

FOR IMMEDIATE RELEASE

Hitachi to Establish New Division in North America to Expand Its Energy Solutions Business

Tokyo, June 1, 2016 --- Hitachi, Ltd. (TSE: 6501, "Hitachi") and Hitachi America, Ltd. today announced the establishment of the Energy Solutions Division. The new division will expand Hitachi's Energy Solutions Business in the North American market by providing comprehensive solutions to customers' energy challenges, from proposing, developing and financing to O&M^{*1}. With this division, Hitachi will address the needs of the North American market, where a variety of advanced initiatives are already underway. It will expand Hitachi's Energy Solutions Business by providing solutions that utilize digital technology, integrating the OT^{*2} it has built up over time in the electric power and energy sectors with advanced IT^{*3}. The new division will be located within Hitachi America, Ltd., which serves as Hitachi, Ltd.'s regional headquarters in North America.

Under the Paris Agreement adopted at the 21st Conference of Parties (COP21) to the United Nations Framework Conference on Climate Change held in December of 2015, the United States set a target of reducing greenhouse gas emissions by 26 to 28% relative to 2005 levels by 2025. As a result, the U.S. is moving toward greater reliance on renewable energy and distributed power generation. Moving forward, the US will need to address issues related to securing supply on electricity transmission and distribution networks and dealing with an aging power distribution infrastructure and investment constraints. As a result of ongoing power and energy-related deregulation, there is considerable activity in areas such as investment that will enable the use of IT and OT to maintain the efficient and reliable operation of plants and equipment. For example, in addition to the penetration of smart meters reaching 76% or more, the installation of demand management systems (DMSs^{*4}) for maintaining voltage stability on distribution networks is also progressing, while a variety of ancillary markets aimed at balancing power supply and demand continue to be created.

Hitachi has a long track record of supplying a wide range of energy solutions, primarily in Japan, to stakeholders such as existing power companies, new power providers, and consumers. These solutions include transmission and distribution, substation, and grid systems; management services for consumers; and the implementation and operation of systems for Japan's comprehensive liberalization of the electricity retail market. Hitachi is also participating in demonstration projects around the world.

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In North America, Hitachi has secured contracts to conduct more than 10 microgrid-related feasibility studies (FS^{*5}) in the state of New York as part of the governor's New York Prize project. Hitachi is also conducting a demonstration project involving a grid stability and control system intended for the transmission and distribution grid that is aimed at preventing large-scale power outages in the western United States. In New Jersey, Hitachi is conducting the trial of an energy storage system intended to help maintain grid stability while actually participating in power transactions. In Hawaii, it is promoting initiatives aimed at achieving the latest in energy management, with demonstration projects including controlling the charging of EVs^{*6} through DR^{*7} with a central control system, and a VPP^{*8} that performs electrical discharges from EVs.

The newly established "Energy Solutions Division" will be located close to customers to facilitate co-creation initiatives and the ability to work together to rapidly devise solutions to North America's energy challenges. Given its technologies and expertise, Hitachi is well positioned to provide solutions to the US and global energy markets. These solutions will involve microgrids, battery energy storage systems and grid stabilization systems. By strengthening its Energy Solutions Business in North America, Hitachi will continue to accelerate its Social Innovation Business and drive further growth in the US market.

- *1: Operation & Maintenance
- *2: Operational Technology
- *3: Information Technology
- *4: Distribution Management System
- *5: Feasibility Study
- *6: Electric Vehicle
- *7: Demand Response
- *8: Virtual Power Plant

About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, delivers innovations that answer society's challenges. The company's consolidated revenues for fiscal 2015 (ended March 31, 2016) totaled 10,034.3 billion yen (\$88.7 billion). The Hitachi Group is a global leader in the Social Innovation Business, and it has approximately 335,000 employees worldwide. Through collaborative creation, Hitachi is providing solutions to customers in a broad range of sectors, including Power / Energy, Industry / Distribution / Water, Urban Development, and Finance / Government & Public / Healthcare. For more information on Hitachi, please visit the company's website at <http://www.hitachi.com>.

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.
