

**Final Agreement and Contract Concluded for  
Acquisition of Linear Shares**  
Expanding Broadcasting Equipment Business to South America

Tokyo, September 29, 2011 - - - - Hitachi Kokusai Electric Inc. (TSE: 6756; “Hitachi Kokusai”) has reached a final agreement to acquire 100% shareholding in the Brazilian broadcast transmitter manufacturer Linear Equipamentos Eletrônicos S/A (Minas Gerais, Brazil; “Linear”) via Hitachi Kokusai’s Brazilian subsidiary Hitachi Kokusai Brasil Produtos e Servicos Eletricos Ltda. (Amazonas, Brazil; “HKB”).

This transaction is a friendly acquisition with the understanding that both companies will mutually develop the business going forward. Hitachi Kokusai Linear Equipamentos Eletrônicos S/A (“HKL”), a new company resulting from the acquisition, will make maximum use of each company’s strengths to expand their business in the broadcast transmitter market in Brazil, which is undergoing rapid economic growth.

Linear’s four current owners will continue to work with Hitachi Kokusai to develop the business.

**1. Background and purpose of the acquisition**

Hitachi Kokusai has been conducting market surveys and analysis, for the purpose of further developing its global business, focusing on the countries of South America where the Japanese broadcasting standard is being adopted and used, with regard to its terrestrial digital broadcasting equipment for video and wireless networks. Based on this research, Hitachi Kokusai has been negotiating with Linear, the largest Brazilian broadcast transmitter manufacturer, to develop a joint business as a means of entering the broadcast transmitter market in Brazil, which is undergoing rapid economic growth, and a basic agreement was reached in August for Hitachi Kokusai’s acquisition of a majority of Linear’s shares by early October.

Linear has technologies related to the design and manufacturing of both analog and digital transmitters, and with a full product lineup, has a solid sales record in the Brazilian domestic market. Linear is also looking to expand its business to other countries in South America and to Africa. By supplementing Linear’s lineup with the digital technologies, design and

manufacturing expertise, and reliability that Hitachi Kokusai has developed in the Japanese domestic market, the two companies will be able to supply broadcasters in Brazil and other countries with high-quality, competitively priced transmitters.

Brazil's digital broadcast transmitter market is expected to grow to more than ¥50 billion during the five years to 2016, when the full conversion to terrestrial digital broadcasting is made. Going forward, HKL aims to achieve the top share in the Brazilian digital broadcast transmitter market.

In Brazil, some major events are scheduled to take place, including the 9<sup>th</sup> FIFA Confederations Cup in 2013, the FIFA World Cup Brazil in 2014, and the Summer Olympics scheduled to be held in Rio de Janeiro in 2016. HKL will supply the market with high value-added transmitters in a timely manner, while at the same time building a structure that can comprehensively supply cameras, digital microwave link, and other broadcasting equipment. HKL will also use Brazil as a base for aggressive global development in countries around the world where the Japan's terrestrial digital broadcasting standard is adopted.

## **2. Overview of companies being acquired**

### **1) HKB**

In addition to being the holding company for Linear, HKB intends to offer broadcast camera business consulting services, and for this reason in September 2011 Hitachi Kokusai acquired 100% of the shares of Primotech21 Industria e Comercio de Componentes Ltda. (Amazonas, Brazil), an importer and seller of terrestrial digital measuring equipment and electronic components for broadcasters. Having become a subsidiary of Hitachi Kokusai, the company changed its trade name following the acquisition.

(1) Name	Hitachi Kokusai Brasil Produtos e Servicos Eletricos Ltda.
(2) Location	Manaus, State of Amazonas, Federative Republic of Brazil
(3) Representative	Katsuki Nishioka, President (Senior General Advisor, South America Business Promotion Office, Hitachi Kokusai, previously Director President, Brazil and Argentina Branch, Hitachi Ltd.)
(4) Businesses	Holding company, broadcast camera business consulting
(5) Capital	R\$500,000 (approx. ¥22 million)
(6) Established	2003

Note: Conversions are calculated at a rate of ¥45.0/R\$, with amounts of less than one million yen disregarded.

## **2) Linear**

(1) Name	Linear Equipamentos Eletrônicos S/A
(2) Location	Santa Rita do Sapucaí, State of Minas Gerais, Federative Republic of Brazil
(3) Representative	Jose de Souza Lima, President
(4) Businesses	Manufacturing, sales, and maintenance of electronic equipment (primarily broadcast-use transmission equipment)
(5) Capital	R\$8,734,000 (approx. ¥393 million)
(6) Established	1977
(7) Employees	320
(8) Number of shares issued	10,000,000
(9) Major shareholders	Four current owners (100%)
(10) Most recent financial results	
Fiscal year ended	December 2010
Net assets	R\$ 33,733,344 (approx. ¥1,518 million)
Total assets	R\$ 54,812,793 (approx. ¥2,466 million)
Sales	R\$ 42,470,170 (approx. ¥1,911 million)

Note: Conversions are calculated at a rate of ¥45.0/R\$, with amounts of less than one million yen disregarded.

## **3. Schedule**

(1) Conclusion of final agreement and contract	September 27, 2011 (September 28 Japan time)
(2) Delivery of share certificates	October 3, 2011 (October 4 Japan time; tentative)

## **4. Business management going forward**

Hitachi Kokusai intends to dispatch five directors (four full-time directors, one part-time director) to HKL.

Linear's four current owners will continue to work with Hitachi Kokusai to expand HKL's business by participating in HKL's management, with one serving as director and officer and the other three serving as officers.

## **5. Overview of HKL**

(1) Name	Hitachi Kokusai Linear Equipamentos Eletrônicos S/A
(2) Location	Santa Rita do Sapucaí, State of Minas Gerais, Federative Republic of Brazil
(3) Representative	Shigeru Kimura, Chairman of the Board and CEO (Executive Officer, responsible for South America business promotion, Hitachi Kokusai)
(4) Businesses	Manufacturing, sales, and maintenance of electronic equipment (primarily broadcast-use transmission equipment)
(5) Capital	R\$8,734,000 (approx. ¥393 million)
(6) Employees	320

Note: Conversions are calculated at a rate of ¥45.0/R\$, with amounts of less than one million yen disregarded.

## **6. Impact on financial results**

The impact of this transaction on the consolidated financial statements for the fiscal year ending March 31, 2012, is currently being determined. We intend to include any impact in the Consolidated Statements Forecasts of the Consolidated Financial Statements for the Six Months Ending September 30, 2011, scheduled for release in October 2011.