

**FOR IMMEDIATE RELEASE**

## **Hitachi Announces the Reorganization of the System Solutions Business through Company Split**

**Tokyo, September 2, 2014** --- Hitachi, Ltd. (TSE: 6501, "Hitachi") today announced that it will reorganize the system solutions business, with the aim of optimizing its business structure to drive further growth in the Hitachi Group's information & telecommunication systems business.

Specifically, on April 1, 2015, Hitachi will succeed the system solutions business in the social infrastructure, financial, and government & public sectors in Hitachi Solutions, Ltd. ("Hitachi Solutions") and integrate such businesses to the Information & Telecommunication Systems Company, one of Hitachi's in-house companies, through an absorption-type company split (the "Company Split"). Prior to the Company Split, on October 1, 2014, Hitachi will integrate part of the information systems business of the Infrastructure Systems Company, which is another Hitachi's in-house company, to the Information & Telecommunication Systems Company. Through these measures, Hitachi will establish an integrated operation structure by pooling the resources of the system solutions business in the social infrastructure, financial, and government & public sectors. Hitachi will strengthen its ability to propose solutions in the Social Innovation Business as it strives to improve its profitability, with the aim of attaining the management targets set forth in the 2015 Mid-term Management Plan.

Certain disclosures and details have been omitted as this transaction is an absorption-type company split transferring businesses from a wholly-owned subsidiary to Hitachi.

### **1. Purpose of the Company Split**

In recent years, there has been a need to develop next-generation social infrastructure systems utilizing IT in order to realize a sustainable society. For example, in the social infrastructure sector, demand for power systems to achieve the stable and efficient supply of energy is increasing. There is also heightened demand for advanced transportation systems that facilitate the safe and smooth movement of people and goods. In the financial sector, major financial institutions in Japan are expected to increase their IT investments, and will need to develop IT infrastructure as they expand their business overseas. In the government & public sector, growing demand is anticipated in connection with a new social security and tax number system to be introduced in Japan.

Until now, Hitachi and Hitachi Solutions have provided solutions for large-scale projects in

the social infrastructure, financial, and government & public sectors by having Hitachi assume account management functions such as strategic planning and customer acquisition, and Hitachi Solutions assume the functions of creating highly reliable systems with high quality. To serve the wide-ranging customer needs in these sectors more speedily as “One Hitachi,” it has become vital to further strengthen collaboration between the two companies through integrated operation.

Under this reorganization, Hitachi will succeed Hitachi Solutions’ system solutions business in the social infrastructure, financial, and government & public sectors, and part of the Infrastructure Systems Company’s information systems business and integrate such businesses to the Information & Telecommunication Systems Company. By pooling management resources for design, development, sales & marketing and other areas, Hitachi will establish an organization for providing customers with systems which meet the market’s demands in the social infrastructure, financial, and government & public sectors including large-scale projects. Through these measures, Hitachi will strengthen its ability to provide solutions to customers’ challenges and will accelerate global expansion of the Social Innovation Business, a key focus for Hitachi, along with bolstering its management base by streamlining operations.

Hitachi Solutions will continue to operate and expand system solutions business in manufacturing & distribution, and other sectors on a parallel with Hitachi. Hitachi will continue efforts aimed at optimizing the business structure across the Hitachi Group as a whole.

## 2. Outline of the Company Split

### (1) Schedule of Company Split

Execution of Company Split Agreement	February 2015 (Tentative)
Scheduled Company Split Date (Effective Date)	April 1, 2015 (Tentative)

\* For Hitachi, the Company Split is deemed to be a simple absorption-type company split pursuant to Article 796, Paragraph 3 of the Companies Act of Japan. And for Hitachi Solutions, the Company Split is deemed to be a short-form absorption-type company split pursuant to Article 784, Paragraph 1 of the Companies Act of Japan. Therefore, Hitachi and Hitachi Solutions do not plan to convene shareholders’ meetings to obtain approval for the company split agreement.

### (2) Method of Company Split

This is an absorption-type split in which Hitachi Solutions is the transferring company and Hitachi is the successor company.

### (3) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights

#### Accompanying the Company Split

Hitachi Solutions has no outstanding stock acquisition rights or bonds with stock

acquisition rights.

(4) Changes in Capital Accompanying the Company Split

The Company Split will result in no change in capital of Hitachi.

(5) Others

Other details on the Company Split will be announced when they are determined.

**3. Profile of the Parties of the Company Split**

	Successor Company	Transferring Company
(1) Name	Hitachi, Ltd.	Hitachi Solutions, Ltd.
(2) Head Office	6-6, Marunouchi 1-Chome, Chiyoda-ku, Tokyo	4-12-7 Higashishinagawa, Shinagawa-ku, Tokyo
(3) Representative	Toshiaki Higashihara, President & COO	Kaichiro Sakuma, President and Chief Executive Officer
(4) Business	Development, manufacture and sales of products and provision of service across 10 segments: Information & Telecommunication Systems, Power Systems, Social Infrastructure & Industrial Systems, Electronic Systems & Equipment, Construction Machinery, High Functional Materials & Components, Automotive Systems, Smart Life & Ecofriendly Systems, Others (Logistics & Other services), Financial Services	Software and services business, sales of information processing equipment
(5) Capital	458,790 million yen (As of March 31, 2014)	38,758 million yen (As of March 31, 2014)
(6) Established	February 1, 1920	September 21, 1970
(7) Number of issued shares	4,833,463,387 (As of March 31, 2014)	85,458,000 (As of March 31, 2014)
(8) Fiscal year end	March 31	March 31
(9) Major shareholders and shareholding	- The Master Trust Bank of Japan, Ltd. (Trust Account) 6.84% - Japan Trustee Services Bank, Ltd. (Trust Account) 5.11% - Hitachi Employees' Shareholding Association 2.19% - Nippon Life Insurance Company 1.98% - NATS CUMCO 1.72% (As of March 31, 2014)	Hitachi, Ltd. 100%
(10) Financial conditions and business results for the most recent fiscal year (Millions of yen unless otherwise specified)		
Net assets	3,852,464 (Consolidated)	135,471 (Unconsolidated)
Total assets	11,016,899 (Consolidated)	219,105 (Unconsolidated)
Net assets per share (yen)*1	549.02 (Consolidated)	1,585.24 (Unconsolidated)
Revenues	9,616,202 (Consolidated)	285,456 (Unconsolidated)
Operation income	532,811 (Consolidated)	17,878 (Unconsolidated)
Ordinary income*2	568,182 (Consolidated)	19,451 (Unconsolidated)

Net income*3	264,975 (Consolidated)	10,875 (Unconsolidated)
Net income per share (yen)*3	54.86 (Consolidated)	127.26 (Unconsolidated)

\*1 Since Hitachi has been adopting U.S. accounting standards, this figure represents total Hitachi, Ltd. stockholders' equity per share.

\*2 Since Hitachi has been adopting U.S. accounting standards, this figure represents income before income taxes.

\*3 Since Hitachi has been adopting U.S. accounting standards, these figures represent net income attributable to Hitachi, Ltd. stockholders and net income attributable to Hitachi, Ltd. stockholders per share basic, respectively.

#### 4. Overview of the Business to Be Transferred

##### (1) Business to Be Transferred

System solutions business in the social infrastructure<sup>\*4</sup>, financial, and government & public sectors

\*4 The business in social infrastructure sector does not include the telecommunication business.

(2) Other details concerning the business to be transferred will be announced as they are decided.

#### 5. Status of Hitachi After the Company Split

There will be no changes in the company name, head office location, representative's position or name, business activities, capital or fiscal year of Hitachi due to the Company Split.

#### 6. Outlook

The Company Split will have no impact on the consolidated operating results of Hitachi.

(Reference)

Consolidated Business Forecasts for the Year Ending March 31, 2015 (announced on July 31, 2014) and Consolidated Operating Results for the Previous Fiscal Year

(Millions of yen)

	Revenues	Operating Income	Income Before Income Taxes	Net Income Attributable to Hitachi, Ltd. Stockholders
Consolidated Business Forecasts for Fiscal 2014 (Year ending March 31, 2015)	9,400,000	560,000	510,000	230,000
Consolidated Operating Results for Fiscal 2013 (Year ended March 31, 2014)	9,616,202	532,811	568,182	264,975

#### 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, including, without limitation, the information, electronics, automotive, construction and financial sectors;
- 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, particularly against the U.S. dollar and the euro;
- 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;
- 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;
- rapid technological innovation;
- 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;
- 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;
- 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;
- increased commoditization of and intensifying price competition for products;
- 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 restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- uncertainty as to the success of cost reduction measures;
- 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 alliances upon which Hitachi depends, some of which Hitachi may not control, with other corporations in the design and development of certain key products;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property rights, particularly those related to electronics and data processing technologies;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method affiliates have become or may become parties;

- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- the potential for significant losses on Hitachi's investments in equity-method affiliates;
- the possibility of disruption of Hitachi's operations by earthquakes, tsunamis or other natural disasters;
- 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;
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its significant employee benefit-related costs; and
- uncertainty as to Hitachi's ability to attract and retain skilled personnel.

The factors listed above are not all-inclusive and are in addition to other factors contained in other materials published by Hitachi.

### **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 2013 (ended March 31, 2014) totaled 9,616 billion yen (\$93.4 billion). Hitachi is focusing more than ever on the Social Innovation Business, which includes infrastructure systems, information & telecommunication systems, power 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>.

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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.

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