

**FOR IMMEDIATE RELEASE**

**Hitachi to Reorganize Domestic Manufacturing Bases for the  
Information & Telecommunication Systems Business**

*Aiming to Achieve a Highly Reliable and Efficient Domestic Production Structure  
to Strengthen Global Product Competitiveness*

**Tokyo, Japan, November 25, 2014** --- Hitachi, Ltd. (TSE:6501, "Hitachi") today announced that it has decided to reorganize domestic manufacturing bases and strengthen the production structure for the Information & Telecommunication Systems Business.

Hitachi currently has three manufacturing bases in Japan for IT platform related products, in Odawara City and Hadano City, both in Kanagawa Prefecture, and in Koriyama City, in Fukushima Prefecture. With the upcoming reorganization, by the end of September 2016, all of the manufacturing functions at the Odawara base, which manufactures mainly storage products, will be integrated into the Hadano base, which manufactures servers and network products.

Furthermore, Hitachi-Omron Terminal Solutions, Corp., a subsidiary in the ATM and terminal business that currently shares domestic manufacturing functions between its Asahi Headquarters (Owari-Asahi City, Aichi Prefecture) and Toyokawa Works (Toyokawa City, Aichi Prefecture), will integrate those domestic manufacturing functions into the Asahi Headquarters by the end of March 2016.

Hitachi is currently in the process of building a platform business structure that can respond quickly to changes in the market environment and the diversification of customer needs. As part of these activities, in October 2013, the domestic manufacturing functions for IT platform related products, which had been handled by Hitachi, Ltd. and two group companies, were integrated into Hitachi Information & Telecommunication Manufacturing, Ltd.

By integrating the domestic manufacturing bases for Information & Telecommunication Systems related products, Hitachi will further promote the standardization of technologies and facilities and the integration of core technologies and expertise, increase productivity and investment efficiency, and strengthen cost competitiveness on a global scale. These domestic manufacturing bases will also serve as "Mother Plants" to support quality control, human resource training, and the startup of production at overseas bases, as Hitachi continues to build high-quality, high reliability production structures and promote the expansion of business throughout the world.

## **1. Strengthening the domestic production structure for IT platform related products**

Manufacturing functions at the Odawara base, which manufactures storage products, will be integrated into the Hadano base, which manufactures servers and network products, by the end of September 2016. The Hadano base will be completely refurbished and expanded, with the construction of high-efficiency integrated manufacturing lines, in order to contribute to further global growth and the establishment of a high-efficiency production structure for core integrated platform products<sup>(1)</sup>. By integrating production lines for servers, storage, and network products, which up to now have been spread out among the Odawara and Hadano base, Hitachi will optimize common Printed Circuit Board Assembly (PCBA), equipment assembly, and production management processes. At the same time, it will introduce product management, transport, and supply systems at the Hadano base - with a focus on cutting-edge automated warehouses<sup>(2)</sup> - in order to automate in-house logistics from parts receipt to storage and allocation, and to further increase production efficiency.

Using this new production structure<sup>(3)</sup>, with the two domestic bases - in Hadano and Koriyama - acting as Mother Plants, and with one base each in the U.S. and Europe, Hitachi will strengthen business continuity and the global supply chain, and will further promote the global rollout of the IT platform business.

(1) Integrated platform products: By integrating servers, storage, network products, and software, establish "vertically integrated products" that minimize the burden of system construction, operation, and management.

(2) Automated warehouses: Warehouses in which automated management is achieved by attaching RFID (Radio Frequency Identification) to parts being stored.

(3) The production structure comprises two bases in Japan - Hadano (Hadano City, Kanagawa Prefecture) and Koriyama (Koriyama City, Fukushima Prefecture) - and two bases overseas - Hitachi Computer Products America, Inc. (Oklahoma, USA), the manufacturing base for the Americas, and Hitachi Computer Products (Europe) S.A.S. (Orleans, France), the manufacturing base for Europe and Africa.

## **2. Strengthening the domestic production structure for ATM and terminal business related products**

Hitachi-Omron Terminal Solutions' domestic manufacturing functions for ATM and terminal products, which are currently shared by the Asahi Headquarters and Toyokawa Works, will be integrated into the Asahi Headquarters by the end of March 2016. The goal of this integration will be to increase production efficiency and optimize operational costs, including the cost of transport between bases, while at the same time strengthening collaborations between manufacturing divisions and the design and quality assurance divisions at the Asahi Headquarters even more than ever. This in turn will make it possible to further refine core technologies and to strengthen functions as a Mother Plant.

Meanwhile, processes involving the installation of electronic components on PCBA for ATM and terminal business related products, which up to now have been handled by Hitachi-Omron Terminal Solutions, will be transferred to Hitachi Information & Telecommunication Manufacturing in order to strengthen cost competitiveness by sharing expertise in PCBA and promoting the standardization of components. As part of efforts to further increase competitiveness, Hitachi-Omron Terminal Solutions will strengthen product and service capabilities, and at the same time promote the optimization of global production structures in countries and regions demonstrating an increasing demand for “cash recycling” ATMs (which combine cash acceptor and dispenser functions, and also enable to reuse the deposited banknotes for withdrawal transactions)

In addition to the above activities, Hitachi has been strengthening its ability to respond to a wide range of customer needs based on a market-driven approach. For example, in October 2014, part of the Information Systems business at the Infrastructure Systems Company (an in-house company) was integrated into the Information & Telecommunication Systems Company, and in April 2015, the system solution business for the social infrastructure, financial, and government & public sectors in Hitachi Solutions, Ltd. will be integrated into the Information & Telecommunication Systems Company, one of Hitachi’s in-house companies. Hitachi will continue to build business structures aimed at strengthening business competitiveness, in order to further expand the Social Innovation Business.

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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.

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