

News Release

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Notification of Change of Subsidiary (Transfer of Shares)

Tokyo, Japan, March 30, 2016 --- Hitachi, Ltd. (TSE:6501; “Hitachi”) today announced that it has concluded an agreement regarding the transfer of common stocks of Hitachi Transport System, Ltd. (President and CEO: Yasuo Nakatani, “HTS”), a consolidated subsidiary of Hitachi. Based on this agreement, a part of shares of HTS common stocks owned by Hitachi will be transferred to SG Holdings Co., Ltd. (President and COO: Tadashi Machida; “SG Holdings”).

As a result of this transfer of shares, Hitachi’s ownership ratio of voting rights will be 30%, and HTS will change from Hitachi’s consolidated subsidiary to its associate accounted for using the equity-method.

1. Reasons for the transfer of shares

Currently, the logistics industry structure is significantly shifting from logistics driven by manufacturing floor and the supply side to user-driven or distribution-oriented ones leveraging e-commerce and the Internet of Things (IoT). Logistics services are becoming more sophisticated and diversified in order to pursue greater convenience for users – for example, in the case of integrated domestic/global logistics and time designated deliveries –and customers need more finely-tuned response.

HTS was founded as a logistics subsidiary that subcontracts transport operations for Hitachi. Since then, it has enhanced its comprehensive 3rd party logistics (3PL) services covering all aspects of logistics operations, from procurement of parts and materials to plant production and sales, and has expanded transactions outside of the Hitachi Group. It promotes Smart Logistics on a global scale, based on advanced logistics technologies and frontline know-how, along with a diverse service menu.

Hitachi is rolling out the Social Innovation Business worldwide, using information technologies to build advanced social infrastructure systems. HTS plays a central role in the

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promotion of Smart Logistics, which is one of important functions that makes up the Social Innovation Business. In order to optimize and improve the efficiency of customers' supply chains as a whole and create new services that integrate logistics and distribution, it is essential to strengthen Smart Logistics, which use information technologies.

Hitachi decided to transfer a part of its own shares of the HTS common stock to SG Holdings, and HTS will form a capital and business alliance with SG Holdings and Sagawa Express Co., Ltd. (President and CEO: Hideo Araki; "Sagawa Express"), which is an SG Holdings group company.

The alliance between HTS, which demonstrates expertise in 3PL and other aspects of logistics for corporate customers, and SG Holdings and Sagawa Express, which have outstanding delivery capabilities and strong market position in home deliveries, will give rise to enhanced logistics platforms. By combining these platforms with the Hitachi Group's resources, Hitachi will expand the scope of the Social Innovation Business, and contribute to improving people's quality of life.

Hitachi will use funds obtained through this transfer of shares to further accelerate the global rollout of the Social Innovation Business.

2. Outline of the subsidiary transferred

(1) Name	Hitachi Transport System, Ltd.		
(2) Head Office	7-2-18 Toyo, Koto-ku, Tokyo		
(3) Representative	President and CEO, Yasuo Nakatani		
(4) Outline of Business	Comprehensive logistics services		
(5) Capital	16,802 million yen (as of March 31, 2015)		
(6) Established	August 7, 1959		
(7) Main Shareholders and Shareholding (as of September 30, 2015)	Hitachi, Ltd.	53.19%	
	Hitachi Urban Investment, Ltd.	5.70%	
	Japan Trustee Services Bank, Ltd. (Trust Account)	3.63%	
	National Mutual Insurance Federation of Agricultural Cooperatives	2.50%	
	The Master Trust Bank of Japan, Ltd. (Trust Account)	2.45%	
(8) Relationship between Hitachi and HTS	Capital relationship	Hitachi owns 58.89% of the aggregate number of issued shares in HTS (5.70% indirect ownership).	
	Personnel relationship	One executive officer at Hitachi has been appointed a director at HTS.	
	Transaction relationship	Hitachi outsources the transport and storage of product to HTS.	
	Status as related party	HTS is Hitachi's consolidated subsidiary, and so is considered its related party.	
(9) Consolidated financial conditions and business results for past three fiscal years			
Fiscal year-end	March 2013 (Japan GAAP)	March 2014 (IFRS)	March 2015 (IFRS)
Net assets / Total equity attributable to equity holders of the parent (million yen)	174,904	174,295	184,830
Total assets (million yen)	374,206	434,796	459,386

Net assets per share / Total equity per share attributable to equity holders of the parent (yen)	1,517.93	1,562.47	1,656.91
Revenues (million yen)	547,517	625,466	678,573
Operating Income (million yen)	19,535	15,590	21,465
Ordinary income / Income before income taxes (million yen)	19,568	14,718	22,006
Net income / Net income attributable to equity holders of the parent (million yen)	11,156	5,338	13,250
Net income per share / Earnings per share attributable to equity holders of the parent per share (yen)	100.01	47.85	118.78
Dividends per share (yen)	25.00	26.00	28.00

Note: The names of items and indexes in the column of (9) above are the names as indicated in "Japan GAAP" / "IFRS."

3. Outline of the company purchasing the shares

(1) Name	SG Holdings Co., Ltd.	
(2) Head Office	68 Tsunoda-cho, Kamitoba, Minami-ku, Kyoto, Japan	
(3) Representative	Chairperson and CEO Eiichi Kuriwada President and COO Tadashi Machida	
(4) Outline of Business	Group management strategies, administration, and related business	
(5) Capital (as of March 20, 2016)	11,882 million yen	
(6) Established	March 21, 2006	
(7) Consolidated Net Assets (as of March 20, 2015)	207,547 million yen	
(8) Consolidated Total Assets (as of March 20, 2015)	585,230 million yen	
(9) Main Shareholders and Shareholding (as of March 20, 2016)	SG Holdings Employee Shareholder Association: 27.03% Shinseikosan.Co.,Ltd: 11.83% Sagawa Art Museum: 7.56% Eiichi Kuriwada: 5.00% The Bank of Tokyo-Mitsubishi UFJ, Ltd.: 4.67%	
(10) Relationship between Hitachi and SG Holdings	Capital relationship	None
	Personnel relationship	None
	Transaction relationship	None
	Status as related party	N/A

4. Number of transferred shares, transfer price, and status of shareholding before and after transfer

(1) Number of shares owned before transfer	65,821,278 shares (including indirectly owned shares) Number of voting rights: 658,212 (including rights attributable to indirectly owned shares) (Ratio of voting rights owned: 59.02%)(*1)
(2) Number of transferred shares	32,349,700 shares (Number of voting rights: 323,497)
(3) Transfer price	87.5 billion yen
(4) Number of shares owned after transfer	33,471,578 shares (*2) (Number of voting rights: 334,715) (Ratio of voting rights owned: 30.01%)(*1)

*Notes: 1. The calculation of ratio of voting rights owned is based on the number of total voting rights of HTS (1,115,287) as of December 31, 2015.

2. Indirectly owned shares will be transferred to Hitachi before the effective date of transfer of shares.

5. Schedule

Execution of the share purchase agreement	March 30, 2016
Effective date of transfer of shares	May 19, 2016

6. Outlook

As a result of this transfer of shares, Hitachi plans to post an extraordinary gain of about 86.0 billion yen on gain on sale of affiliated companies' common stock in the unconsolidated statements of operations for the three months ending June 30, 2016. The impact of this transfer of shares on the consolidated business results for the year ending on March 31, 2017 is not determined.

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;
- 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;
- 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 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;
- increased commoditization of and intensifying price competition for products;
- 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;
- 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 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 potential for significant losses on Hitachi's investments in equity-method associates and joint ventures;
- 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;
- 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.

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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