

**FOR IMMEDIATE RELEASE**

## **Hitachi to Establish New Division to Accelerate Project for Overhauling Cost Structure**

**Tokyo, July 30, 2012** --- Hitachi, Ltd. (TSE: 6501, "Hitachi") today announced that on August 1, 2012 it will establish the Smart Transformation Project Promotion Division\* in order to accelerate promotion of the Hitachi Smart Transformation Project. The project is Hitachi's strategic initiative for the company achieving greater growth in global markets by strengthening its cost competitiveness in all Group companies and regions and implementing other corporate structural reforms.

The new division will be responsible for promoting seven projects, with executive officers serving as project leaders. Furthermore, Hiroaki Nakanishi, Representative Executive Officer and President, will be appointed General Manager of the division. In this capacity, he will quickly decide on and promote measures that will drive major structural reforms. These reforms will extend beyond existing organizational and work barriers and are aimed at broadening employees' mindsets, transcending the framework of individual projects, and transforming Hitachi's corporate culture into one that is more globally-oriented.

Hitachi launched the Hitachi Smart Transformation Project in fiscal 2011, the year ended March 31, 2012. The goal of this project is to increasingly reduce the percentage of total costs compared to revenues, reaching 5 percentage points in fiscal 2015, compared with fiscal 2010. Thus far, the Company's Smart Transformation Office, a department dedicated to executing cost structure reforms, has laid the foundation for this key initiative. To date, the office has focused on issues related to globalizing the total value chain, enhancing global procurement capabilities, centralizing and standardizing administrative operations, and centralizing and optimizing common manufacturing processes located throughout the Hitachi Group.

Based on the foundation laid to date, Hitachi will implement and promote individual measures at in-house companies and Hitachi Group companies, while carrying out other specific individual projects targeting production costs, direct materials costs, indirect materials costs, and administrative operations. To address the issue of direct materials costs, Hitachi will appoint Group CPOs (Chief Procurement Officers) in the Power Systems Group, the Infrastructure Systems Group, and the Information &

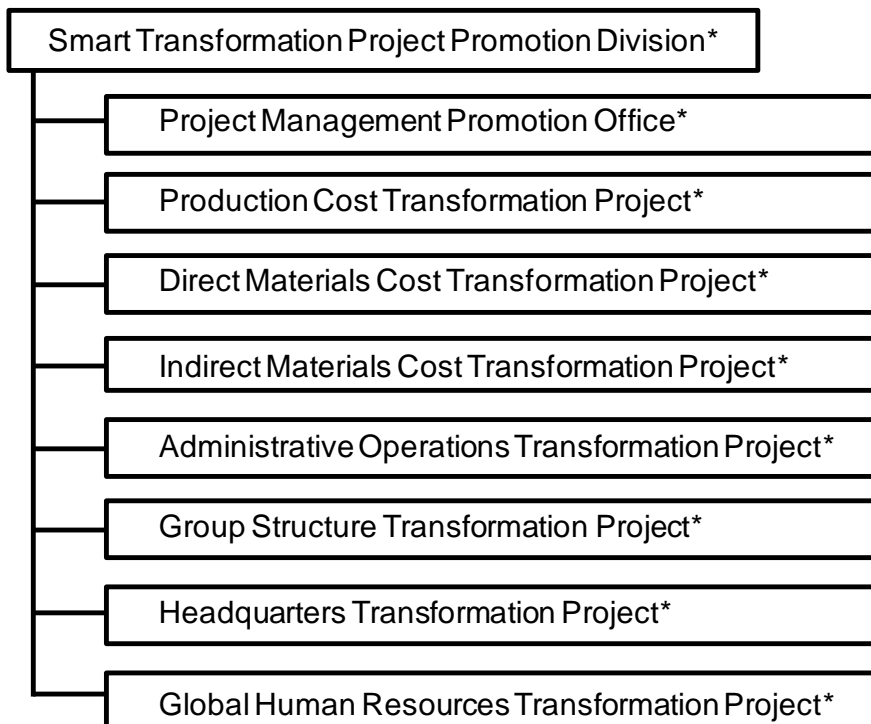
Telecommunication Systems Group. These Group CPOs will promote global procurement and engineered sourcing aimed at lowering direct materials cost from the perspective of the entire value chain.

Hitachi views group wide transformation as a key part of its strong globalization activities based on Social Innovation Business. Optimizing the entire company together with Hitachi Group companies will extend beyond cost structure reforms in individual businesses and will transform the way Hitachi approaches headquarters functions, global human resources deployment and utilization, and other important corporate areas. As such, Hitachi will undertake several new projects aimed at streamlining and optimizing its group wide structure and consolidating overlapping administrative operations and manufacturing processes, as well as globalizing and growing its businesses.

Hitachi aims to transform itself into a global major player, by achieving cost structure reforms in all Group companies and regions.

The new division will be responsible for implementing seven key projects. The projects and project leaders are as follows:

**Smart Transformation Project Promotion Division Structure**



## ■ Project Leaders and Missions

Project Name	Project Leader	Mission
Production Cost Transformation Project*	Executive Vice President and Executive Officer: Nobuo Mochida	Formulate global production strategy and promote globalization of value chain
Direct Materials Cost Transformation Project*	Vice President and Executive Officer: Shinichiro Omori	Reduce direct materials costs by promoting global procurement, etc.
Indirect Materials Cost Transformation Project*	Senior Vice President and Executive Officer: Makoto Ebata	Optimize indirect material costs by centralizing common operations and expenses throughout the Hitachi Group
Administrative Operations Transformation Project*	Executive Vice President and Executive Officer: Toyoaki Nakamura	Optimize administrative expenses throughout the Hitachi Group
Group Structure Transformation Project*	Vice President and Executive Officer: Toshikazu Nishino	Review the Hitachi Group structure and pursue the optimal group structure
Headquarters Transformation Project*	Senior Vice President and Executive Officer: Toshiaki Kuzuoka	Fundamentally review the headquarters function so that it can lead the globalization of business
Global Human Resource Transformation Project*	Senior Vice President and Executive Officer: Toshiaki Kuzuoka	Optimize human resources on a global basis

(\*) Tentative name

### About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, is a leading global electronics company with approximately 320,000 employees worldwide. Fiscal 2011 (ended March 31, 2012) consolidated revenues totaled 9,665 billion yen (\$117.8 billion). Hitachi will focus more than ever on the Social Innovation Business, which includes information and telecommunication systems, power systems, environmental, industrial and transportation systems, and social and urban systems, as well as the sophisticated materials and key devices that support them. 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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