

**FOR IMMEDIATE RELEASE**

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## **Hitachi Received Notice of Request for Arbitration**

**Tokyo, August 22, 2017** --- Hitachi, Ltd. (TSE: 6501, "Hitachi") today announced that it has received the notice of the request for arbitration which was filed against Hitachi as follows.

### **1. Circumstances and Arbitration Claim**

#### **(1) Circumstances**

As announced in the news releases on May 9, 2016 and February 8, 2017, Hitachi has been discussing with Mitsubishi Heavy Industries, Ltd. ("MHI") a transfer price adjustment related to the boiler construction projects (the "Projects") in the Republic of South Africa conducted by Mitsubishi Hitachi Power Systems, Ltd., the joint venture company that integrated the respective thermal power generation system businesses of MHI and Hitachi. However, MHI claimed against Hitachi to make payments including part of amount to adjust business transfer price, etc. in connection with the Project (collectively, the "Transfer Price Adjustment") on March 31, 2016 and MHI subsequently increased its claim amount for the Transfer Price Adjustment on January 31, 2017.

With regard to such claims, Hitachi responded to MHI that its claims lack legal grounds under any agreement and therefore they are unacceptable for Hitachi, and Hitachi has continued discussions with MHI. On August 21, 2017, however, Hitachi has received from the Japan Commercial Arbitration Association (the "JCAA") the notice stating that MHI filed the request for arbitration with the JCAA in order to claim for payment of the Transfer Price Adjustment against Hitachi. The arbitration proceedings will be conducted in accordance with the Commercial Arbitration Rules of JCAA under the laws of Japan in Tokyo.

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## **(2) Arbitration Claim**

In the arbitration claim, MHI claims against Hitachi to pay ZAR 90,779 million (approximately 774.3 billion yen when converted at a rate of 8.53 yen to 1 ZAR) as the Transfer Price Adjustment.

## **2. Overview of Claimant**

(1) Name of Claimant: Mitsubishi Heavy Industries, Ltd.

(2) Address: 16-5, Konan 2-chome, Minato-ku, Tokyo 108-8215, Japan

(3) Representative of Claimant: President and CEO, Shunichi Miyanaga

## **3. Outlook**

Hitachi cannot accept such claim by MHI since the claim lacks legal grounds under any agreement. Hitachi will seriously address the arbitration, showing facts and explaining legal grounds in the arbitration proceedings.

Hitachi has prepared its accounting properly based on reasonable estimates in light of how the discussion regarding the Projects has been going on.

### **About Hitachi, Ltd.**

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, delivers innovations that answer society's challenges. The company's consolidated revenues for fiscal 2016 (ended March 31, 2017) totaled 9,162.2 billion yen (\$81.8 billion). The Hitachi Group is a global leader in the Social Innovation Business, and it has approximately 304,000 employees worldwide. Through collaborative creation, Hitachi is providing solutions to customers in a broad range of sectors, including Power / Energy, Industry / Distribution / Water, Urban Development, and Finance / Government & Public / 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;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- 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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