



February 15, 2018

To all parties concerned

Company Name: Hitachi Kokusai Electric Inc.
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Announcement of the Shareholder Approval of the Share Consolidation and a Partial Amendment to the Articles of Incorporation

As announced in the press release issued by the Company on January 17, 2018, titled “Announcement of Holding an Extraordinary General Meeting of Shareholders Regarding Share Consolidation and a Partial Amendment to the Articles of Incorporation” (the “January 17, 2018 Press Release”), the Company proposed Agenda Item 1 “Share Consolidation” and Agenda Item 2 “Partial Amendment to the Articles of Incorporation” to the extraordinary general meeting of shareholders held today (the “Extraordinary Shareholders’ Meeting”), and both agenda items were approved and passed as proposed, and therefore the Company hereby announces as follows.

This results in the shares of common stock of the Company (the “Company Shares”) meeting the delisting criteria prescribed in the Securities Listing Regulations of Tokyo Stock Exchange, Inc. (the “TSE”). As a result, the Company Shares are expected to be delisted on March 9, 2018 after being designated as stock to be delisted during the period from today to March 8, 2018. The Company Shares may not be traded on the TSE after the delisting.

1. Agenda Item 1 (Share Consolidation)

The Company obtained shareholders’ approval of a share consolidation (the “Share Consolidation”) with the following content at the Extraordinary Shareholders’ Meeting.

① Class of shares to be consolidated
Common shares

② Ratio of consolidation
17,690,043 Company Shares held by the shareholders entered or recorded in the latest shareholder register as of March 13, 2018 will be consolidated into one share as of March 14, 2018

(scheduled.)

- ③ Decrease in the total number of issued shares
102,695,651 shares
- ④ Total number of issued shares before the Share Consolidation takes effect
102,695,656 shares
(Note) Because the Company has resolved, at its Board of Directors meeting held on January 17, 2018, to cancel 2,525,603 treasury shares on March 13, 2018, the “Total number of issued shares before the Share Consolidation takes effect” represents the total number of issued shares after such cancellation.
- ⑤ Total number of issued shares after the Share Consolidation takes effect
5 shares
- ⑥ Total number of authorized shares as of the effective date
20 shares
- ⑦ Method of handling of fractions less than one share, and amount of money expected to be delivered to the shareholders as a result of the handling of fractions

Due to the Share Consolidation, it is expected that the number of the Company Shares to be held by each of the shareholders other than HKE Holdings K.K. (Note) (“HKE Holdings”) and Hitachi, Ltd. (“Hitachi”) will be a fraction less than one share.

With respect to a fraction less than one share arising from the Share Consolidation, the Company will sell the shares equivalent to the total number of such fractional shares (with such aggregate sum rounded down to the nearest whole number), and deliver the proceeds from such sale to the shareholders who hold less than one share in accordance with such fraction. Upon such sale, the Company intends to sell the shares to HKE Holdings with permission from a court in accordance with the provisions of Article 234, paragraph 2 of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the “Companies Act”) which applies mutatis mutandis to Article 235, paragraph 2 of the Companies Act, or to purchase the shares with permission from a court in accordance with the provisions of Article 234, paragraphs 2 and 4 of the Companies Act.

If the permission is obtained from a court as planned and described as above, the Company plans to set the sale price at such price that the shareholders entered or recorded in the latest shareholder register of the Company as of March 13, 2018, the day immediately preceding the effective date of the Share Consolidation, will receive the amount equal to the number of the Company Shares held by them, multiplied by ¥3,132, which is equal to the purchase price per Company Share in the tender offer (the “Tender Offer”) for the Company Shares conducted by HKE Holdings during the tender offer period of October 12, 2017 through December 8, 2017. However, if the court permission is not obtained, if it is necessary to adjust fractions in calculation or other events occur, then the amount to be actually delivered may be different from the amount described above.

(Note) HKE Holdings was established on February 2, 2017 as a limited liability company (*godo kaisha*) under the laws of Japan with the primary goal of controlling and managing the business activities of the Company following the completion of the Tender Offer, through which HKE Holdings would acquire and hold the Company Shares. According to HKE Holdings, all equity interests in HKE Holdings are owned by KKR HKE Investment L.P., a limited partnership established under the laws of the Cayman Islands on February 2, 2017, which is indirectly held and operated by Kohlberg Kravis Roberts & Co. L.P. (including its affiliates and other related entities.) HKE Holdings changed its company form from a *godo kaisha* to a stock company (*kabushiki kaisha*) on December 13, 2017.

2. Agenda Item 2 (Partial Amendment to the Articles of Incorporation)

The Company obtained the shareholders' approval of the following partial amendment to the Articles of Incorporation at the Extraordinary Shareholders' Meeting. The details of the amendment are as specified in the January 17, 2018 Press Release.

Due to the Share Consolidation, the Articles of Incorporation will be deemed to have been amended to decrease the total number of authorized shares of the Company to 20 shares on March 14, 2018, the effective date of the Share Consolidation. In order to clarify the above by providing for as such in the terms of the Articles of Incorporation, Article 6 of the Articles of Incorporation (Total Number of Authorized Shares) will be amended subject to the effectuation of the Share Consolidation.

If the Share Consolidation takes effect, the total number of issued shares of the Company will be 5 shares, and it will no longer be necessary to provide for the share unit number. Therefore, subject to the effectuation of the Share Consolidation, the provisions of Article 7 (Number of Shares Constituting One Unit) and Article 8 (Rights of Shareholders Holding Shares Less Than One Unit) of the Articles of Incorporation will be entirely deleted in order to abolish the provisions relating to the share unit number, which is currently provided for as 100 shares, and the remaining provisions will be renumbered accordingly.

The amendments above will take effect on March 14, 2018, the effective date of the Share Consolidation, on the condition that the Share Consolidation takes effect.

3. Schedule of the Share Consolidation

① Extraordinary Shareholders' Meeting	February 15, 2018
② Designation as Stock to be Delisted	February 15, 2018
③ Last trading date of the Company Shares	March 8, 2018
④ Delisting date of the Company Shares	March 9, 2018
⑤ Effective date of the Share Consolidation	March 14, 2018

End