



FOR IMMEDIATE RELEASE

**Hitachi Industrial Equipment Systems and Soe Electric & Machinery
Complete Formal Contract to Establish
Transformer Joint Venture in Myanmar**

*Contribute to Myanmar's power infrastructure through merging
Hitachi's transformer technologies and SEM's business base*

Tokyo, July 7, 2015 ---Hitachi Industrial Equipment Systems Co., Ltd. ("HIES") and Soe Electric & Machinery Co., Ltd. ("SEM") today announced that they have completed a formal contract for the establishment of a joint venture company handling power and distribution transformers in the Republic of the Union of Myanmar ("Myanmar"). HIES and SEM have been involved in technical collaborations related to amorphous transformers*¹ since 2012 and have formed a cooperative relationship in the field of engineering. They agreed to establish the joint venture company in order to further strengthen this collaborative relationship. The name of the new company will be Hitachi Soe Electric & Machinery Co., Ltd. ("Hitachi SEM"). Hitachi SEM will take over SEM's transformer business, and will undertake the design, manufacture, sales, installation, and maintenance of power transmission and distribution equipment in Myanmar, with a particular focus on transformers. HIES and SEM will apply to the Myanmar Investment Commission for investment authorization, and will aim for the startup of business operations by March 31, 2016.

The electric power demand in Myanmar has been increasing rapidly in the backdrop of economic development in recent years, and it is considered a major issue to establish power infrastructures to support this demand. Because power shortages are a serious hindrance to industrial development, Myanmar is currently focusing efforts on putting in place power generation facilities as well as power transmission and distribution networks. This has led to an increased demand for power transformation and distribution facilities, including high-quality transformers that support the stable supply of electric power.

Through establishing Hitachi SEM, HIES and SEM will combine SEM's strong business base in Myanmar with HIES's transformer design and manufacturing technologies to enhance the product lineup and expand market share by further strengthening the business, while at the same time promoting the rollout of export business targeting ASEAN countries close to Myanmar. In addition, by enhancing design and manufacturing capabilities for power transformers, they will strive to increase the ratio of local production in Myanmar for these transformer products, many of which are currently being imported from overseas.

HIES and SEM will contribute to putting in place reliable electric power infrastructures in Myanmar.

*1 Amorphous transformers: Transformers that use amorphous alloys in the steel core, which is wrapped in a coil that carries the electricity. Amorphous transformers can dramatically reduce standby power consumption compared to conventional transformers that use silicon sheets, thereby increasing power distribution efficiency.

Outline of Hitachi SEM

Corporate Name	Hitachi Soe Electric & Machinery Co., Ltd.
Head Office	Yangon, Myanmar
Capital	USD 45,000,000 (Investment ratio: Hitachi Group: 51%; SEM: 49%) (tentative)
President	To be announced
Outline of business	Design, manufacture, sales, installation, and maintenance of power and distribution transformers and other products
Number of employees	Approximately 400 (at the time of establishment)



SEM's Yangon Plant

About Hitachi Industrial Equipment Systems Co., Ltd.

HIES, established in 2002, is a 100% subsidiary of Hitachi, Ltd. It is involved in manufacturing, sales, service, and system solutions encompassing a wide range of industrial electrical equipment, including industrial motors, which were the original products offered by the Hitachi Group more than 100 years ago. In the transformer business, HIES holds a substantial share of the Japanese market for power distribution transformers, and is actively promoting overseas rollout through collaborations with local transformer manufacturers; for example, in 2009, it established a joint venture in China. For details, please refer to <http://www.hitachi-ies.co.jp/english>.

About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, delivers innovations that answer society's challenges with our talented team and proven experience in global markets. The company's consolidated revenues for fiscal 2014 (ended March 31, 2015) totaled 9,761 billion yen (\$81.3 billion). Hitachi is focusing more than ever on the Social Innovation Business, which includes power & infrastructure systems, information & telecommunication systems, construction machinery, high functional materials & components, automotive systems, healthcare and others. For more information on Hitachi, please visit the company's website at <http://www.hitachi.com>.

About Soe Electric & Machinery Co., Ltd.

SEM, established in 1993, is a major power and distribution transformer manufacturer, with its Head Office in Yangon, Myanmar. SEM designs, manufactures, sells, installs, and maintains transformers, switchgears and other electrical products. SEM holds a large share of the Myanmar market for distribution transformers in particular. SEM acquires ISO 9001:2008 QMS in 2010. SEM is the first electrical transformer company which acquires ISO 14001: 2004 EMS in 2013. SEM has been certified by KEMA Laboratories since 2013, a world renowned transformer certification organization in the Netherlands, and continues to make efforts to improve services for customers, for example by manufacturing amorphous transformers through technical collaborations with Hitachi Industrial Equipment Systems Co., Ltd. For details, please refer to <http://www.soeelectric.com>.

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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.
