

News Release

FOR IMMEDIATE RELEASE

Restructuring of Automotive Lithium-Ion Battery Business

Shift to Joint-stock Partnership Structure with INCJ and Maxell

Tokyo, December 25, 2018 --- Hitachi, Ltd. (TSE: 6501) today announced that it had concluded an agreement with INCJ, Ltd. and Maxell Holdings, Ltd. to restructure the capital affiliation of Hitachi Vehicle Energy, Ltd., Hitachi's wholly owned subsidiaries in the automotive lithium-ion battery business, to form a joint-stock partnership structure with these companies, and had concluded both a basic agreement and share transfer agreement with them.

Specifically, the stocks of Hitachi Vehicle Energy owned by Hitachi, Ltd. will be transferred to INCJ and Maxell. Hitachi Automotive Systems, Hitachi's wholly-owned subsidiary in automotive components and related businesses, will spin off a part of its lithium-ion battery management system business etc. to Hitachi Vehicle Energy through an absorption-type company split, and acquire shares in Hitachi Vehicle Energy equivalent to the value of the spun-off business.

After this transaction, Hitachi Vehicle Energy will become a joint-stock partnership company with an ownership ratio of 47% held by INCJ, 47% by Maxell and 6% by Hitachi Automotive Systems, and will be excluded from the consolidated companies of Hitachi*.

* The percentage of voting right is expected to be 76.2% held by INCJ, 14.0% by Maxell and 9.8% by Hitachi Automotive Systems.

Hitachi and Hitachi Automotive Systems will pursue further growth by accelerating the strengthening of Social Innovation Businesses, such as advanced mobility, by providing electrification technologies including electric motors and inverters, and autonomous driving technologies such as advanced vehicle control.

Against the background of increasingly stringent environmental regulations in recent years, the market has been expanding for electrified vehicles such as hybrid vehicles, plug-in hybrid vehicles, electric vehicles, etc. The demand for automotive lithium-ion batteries, a key component of electrified vehicles, has also been increasing year-on-year. However, global competition in the automotive lithium-ion battery market has also intensified as overseas manufacturers become more competitive.

In cooperation with Hitachi Automotive Systems, since its establishment in 2004 Hitachi Vehicle Energy has built business relationships with Japanese and other major global automobile manufacturers, with the production of automotive lithium-ion batteries for hybrid vehicles as its main business.

In light of this situation, Hitachi concluded the above agreements after determining that Hitachi Vehicle Energy will be able to maintain and increase its global competitiveness by utilizing the extensive management resources of the three companies. INCJ has knowledge and an information network amassed through its diverse investment experiences, while Maxell has battery technologies and know-how developed over many years, and Hitachi Automotive Systems has a long record of deliveries to major automobile manufacturers.

Moving forward within its new structure, Hitachi Vehicle Energy will provide high-performance and highly reliable automotive lithium-ion batteries for the expanding electrified vehicle market, conduct advanced development of next-generation battery technologies, and contribute to the development and popularization of electrified vehicles.

1. Overview of Companies

(1) Hitachi Vehicle Energy

Company Name	Hitachi Vehicle Energy, Ltd.
Address	1410 Inada Hitachinaka-shi, Ibaraki, Japan
Representative	President : Shoji Saibara
Business Description	Marketing and development and manufacturing of lithium-ion battery for Hybrid-Electric
Capital	7.5 billion yen (Hitachi, Ltd. 100%)
Established	July 1, 2004

(2) INCJ

Company Name	INCJ, Ltd. (INCJ: Innovation Network Corporation of Japan)
Address	1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Representative	Chairman, CEO, & Member of the Board : Toshiyuki Shiga President, COO, & Member of the Board : Mikihide Katsumata
Business Description	Supports specific business activities etc. under a similar framework as that which was based on the Industrial Competitiveness Enhancement Act prior to its revision.
Capital	0.5 billion yen
Established	September, 2018 (Company split from Innovation Network Corporation of Japan)

(3) Maxell

Company Name	Maxell Holdings, Ltd.
Address	Taiyo-Life Shinagawa Building 21F, 2-16-2, Konan, Minato-ku, Tokyo
Representative	Chairman and Representative Director : Yoshihiro Senzai President and Representative Director : Yoshiharu Katsuta
Business Description	Formulation of group business strategy and management control of operating companies, etc.
Capital	12.2 billion yen
Established	September 3, 1960

(4) Hitachi Automotive Systems

Company Name	Hitachi Automotive Systems, Ltd.
Address	2-1, Otemachi 2-chome, Chiyoda-ku, Tokyo, Japan
Representative	President & CEO: Brice Koch
Business Description	Development, manufacture, sales and services of automotive components, transportation related components, industrial machines and systems, etc.
Capital	15 billion yen (Hitachi, Ltd. 100%)
Established	July 1, 2009

2. Schedule

Date of Conclusion of Agreement	December 25, 2018
Date of Transaction Completion	Scheduled for March 29, 2019

About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, delivers innovations that answer society's challenges, combining its operational technology, information technology, and products/systems. The company's consolidated revenues for fiscal 2017 (ended March 31, 2018) totaled 9,368.6 billion yen (\$88.4 billion). The Hitachi Group is an innovation partner for the IoT era, and it has approximately 307,000 employees worldwide. Through collaborative creation with customers, Hitachi is deploying Social Innovation Business using digital technologies in a broad range of sectors, including Power/Energy, Industry/Distribution/Water, Urban Development, and Finance/Social Infrastructure/Healthcare. For more information on Hitachi, please visit the company's website at <http://www.hitachi.com>.

About Hitachi Automotive Systems, Ltd.

Hitachi Automotive Systems, Ltd. is a wholly owned subsidiary of Hitachi, Ltd., headquartered in Tokyo, Japan. The company is engaged in the development, manufacture, sales and services of automotive components, transportation related components, industrial machines and systems, and offers a wide range of automotive systems including engine powertrain systems, electric powertrain systems and integrated vehicle control systems.

For more information, please visit the company's website at <http://www.hitachi-automotive.co.jp/en/>.

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