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Hitachi Announces Establishment of Joint Venture Company for Manufacturing Transformers in Taichung, Taiwan

--Enhancing global competitiveness by combining Hitachi's technology development capabilities with the manufacturing technology of Taiwan's Fortune Electric Co., Ltd.--

Tokyo, October 9, 2013 – Hitachi, Ltd. (TSE:6501) today announced an agreement with its technology partner, Fortune Electric Co., Ltd. of Taiwan, to establish the joint venture company Hitachi Fortune Transformer, Inc. in Taichung, Taiwan in January 2014 (“Hitachi Fortune Transformer”). With activities that will include the manufacturing of transformers, the new company is intended to strengthen Hitachi’s power transmission and distribution systems business. Hitachi Fortune Transformer will construct a facility for manufacturing extra high to high voltage transformers in the Port of Taichung Free Trade Zone in Taichung, Taiwan. The facility is scheduled to commence production in April 2015. The transformers produced by the joint venture will be marketed through Hitachi’s global sales network and will carry the Hitachi brand. The anticipated annual capacity of the facility in 2017 is 35 units of 400-MVA transformers or equivalent. The intention is that Hitachi will have a 60% stake in the new company, with Fortune holding the remaining 40%.

The global market for transformers (of 150 MVA or more and except Chinese market) is growing steadily, and is estimated to reach about 8 billion dollars by 2020. In addition to future demand from the leading countries such as North American market for upgrades as power transmission and distribution equipment comes due for replacement, plans are also being put in place for the construction of high-voltage transmission networks that can carry the electric power generated from renewable sources such as wind and solar power generation to cities. In Southeast Asia and the Middle East, meanwhile, there are numerous plans for the construction of wide-area transmission networks to cope with rapidly increasing demand for electric power as economies and populations grow. For these reasons, it is anticipated that demand for transformers will remain strong.

These background factors have motivated Hitachi to enter into this joint venture for transformer manufacturing with Fortune Electric with the aim of expanding its transformer business in the global market. Since first signing an agreement for the transfer of transformer technology with Hitachi in 1991, Hitachi’s partner, Fortune Electric, has supplied transformers to Taiwan and many other markets. Its capabilities include a high level of manufacturing know-how and cost competitiveness. By combining Hitachi’s technology development capabilities with the competencies of Fortune Electric, Hitachi Fortune Transformer will supply transformers with both the

quality and competitiveness needed to thrive in the global market. The Port of Taichung Free Trade Zone in Taichung, Taiwan where the production facility is to be constructed is expected to provide a competitive site for manufacturing transformers, with a high degree of convenience due to its location at a hub for north-south transportation in Taiwan, as well as preferential arrangements such as a favorable taxation regime and exemptions from inspection and customs within the zone.

Hitachi's power transmission and distribution systems business plays a central role in its power systems business. Hitachi also intends to improve the competitiveness of key products such as transformers, circuit breakers, and switchgear, and to expand its solutions business that combines IT and power electronics technology, such as equipment and control systems. In addition to strengthening its production facilities in Japan, North America, China, and other parts of the world, including upgrading the production capacity at its gas insulated switchgear plant in Indonesia in June this year, Hitachi is also seeking to deliver power transmission and distribution systems that suit specific national and regional requirements for enhancing and extending electric power transmission networks by working to expand its engineering sites in Southeast Asia, the Middle East, and elsewhere.

Profile of the joint venture company

Item	Description
Company name	Hitachi Fortune Transformer, Inc.
Management	Not yet appointed
Location	Port of Taichung Free Trade Zone, Taichung
Established	January 2014
Business activities	Design, manufacturing, inspection, sales, installation, and after-sales service for oil-filled transformers
Capital	1.4 billion New Taiwan dollars (approximately 4.5 billion yen)
Shareholders	Hitachi, Ltd.: 60%, Fortune Electric Co., Ltd.: 40%
Employees	Approximately 200 (estimate for 2020)

Profile of the Fortune Electric Co., Ltd.

Item	Description
Company name	Fortune Electric Co., Ltd.
Management	Chairman: C. M. Hsu
Location	Chung-Li City, Taoyuan
Established	August 1969
Business activities	Manufacturing, sales, installation, and maintenance services for transformers, switchboards, high- and low-voltage switchgear, and other products for distribution, generation, and other power systems
Sales	Approximately 4.5 billion New Taiwan dollars (approximately 14.4 billion yen) (2011)
Capital	2.6 billion New Taiwan dollars (approximately 8.2 billion yen)
Employees	Approximately 600 (as of July 2011)

About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, is a leading global electronics company with approximately 326,000 employees worldwide. The company's consolidated revenues for fiscal 2012 (ended March 31, 2013) totaled 9,041 billion yen (\$96.1 billion). Hitachi is focusing more than ever on the Social Innovation Business, which includes infrastructure systems, information & telecommunication systems, power systems, construction machinery, high functional material & components, automotive systems and others.

For more information on Hitachi, please visit the company's website at <http://www.hitachi.com>.

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