

**FOR IMMEDIATE RELEASE**

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**Hitachi Announces Strategy to Strengthen Social Innovation Business  
Plans to Wholly Own Five Publicly Listed Companies**

Tokyo, July 28, 2009 --- Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced that the Company's Board of Directors has decided to make a public tender offers to purchase the common stock of five publicly listed companies, converting them into wholly owned subsidiaries. The five associated companies include: Hitachi Information Systems, Ltd. (TSE:9741), Hitachi Software Engineering Co., Ltd. (TSE:9694), Hitachi Systems & Services, Ltd. (TSE:3735), Hitachi Plant Technologies, Ltd. (TSE:1970) and Hitachi Maxell, Ltd. (TSE:6810).

Hitachi is concentrating to build a more stable earnings structure with a focus on the Social Innovation Business, which comprises social infrastructure supported by highly reliable and highly efficient information and telecommunications technology. Thus far, Hitachi has implemented various measures to rebuild its business portfolio by either exiting or integrating a number of businesses, including system LSI, DRAM, mobile phone, LCD panel, printer, and consumer PC businesses. Hitachi recently converted Hitachi Koki Co., Ltd. and Hitachi Kokusai Electric Inc. into consolidated subsidiaries; merged Hitachi Communication Technologies, Ltd.; split off the consumer and automotive systems businesses; initiated the merger of Hitachi Electronics Services Co., Ltd. and Hitachi HBM Co., Ltd. and continues to take additional steps in strengthening the Social Innovation Business through the optimal allocation of the Hitachi Group's resources.

Today's announcement to transform the aforementioned five companies into wholly owned subsidiaries accelerates these efforts. These companies play a central role in

Social Innovation Business fields, including information and telecommunication systems business, social infrastructure systems business, and also lithium-ion batteries business, which support the Social Innovation Business along with motors, inverters, and power semiconductors. Conversion of the five companies into wholly owned subsidiaries will foster closer ties, and facilitate the integration of business strategy and structures, leading to improved competitiveness and a stable earnings base.

### **1. Information and Telecommunication Systems Business**

Systems integration, particularly construction, operation and maintenance of information systems, has driven expansion within the information services market. Against a backdrop of intense competition and a difficult economic environment, higher returns on investment in IT are in more demand. The interest of users is also shifting from ownership of systems to information services that enable efficient system use and operation, such as outsourcing and SaaS\*. In order to establish a resilient IT infrastructure business that can respond to this rapidly and dynamically changing business environment and business model, Hitachi plans to convert Hitachi Information Systems, Hitachi Software Engineering and Hitachi Systems & Services into wholly owned subsidiaries. This transformation will positively facilitate the integration of the Hitachi Group's information and telecommunication systems business, enabling valuable, integrated services across the entire lifecycle of IT systems. In particular, Hitachi will provide the Hitachi Group's strengths in the following fields.

#### **a. Data Center Business**

Hitachi will develop its eco-friendly data center business, ultimately reducing TCO\* and offering high reliability, by leveraging robust state-of-the-art "green" IT.

#### **b. Cloud Computing-Related Business**

In cloud computing environments that utilize Internet-based platforms, Hitachi will provide highly dependable usage environments that can meet the demands of social infrastructure systems, delivering reliability and security with the same quality of company-owned IT systems. Hitachi will rely on its sophisticated security and networking technology in this area.

#### **c. Global Business**

Hitachi plans to expand globally by promoting local operations, mainly in its overseas consulting business and data center business. This plan coupled with a cooperation

with local partners and the employment of foreign nationals familiar with local operations.

**d. Systems Integration Business in Japan**

Hitachi plans to further strengthen the management of large accounts, such as mission-critical systems for mega-banks and other financial institutions, as well as optimization systems in the public sector. The Company also plans to reinforce proposal capabilities through the integration of its businesses, providing information systems for SMBs\*, especially in the industrial and logistics fields.

**e. Hitachi will expand structural development for middleware and embedded software for products.**

**f. Hitachi will strengthen and expand its network services and outsourcing businesses.**

In regard to the business management structure, Hitachi will form in-house company that will facilitate business execution based on an integrated strategy centered on five main “companies”: Hitachi’s Information & Telecommunication Systems Group, Hitachi Information Systems, Hitachi Software Engineering, Hitachi Systems & Services, and Hitachi Electronics Services Co., Ltd., which is already a wholly owned Hitachi subsidiary.

\*SaaS (Software as a Service): A business model involving the provision of applications needed by users as services.

\*TCO (Total Cost of Ownership): The total cost of installing, maintaining and managing a computer system

\*SMB: Small and medium-sized businesses

**2. Social Infrastructure Systems Business**

The social and industrial infrastructure systems field, including power, transportation, road, water and other public systems, as well as production facilities in manufacturing industries, is expected to grow as a market particularly in emerging countries. Developed countries and regions that currently have an established social and industrial infrastructure will still experience an increased demand for renovation, supported by advanced information and telecommunications technologies. Ideally, social infrastructure should have a smaller impact on the global environment going forward.

Hitachi's decision to convert Hitachi Plant Technologies into a wholly owned subsidiary provides an integrated response to these social infrastructures needs on a global basis. Through integrated management with the Hitachi Group, Hitachi plans to strengthen its integration capabilities within the Hitachi Group's core functional component and subsystem businesses and also to strengthen its total solutions that organically and cohesively combines these businesses, in fields ranging from water circulation systems and air-conditioning systems to transportation systems and power systems. Hitachi plans to bring greater Group synergies globally in the following areas:

**a. Water Circulation Systems**

Hitachi will deliver total solutions, ranging from the supply of equipment and systems to the management and operation of facilities, in order to address significant water issues around the world. (the Middle and Near East, Southeast Asia, etc.)

**b. Air-Conditioning Systems**

Hitachi will propose energy-saving solutions for data centers in which air-conditioning systems will be key. These systems will incorporate monitoring and control technologies for IT equipment such as servers and cooling units for directly cooling servers to address the problem of a rapid increase in electricity consumption due to increased heat emissions and higher integration of servers. Hitachi will also provide various environmental control technologies, including clean rooms. (Europe, China, etc.)

**c. Transportation Systems**

Full turn-key services will be offered overseas, from the delivery of railway vehicles to the laying of tracks and the building of assembly, inspection and repair facilities. (Europe, U.S., Southeast Asia, etc.)

**d. Power Systems**

Hitachi will efficiently deploy and utilize resources in local construction work, promote utilization of expertise such as modular construction for greater efficiency, and build large-scale, comprehensive infrastructures for emerging economies, etc. in developing its global power plant business. (Europe, U.S., Southeast Asia, West Asia, etc.)

#### **e. Industrial Systems**

Hitachi will build large-scale, comprehensive infrastructure for emerging economies and other nations, as well as increase efficiency in the design, engineering and construction of industrial plants.

### **3. Lithium-ion Batteries Business**

Lithium-ion and other types of rechargeable batteries will be essential for powering drive systems and making the renewable energy that replaces fossil fuels viable for the implementation of future measures to lower environmental impact around the world. In April, Hitachi established the Battery Systems Division to lead Group efforts in strengthening the lithium-ion business. In addition, Hitachi aims to foster a strong collaboration among its Battery Systems Division, Hitachi Maxell, Shin-Kobe Electric Machinery Co., Ltd. and Hitachi Vehicle Energy, Ltd. and other Group Companies to strengthen the lithium-ion battery-related business. This business boasts high quality products and a proven reputation. To date, the Hitachi Group has shipped about 600 million consumer-use lithium-ion battery cells and there has not been any product recalls. In addition, next generation automotive-use lithium-ion batteries are being developed. This time, Hitachi will make Hitachi Maxell a wholly owned subsidiary and will further strengthen the collaboration between Hitachi Group and Hitachi Maxell by establishing more stable capital relationship. Hitachi intends to apply Hitachi Maxell's development capabilities and mass-production technologies in the consumer field to automotive, industrial and railway vehicles applications, as well as to increase efforts in strengthening development capabilities and applications. Also, Hitachi will continue to reduce the investment burden through the shared use of production lines and by continuing to strengthen the Hitachi Group's cost competitiveness. Hitachi Group will expand lithium-ion batteries as a key device in the Social Innovation Business in parallel to motors, inverters and power semiconductors and will propose integrated solutions for social and industrial systems. Plans include strengthening Hitachi Maxell's strong computer tape, optical components, functional materials and other businesses. This effort will be achieved by utilizing Group sales channels and collaboration in the development stage.

### **4. Bolster Group Management**

In addition to converting the five listed subsidiaries into the wholly owned companies, Hitachi Group will thoroughly reexamine the in-house company system to further

reinforce its operating base through the strengthening of the Social Innovation Business. This fiscal year, Hitachi intends to consider each of its in-house business divisions with the same independence and mobility as Group companies, further clarifying responsibility and authority, as well as accountability for earnings. In addition, Hitachi seeks to accelerate Group structural reforms and global development, optimize the related allocation of resources, and fundamentally strengthen cost competitiveness for global competition. The five new supervisory offices, which are headed by executive vice presidents, will lead reform efforts in their respective fields of responsibility — management reforms, sales and promotion, overseas plant construction, business infrastructure, and business coordination to accomplish these challenges. This will ensure greater focus on the Social Innovation Business and the continued pursuit of resource optimization of all in-house companies and Group companies collaboratively, with the maximization of Group synergies.

#### **About Hitachi, Ltd.**

Hitachi, Ltd., (NYSE: HIT / TSE: 6501), headquartered in Tokyo, Japan, is a leading global electronics company with approximately 400,000 employees worldwide. Fiscal 2008 (ended March 31, 2009) consolidated revenues totaled 10,000 billion yen (\$102.0 billion). The company offers a wide range of systems, products and services in market sectors including information systems, electronic devices, power and industrial systems, consumer products, materials, logistics and financial services. 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 investments in Hitachi's major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors which Hitachi serves, including, without limitation, the information, electronics, automotive, construction and financial sectors;
- fluctuations in product demand and industry capacity, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- increased commoditization of information technology products and digital media related products and intensifying price competition for such products, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- uncertainty as to Hitachi's ability to continue to develop and market products that incorporate new technology on a timely and cost-effective basis and to achieve market acceptance for such products;
- rapid technological innovation, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- exchange rate fluctuation for the yen and 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;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum and synthetic resins;
- uncertainty as to Hitachi's ability to implement measures to reduce the potential negative impact of fluctuations in product demand, exchange rate and/or the price of raw materials;
- general socio-economic and political conditions and the regulatory and trade environment of Hitachi's major markets, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports, or differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- 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;
- uncertainty as to the success of restructuring efforts to improve management efficiency and to strengthen competitiveness;
- 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 ability to access, or access on favorable terms, liquidity or long-term financing; and
- uncertainty as to general market price levels for equity securities in Japan, declines in which may require Hitachi to write down equity securities it holds.

The factors listed above are not all-inclusive and are in addition to other factors contained in Hitachi's periodic filings with the U.S. Securities and Exchange Commission and in other materials published by Hitachi.

### **Other Cautionary Matters**

- In accordance with the provisions of Article 167, Paragraph 3 of the Financial Instruments and Exchange Law and Article 30 of its Enforcement Regulations, anyone having read this news release is considered a primary recipient of information from the viewpoint of insider trading regulations. Hitachi accordingly urges you to exercise due care as you may be prohibited from purchasing the shares of Hitachi Information Systems, Hitachi Software Engineering, Hitachi Systems & Services, Hitachi Plant Technology and Hitachi Maxell (hereinafter collectively referred to as the "target companies") before 12 hours have passed from the time of this announcement. If you are held liable under criminal, civil, or administrative laws for making such a prohibited purchase, Hitachi notes that it will assume no responsibility whatsoever.
- This news release is to announce the tender offer for shares of the target companies (hereinafter referred to as the "Tender Offer") and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first read the Explanatory Document for the Tender Offer and make their own decision. This news release does not constitute, nor form part of, any offer or invitation to buy, sell, exchange or otherwise dispose of, or issue, or any solicitation of any offer to sell or issue, exchange or otherwise dispose of, buy or subscribe for, any securities. In addition, this news release does not constitute, or form part of, any offer or invitation to sell, or any solicitation of any offer to purchase any securities in any jurisdiction, nor shall it (or any part of it) or the fact of its distribution form the basis of or be relied on in connection with any agreement thereof.
- The Tender Offer is targeted at the common stock of the target companies, all of which are incorporated in Japan. The Tender Offer is to be conducted in compliance with the procedures and information disclosure standards prescribed in the Financial Instruments and Exchange Law of Japan. These procedures and standards are not necessarily the same as the procedures and information disclosure standards in the United States. In particular, Section 13(e) and Section 14(d) of the U.S. Securities and Exchange Act of 1934 and the regulations stipulated thereunder are not applicable to the Tender Offer and the Tender Offer does not conform to those procedures and standards. Further, as the Hitachi is a company incorporated outside the U.S. and most officers of the Hitachi are residents outside the U.S., it may be impossible to exercise rights and claims that may be asserted under the securities-related laws of the U.S. There is also a chance that it may be difficult to institute proceedings in a court outside the U.S. against a company outside the U.S. or its officers based on a violation of the securities-related laws of the U.S. Additionally, there is no guarantee that it would be possible to make a company outside the U.S. and its subsidiary or affiliate subject to the jurisdiction of a U.S. court.
- Some countries or regions may impose restrictions on the announcement, issue or distribution of this news release. In such cases, please take note of such restrictions and comply with them. In countries or regions where the implementation of the Tender Offer is illegal, even upon receiving this news release, such receipt shall not constitute a solicitation of an offer to sell or an offer to buy shares relating to the Tender Offer and shall be deemed a distribution of materials for informative purposes only.