

FOR IMMEDIATE RELEASE

**Hitachi Kokusai Reaches Basic Agreement on
Acquisition of Shares of Linear of Brazil**
Expanding Broadcasting Equipment Business to South America

Tokyo, August 24, 2011 - - - - Hitachi Kokusai Electric Inc. (TSE: 6756; “Hitachi Kokusai”) has reached a basic agreement with the Brazilian broadcast transmitter manufacturer Linear Equipamentos Eletrônicos S/A (Minas Gerais, Brazil; “Linear”) to acquire a majority of Linear’s shares by early October 2011 for the purpose of developing a terrestrial digital broadcasting equipment business in South America. Negotiations are proceeding, with both parties targeting the conclusion of a final agreement by September 30.

1. Background 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 business 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.

Linear has reliable 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 full conversion to terrestrial digital broadcasting is scheduled to take place in 2016, but with the FIFA World Cup scheduled to be held in Brazil in 2014 and the Summer Olympics scheduled to be held in Rio de Janeiro in 2016, this basic agreement was reached for the timely supply to the market of high value-added products and to quickly build a structure that can comprehensively supply cameras, digital microwave link, and other broadcasting equipment.

2. Overview of 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. ¥436 million)
(6) Established	1977
(7) Most recent financial results	
Fiscal year ended	December 2010
Sales	R\$42,470,170 (approx. ¥2,123 million)

Note: Conversions are calculated at a rate of ¥50.0/R\$, with amounts of less than one million yen disregarded.