

FOR IMMEDIATE RELEASE

Hitachi Insight Group Formed to Accelerate Hitachi's Global Internet of Things Business

With Over \$5B in Combined Global Revenue, 33 IoT Solutions In-Market, Global Operations and Collaborations with AT&T, Eurotech, Intel, Microsoft, PTC and SAP, Hitachi Sets Its Sights on Leadership in the Industrial and Enterprise IoT Markets

Tokyo, May 10, 2016 –Following its corporate statement of direction on April 14th, Hitachi, Ltd. (TSE: 6501) today announced the formation of Hitachi Insight Group. Headquartered in Santa Clara, CA, the new group will drive Hitachi's unified Internet of Things (IoT) business and go-to-market (GTM) strategy worldwide. With USD\$5.4 billion in IoT solutions and services revenue generated in 2015 and 33 solutions in-market today, Hitachi offers one of the broadest IoT solutions portfolios in the industry. By uniting its digital and IoT solutions and services businesses, Hitachi is positioning itself to lead in this fast-growing market. The newly formed Hitachi Insight Group will be the 'tip of the spear' in Hitachi's quest to capture market share in what IDC projects to be a \$1.46 trillion market opportunity by 2020.¹

IoT is propelling a rapid convergence of our physical and digital worlds, creating unprecedented opportunities and challenges for businesses, cities, governments and industries. Hitachi is a pioneer in the creation and application of sensors to provide connected intelligence and support early IoT use cases in industrial markets, such as predictive maintenance and optimized factory. The company's rich 106-year industrial heritage and extensive proficiencies in operational technology (OT), combined with its more than 50 years experience in developing advanced information technologies (IT), make it uniquely capable of helping customers to extract actionable insights from IoT and fully capitalize on the benefits of digitalization. Few companies possess Hitachi's breadth of expertise or deep understanding of the IoT value chain, which are essential to build and deploy digital solutions at scale.

"The greatest opportunity for IoT lies in the enterprise, industrial and public sector markets, which stand to benefit significantly from digital transformation. Although the market is still nascent, digitalization is already disrupting traditional product-based business models, driving demand for solutions and an everything-as-a-service approach," said Vernon Turner, senior vice president, enterprise systems and IoT research fellow at IDC. "Few companies possess the expertise and breadth of

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resources required to deliver IoT solutions and services, and drive real business value at scale. With today's announcements, Hitachi is making good progress toward positioning itself to be one of the few likely IoT powerhouses as the market shakes out."

Hitachi's IoT portfolio includes solutions and services for public safety and smart cities, renewable and sustainable energy, intelligent transportation, precision agriculture and manufacturing, water treatment and urban development, construction, mining and more. These digital solutions deliver connected intelligence and drive actionable insights to support better business decision-making and tangible real world outcomes, like increased productivity and safety, streamlined business processes, lower cost of operations, reduced carbon footprint, and improved quality of life.

To enhance its existing portfolio and support the development of new solutions and services, the company has created Lumada, Hitachi's IoT core platform. Lumada's open, adaptable software architecture is designed to accelerate the development of IoT solutions, while providing flexible support for customization and co-creation with Hitachi's customers and partners. The platform was announced in a separate statement issued today. Read it here: <https://www.hitachiinsightgroup.com/en-us/pdf/press-release/hitachi-unveils-lumada-internet-of-things-core-platform.pdf>.

The formation of Hitachi Insight Group is part of Hitachi's corporate strategy and initiative to move its business toward a market-in approach. Led by Keiji Kojima, Ph.D., who also holds concurrent positions as senior vice president and executive officer at Hitachi Ltd, the group will drive research and development and GTM strategies for Hitachi's IoT-optimized solutions and services, in four key market segments: Smart City, Smart Energy, Smart Healthcare and Smart Industry. Hitachi's global IoT-focused team of more than 16,000 employees from Hitachi Insight Group and various divisions across Hitachi Ltd. and its Group companies, including Hitachi Data Systems and Hitachi Consulting among others, will collaborate to accelerate delivery of solutions.

"Through the formation of Hitachi Insight Group and the Lumada IoT core platform we will provide Hitachi's customers and partners with the fastest and simplest path to develop and deploy comprehensive digital solutions at scale," Keiji Kojima commented. "It is a profound honor to lead this elite team in accelerating Hitachi's global IoT business through the creation of digital solutions and services."

Hitachi Insight Group's leadership team includes veteran executives Kevin Eggleston, general manager for the Americas, and Patrik Sjostedt, general manager for EMEA. The group will receive strategic direction and support from Hitachi Ltd. regional leaders Jack Domme, chief executive of the Americas; Klaus Dieter Rennert, chief executive for EMEA; Ichiro Iino, chief executive for Asia-Pacific; and Kenichi Kokubo, chief executive for China. Hitachi said it plans to establish regional operations for Hitachi Insight Group in APAC later this year.

"IoT represents a critical inflection point, in which the interests of business, industry and society are now intersecting and aligning like never before," said Kevin Eggleston. "Our repeatable solutions are already helping businesses, cities, municipalities and industrial companies around the world. The formation of Hitachi Insight Group will now enable us to take Hitachi's vision for Social Innovation to the next level, as we move our IoT business into the next critical phase of its evolution."

Hitachi has also established global Centers for Social Innovation in multiple geographies staffed by cross-disciplinary researchers, data scientists and solution architects to work closely with customers on solution development to solve unique challenges, ultimately verified through a proof-of-concept process. These labs will work closely with Hitachi Insight Group to apply the Hitachi's market-in strategy and solve real world challenges in areas such as energy & natural resources, transportation, telecommunications, and healthcare.

The announcement of Hitachi Insight Group's formation was made from the Internet of Things World Conference and Exposition at the Santa Clara Convention Center in California today, where Hitachi Ltd. Chief Executive of the Americas Jack Domme is a featured keynote speaker. The company will have six of its IoT solutions and the new Lumada IoT core platform on display. Conference attendees should visit booth #310 for hands-on demonstrations when the exhibit hall opens tomorrow.

"Digitalization is driving transformation in every aspect of business and society, fundamentally changing the way that businesses interact with their customers and governments interact with their constituents. With all the hype surrounding IoT these days, it can be difficult to understand what its real world applications are, or what will net the best return on investment," said Domme. "Hitachi is working to change that paradigm. No other company has the ingenuity, depth of understanding or breadth of capabilities to help customers extract value from IoT and support digital

transformation at scale, like we can.”

Hitachi Insight Group is collaborating with market leading innovators to co-develop digital and IoT-optimized solutions, including SAP, PTC, AT&T, Eurotech S.p.A., Intel, Microsoft, and others.

Supporting Quotes

SAP

“We are pleased to be creating IoT-optimized solutions with Hitachi that will help to transform organizations across industries,” said Tanja Rueckert, EVP, LoB Digital Asset & IoT at SAP. “With SAP’s unmatched ability to deliver end-to-end solutions that allow companies to interconnect all aspects of the value chain in real time and Hitachi’s powerful technologies, and both companies deep industry and market expertise, we will create even more value for our customers, making digital transformation and connected intelligence a reality.”

PTC

“We have been a strategic partner of Hitachi’s since 2003. We are pleased to now extend that alliance as part of the Hitachi Insight Group IoT partner ecosystem, and look forward to collaborating with their team on the development of solutions that support our mutual customers’ requirements for comprehensive digital solutions and services,” said Rob Gremley, group president, Technology Platform Group at PTC. “Through this collaboration, we expect to better support manufacturers in scaling their services and maintenance solutions to support predictive maintenance and deliver improved operational efficiencies.”

Eurotech, S.p.A.

“Eurotech has been strong part of the ecosystem that Hitachi leverages to address the OT elements of IoT projects for many years. As such, we are excited about the potential and opportunities offered by the further consolidation and aggregation of IoT capabilities and competencies in the formation of the Hitachi Insight Group,” said Robert Andres, CMO of Eurotech Group. “This change allows us to be even more effective, as we address the challenges our mutual customers face when implementing IoT solutions, especially in demanding markets like industrial, transportation and the public sector.”

¹ IDC, [The Internet of Things: Getting Ready to Embrace Its Impact on the Digital Economy](#), March 2016

About Hitachi Insight Group

Hitachi Insight Group is dedicated to driving business and societal transformation through digitalization. Its digital solutions are powered by connected intelligence from the Internet of Things, delivering actionable insights that support better decision-making, exceptional outcomes and smarter, safer, healthier, more efficient societies. Leveraging Hitachi's rich industrial heritage and extensive expertise in both operational and information technologies, Hitachi Insight Group serves public and private sector customers across four market categories: Smart City, Smart Energy, Smart Healthcare and Smart Industry. The group is based in Santa Clara, CA, USA, with operations worldwide. Visit www.hitachiinsightgroup.com for more information.

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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