

FOR IMMEDIATE RELEASE

Hitachi to Make a Transition to a Market-Specific Business Structure with Strengthened Front-Line Functions

-- Providing innovations through a combination of services and products --

Tokyo, Japan, February 3, 2016 --- Hitachi, Ltd. (TSE:6501, "Hitachi") today announced that on April 1, it will renew the existing product-specific in-house company system^{*1}, making a transition to a new business structure^{*2}, to build a business structure with strengthened front-line functions that will accelerate Collaborative Creation with customers. The new structure will comprise service-focused businesses that provide innovations as services close to the customers, and product-focused businesses that offer products, components, and materials.

In the service-focused businesses, a total of 12 Front Business Units ("BUs") will be established with strengthened front-line functions such as sales, engineering, and consulting in four markets: (1) Power / Energy; (2) Manufacturing / Water; (3) Urban Development; and (4) Finance / Public / Healthcare. In this way, Hitachi will build a system for creating innovations close to the customers. Service & Platform BU will also be established, aggregating and integrating technologies that are essential to providing advanced services, such as artificial intelligence (AI), analytics, and control technologies. This BU will provide the Front BUs and partners with open, common platforms.

The product-focused businesses, meanwhile, will provide customers and the Front BUs with globally competitive products, components, and materials.

Based on this market-specific business structure with strengthened front-line functions, Hitachi will accelerate Collaborative Creation with the customers, and create valuable innovations that combine both products and services.

Since introducing the in-house company system in October 2009, Hitachi has viewed its various business divisions as individual corporate entities, much like its listed Group companies, and has actively encouraged management that demonstrates responsibility, authority, and autonomy. The in-house company system enabled rapid decision-making, thus allowing Hitachi to achieve a certain level of results, in terms of overcoming the management crisis that followed the collapse of Lehman Brothers, recovering business performance, and expanding the Social Innovation Business.

The current trend toward digitalization, including the Internet of Things (IoT) and AI, has brought about changes that will transform business approaches and the structure of industry itself. At the same time, issues being faced throughout the world, such as environmental problems, urbanization, and the growing senior population, are becoming increasingly compounded and complex, transcending the boundaries of industries, nations, and regions. Hitachi has used the strengths of the Social Innovation Business, which combines advanced information technologies and infrastructure technologies that have been cultivated over many years, to respond to these types of issues and changes in society. Now, it will undertake a transition to a new business structure to further leverage its strengths.

1. Service-focused businesses

(1) Front BUs

Hitachi will establish 12 Front BUs in four markets, in order to put in place a business structure with strengthened front-line functions that will create innovations in the form of services along with customers in each industry and region.

Fields	Front Business Units (BUs)
(1) Power / Energy	Nuclear Power, Electric Power, Energy Solutions
(2) Manufacturing / Water	Manufacturing & Commerce, Water
(3) Urban Development	Building Systems, Railway Systems, Urban Solutions, Defense Systems
(4) Finance / Public / Healthcare	Financial Institutions, Governments & Public Corporations, Healthcare

In four regions (the Americas; China; Asia-Pacific; and EMEA/CIS^{*3}), based on the Autonomous Decentralized Global Management Structure, the Regional Chief Executives will lead in strengthening front-line functions, and in the rollout of the Social Innovation Business.

(2) Service & Platform BU

Essential technologies that up to now have been scattered throughout various divisions within the company – for example, AI, analytics, security, robotics, and control technologies – will be integrated and aggregated in Service & Platform BU, in order to provide Front BUs and partners with open, common platforms quickly and efficiently. In this way, Hitachi will increase the value of services provided to customers by the Front BUs, and will further promote the growth of the Social Innovation Business.

2. Product-focused businesses

Hitachi Group companies and the Industrial Products BU will select and concentrate innovative, globally competitive products, components, and materials, and provide those to the customers. They will also provide the Front BUs with products that will accelerate the growth of Hitachi's Social Innovation Business, pursuing synergy throughout the Hitachi Group.

BUs will operate under the direct jurisdiction of the President, and the CEOs of each BU will have authority for investments and responsibility for earnings. They will collaborate with other BUs, comprehensively and organically leveraging the resources of the entire Hitachi Group and creating innovations quickly and flexibly, in order to provide optimum products and services to customers.

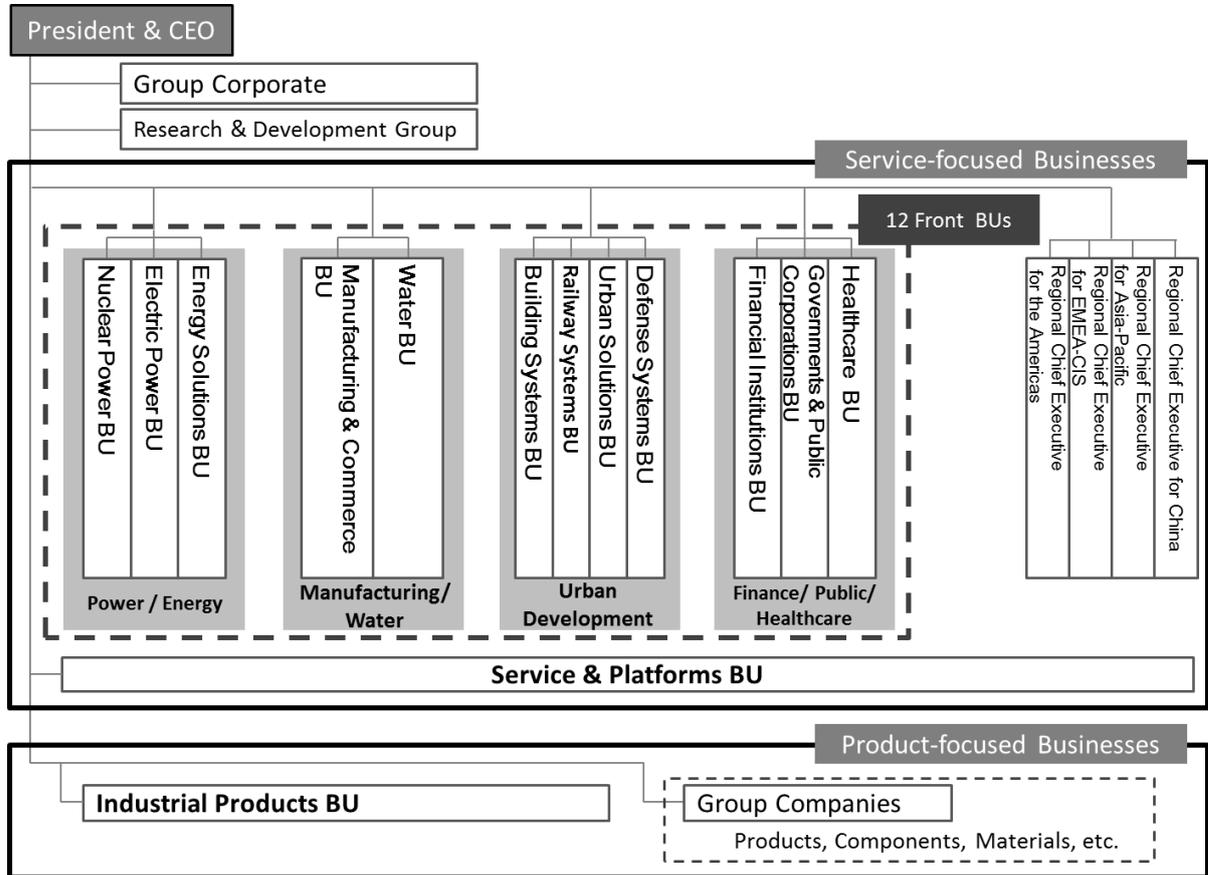
Hitachi will establish a business model to achieve sustainable value creation, and through the Social Innovation Business, it will continue to resolve the issues faced by customers and by society, and contribute to improving people's Quality of Life.

*1: Introduced in October 2009. The in-house company system currently comprises nine in-house companies: The Healthcare Company, the Power Systems Company, the Infrastructure Systems Company, the Industrial Products Company, the Rail Systems Company, the Urban Planning and Development Systems Company, the Defense Systems Company, the Information & Telecommunication Systems Company, and the Energy Solutions Company.

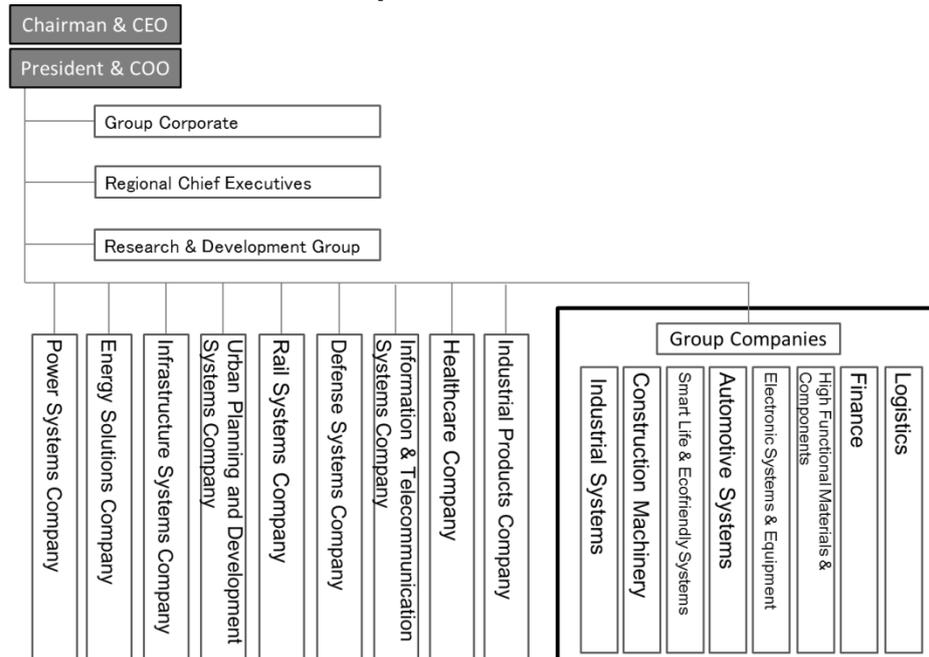
*2: There will be a total of 14 BUs, Nuclear Power, Electric Power, Energy Solutions, Manufacturing & Commerce, Water, Building Systems, Railway Systems, Urban Solutions, Defense Systems, Financial Institutions, Governments & Public Corporations, and Healthcare, Service & Platform, Industrial Products.

*3: EMEA·CIS: Europe, the Middle East and Africa, Commonwealth of Independent States

Hitachi Group's New Business Structure from April 1, 2016



Reference: Hitachi Group's Business Structure until March 31, 2016



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.
