

FOR IMMEDIATE RELEASE

**Hitachi Announces the Conclusion of
Absorption-Type Company Split Agreement
Relating to Reorganization of the Healthcare Business**

Tokyo, Japan, February 7, 2018 --- Hitachi, Ltd. (TSE: 6501, “Hitachi”) and Hitachi Medical Computer Systems, Inc. (“HMCS”) announced on November 15, 2017 that they have decided to integrate the maintenance services and sales service support divisions related to medical devices business and electronic medical record business at HMCS as of April 1, 2018 and these businesses will be transferred to HMCS through an absorption-type company split (the “Company Split”). The reorganization aims to provide one-stop services for medical facilities and care providers, which play important roles in integrated community care systems in order to expand Hitachi’s healthcare business. Having concluded the absorption-type company split agreement (the “Absorption-type Company Split Agreement”) today, Hitachi and HMCS has announced matters as follows, some of which had not yet been decided in the news release on November 15, 2017. The matters which have been decided in the Company Split Agreement and changes since the previous news release are underlined.

1. Outline of the Company Split

(1) Schedule of the Company Split

Execution of the Company Split Agreement	<u>February 7, 2018</u>
Scheduled Company Split Date (Effective Date)	April 1, 2018 and July 1, 2018 (planned)*

* Through this Company Split, two absorption-type company split agreements are scheduled to be executed. The transfer of labor contracts for the maintenance service and sales service support divisions and electronic medical record systems business will have an effective date of April 1, 2018, while the transfer of other assets and contracts relating to these businesses will have an effective date of July 1, 2018.

Note: The Company Split at Hitachi is considered a simple absorption-type company split, pursuant to Article 784, Paragraph 2 of the Companies Act of Japan. As such, there is no plan to convene a shareholders’ meeting at Hitachi to obtain approval for the Absorption-type Company Split Agreement.

(2) Method of the Company Split

This is an absorption-type company split in which Hitachi is the transferring company and HMCS is the successor company.

(3) Details of Allotments Related to the Company Split

HMCS will allot one common share to Hitachi as each parts of the absorption-type split effective on April 1, 2018 and July 1, 2018.

(4) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights Accompanying the Company Split

The handling of stock acquisition rights issued by Hitachi will not change as a result of this Company Split.

Hitachi has not issued any bonds with stock acquisition rights.

(5) Capitalization Increases or Decrease Accompanying the Company Split

There will be no increase or decrease in Hitachi's capitalization as a result of the Company split.

(6) Succession of Rights and Obligations

HMCS will succeed to all rights and obligations of Hitachi including cash and deposits, part of intangible fixed assets and labor contracts, as specified in the Absorption-type Company Split Agreement on April 1,2018.

HMCS will also succeed to all rights and obligations of Hitachi including movable assets, intellectual property rights, claims and debts, the statuses under contracts as specified in the Absorption-type Company Split Agreement on July 1,2018.

(7) Prospect on Fulfilment of Obligations

It is judged that there should be no concern about fulfilling all obligations of HMCS.

2. Outline of the Companies Involved in the Company Split

(1) Transferring Company

(1) Name	Hitachi, Ltd.											
(2) Head office	6-6 Marunouchi 1-chome, Chiyoda-ku, Tokyo											
(3) Representative	Toshiaki Higashihara, President & CEO											
(4) Business	Development, manufacture and sales of products and provision of services across 8 segments: Information & Telecommunication Systems, Social Infrastructure & Industrial Systems, Electronic Systems & Equipment, Construction Machinery, High Functional Materials & Components, Automotive Systems, Smart Life & Ecofriendly Systems, and Others.											
(5) Capital (as of March 31, 2017)	458,790 million yen											
(6) Established	February 1, 1920											
(7) Total number of Issued shares (as of March 31, 2017)	4,833,463,387 shares											
(8) Fiscal year-end	March 31											
(9) Major shareholders and shareholding (as of March 31, 2017)	<table border="0"> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>5.89%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account)</td> <td>5.21%</td> </tr> <tr> <td>Hitachi Employees' Shareholding Association</td> <td>2.19%</td> </tr> <tr> <td>Nippon Life Insurance Company</td> <td>1.93%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account 5)</td> <td>1.83%</td> </tr> </table>		The Master Trust Bank of Japan, Ltd. (Trust Account)	5.89%	Japan Trustee Services Bank, Ltd. (Trust Account)	5.21%	Hitachi Employees' Shareholding Association	2.19%	Nippon Life Insurance Company	1.93%	Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.83%
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Hitachi Employees' Shareholding Association	2.19%											
Nippon Life Insurance Company	1.93%											
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.83%											
(10) Financial conditions and business results for the most recent fiscal year (ended March 31, 2017) (Consolidated / IFRS) (Unit: Million yen, unless otherwise specified)												
Total Hitachi, Ltd. Stockholders' equity	2,967,085											
Total assets	9,663,917											
Total Hitachi, Ltd. Stockholders' equity per share (yen)	614.56											
Revenues	9,162,264											
Income from continuing operations, before income taxes	587,309											
Net income attributable to Hitachi, Ltd. stockholders	231,261											
Earning per share attributable to Hitachi, Ltd. stockholders (Basic) (yen)	47.90											

(2) Successor Company

(1) Name	Hitachi Medical Computer Systems, Inc.	
(2) Head office	31-1 Nishi-Gotanda 1-chome, Shinagawa-ku, Tokyo	
(3) Representative	Yoshifumi Ito, President	
(4) Business	Development, sales, and service provision for electronic medical record and other information systems used in medical, dental, and pharmaceutical applications	
(5) Capital (as of March 31, 2017)	325 million yen	
(6) Established	December 1, 2000	
(7) Total number of Issued shares (as of March 31, 2017)	650,000 shares	
(8) Fiscal year-end	March 31	
(9) Major shareholders and shareholding (as of March 31, 2017)	Hitachi, Ltd.	100%
(10) Financial conditions and business results for the most recent fiscal year (ended March 31, 2017) (Non-consolidated / IFRS) (Unit: Million yen, unless otherwise specified)		
Net assets		2,326
Total assets		5,004
Book value per share (yen)		3,578.46
Revenues		8,744
Operating income		50
Net Income		34
Net income per share (yen)		52.30

3. Overview of Divisions to Be Split

(1) Business of Divisions to Be Split

Maintenance service and sales service support divisions related to medical devices business, including medical imaging systems and analytical systems, and electronic medical record business

(2) Business Results of Divisions to Be Split (Unconsolidated)

Revenues:29.9 billion yen (year ended March 31,2017)

(3) Assets and Liabilities to Be Split (Forecast for the end of March, 2018)

(Billions of yen)

Category	Details	Amount
Assets to be split	Cash and deposit, movable assets, intangible fixed assets	3.5
Liabilities to be split	Debt, other current liabilities, fixed liabilities	3.5
Net amount	—	0

4. Status of the Successor Company After the Company Split

On April 1, 2018, the name of Hitachi Medical Computer Systems, Inc., as the successor company, will be changed to Hitachi Healthcare Systems, Inc.

(1) Name	Hitachi Healthcare Systems, Inc.
(2) Head office	31-1 Nishi-Gotanda 1-chome, Shinagawa-ku, Tokyo
(3) Representative	<u>Yoshifumi Ito, President</u>
(4) Business	Development and sales of medical information systems used in medical, dental, and pharmaceutical applications and maintenance service
(5) Capital	325 million yen
(6) Fiscal year-end	March 31

5. Outlook

The Company Split will have no effect on Hitachi's consolidated business results.

(Reference)

Consolidated business forecasts for the year ending March 31, 2018 (announced on January 31, 2018), and consolidated business 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 2017 (Year Ending March 31, 2018)	9,300,000	570,000	405,000	300,000
Consolidated Business Results for Fiscal 2016 (Year Ended March 31, 2017)	9,162,264	469,091	338,029	231,261

About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, delivers innovations that answer society's challenges. The company's consolidated revenues for fiscal 2016 (ended March 31, 2017) totaled 9,162.2 billion yen (\$81.8 billion). The Hitachi Group is a global leader in the Social Innovation Business, and it has approximately 304,000 employees worldwide. Through collaborative creation, Hitachi is providing solutions to customers in a broad range of sectors, including Power / Energy, Industry / Distribution / Water, Urban Development, and Finance / Government & Public / Healthcare. For more information on Hitachi, please visit the company's website at <http://www.hitachi.com>.

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;
- 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;
- 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;
- 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;
- 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 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;
- 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;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- 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;

- the potential for significant losses on Hitachi's investments in equity-method associates and joint ventures;
- 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 cost structure overhaul;
- uncertainty as to Hitachi's access to, or ability to protect, certain intellectual property;
- 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 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; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

The factors listed above are not all-inclusive and are in addition to other factors contained in other materials published by Hitachi.

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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.
