

FOR IMMEDIATE RELEASE

**Hitachi Group to Begin Sales of “Transformation Support Services,”
Supporting Companies’ Fundamental Structural Reforms**

*Provides expertise from the Hitachi Group’s Hitachi Smart Transformation Project
targeting structural reforms*

Tokyo, November 30, 2015 --- Hitachi, Ltd. (TSE: 6501, “Hitachi”) and Hitachi Consulting Co., Ltd. (“Hitachi Consulting”) announced today that as of December 1, they will begin sales of “Transformation Support Services,” which support fundamental structural reforms for Japanese companies rolling out business on a global scale. Transformation Support Services utilize the expertise through the Hitachi Smart Transformation Project, which targets structural reforms throughout the Hitachi Group. Transformation Support Services offer from upstream consulting regarding overall project planning for structural reforms to a variety of solutions/ services in value chain including supply chain management system (“SCM”), global procurement logistics services, etc., to help manufacturing companies execute structural reforms.

In recent years, amid dramatic changes in the corporate business environment, companies are striving to implement growth strategies and succeed in global competition. To achieve these goals, those companies need to reform cost structures and cash flow, and to reestablish the business platforms that support growth strategies. This requires not only conventional measures such as “improvements in individual divisions” and “re-examining operations at the frontline level,” but also fundamental reforms in business, organizations, operations, and cost structures throughout the companies as a whole.

The Hitachi Group has been executing drastic cost structure reforms under the title of the “Hitachi Smart Transformation Project.” The goal of these activities is to reduce the total cost of sales in FY2015 by 420 billion yen compared to FY2010. From FY2011 to FY2014, on a cumulative basis, indirect costs were reduced by 150 billion yen while production costs and direct material costs were reduced by 170 billion yen, for total cost reductions of 320 billion yen (compared to FY2010). Additional cost reductions of 100 billion yen are expected to be achieved in FY2015.

The Hitachi Group is currently strengthening these activities, for example by reforming end-to-end work processes in the supply chain from business inquiry to receiving orders, production, and service, and implementing reforms aimed at generating cash, in order to reduce costs even further.

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Transformation Support Services, which are provided by Hitachi and Hitachi Consulting, utilize the practical expertise that the Hitachi Group has cultivated through trial and error during the Hitachi Smart Transformation Project. Transformation Support Services promptly help companies executing corporate structural reforms by offering upstream consulting, cost analysis methods, extensive reforms menus, solutions/services covering accounting, SCM, logistics, etc., and project management support services.

Through Transformation Support Services, Hitachi and Hitachi Consulting will further enhance high added value services and contents that support cost reductions and improvements to cash flow, thereby contributing to structural reforms for companies rolling out business on a global scale.

Unique features of Transformation Support Services

These services, which are uniquely Hitachi's, offer the following three features:

- (1) Expertise cultivated through a broad range and various business type of reforms in the Hitachi Group
- (2) Analysis and project implementation capabilities, based on extensive experience in consulting at Hitachi and Hitachi Consulting, for both Hitachi's reforms and our customer's reforms.
- (3) Various solution/services created through the Hitachi Smart Transformation Project



- The Hitachi Group's expertise in structural reform
- Extensive experience in implementing reforms (more than 80 types)



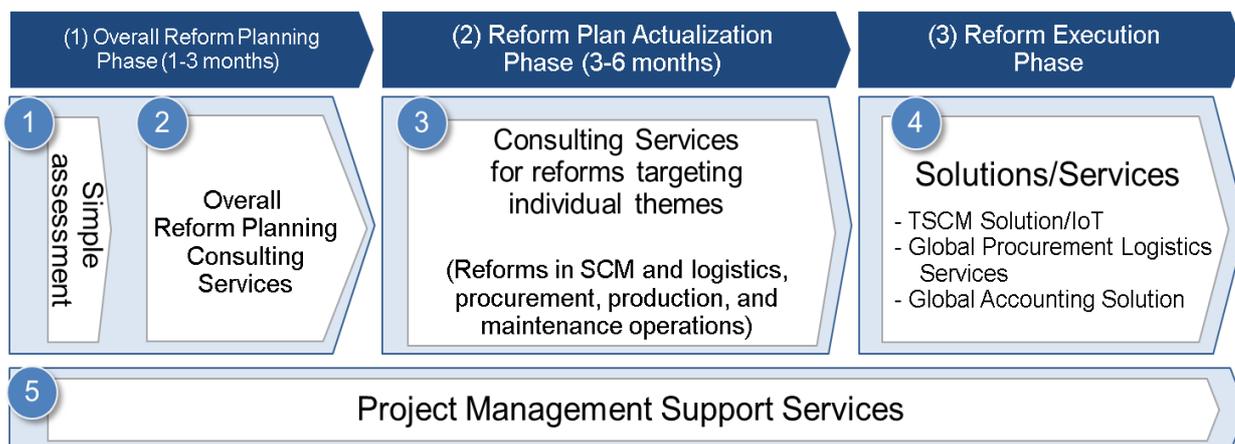
- Cost analysis capabilities / Analysis methods
- Benchmarking / KPIs
- Project management capabilities



- Solutions/services that leverage the Hitachi Group's economy of scale

Transformation Support Services: Structure and Service Menu

Transformation Support Services feature the following lineup of services for supporting structural reforms, utilizing the expertise cultivated through the Hitachi Group's experience on the Hitachi Smart Transformation Project.



(1) Overall Reform Planning Phase

1) Simple assessment services:

Quickly assesses the company's reform potential, and supports project planning to facilitate decision-making during full-scale studies of reforms.

2) Overall Reform Planning Consulting Services

In preparation for the full-scale startup of the project, using case studies and templates from the Hitachi Smart Transformation Project as references, it supports the establishment of project goals and themes, the prioritization of issues, and overall conceptualization aimed at resolving those issues.

(2) Reform Plan Actualization Phase

3) Consulting Services for reforms targeting individual themes

It supports actualization of concepts targeting individual themes, including SCM and logistics, procurement, production, and maintenance operations. SCM and logistics reforms, for instance, use "Inventory Optimization Design," a method that was developed through the Hitachi Smart Transformation Project and which is used throughout the Hitachi Group to help companies execute SCM reforms.

(3) Reform Execution Phase

4) Solutions / Services:

Hitachi provides solution services for the execution of structural reforms, including services used on the Hitachi Smart Transformation Project. Following are just some of the solution services offered:

Name	Outline
Hitachi Total Supply Chain Management Solution/IoT	<p>Solutions for manufacturing companies rolling out business on a global scale. The solutions use IoT (Internet of Things) technologies to connect the entire value chain through data, achieving overall optimization of production-related QCDCR (quality, costs, delivery, and risks).</p> <p>News release on October 23, 2015 http://www.hitachi.co.jp/New/cnews/month/2015/10/1023.html</p>
Global Procurement Logistics Services	<p>One-stop outsourcing service in the procurement and distribution fields as part of the supply chain as a whole. These service platforms were constructed through the Hitachi Smart Transformation Project. Specific services range from upstream consulting to IT and procurement services, and distribution outsourcing.</p> <p>News release on March 30, 2015 http://www.hitachi.co.jp/New/cnews/month/2015/03/0330.html</p>
Global Accounting Solution	<p>IT solution for companies which have many offices internationally. Hitachi supports building, rolling out across divisions and offices, and operation & maintenance of accounting systems in a one-stop way.</p> <p>Hitachi Group integrated financial accounting system globally as a Group-wide project in April, 2015. Utilizing our knowledge and experiences, Hitachi realizes standardization and optimization of accounting process, and strengthening of internal control.</p>

In addition, Hitachi plans to provide full outsourcing services ranging from individual processes in the customer's global supply chain to the entire supply chain as a whole with Hitachi High-Technologies Corporation which is trading company.

(4) Other

5) Project Management Support Services:

It supports the smooth implementation of reform projects, including the management of diverse stakeholders.

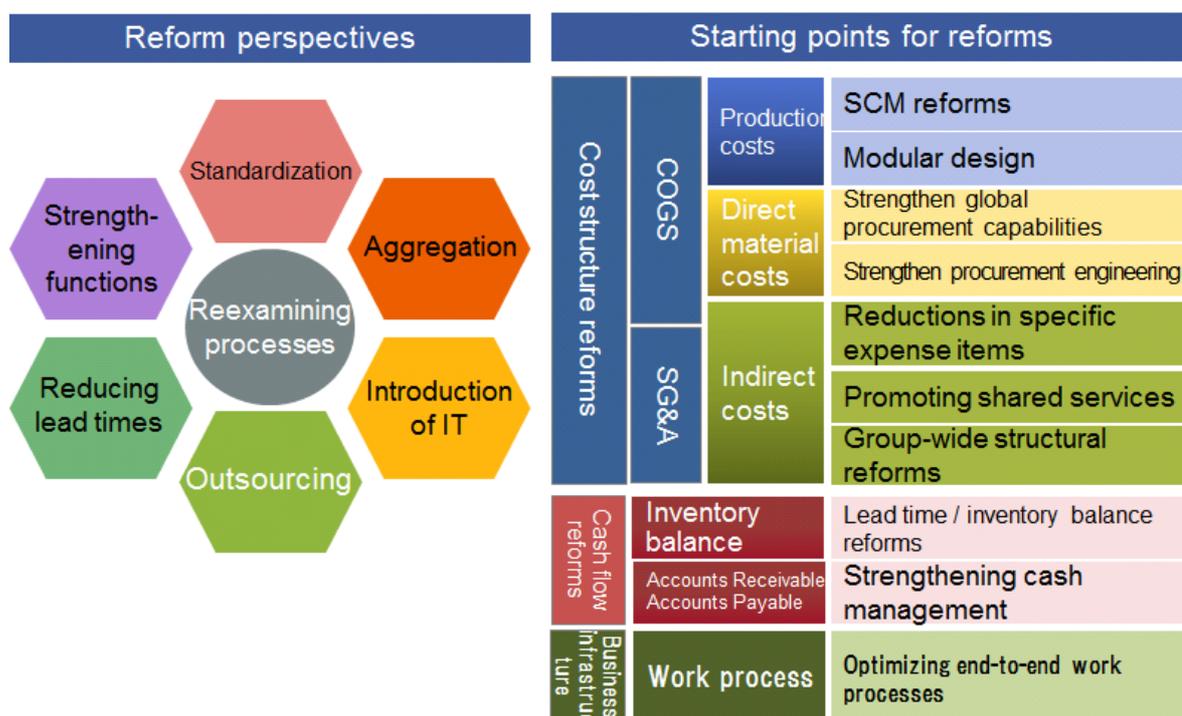
Transformation Support Services: Prices and Release Date

Price: Case-by-case quotation

Release date: January 2016

Reference: Perspectives on reforms and examples of measures from the “Hitachi Smart Transformation Project”

Through the “Hitachi Smart Transformation Project,” Hitachi re-examined work processes from six perspectives: standardization, aggregation, the introduction of IT, outsourcing, reducing lead times, and strengthening functions. When creating measures as part of cost structure reforms and cash flow reforms respectively, costs are divided into “sales costs (Cost of Goods Sold (COGS))” and “SG&A (Selling, General & Administrative expenses),” while cash flow is divided into “inventory assets” and “accounts receivable / accounts payable.”



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>.

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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.
