

**FOR IMMEDIATE RELEASE**

**Hitachi to Reorganize  
Power Distribution and Control Product Business  
and Air Compressor Business  
to Strengthen and Expand Industrial Product Business**

**Tokyo, Japan, October 20, 2015** --- Hitachi, Ltd. (TSE:6501, “Hitachi”) today announced that it will reorganize the power distribution and control product business and the air compressor business on April 1, 2016 in order to strengthen and expand the industrial product business.

Specifically, the design, manufacturing and quality assurance divisions in the power distribution and control product business for industrial fields at the Industrial Products Company (a Hitachi’s in-house company) and the design, manufacturing, quality assurance and sales divisions in the power distribution and control product business at Hitachi Power Solutions Co., Ltd. (“Hitachi Power”) will be transferred to Hitachi Industrial Equipment Systems Co., Ltd. (“HIES”), through a company split (the “Power Distribution and Control Product Business Company Split”).

In addition, the design, manufacturing, quality assurance, sales and after-sales service divisions for the large capacity air compressor business at Hitachi’s Industrial Products Company will be transferred to HIES, through a company split (the “Air Compressor Business Company Split”).

In this way, Hitachi 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.

The market demand in industrial product field is expected to increase in the medium and long-term, given the increasing need for the promotion of industry and a low carbon society on a global scale.

In response to these trends, on May 1, 2015, Hitachi established the Industrial Products Company to strengthen the competitiveness in the industrial product business and to expand this business on a global scale. The Industrial Products Company, which mainly engages in the large industrial product, conducts business operations based on uniform strategies with HIES, which mainly engages in the small and medium-sized industrial product business, and has examined optimum business structures. At this time, Hitachi decided to reorganize the power distribution and control product business and the air compressor business.

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Certain disclosures and details have been omitted as the Power Distribution and Control Product Business Company Split is an absorption-type company split transferring the businesses from Hitachi and a wholly-owned subsidiary of Hitachi to another wholly-owned subsidiary of Hitachi, and the Air Compressor Business Company Split is an absorption-type company split transferring the businesses from Hitachi to a wholly-owned subsidiary of Hitachi.

## **1. Description of the Power Distribution and Control Product Business Company Split**

### **1.1 Purpose of Company Split**

Hitachi Group handles products and systems that can respond to diverse needs, ranging from low-voltage to ultra-high-voltage, in the power transmission and distribution markets, where the stable supply of power is essential. The Industrial Products Company and Hitachi Power handle power distribution products, including switch gears and control panels, ranging from low-voltage to high-voltage, for industrial fields, while HIES handles power receiving and transforming products. By integrating these businesses into HIES, Hitachi intends to enhance the product lineup in the power distribution and control fields, while at the same time increasing competitiveness and expanding business worldwide by aggregating resources and expertise in various areas, including development, design, procurement and production technologies, as well as sales and service networks.

### **1.2 Outline of Company Split**

#### **(1) Company Split Schedule**

Execution of Company Split Agreement	February 2016 (tentative)
Scheduled Company Split Date (Effective Date)	April 1, 2016 (tentative)

(Note) The Power Distribution and Control Product Business 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 and Hitachi Power are the transferring companies and HIES is the successor company.

#### **(3) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights Accompanying Company Split**

Hitachi and Hitachi Power have no outstanding stock acquisition rights or bonds with stock acquisition rights.

(4) Capitalization Changes Accompanying Company Split

The Power Distribution and Control Product Business Company Split will result in no change in capitalization of Hitachi and Hitachi Power.

(5) Other

Notification of other details of the company split will be provided as they are decided.

1.3 Profile of the Parties of Company Split

(1) Name	Hitachi, Ltd. (Transferring Company)	Hitachi Power Solutions Co., Ltd. (Transferring Company)	Hitachi Industrial Equipment Systems Co., Ltd. (Successor Company)
(2) Head Office	6-6 Marunouchi 1-chome Chiyoda-ku, Tokyo	2-2 Saiwai-cho 3-chome, Hitachi City, Ibaraki Pref.	3 Kanda Neribeicho-cho, Chiyoda-ku, Tokyo
(3) Representative	President & COO: Toshiaki Higashihara	President: Kenji Uruse	President: Masakazu Aoki
(4) Outline of Business	Development, manufacture and sales of products and provision of service across nine segments: Information & Telecommunication Systems, Social Infrastructure & Industrial Systems, Electronic Systems & Equipment, Construction Machinery, High Functional Materials & Components, Automotive Systems, Smart Life & Ecofriendly Systems, Other (Logistics and Other services), and Financial Services	Designs, manufactures, sells, maintains, and services devices and systems related to electric power and energy, social infrastructures, industry, telecommunications, and control	Manufactures, sells, maintains, and services of industrial components and equipment, as well as related system solutions
(5) Capital (As of March 31, 2015)	458,790 million yen	4,000 million yen	10,000 million yen
(6) Established	February 1, 1920	April 20, 1960	April 1, 2002
(7) Number of Issued Shares (As of March 31, 2015)	4,833,463,387 shares	5,645,447 shares	4,450,000 shares
(8) Fiscal Year-end	March 31	March 31	March 31
(9) Main Shareholders and Shareholding (As of March 31, 2015)	The Master Trust Bank of Japan, Ltd. (Trust Account) 6.24% Japan Trustee Services Bank, Ltd. (Trust Account) 4.57% Hitachi Employees' Shareholding Association 2.07% Nippon Life Insurance Company 1.93% NATS CUMCO 1.74%	Hitachi, Ltd. 90.4% Hitachi Life, Ltd. 8.9% Hitachi Urban Investment, Ltd. 0.7%	Hitachi, Ltd. 100%

(10) Financial conditions and business results for the most recent fiscal year (ended March 2015) (Consolidated/IFRS) (Millions of yen unless otherwise specified)			
Total Hitachi, Ltd. stockholders' equity	2,942,281	29,433	43,081
Total assets	12,433,727	111,510	108,548
Total Hitachi, Ltd. stockholders' equity per share (yen)	609.35	5,213.58	9,681.12
Revenues	9,774,930	151,004	168,435
Income before income taxes*	518,994	11,243	13,229
Net income attributable to Hitachi, Ltd. stockholders	217,482	6,546	7,321
Earnings per share attributable to Hitachi, Ltd. stockholders (Basic) (yen)	45.04	1,159.52	1,645.17

\* The figure for Hitachi's "Income before income taxes" represents "Income from continuing operations, before income taxes."

## 1.4 Overview of the Business to Be Transferred

### (1) Business to Be Transferred

Hitachi: Design, manufacturing and quality assurance of power distribution and control products for industrial fields

Hitachi Power: Design, manufacturing, quality assurance and sales of power distribution and control products

### (2) Other

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

## 2. Description of the Air Compressor Business Company Split

### 2.1 Purpose of Company Split

Air compressors are used in a various applications, including power sources for manufacturing lines at factories and plants. Large capacity air compressors are currently handled by Hitachi's Industrial Products Company, while small and medium capacity air compressors are handled by HIES. By transferring and integrating the large capacity air compressor business from the Industrial Products Company to HIES, Hitachi plans to enhance the product lineup to offer a full range, from small to large capacity air compressors, while at the same time increasing competitiveness by aggregating resources and expertise in various areas, including development, design, procurement, and production technologies, as well as the sales and service network. In this way, Hitachi will further expand the business in Japan, where Hitachi

already holds the top share, and will accelerate the rollout of global business with a particular focus on the Asian market.

## 2.2 Outline of Company Split

### (1) Company Split Schedule

Execution of Company Split Agreement	February 2016 (tentative)
Scheduled Company Split Date (Effective Date)	April 1, 2016 (tentative)

(Note) The Air Compressor Business 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) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights Accompanying Company Split

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

### (4) Capitalization Changes Accompanying Company Split

The Air Compressor Business Company Split will result in no change in Hitachi's capitalization.

### (5) Other

Notification of other details of the company split will be provided as they are decided.

## 2.3 Profile of the Parties of Company Split

Please refer to 1.3 above for profile of Hitachi, the transferring company, and HIES, the successor company.

## 2.4 Overview of the Business to Be Transferred

### (1) Business to Be Transferred

Design, manufacturing, quality assurance, sales and after-sales service of large capacity air compressors

### (2) Other

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

## 3. Status of Successor Company After 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	(Not yet determined)
(6)Fiscal Year End	March 31

#### 4. Status of Transferring Companies After Company Split

There will be no change in the company name, head office location, representatives' position or name, business activities, capital or fiscal year of Hitachi and Hitachi Power due to the Power Distribution and Control Product Business Company Split and the Air Compressor Business Company Split.

#### 5. Outlook

The Power Distribution and Control Product Business Company Split and the Air Compressor Business Company Split will have no impact on the consolidated operating results of Hitachi.

(Reference) Consolidated Business Forecasts for the Year Ending March 31, 2016 (announced on July 29, 2015) and Consolidated Operating Results for the Previous Fiscal Year

(Millions of yen)

	Revenues	Income from continuing operations, before income taxes	Net income	Net income attributable to Hitachi, Ltd. stockholders
Consolidated Business Forecasts for Fiscal 2015 (Year Ending March 31, 2016)	9,950,000	600,000	450,000	310,000
Consolidated Operating Results for Fiscal 2014 (Year Ended March 31, 2015)	9,774,930	518,994	343,418	217,482

#### 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.

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