

**FOR IMMEDIATE RELEASE**

**Hitachi Reorganizes Domestic Business to Expand  
the Healthcare Business  
Providing One-Stop Services which Enables Integrated Community  
Care Systems**

**Tokyo, Japan, November 15, 2017** --- Hitachi, Ltd. (TSE: 6501, “Hitachi”) and Hitachi Medical Computer Systems, Inc. (“HMCS”) today announced that they have decided to integrate the maintenance services and sales service support divisions related to medical devices business and electronic medical record business at HMCS as of April 1, 2018, and changing the name of the company to Hitachi Healthcare Systems, Inc. (tentative). The reorganization aims to provide one-stop services for medical facilities and care providers, which play important roles in integrated community care systems in order to expand Hitachi’s healthcare business. In this reorganization, Hitachi's maintenance service and sales service support divisions related to medical devices business and electronic record business will be transferred to HMCS through an absorption-type company split (the “Company Split”).

Certain information has been omitted in this release as this Company Split is absorption-type company split from Hitachi by a wholly-owned subsidiary.

**1. Background**

Japan is experiencing an extremely rapid increase in its senior population, which in turn is driving up medical costs. In this backdrop, attention has been increasingly focused on the creation of sustainable social insurance systems. As part of a reorganization of hospital bed functions heading into 2025, clinics and small scale hospitals are playing a central role in community healthcare, bearing much of the burden for home healthcare, as well as healthcare in the chronic and recovery stages of illnesses. Furthermore, in order to build integrated community care systems, these institutions are increasingly required to standardize medical information and to establish medical information collaborations across wide areas.

In April 2016, Hitachi Medical Corporation and Hitachi Aloka Medical, Ltd., both of

which were wholly-owned subsidiaries, were integrated into Hitachi, Ltd. to accelerate the growth and expansion of Hitachi's healthcare business. The healthcare field is positioned as one of four key business fields in the Social Innovation Business, where Hitachi provides solutions that improve the quality and efficiency of healthcare, for example through medical imaging systems, particle beam cancer therapy systems, analytical systems, IT-based healthcare services and integrated community care systems. Meanwhile, HCMS, since its establishment in December 2000, has provided medical devices, electronic medical record and other medical information systems for medical, dental, and pharmaceutical applications, targeting clinics and pharmacies.

## **2. Purpose of the Reorganization**

Medical facilities and care providers such as hospitals, clinics, pharmacies and care providers in Japan bear the responsibility of primary care for integrated community care systems. This reorganization aims to provide one-stop services for them which enables integrated community care systems. As of April 2018, Hitachi Healthcare Systems (current HMCS) will provide sales and maintenance services of medical information systems and medical imaging systems as one-stop services. Hereafter, Hitachi Healthcare Systems will support cooperation and new roles of both medical facilities and care providers by providing home healthcare cooperation and cloud-based applications. Regarding maintenance service business, Hitachi Healthcare Systems will use Hitachi's and HMCS's service network and expertise to deliver even higher quality community services.

Hitachi group will expand its domestic business by strengthening its response to medical facilities, which are becoming increasingly important as the centers of community healthcare.

### **3. Outline of the Company Split**

#### **(1) Schedule of Company Split**

Execution of Company Split Agreement	February 2018 (planned)*
Scheduled Company Split Date (Effective Date)	April 1, 2018 and July 1, 2018 (planned)*

\* Through this Company Split, two absorption-type company split agreements are scheduled to be executed. The transfer of labor contracts for the maintenance service and sales service support divisions and electronic medical record systems business will have an effective date of April 1, 2018, while the transfer of other assets and contracts relating to these businesses will have an effective date of July 1, 2018.

Note: The Company Split at Hitachi is considered a simple absorption-type company split, pursuant to Article 784, Paragraph 2 of the Companies Act of Japan. As such, there is no plan to convene a shareholders' meeting at Hitachi to obtain approval for the absorption-type company split agreement.

#### **(2) Method of Company Split**

This is an absorption-type company split in which Hitachi is the transferring company and HMCS is the successor company.

#### **(3) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights by the Company Split**

The handling of stock acquisition rights issued by Hitachi will not change as a result of this Company Split.

Hitachi has not issued any bonds with stock acquisition rights.

#### **(4) Capitalization Increase or Decrease Accompanying the Company Split**

There will be no increase or decrease in Hitachi's capitalization as a result of the Company Split.

#### **(5) Other**

Hitachi will announce other details of the Company Split promptly after they are decided.

#### 4. Outline of the companies involved in the Company Split

##### (1) Transferring Company

(1) Name	Hitachi, Ltd.	
(2) Head Office	6-6 Marunouchi 1-chome, Chiyoda-ku, Tokyo	
(3) Representative	Toshiaki Higashihara, President & CEO	
(4) Business	Development, manufacture and sales of products and provision of services across 8 segments: Information & Telecommunication Systems, Social Infrastructure & Industrial Systems, Electronic Systems & Equipment, Construction Machinery, High Functional Materials & Components, Automotive Systems, Smart Life & Ecofriendly Systems, and Others.	
(5) Capital (as of March 31, 2017)	458,790 million yen	
(6) Established	February 1, 1920	
(7) Total number of Issued shares (as of March 31, 2017)	4,833,463,387 shares	
(8) Fiscal year-end	March 31	
(9) Major shareholders and shareholding (as of March 31, 2017)	The Master Trust Bank of Japan, Ltd. (Trust Account)	5.89%
	Japan Trustee Services Bank, Ltd. (Trust Account)	5.21%
	Hitachi Employees' Shareholding Association	2.19%
	Nippon Life Insurance Company	1.93%
	Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.83%
(10) Financial Conditions and Business Results for the Most Recent Fiscal Year (ended March 2017) (Consolidated/ IFRS) (Unit: Million yen, unless otherwise specified)		
Total Hitachi, Ltd. Stockholders' equity		2,967,085
Total assets		9,663,917
Total Hitachi, Ltd. Stockholders' equity per share (yen)		614.56
Revenues		9,162,264
Income from continuing operations, before income taxes		587,309

Net income attributable to Hitachi, Ltd. stockholders	231,261
Earning per share attributable to Hitachi, Ltd. stockholders (Basic) (yen)	47.90

## (2) Successor Company

(1) Name	Hitachi Medical Computer Systems, Inc.	
(2) Head Office	31-1 Nishi-Gotanda 1-chome, Shinagawa-ku, Tokyo	
(3) Representative	Yoshifumi Ito, President	
(4) Business	Development, sales, and service provision for electronic medical record and other information systems used in medical, dental, and pharmaceutical applications	
(5) Capital (as of March 31, 2017)	325 million yen	
(6) Established	December 1, 2000	
(7) Total number of Issued shares (as of March 31, 2017)	650,000 shares	
(8) Fiscal year-end	March 31	
(9) Major shareholders and shareholding (as of March 31, 2017)	Hitachi, Ltd.	100%
(10) Financial Conditions and Business Results for the Most Recent Fiscal Year (ended March 2017) (Non-consolidated/ IFRS) (Unit: Million yen, unless otherwise specified)		
Net assets		2,326
Total assets		5,004
Book value per share (yen)		3,578.46
Revenues		8,744
Operating income		50
Net Income		34
Net income per share (yen)		52.30

## 5. Overview of Business to Be Transferred

### (1) Description of Business to Be Transferred

Maintenance service and sales service support divisions related to medical devices business, including medical imaging systems and analytical systems, and electronic medical record business

### (2) Other

Hitachi will announce other details for divisions to be transferred promptly after they are decided.

## 6. Status of Transferring Company After the Company Split

There will be no change in the company name, head office, representative's position or name, business activities, capital or fiscal year-end of Hitachi due to the Company Split.

## 7. Status of Successor Company After the Company Split

On April 1, 2018, the name of Hitachi Medical Computer Systems, Inc., as the successor company, will be changed to Hitachi Healthcare Systems, Inc.

(1) Name	Hitachi Healthcare Systems, Inc. (tentative)
(2) Head Office	31-1 Nishi-Gotanda 1-chome, Shinagawa Ward, Tokyo
(3) Representative	TBA
(4) Business	Development and sales of medical information systems used in medical, dental, and pharmaceutical applications and maintenance service
(5) Capital	325 million yen
(6) Fiscal year-end	March 31

## 8. Outlook

The Company Split will have no effect on Hitachi's consolidated operating results.

(Reference) Consolidated Business Forecasts for the Year Ending March and 31, 2018 (announced on October 26, 2017), 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 2017 (Year Ending March 31, 2018)	9,300,000	570,000	405,000	300,000
Consolidated Operating Results for Fiscal 2016 (Year Ending March 31, 2017)	9,162,264	469,091	338,029	231,261

### About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, delivers innovations that answer society's challenges. The company's consolidated revenues for fiscal 2016 (ended March 31, 2017) totaled 9,162.2 billion yen (\$81.8 billion). The Hitachi Group is a global leader in the Social Innovation Business, and it has approximately 304,000 employees worldwide. Through collaborative creation, Hitachi is providing solutions to customers in a broad range of sectors, including Power / Energy, Industry / Distribution / Water, Urban Development, and Finance / Government & Public / Healthcare. 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 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;
- 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;
- 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;
- 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;
- 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 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;
- 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;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- 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;
- the potential for significant losses on Hitachi's investments in equity-method associates and joint ventures;
- 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 cost structure overhaul;
- uncertainty as to Hitachi's access to, or ability to protect, certain intellectual property;
- 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 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; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

The factors listed above are not all-inclusive and are in addition to other factors contained in other materials published by Hitachi.

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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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