

FOR IMMEDIATE RELEASE

Hitachi to Execute Absorption-type Company Split Agreement Relating to Reorganization of Power Distribution and Control Product Business and Air Compressor Business

Tokyo, Japan, February 5, 2016 --- Hitachi, Ltd. (TSE:6501, “Hitachi”) announced on October 20, 2015 that Hitachi and Hitachi Power Solutions Co., Ltd. (“Hitachi Power”) would transfer Hitachi’s power distribution and control product business for industrial fields and large capacity air compressor business, and Hitachi Power’s power distribution and control product business, respectively, to Hitachi Industrial Equipment Systems Co., Ltd. (“HIES”) through company splits on April 1, 2016 in order to strengthen and expand the industrial product business.

Having executed the absorption-type company split agreement (the “Company Split Agreement”) relating to the company split between Hitachi and HIES (the “Company Split”) today, Hitachi announced matters as follows, some of which had not yet been decided in the news release on October 20, 2015. The matters which have been decided in the Company Split Agreement and changes since the previous news release are underlined.

Hitachi Power and HIES have also executed the absorption-type company split agreement relating to the company split between Hitachi Power and HIES today.

Hitachi Group will establish a structure that will enable the more effective use of management resources in both the power distribution and control product business and the air compressor business, while at the same time responding to dynamic market changes and the diversification of needs in the industrial product field by enhancing these product lineups and strengthening product competitiveness.

1. Outline of the Company Split

(1) Company Split Schedule

Execution of Company Split Agreement	<u>February 5, 2016</u>
Scheduled Company Split Date (Effective Date)	April 1, 2016 (Planned)

(Note) The Company Split is deemed to be a simple absorption-type company split, pursuant to Article 784, Paragraph 2 of the Companies Act of Japan. Therefore, Hitachi does not plan to convene a shareholders' meeting to obtain approval for the Company Split Agreement.

(2) Company Split Method

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

(3) Details of Allotments related to the Company Split

HIES will allot 230,000 shares of its common stock to Hitachi on April 1, 2016.

(4) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights Accompanying the Company Split

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

(5) Capitalization Changes Accompanying the Company Split

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

(6) Rights and Obligations Succeeded by the Successor Company

HIES will succeed to all rights and obligations of Hitachi, which are stipulated in the Company Split Agreement, including assets, intellectual property, payables and receivables, statuses under contracts and labor agreements.

(7) Prospect on Fulfillment of Obligations

It is judged that there should be no concern about fulfilling all of HIES's obligations whose due date comes on or after the effective date of the Company Split.

2. Overview of the Business to Be Transferred

(1) Business to Be Transferred

- Design, manufacturing and quality assurance of power distribution and control products for industrial fields
- Design, manufacturing, quality assurance, sales and after-sales service of large capacity air compressors

(2) Operating Results of the Business to Be Transferred (Unconsolidated)

Revenues: JPY 22,349 million (Year ended March31, 2015)

(3) Assets and Liabilities to Be Transferred (Forecast of amounts as of April 1, 2016)

(Millions of yen)

Classification	Details	Amount
Assets to be transferred	Accounts receivable, inventory assets, etc.	18,567
Liabilities to be transferred	Accounts payable, advances received, etc.	14,655
Net amount	—	3,912

3. Status of Successor Company After the Company Split

(1) Name	Hitachi Industrial Equipment Systems Co., Ltd.
(2) Head Office	3 Kanda Neribeicho, Chiyoda-ku, Tokyo
(3) Representative	President: Masakazu Aoki
(4) Outline of Business	Manufactures, sells, maintains, and services of industrial components and equipment, as well as related system solutions
(5) Capital	10,000 million yen
(6) Fiscal Year End	March 31

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;

- 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;
- credit conditions of Hitachi's customers and suppliers;
- 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 acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- 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 associates and joint ventures 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 associates and joint ventures;
- the possibility of disruption of Hitachi's operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- 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 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.
