

**Hitachi Announces Merger of Hitachi Medical and Hitachi Aloka Medical, and Establishment of New Manufacturing Subsidiary to Strengthen Healthcare Business**

**Tokyo, July 21, 2015** --- Hitachi, Ltd. (TSE: 6501, "Hitachi"), Hitachi Medical Corporation ("Hitachi Medical"), and Hitachi Aloka Medical, Ltd. ("Hitachi Aloka Medical") today announced that Hitachi Medical and Hitachi Aloka Medical will establish a new manufacturing subsidiary by combining the manufacturing divisions of them and that Hitachi will conduct absorption-type mergers of Hitachi Medical and Hitachi Aloka Medical (the "Merger") on April 1, 2016 (hereinafter the establishment of the manufacturing subsidiary and the Merger collectively will be referred to as the "Reorganization"). The Reorganization aims to strengthen Hitachi's healthcare business and accelerate growth of this business.

Certain information has been omitted in this release as the Merger is an absorption-type merger in which Hitachi will integrate wholly-owned subsidiaries.

**1. Purpose of the Reorganization**

In the healthcare field today, there are difficult challenges in developed countries, such as aging populations and an increase in chronic diseases. At the same time, emerging countries are facing challenges such as improving the level of medical care in line with their economic growth. Under these situations, the market size for healthcare businesses - diagnostics & clinical, testing & reagents, and informatics (services and platforms) - is expected to grow over 5% annually. Hitachi considers that its healthcare business will grow significantly by providing new solutions that combine its technologies and expertise with IT in addition to its existing businesses, such as medical imaging systems and cancer therapy systems. Hitachi has positioned its healthcare business as an important part of its Social Innovation Business.

To date, Hitachi has taken several steps to expand its healthcare business, including the conversion of Aloka Co., Ltd. (currently Hitachi Aloka Medical) into a wholly-owned subsidiary of Hitachi Medical in March 2011, and the conversion of Hitachi Medical into a wholly-owned subsidiary of Hitachi in March 2014. Moreover, in April 2014, Hitachi established the "Healthcare Group" and the Healthcare Company, an in-house company. In April 2015, Hitachi Medical and Hitachi Aloka Medical integrated their functions into the Healthcare Company. Through these moves, Hitachi has

strengthened its organization and its businesses, and worked to create a streamlined management structure.

The Reorganization will streamline the overlapping business sites in Japan and overseas of Hitachi, Hitachi Medical and Hitachi Aloka Medical, and we will work toward full management integration. Moreover, we will enhance our competitiveness by realizing high-quality and low-cost production and integrating the manufacturing technology and know-how of Hitachi Medical and Hitachi Aloka Medical.

Hitachi will strengthen and create solutions for the healthcare field utilizing the three core domains of diagnostics & clinical, testing & reagents, and informatics. Working closely with Hitachi's in-house companies, such as the Information & Telecommunication Systems Company, the Hitachi Group will strengthen its capacity to provide healthcare services. In so doing, the Hitachi Group will further accelerate its growth strategies and focus on care cycle and medical innovation aimed at achieving quality improvement and streamlining the delivery of healthcare.

## **2. Regarding the Merger**

### **2.1 Outline of the Merger**

#### **(1) Schedule**

Decision to Merge	July 21, 2015
Execution of Merger Agreement	December 2015 (Planned)
Scheduled Merger Date (Effective Date)	April 1, 2016 (Planned)

\*The Merger is deemed to be a simplified absorption-type merger for Hitachi pursuant to Article 796, Paragraph 3 of the Companies Act of Japan. Furthermore, it is deemed to be a short-form absorption-type merger for Hitachi Medical and Hitachi Aloka Medical pursuant to Article 784, Paragraph 1 of the Companies Act of Japan. Therefore, Hitachi, Hitachi Medical and Hitachi Aloka Medical do not convene shareholders' meetings to obtain approval for the merger agreement.

#### **(2) Merger Method**

These are absorption-type mergers in which Hitachi is the surviving company and Hitachi Medical and Hitachi Aloka Medical are the disappearing companies.

#### **(3) Details of Allotments Related to the Merger**

There will be no allotment of shares or other assets as a result of the Merger, because the Merger is between Hitachi and its wholly-owned subsidiaries.

#### **(4) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights of the Disappearing Companies**

Hitachi Medical and Hitachi Aloka Medical have not issued any stock acquisition rights or bonds with stock acquisition rights.

## 2.2 Profiles of the Parties of the Merger

### (1) Surviving Company

(1) Name	Hitachi, Ltd.										
(2) Head office	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo										
(3) Representative	Toshiaki Higashihara, President & COO										
(4) Business	Development, manufacture and sales of products and provision of services across 9 segments; Information & Telecommunication Systems, Social Infrastructure & Industrial Systems, Electronic Systems & Equipment, Construction Machinery, High Functional Materials & Components, Automotive Systems, Smart Life & Ecofriendly Systems, Others( Logistics and Other services) and Financial Services.										
(5) Capital	458,790 million yen										
(6) Established	February 1, 1920										
(7) Total number of issued shares	4,833,463,387 shares										
(8) Fiscal year-end	March										
(9) Major shareholders and shareholding (As of March 31, 2015)	<table> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>6.24%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account)</td> <td>4.57%</td> </tr> <tr> <td>Hitachi Employees' Shareholding Association</td> <td>2.07%</td> </tr> <tr> <td>Nippon Life Insurance Company</td> <td>1.93%</td> </tr> <tr> <td>NATS CUMCO</td> <td>1.74%</td> </tr> </table>	The Master Trust Bank of Japan, Ltd. (Trust Account)	6.24%	Japan Trustee Services Bank, Ltd. (Trust Account)	4.57%	Hitachi Employees' Shareholding Association	2.07%	Nippon Life Insurance Company	1.93%	NATS CUMCO	1.74%
The Master Trust Bank of Japan, Ltd. (Trust Account)	6.24%										
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Hitachi Employees' Shareholding Association	2.07%										
Nippon Life Insurance Company	1.93%										
NATS CUMCO	1.74%										
(10) Financial Conditions and Business Results for the Most Recent Fiscal Year (Consolidated/ IFRS) (Millions of yen unless otherwise specified)											
Total Hitachi, Ltd. Stockholders' equity	2,942,281										
Total assets	12,433,727										
Total Hitachi, Ltd. Stockholders' equity per share (yen)	609.35										
Revenues	9,774,930										
Income from continuing operations, before income taxes	518,994										

Net income attributable to Hitachi, Ltd. stockholders	217,482
Earnings per share attributable to Hitachi, Ltd. stockholders (Basic) (yen)	45.04

## (2)Disappearing Companies

	Disappearing Company 1	Disappearing Company 2
(1) Name	Hitachi Medical Corporation	Hitachi Aloka Medical, Ltd.
(2) Head office	4-14-1, Soto-Kanda, Chiyoda-ku, Tokyo	6-22-1, Mure, Mitaka-shi, Tokyo
(3) Representative	Akio Yamamoto, President	Yukitoshi Kiyomura, President
(4) Business	Development, manufacturing, sales and installation and maintenance services of Medical Systems and Information Systems	Manufacturing and sales of Medical Electronic Systems, General Analysis Systems, Medical Analysis Systems
(5) Capital	13,884 million yen	6,465 million yen
(6) Established	May 9, 1949	January 20, 1950
(7) Total number of issued shares	38,795,425 shares	27,355,375 shares
(8) Fiscal year-end	March	March
(9) Major shareholders and shareholding (As of March 31, 2015)	Hitachi, Ltd. 100%	Hitachi Medical Corporation 100%
(10) Financial Conditions and Business Results for the Most Recent Fiscal Year (Non-Consolidated/ J-GAAP) (Millions of yen unless otherwise specified)		
Net assets	40,125	53,239
Total assets	108,082	68,622
Net assets per share (yen)	1,034.29	1,946.21
Revenues	83,298	57,027
Operating income	(4,163)	5,305
Ordinary income	(1,759)	5,775

Net income	(1,043)	3,621
Net income per share (yen)	(26.89)	132.39

### 2.3 Status of Hitachi After the Merger

There will be no change in the company name, business, head office, representative, capital or fiscal year-end of Hitachi due to the Merger.

### 2.4 Outlook

The Merger will have minimal impact on the consolidated operating results of Hitachi because the Merger is between Hitachi and its wholly-owned subsidiaries.

## 3. Profile of the Newly-Establishing Manufacturing Subsidiary

(1) Name	Hitachi Healthcare Manufacturing (tentative)
(2) Head office	Not yet determined
(3) Representative	Not yet determined
(4) Business	Manufacturing of Medical Systems, Medical Analysis Systems, General Analysis Systems, Medical Information Systems
(5) Capital	Not yet determined
(6) Established	April 1, 2016 (Planned)
(7) Business sites	4 sites (Kashiwa-shi, Mobara-shi in Chiba, and Oume-shi, Kokubunji-shi in Tokyo)
(8) Employees	Approximately 700 (Planned)
(9) Major shareholders and shareholding	Hitachi, Ltd. 100% (After the Merger)

(Reference)

Consolidated Business Forecasts for the Year Ending March 31, 2016 (announced on May 14, 2015) and Consolidated Operating Results for the Previous Fiscal Year

(Millions of yen)

	Revenues	Income from continuing operations, before income taxes	Net income	Net Income attributable to Hitachi, Ltd. Stockholders
Consolidated Business Forecasts for Fiscal 2015 (Year Ending March 31, 2016)	9,950,000	600,000	450,000	310,000
Consolidated Operating Results for Fiscal 2014 (Year Ended March 31, 2015)	9,774,930	518,994	343,418	217,482

### **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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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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