

FOR IMMEDIATE RELEASE

## **Hitachi Announces New Management Structure**

*Driving Faster Growth in the Infrastructure Systems Business*

**TOKYO, February 3, 2012** — Hitachi, Ltd. (NYSE: HIT / TSE: 6501) today announced the new establishment of the Information & Telecommunication Systems Group, Infrastructure Systems Group and Power Systems Group. Also, Hitachi will establish the Construction Machinery Group and High Functional Materials & Components Group as the Hitachi Group's news management structure. The new structure will be effective from April 1, 2012, and is intended to enable swift response to the dynamic global changes in business models and services centered on social infrastructure. In the Infrastructure Systems Group, Hitachi will take strategic measures to respond to surging worldwide demand by combining related business within the group to strengthen and enhance the Group's business functions. The Hitachi Group's businesses will be reorganized into five primary business domains, with an increased focus on growing fields.

Moreover, on April 1, 2012, Hitachi will create the post of Chief Executive Officer for Asia Pacific, to strengthen local leadership functions in the Asia-Pacific region, where strong economic growth is expected to continue going forward. The Chief Executive Officer for Asia Pacific will formulate and execute a regional strategy reflecting a local perspective, and take other measures to speed decision-making and strengthen business operation management, such as centralizing procurement functions. In this way, Hitachi will drive further business expansion in China and the Asian region as a whole. By implementing new management structures and continuously reforming them, Hitachi aims to dramatically improve management efficiency as it strives to establish itself as a major globally competitive player.

Demand for safe, secure and economical social infrastructure is growing steadily, spurred by rising global environmental awareness, energy issues, natural disasters and other factors. Users require companies to provide such social infrastructure along with a wide range of functions such as consulting to accurately identify and understand regional needs and issues, technological and engineering skills to solve problems, and service functions to maintain and operate the infrastructure. Partly in response to the rise of emerging-market companies, a growing number of infrastructure companies, primarily those in Western countries, have moved to bolster

their collective strength by combining the resources of their infrastructure divisions.

Hitachi has decided to reorganize its management structure based on a “market-driven” approach grounded in customer needs. The objective is to further accelerate the Social Innovation Business and remain competitive in the global market for social infrastructure projects. By organizing its management units into five groups aligned with customer needs, Hitachi will speed decision-making and increase its focus on growing fields. Furthermore, in the China/Asian region, Hitachi will enhance its value propositions as a group by formulating strategies and developing businesses firmly founded in local markets.

The main points of the reorganization are as follows:

### **1. Enhancing Management Efficiency by Organizing Major Businesses into Five Groups**

The Hitachi Group will enhance management efficiency by reorganizing its broad range of businesses into the following five groups: the Information & Telecommunication Systems Group, Infrastructure Systems Group, Power Systems Group, Construction Machinery Group and High Functional Materials & Components Group. By integrating the management of strongly related groups of businesses, Hitachi will improve decision-making speed, optimize the business portfolio within each group, and establish a globally competitive business structure.

Each of the business groups will maximize the value they provide to customers by optimizing the business operation management in their respective business domains.

Hitachi will provide market-driven, integrated value propositions that anticipate customer needs, with the aim of making Hitachi a major player able to compete globally in each business field.

Meanwhile, on a Company-wide level, these reforms will enable Hitachi to prioritize business resources on business development and other initiatives at a higher level, based on the sharing of global strategies, human resources and financial strategies across the Company. Every effort will be made in these respects to accelerate Hitachi’s growth at the consolidated level.

Furthermore, in order to accelerate these improvements of the Hitachi Group's overall management efficiency, on April 1, 2012, Hitachi will establish the Social Innovation Business Project Division, reporting directly to the president. The new organization will lead new business creation initiatives in industries and regions offering strong growth prospects. The Social Innovation Business Project Division will bridge Information & Telecommunication Systems and Infrastructure Systems functions, perform customer-focused general sales activities for key accounts, operate regional sales activities directed at cultivating new markets, and create service-related business models, among other tasks.

## **2. Strengthening Infrastructure Systems Group Functions**

On April 1, 2012, Hitachi will establish the Infrastructure Systems Group in order to optimize functions, business scale and resources to compete with global competitors in the fast-changing social infrastructure field, which offers big business opportunities in such areas as smart cities, water treatment and transportation.

At the same time, Hitachi will reorganize the Information & Control Systems Company, Industrial & Social Infrastructure Systems Company and Hitachi Plant Technologies, Ltd. to form the Infrastructure Systems Company. As the core member of the Infrastructure Systems Group, the Infrastructure Systems Company will lead business development in the infrastructure field working closely with groups within Hitachi, including the Rail Systems Company, Urban Planning and Development Systems Company, Defense Systems Company, Hitachi Plant Technologies, Ltd., Hitachi Industrial Equipment Systems Co., Ltd., and Hitachi Automotive Systems, Ltd., etc.

The Infrastructure Systems Group will establish a management structure for providing products, systems and services as well as a broad range of functions, including consulting and engineering, across the entire business from upstream to downstream. To this end, the Infrastructure Systems Group will be internally reorganized into three units: (1) Smart Infrastructure; (2) System Engineering; and (3) Components. Under this structure, the Infrastructure Systems Group will provide vertically integrated products and services by cooperating with the Social Innovation Business Project Division which leads new business creation initiatives.

Similar organization will be established in the Information & Telecommunication Systems Group, named Smart Information Systems Division, which will be

responsible for information systems of smart infrastructure. Through these measures, Hitachi will work to improve its value proposition with fusion of IT and infrastructure, the strength of Hitachi.

### **3. Chief Executive Officer for Asia Pacific**

On April 1, 2012, Hitachi will create the new post of Chief Executive Officer for Asia Pacific in order to ensure deployment of businesses that responds to local needs in the Asian belt region.

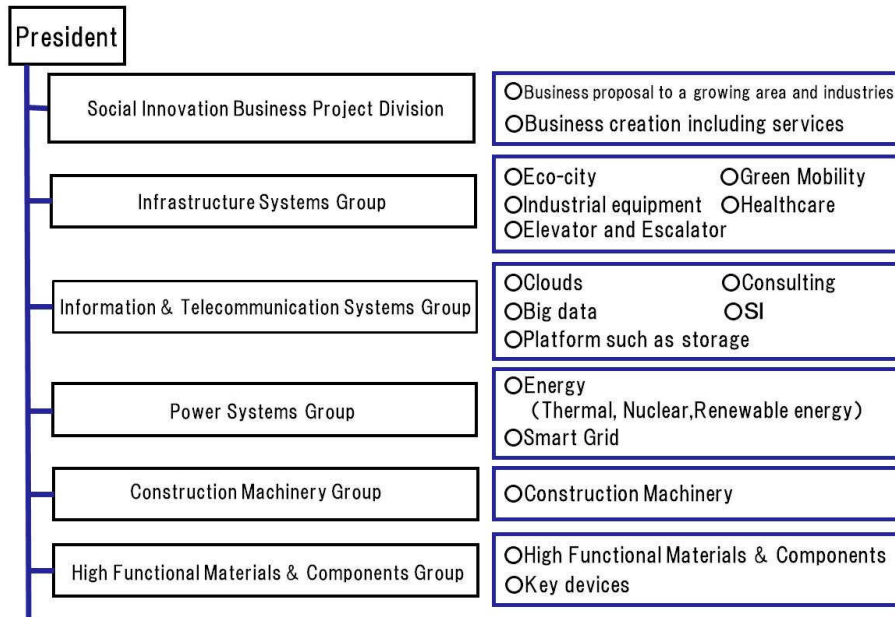
In the fast-growing and diverse China/Asian region, the Chief Executive Officer for Asia Pacific will work to drive business expansion across the entire Hitachi Group through prompt decision-making based on local conditions, while providing market analysis and formulating management and regional strategies from a local perspective that differs from the viewpoint from Japan. China is Hitachi's largest overseas market, accounting for 13% of revenues. The country is expected to continue growing rapidly under its 12<sup>th</sup> Five-Year Plan. In view of the need to continue to expand business in China, the Chief Executive Officer for Asia Pacific will be stationed in Beijing in order to further strengthen ties with the Chinese government, municipalities and other partners.

In addition to formulating the regional strategy for the China/Asian region, the Chief Executive Officer for Asia Pacific will be responsible for procurement management functions, setting the overall direction for regional management policy, and providing opinions to Head Office .

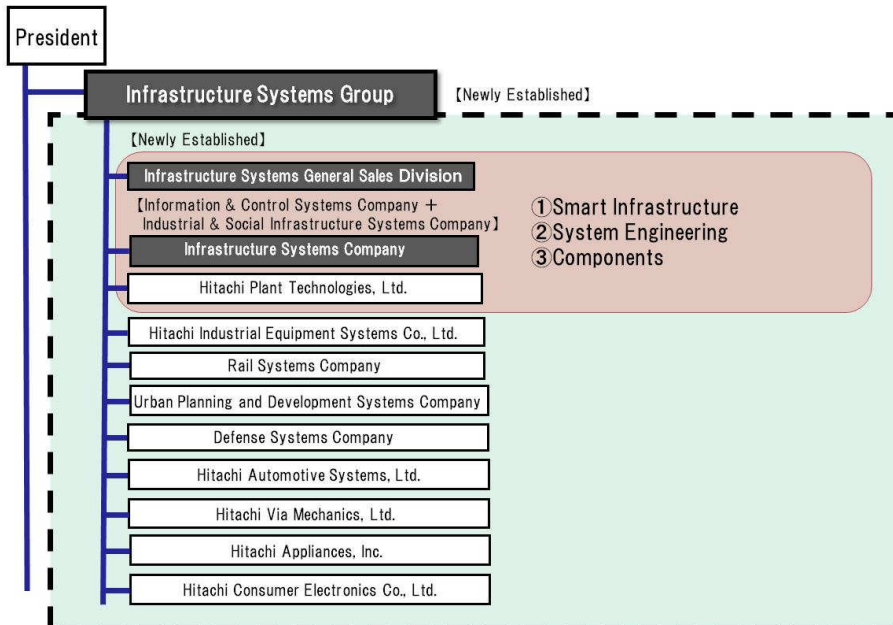
Furthermore, Hitachi will strengthen the leadership functions of the Chief Executive Officer for Asia Pacific in the region by transferring certain head-office functions, such as budgeting, personnel affairs, profit management, investment, business reorganization and alliances, and brand management. In addition, Hitachi plans to expand the scope of responsibility for this position to the entire Asia-Pacific region going forward.

<New Management Structure as of April 1, 2012>

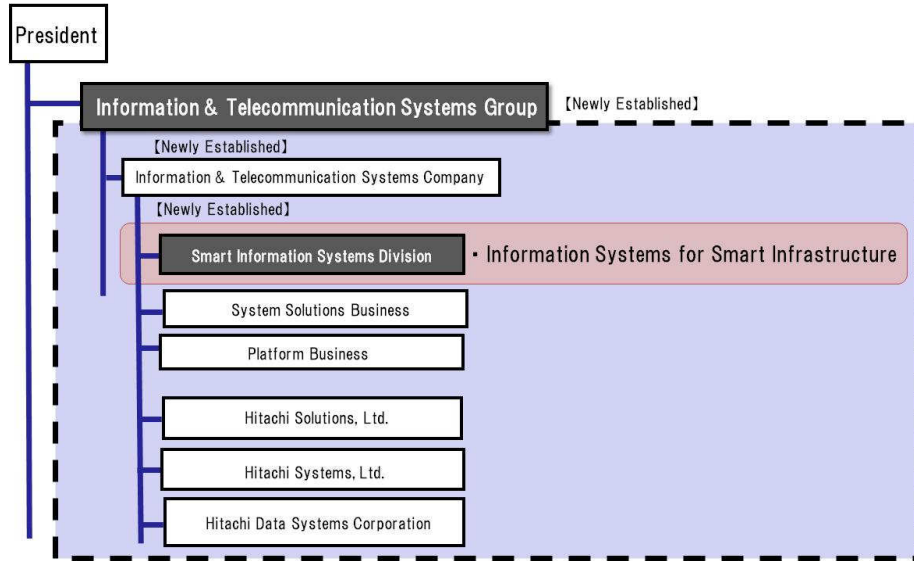
■ Hitachi's Management Structure Based on Five Groups



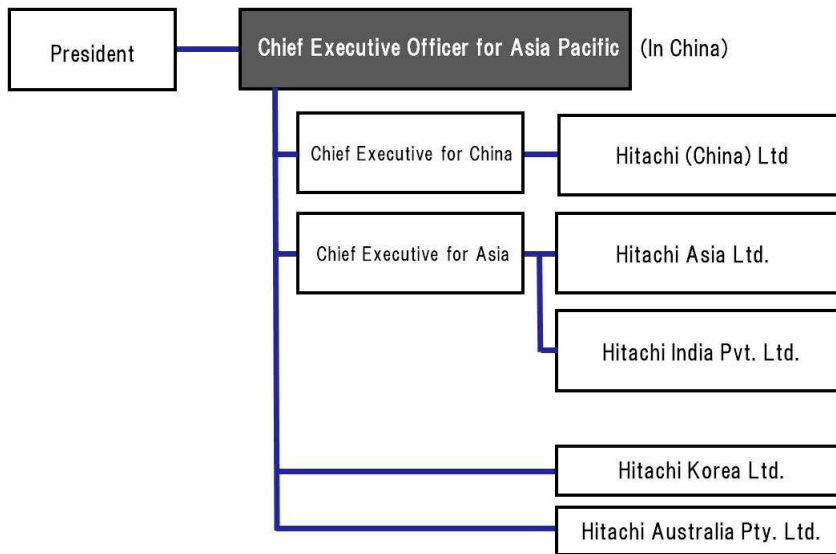
■ Infrastructure Systems Group



## ■ Information & Telecommunication Systems Group



## ■ Chief Executive Officer for Asia Pacific



### About Hitachi, Ltd.

Hitachi, Ltd., (NYSE: HIT / TSE: 6501), headquartered in Tokyo, Japan, is a leading global electronics company with approximately 360,000 employees worldwide. Fiscal 2010 (ended March 31, 2011) consolidated revenues totaled 9,315 billion yen (\$112.2 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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