

FOR IMMEDIATE RELEASE

FANUC, Hitachi, and Preferred Networks to establish a joint venture company for the development of Intelligent Edge Systems

Tokyo, Japan, January 31, 2018 --- FANUC CORPORATION (TSE: 6594, "FANUC"), Hitachi, Ltd. (TSE:6501, "Hitachi"), and Preferred Networks, Inc. ("PFN") today announced that they have reached an agreement to establish a joint venture company (the "new company") on April 2, 2018, to develop Intelligent Edge Systems⁽¹⁾ that utilize artificial intelligence (AI) technologies in edge devices in the industrial and social infrastructure field. Yutaka Saito, who is currently Executive Vice President and Executive Officer at Hitachi, and who will be appointed Senior Executive Vice President at FANUC on April 1, will hold a concurrent position as CEO of the new company⁽²⁾.

(1) Intelligent Edge Systems: Systems that use AI as an intermediary between the Cloud and edge devices such as machine tools, industrial machinery, and robots to achieve cyclic, real-time control

(2) Yutaka Saito is scheduled to resign as Executive Vice President at Hitachi on March 31.

In recent years, innovations using AI technologies have been expanding rapidly in a variety of fields. In the field of industrial and social infrastructures in particular, AI technologies are expected to play an important role in the part close to edge devices, for example in the case of vehicles and robots.

In this backdrop, FANUC, Hitachi, and PFN have agreed to undertake joint development of the world's most advanced Intelligent Edge Systems in the industrial and social infrastructure field, and to establish a joint venture company for that purpose. The new company will develop these Intelligent Edge Systems by combining FANUC's technologies and expertise in machine tools and robots, Hitachi's knowledge of control technologies and other aspects of OT and IT in the front lines of manufacturing, and PFN's deep learning and distributed computing technologies. After establishing a joint venture company, the three companies will test business potential and create business plans, and then undertake actual system development and expand application fields.

Through the new company's activities, FANUC, Hitachi, and PFN will develop Intelligent Edge Systems and other next-generation control systems as part of efforts to promote collaborative creation aimed at the realization of Society 5.0⁽³⁾.

(3) A human-centered society that balances economic advancement with the resolution of social problems by a system that highly integrates cyberspace and physical space.

Comment from Yoshiharu Inaba, Representative Member of the Board, Chairman and CEO of FANUC

“FANUC is planning to continue investing efforts into the development of FIELD systems as part of its activities targeting IoT. We believe that the activities of the joint venture company, as it strives to achieve faster, cyclic, real-time control, will have a positive effect on these development activities. As a company that has specialized in the field of factory automation, we will respond quickly and flexibly to the rapid introduction of IoT in the manufacturing industry, and continue to contribute to the growth and development of this industry in the future. We have great expectations for this joint venture company as a new phase of these activities.”

Comment from Toshiaki Higashihara, President and CEO of Hitachi

“It is a great honor to work with FANUC and PFN in establishing this joint venture company. Through the Social Innovation Business, where we combine knowledge and expertise accumulated through more than 100 years of experience in OT and more than 50 years in IT, Hitachi strives to resolve issues faced by society, and achieve safer, more secure, and more comfortable lifestyles for everyone. Now, by merging the strengths of these three companies, we will develop and offer the world’s most advanced Intelligent Edge Systems, to contribute to advancements in the field of industrial and social infrastructures.”

Comment from Toru Nishikawa, President & CEO of Preferred Networks

“I am very pleased that we are able to begin these new activities so soon after the announcement of our capital tie-up with Hitachi in December of last year. PFN entered a capital tie-up with FANUC in 2015, and since then, we have been working together to create innovative manufacturing bases where machine learning and deep learning technologies are used to establish intelligent links between machine tools, robots, and other devices. Now, by establishing this joint venture company, our three companies will accelerate the development and provision of innovative technologies that leverage each of our respective specialty fields, to further advance this trend on a global scale.”

Outline of the joint venture company (Plan)

Corporate Name	Intelligent Edge System, LLC
Capital	30 million yen
Investments	FANUC: 10 million yen; Hitachi: 10 million yen; PFN: 10 million yen
CEO	Yutaka Saito
Head Office	3580, Shibokusa Aza-Komanba, Oshino-mura, Minamitsurugun, Yamanashi Prefecture, Japan
Established	April 2, 2018
Outline of Business	Conceptual testing and development of Intelligent Edge Systems

About FANUC CORPORATION

FANUC CORPORATION, headquartered at the foot of Mt. Fuji, Japan, is the global leader and the most innovative manufacturer of FA, ROBOT and ROBOMACHINE in the world. More than 260 offices in 45 countries, FANUC provides world-class customer service and support. Since its inception in 1972, FANUC has contributed to the automation of machine tools as a pioneer in the development of computer numerical control equipment. FANUC technology has been a leading force in a worldwide manufacturing revolution, which evolved from the automation of a single machine to the automation of entire production lines. For more information visit: <http://www.fanuc.co.jp/eindex.htm>.

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>.

About Preferred Networks, Inc.

Preferred Networks, Inc. (PFN, Headquarters: Tokyo, Japan, President and CEO: Toru Nishikawa) was founded in March 2014 with the aim of promoting business utilization of deep learning technology focused on IoT. PFN advocates Edge Heavy Computing as a way to handle the enormous amounts of data generated by devices in a distributed and collaborative manner at the edge of the network, driving innovation in various fields, with a focus on three business areas: transportation, manufacturing, and bio/healthcare. PFN develops and provides Chainer[®], an open source deep learning framework. PFN promotes advanced initiatives by collaborating with world leading organizations, such as Toyota Motor Corporation, FANUC CORPORATION, and the National Cancer Center. <https://www.preferred-networks.jp/en/>

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