per share)
4. Number of Owned Shares After the Tender Offer	0(6) Number of voting rights: 0 (Ratio of voting rights owned：0.00%)(5)

(5) The ratio of voting rights owned described here is the ratio against the number of voting rights (2,080,245 units) as of September 30, 2019, stated in the 71st Second Quarterly Report submitted by Hitachi Chemical on November 12, 2019.

(6) The number of owned shares after the Tender Offer is the number in the event that the Tender Offer is completed. In the Tender Offer, the minimum number of shares to be purchased is set at the number equivalent to the two-thirds (any fraction to be rounded up to the nearest single digit) of the number of voting rights in connection with the number of shares, which is obtained by deducting the number of treasury shares owned by Hitachi Chemical from the total number of outstanding shares, multiplied by 100 shares, which constitutes one unit of Hitachi Chemical. If the total number of shares certificates, etc. tendered to the Tender Offer (the "Tendered Share Certificates") is less than the minimum number of shares to be purchased, the Offeror will not purchase any of the Tendered Share 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 around February 2020. 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 2020 (April 1, 2019 to March 31, 2020), Hitachi plans to post an extraordinary gain of approximately 478.0 billion yen in gains on sale of affiliated companies' common shares in its unconsolidated statements of operations for the fiscal year ending March 31, 2020. In addition, Hitachi plans to record a gain on business reorganization and others in the amount of approximately 278.0 billion yen in its consolidated accounts as other income.

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.

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.