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Hitachi Announces the Restructuring of Power Semiconductor Business Through Company Split

-- Aims to Integrate Design, Manufacturing and Sales to Provide Faster Response to Diversifying Customer Needs and Strengthen the Business --

Tokyo, June 11, 2013 --- Hitachi, Ltd. (TSE: 6501 / "Hitachi") today announced that it has decided to create an integrated framework encompassing design, manufacturing and sales by transferring its power semiconductor business to subsidiary Hitachi Haramachi Electronics Co., Ltd. on October 1, 2013.

The purpose of this reorganization is to provide faster response to diversifying customer needs in the power semiconductor business. In specific terms, Hitachi will transfer its design, manufacturing, quality assurance, sales and other operations of the power semiconductor business to Hitachi Haramachi Electronics Co., Ltd. ("Hitachi Haramachi Electronics") via a company split. At the same time, Hitachi Haramachi Electronics will be renamed Hitachi Power Semiconductor Devices Co., Ltd. (Tentative). Certain disclosures and details have been omitted as the company split involves the transfer of a Hitachi business to a wholly owned subsidiary.

1. Purpose of the Organizational Restructuring

The power semiconductor market has been affected by China's economic slowdown, the European economic crisis and other major changes. At the same time, however, measures in various spheres to create a low-carbon society are expected to continue apace on a global level. For this reason, Hitachi believes that the power semiconductor market should see even much more expansion going forward as this is a business that contributes to energy conservation.

The company split announced today will integrate power semiconductor operations from design and manufacturing to sales carried out in the Hitachi Group. These products are key devices in the Social Innovation Business, which includes rolling stocks, construction machinery, power generation and transmission & distribution

equipments, automobiles and home appliances. This integration aims to expedite the flow of information and decision-making to strengthen the competitiveness of Hitachi's component products.

Looking ahead, the new company will work to mass produce high-voltage-resistant IGBTs, which achieve the world's best performance in terms of low power loss. These IGBTs are used in railway systems, construction machinery, wind power systems, power transmission and distribution systems, and other areas. In tandem, Hitachi Power Semiconductor Devices will step up the pace of development for commercializing SiC (silicon carbide) devices for which expectations are high as a next-generation element. In addition, it will respond to increasing demand for energy-efficient air conditioners in emerging nations with inverter ICs, leveraging its extensive track record in this market in Japan. Furthermore, in the automotive field, the new company will actively promote business with diodes for third-generation (resin-based) alternators that last longer and are more reliable.

In terms of sales, Hitachi Power Semiconductor Devices will progressively expand overseas sales bases to target the growing global power semiconductor market. At the same time, it will strengthen front sales and front sales engineering to respond to customer demand in light of the growth and evolution of market needs.

2. Outline of the Company Split

(1) Company Split Schedule

Execution of Company Split Agreement	August 2013 (Tentative)
Scheduled Company Split Date (Effective Date)	October 1, 2013 (Tentative)

* For Hitachi, the company split is deemed to be a simple absorption-type company split pursuant to Article 784, Paragraph 3 of the Companies Act of Japan. And for Hitachi Haramachi Electronics, the company split is deemed to be a short-form absorption-type company split pursuant to Article 796, Paragraph 1 of the Companies Act of Japan. Therefore, Hitachi and Hitachi Haramachi Electronics do not plan to convene shareholders' meetings to obtain approval for the company split agreement.

(2) Company Split Method

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

(3) Others

Hitachi has not issued any stock acquisition rights or bonds with stock acquisition rights.

Other details on the company split will be announced when they are determined.

3. Profile of the Parties of the Company Split

	Transferring Company	Successor Company
(1) Name	Hitachi, Ltd.	Hitachi Haramachi Electronics Co., Ltd.
(2) Head Office	6-6, Marunouchi 1-Chome, Chiyoda-ku, Tokyo	10-2, Bentencho 3-Chome, Hitachi City, Ibaraki
(3) Representative	Hiroaki Nakanishi, President	Shingo Odai, President
(4) Business	Development, manufacture and sales of products and provision of service across 10 segments: Information & Telecommunication Systems, Power Systems, Social Infrastructure & Industrial Systems, Electronic Systems & Equipment, Construction Machinery, High Functional Materials & Components, Automotive Systems, Digital Media & Consumer Products, Financial Service, Others	Manufacture and sales of semiconductor and application products
(5) Capital	458,790 million yen (As of March 31, 2013)	150 million yen (As of March 31, 2013)
(6) Established	February 1, 1920	February 1, 1973
(7) Number of issued shares	4,833,463,387 (As of March 31, 2013)	300,000 (As of March 31, 2013)
(8) Fiscal year end	March 31	March 31
(9) Major shareholders and shareholding	- The Master Trust Bank of Japan, Ltd. (Trust Account) 6.52% - Japan Trustee Services Bank, Ltd. (Trust Account) 5.77% - SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS 2.58% - Hitachi Employees' Shareholding Association 2.57% - State Street Bank and Trust	Hitachi, Ltd. 100%

	Company 505224 (As of March 31, 2013)	2.18%
(10) Business Results and financial Status for the Most Recent Fiscal Year (Millions of yen unless otherwise specified)		
Net assets	3,179,287 (Consolidated)	926 (Unconsolidated)
Total assets	9,809,230 (Consolidated)	6,450 (Unconsolidated)
Net assets per share (yen) * ¹	431.13 (Consolidated)	3,087.48 (Unconsolidated)
Revenues	9,041,071 (Consolidated)	12,125 (Unconsolidated)
Operation income	422,028 (Consolidated)	(217) (Unconsolidated)
Ordinary income * ²	344,537 (Consolidated)	(149) (Unconsolidated)
Net income * ³	175,326 (Consolidated)	289 (Unconsolidated)
Net income per share (yen) * ³	37.28 (Consolidated)	965.70 (Unconsolidated)

*1 Since Hitachi has been adopting U.S. accounting standards, this figure represents stockholders' equity per shares

*2 Since Hitachi has been adopting U.S. accounting standards, this figure represents income before income taxes.

*3 Since Hitachi has been adopting U.S. accounting standards, these figures represent net income attributable to Hitachi, Ltd. stockholders and net income attributable to Hitachi, Ltd. stockholders per share basic, respectively.

4. Overview of the Business to Be Transferred

(1) Business of the Business to Be Transferred

Design, Manufacturing, Quality assurance and Sales, etc. of Power Semiconductor Business

(2) Others

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

5. Status of Succeeding Company after Transfers

(1) Name	Hitachi Power Semiconductor Devices Co., Ltd. (Tentative)
(2) Headquarters	Hitachi City, Ibaraki (Headquarter of Tokyo: Chiyoda-ku, Tokyo)
(3) Representative	Masahiro Yamamura President
(4) Business	Design, manufacture and sales of semiconductor and application products
(5) Capital	450 million yen
(6) Number of employees	Approx. 1,160
(7) Major shareholders and shareholding	Hitachi, Ltd. 100%

6. Status of Hitachi After the Company Split

There will be no change in the company name, head office location, representative's position or name, business activities, capital or fiscal year of Hitachi due to the company split.

7. Outlook

The company split will have no impact on the consolidated operating results of Hitachi.

(Reference) Consolidated Business Forecasts for the Year Ending March 31, 2014 (announced on May 10, 2013) and Consolidated Operating Results for the previous Fiscal Year

(Millions of yen)

	Revenues	Operating Income	Income Before Income Taxes	Net Income Attributable to Hitachi, Ltd. Stockholders
Consolidated Business Forecasts for Fiscal 2013 (Year ending March 31, 2014)	9,200,000	500,000	425,000	210,000
Consolidated Operating Results for Fiscal 2012 (Year ended March 31, 2013)	9,041,071	422,028	344,537	175,326

About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, is a leading global electronics company with approximately 326,000 employees worldwide. The company's consolidated revenues for fiscal 2012 (ended March 31, 2013) totaled 9,041 billion yen (\$96.1 billion). Hitachi is focusing more than ever on the Social Innovation Business, which includes infrastructure systems, information & telecommunication systems, power systems, construction machinery, high functional material & components, automotive systems and others.

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, 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;
- the potential for significant losses on Hitachi’s investments in equity method affiliates;
- increased commoditization of information technology products and digital media-related products and intensifying price competition for such products, particularly in the Digital Media & Consumer Products segment;
- 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;
- rapid technological innovation;
- 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;
- 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;
- 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 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 affiliates 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 earthquakes, tsunamis or other natural disasters;
- 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.

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