2018 Mid-term Management Plan

May 18, 2016

Toshiaki Higashihara
President & CEO
Hitachi, Ltd.
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3. Strengthening the Social Innovation Business
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5. Moving Forward to 2018
1. Summary of the 2015 Mid-term Management Plan and Direction for the Future
# 1.1 2015 Mid-term Management Plan: Results

<table>
<thead>
<tr>
<th></th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>Initial Target*1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(IFRS)</td>
<td>(IFRS)</td>
<td>(IFRS)</td>
<td>(US GAAP)</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>9,666.4</td>
<td>9,774.9</td>
<td>10,034.3</td>
<td>10,000.0</td>
</tr>
<tr>
<td>(billion yen)</td>
<td>billion yen</td>
<td>billion yen</td>
<td>billion yen</td>
<td>billion yen</td>
</tr>
<tr>
<td><strong>(ratio)</strong></td>
<td>(6.3 %)</td>
<td>(6.6 %)</td>
<td>(6.3 %)</td>
<td>Over 7%</td>
</tr>
<tr>
<td><strong>Adjusted operating income</strong></td>
<td>604.7</td>
<td>641.3</td>
<td>634.8</td>
<td>Over 7%</td>
</tr>
<tr>
<td>(billion yen)</td>
<td>billion yen</td>
<td>billion yen</td>
<td>billion yen</td>
<td></td>
</tr>
<tr>
<td><strong>(ratio)</strong></td>
<td>(7.2 %)</td>
<td>(5.5 %)</td>
<td>(5.3 %)</td>
<td>Over 7%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>691.2</td>
<td>534.0</td>
<td>531.0</td>
<td></td>
</tr>
<tr>
<td>(billion yen)</td>
<td>billion yen</td>
<td>billion yen</td>
<td>billion yen</td>
<td></td>
</tr>
<tr>
<td><strong>Net income attributable to Hitachi, Ltd. stockholders</strong></td>
<td>413.8</td>
<td>217.4</td>
<td>172.1</td>
<td>Over 350.0</td>
</tr>
<tr>
<td>(billion yen)</td>
<td>billion yen</td>
<td>billion yen</td>
<td>billion yen</td>
<td>billion yen</td>
</tr>
<tr>
<td><strong>(margin)</strong></td>
<td>(4.8 %)</td>
<td>(6.1 %)</td>
<td>(8.6 %)</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Cash Flow</strong></td>
<td>(Manufacturing, Services and Others)</td>
<td>460.8</td>
<td>586.4</td>
<td>843.1</td>
</tr>
<tr>
<td>(billion yen)</td>
<td>billion yen</td>
<td>billion yen</td>
<td>billion yen</td>
<td>billion yen</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>73.1</td>
<td>137.2</td>
<td>324.4</td>
<td></td>
</tr>
<tr>
<td>(Manufacturing, Services and Others)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>billion yen</td>
<td>billion yen</td>
<td>billion yen</td>
<td></td>
</tr>
</tbody>
</table>

*1 Announced on May 16, 2013  
*2 [Adjusted operating income] = [Revenues] – [Cost of sales] – [Selling, general and administrative expenses]  
*3 EBIT (Earnings Before Interest and Taxes) is presented as income from continuing operations, before income taxes less interest income plus interest charges. © Hitachi, Ltd. 2016. All rights reserved.
1.2 Summary of the 2015 Mid-term Management Plan and Direction for the Future

**Continuous investment in Social Innovation**

**Evolution of Social Innovation using digital technology**

- Lead reforms in society through Social Innovation
- Concentrate investment on Social Innovation

<table>
<thead>
<tr>
<th></th>
<th>FY2013-2015</th>
<th>As of May 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Acquisition</strong></td>
<td>Sales increase: 0.6 trillion yen per year</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Rail, IT analytics, payment, casting, etc.</td>
<td></td>
</tr>
<tr>
<td><strong>Capital Alliance</strong></td>
<td>Sales decrease: 0.9 trillion yen per year</td>
<td>Sales decrease: 1.1 trillion yen per year</td>
</tr>
<tr>
<td></td>
<td>- Thermal power system, overseas air-conditioning system, etc.</td>
<td>- Logistics, financial service, etc.</td>
</tr>
</tbody>
</table>

**Countermeasures for shortfall in targets of 2015 Mid-term Management Plan**

- Project management in overseas big projects: Focus on areas of specialty
- Delay in response to market change of network & telecommunication and storage: Acceleration of management
2. What to Achieve in the 2018 Mid-term Management Plan
2.1 Social Innovation Business ahead of the Times

Deliver innovations to customers and society through fusion of OT, IT, and products/systems

OT: Operational Technology

IT:
- Monitoring
- Analyzing
- Forecasting

Products / Systems:
- Hardware
- Materials
- EPC
- SI

OT: Control • Operation

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Digitalization has accelerated the reorganization of industries and social infrastructures

- **Europe**: Industrie 4.0
- **China**: Made in China 2025
- **Japan**: Society 5.0
- **Asia**: Smart city
- **North America**: Industrial Internet

**Digitalization**

- Robotics
- Analytics
- AI
- Security

**Outcomes**
- Share
- Open
- Overall optimization
2.3.1 Evolution of Social Innovation Business: Industry and Distribution

Innovate the whole industry and distribution structure
~Hitachi connects proven social innovations using digital technology~

**Logistics Companies**
- Reduce waiting time for goods arrival
- Minimize the impact of traffic jams
- Smart logistics (China)
- Robot/Al warehouse (Japan)

**Financial Institutions**
- Settlement by digital network (FinTech)
- Settlement solution (India)

**Manufacturers, Suppliers**
- Manufacturing which does not lead to excess inventory
- Total supply chain management (China/Japan)
- ERP/MES collaborative operation (Japan)
- Predictive maintenance (Europe/Japan)

**Distributors / E-commerce Providers**
- Securing goods which meet customers’ needs without any dead stock
- Demand forecasting solutions (Japan)

ERP: Enterprise Resource Planning, MES: Manufacturing Execution System
2.3.2 Evolution of Social Innovation Business: Urban

Realize more convenient, comfortable and eco-friendly lifestyles
~Hitachi connects proven social innovations using digital technologies~

**Buildings**
- Control elevator operation based on crowd flow
  - Building/elevator management (Japan)
  - Energy management (Japan)
  - Robot service (Japan)

**Developers**
- Select store locations that contribute to increased sales
- Operate office buildings achieving high occupancy rates
  - Store operation utilizing AI (Japan)
  - Video surveillance (U.S.)
  - Analysis of traffic amount (Vietnam)

**Rail operators**
- Flexible operation diagram in response to change in passengers
  - Traffic control of Tokyo metropolitan area railway (Japan)
  - IEP (U.K.)

**Utility companies / Local governments**
- Supply energy in response to demand conditions
  - Smart grid (Hawaii)
  - Kashiwa-no-ha AEMS (Japan)

IEP: Intercity Express Programme, AEMS: Area Energy Management System
2.4 Hitachi in 2018

An Innovation Partner for the IoT Era

Accelerate collaborative creation with customers through the advanced Social Innovation Business

Four focus business domains

- Power • Energy
- Industry • Distribution • Water
- Urban
- Finance • Public • Healthcare
3. Strengthening the Social Innovation Business
3.1 Advancing the Social Innovation Business to Next Stage

Strengthen products/material business, SI and EPC, and growth using digital technology

Drive Hitachi’s overall growth with digitalized Social Innovation

Large-scale projects (EPC business)
- Focus on areas of specialty
- Improve profitability

System integration (SI business)
- Promotion of large-scale projects
- Continuous reinforcement of project management

Digitalized Social Innovation Business (Service business)

- Concentrating on strong products
- Strengthening digitalization

Collaborative Creation (Open)

Driver of overall growth

Driver Business

Base Business

Individual (order made)

General (scalable)

Base Business

Base Business

Products (Products/materials business)

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3.2 Accelerating the Social Innovation Business

The front delivers Hitachi’s technologies and expertise to customers as services

Before

- Customers
  - Sales
  - SI EPC
  - Business Division
  - Plants

From FY2016

- Customers
  - Front
    - Regional bases
    - Customer segments (12 Business Units)
  - Platform
    - Core of Social Innovation
  - Products
    - Industrial products, automotive parts, materials, etc.

Develop and provide services close to the customers
Use platform to provide services quickly and efficiently
Provide value through products
3.3 IoT Platform “Lumada”

Core of Social Innovation
Means for customers to enjoy digitalized innovation quickly and easily

Characteristics of Lumada
Lumada = illuminate data

1. Single Platform, Multiple Solutions
Realize solutions in various business fields “Cross Domain Business EcoSystem”

2. Open
Open architecture available for partners

3. Adaptable
Easily connected to customers’ assets
Graduated dilatation is possible (Symbiotic Autonomous Decentralization)

4. Verified and Secure
Reliable technologies based on experiences in Social Innovation

Solution functions
- Power Energy
- Industry Distribution
- Water
- Urban
- Finance Public Healthcare

Basic functions
- Analytics
- Artificial Intelligence
- Symbiotic Autonomous Decentralization
- Security
- IT, OT, IoT

Customers

Front of Hitachi

Customers’ and Partners’ platforms
- Society 5.0
- Industrie 4.0
- Industrial Internet
- Made in China 2025, etc.
3.4 Strengthening the Front

Increase front manpower by 20,000

110,000 (FY2015) → 130,000 (FY2018)

- Expand overseas hiring
- Roll out the Social Innovation Business targeting the customers of acquired overseas companies
- Foster manpower through special training programs
  → 19,000 employees in 3 years (started March 2016)

* Number of sales, SE, consultants and platform developers
3.5 R&D that Supports Strengthening the Front

Promoting R&D close to the customers

Business structure from FY2016

Customers

Front

Regional bases

Customers’ segments (12BUs)

Platform

Core of Social Innovation

Products

Industrial products, automotive parts, materials, etc.

[R&D structure from FY2015]

- **Global Center for Social Innovation**
  - Developing services in keeping with the needs of customers in each region
  - North America 100
  - Europe 70
  - China 115
  - Asia 65
  - Japan 200
  - [Total: 550 people]

- **Center for Technology Innovation**
  - Establishing Global No.1 Technologies (Platforms, products)
  - [Japan: 2,050 people]

- **Center for Exploratory Research**
  - Resolving future social issues
  - [Japan: 100 people]
3.6 Strengthening Products

Expanding digitalized products that support innovation
Focusing on investing in globally competitive products

Strengthening digitally connected products

- Analysis
- Data-gathering and storage
- OT x IT expertise
- Feedback to the front lines
- Creating measures

Focus on globally competitive products

- Sales and adjusted operating income ratio of major products*

Sales and Adjusted Operating Income Ratio of Major Products

<table>
<thead>
<tr>
<th></th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>5.4%</td>
<td>6.4%</td>
<td>6.9%</td>
<td>7.9%</td>
</tr>
</tbody>
</table>

CAGR(FY12-15) [8.2%]

* Industrial products, automotive parts and elevators/escalators

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3.7 Global Rollout of the Social Innovation Business

Best response to innovation in industry and social infrastructure in each region

- **Europe**
  - Industrie 4.0
  - HQ of Rail business
  - Large-scale railway markets

- **China**
  - Made in China 2025
  - HQ of Platform business
  - Asia Smart City

- **Japan**
  - Society 5.0

- **North America**
  - Industrial Internet
  - HQ of Platform business

- **Asia**
  - Cutting-edge region for innovations

Best response to innovation in industry and social infrastructure in each region.
4. Strengthening the Management Base
### 4.1 Management Acceleration for Growth and Profits

#### Reform Hitachi’s management base

<table>
<thead>
<tr>
<th>Area</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Speed up management</td>
<td>Rapid decision-making and quick execution</td>
</tr>
<tr>
<td></td>
<td>Reduce the layers of management</td>
</tr>
<tr>
<td>Expand global business</td>
<td>Expand global partners and customers</td>
</tr>
<tr>
<td>Increase business profitability</td>
<td>Judgment on low-profitability businesses</td>
</tr>
<tr>
<td></td>
<td>Evolution of Hitachi Smart Transformation</td>
</tr>
<tr>
<td>Invest in growth businesses</td>
<td>Investments totaling 1 trillion yen over three years</td>
</tr>
<tr>
<td></td>
<td>FY2013 - FY2015: 510.9 billion yen</td>
</tr>
</tbody>
</table>
### Evolution of Hitachi Smart Transformation

| Re-examine cost structures | Design target costs and reduce procurement costs / fixed costs  
Redefine cost-related KPIs on a revenue basis |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase efficiency of operating capital</td>
<td>Use IT to reduce production lead times and decrease inventory</td>
</tr>
<tr>
<td>Increase efficiency of investments and assets</td>
<td>Share production facilities among plants</td>
</tr>
</tbody>
</table>

**Utilization of IoT Platform “Lumada” (AI, analytics and IoT)**
4.3 Investment Policy

Speedily increasing profit through investment in products business
Concentrating investment in front to accelerate the Social Innovation

- **Concentrated investment in front**
  - (Investment for growth and acquisition)
  - Record
    - Rail signaling system
    - ATM service

- **In-house development**
  - (Investment for development and acquisition)
  - Record
    - Data analytics

- **Investment selection**
  - (Combination of growth investment, acquisition and capital alliance)
  - Record
    - Casting business
    - Overseas air-conditioning business

[Record in 2015 Mid-term Management Plan]
5. Moving Forward to 2018
5.1.1 Hitachi Group’s Position in FY2018 (1)

Front develops and provides services to drive expansion of revenues and profits

Front revenue ratio FY2015 36% → FY2018 40%

<table>
<thead>
<tr>
<th>Front</th>
<th>Revenues: 3,596.9 → 4,000.0 billion yen</th>
<th>Target adjusted operating income ratio: 8%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power / Energy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues (billion yen)</td>
<td>FY2015 519.5</td>
<td>FY2018 550.0</td>
</tr>
<tr>
<td>Industry / Distribution / Water</td>
<td>FY2015 790.7</td>
<td>FY2018 840.0</td>
</tr>
<tr>
<td>Urban</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues (billion yen)</td>
<td>FY2015 1,056.5</td>
<td>FY2018 1,400.0</td>
</tr>
<tr>
<td>Finance / Public / Healthcare</td>
<td>FY2015 1,230.2</td>
<td>FY2018 1,380.0</td>
</tr>
</tbody>
</table>

Platform

| Revenues: 278.6 → 330.0 billion yen | Target adjusted operating income ratio: 11% |

Products

| Revenues: 7,389.3 → 6,820.0 billion yen | Target adjusted operating income ratio: 7% |

* Figures for FY2018 reflect the conversion of Hitachi Transport System, Ltd. and Hitachi Capital Corporation into equity-method associates and joint ventures.
## 5.1.2 Hitachi Group’s Position in FY2018 (2)

### Strengthening focused areas for expansion of the Social Innovation Business

<table>
<thead>
<tr>
<th>Front</th>
<th>Power / Energy</th>
<th>Industry / Distribution / Water</th>
<th>Urban</th>
<th>Finance / Public / Healthcare</th>
</tr>
</thead>
</table>
|       | - Transition to distributed power supply utilizing IT  
  • Microgrid, Regional energy management  
  • Renewable energy | - Use “Lumada” IoT platform to optimize value-chain for industry and distribution | - Improvement of Quality of Life in communities  
  - From Rail as a Service to Outcome Delivery | - FinTech / My-number  
  - Healthcare Service (Platform) |
|       | Investment focus  
  • Strengthening grid and engineering | Investment focus  
  • Strengthening engineering  
  • Predictive Maintenance  
  • Optimized Factory | Investment focus  
  • Development of urban solution  
  • Expansion of the rail business area | Investment focus  
  • Strengthening healthcare informatics |

### Platform

- Investment focus  
  - Strengthening Lumada

### Products

- Investment focus  
  - Expanding of Industrial products and materials businesses
5.1.3 Hitachi Group’s Position in FY2018 (3)

Railway business grows substantially in Europe; Businesses in North America also continues to grow

Growth by services and products utilizing digital technologies

### Europe
- Railway
- Nuclear power
- Energy

- **FY2015**: 0.95 trillion yen
- **FY2018**: 1.15 trillion yen
- **CAGR**: 6.5% (10.2%)

### China
- Elevators/Escalators
- Healthcare
- Industry/Distribution

- **FY2015**: 1.05 trillion yen
- **FY2018**: 1.1 trillion yen
- **CAGR**: 1.4% (3.1%)

### North America
- Energy
- Automotive parts, casting
- Healthcare

- **FY2015**: 1.28 trillion yen
- **FY2018**: 1.46 trillion yen
- **CAGR**: 4.5% (5.6%)

### Asia
- Finance
- Industrial equipment

- **FY2015**: 1.05 trillion yen
- **FY2018**: 1.22 trillion yen
- **CAGR**: 4.9% (6.4%)

**Overseas revenue ratio**

- **FY2015**: 48%
- **FY2018**: 55%

Note 1) CAGRs in the brackets are based on figures for FY 2015 excluding revenues of Hitachi Transport Systems, Ltd. and Hitachi Capital Corporation

Note 2) Regions except for those which are listed above (including Japan): FY2015  5.69 trillion yen → FY2018  5.07 trillion yen
## 5.2.1 2018 Mid-term Management Plan Targets (1)

<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th>FY2018 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Front business expansion</td>
<td>Front revenue ratio</td>
</tr>
<tr>
<td></td>
<td></td>
<td>36%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Front revenue ratio</td>
</tr>
<tr>
<td></td>
<td></td>
<td>40%</td>
</tr>
<tr>
<td>2</td>
<td>Global business expansion</td>
<td>Overseas revenue ratio</td>
</tr>
<tr>
<td></td>
<td></td>
<td>48%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Overseas revenue ratio</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Over 55%</td>
</tr>
<tr>
<td>3</td>
<td>Strengthening cash-</td>
<td>Operating cash flow margin&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>generating capability</td>
<td>8.6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Operating cash flow margin&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Over 9%</td>
</tr>
<tr>
<td>4</td>
<td>Improving asset profitability</td>
<td>ROA&lt;sup&gt;1,2&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ROA&lt;sup&gt;1,2&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Over 5%</td>
</tr>
</tbody>
</table>

<sup>1</sup> Manufacturing, Services and Others

<sup>2</sup> ROA (Return on Asset) = [Net income] / [Total Asset (Average between the end of current fiscal year and the end of previous fiscal year)] x 100
5.2.2 2018 Mid-term Management Plan Targets (2)

<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th>FY2018 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>10,034.3 billion yen</td>
<td>10,000.0 billion yen</td>
</tr>
<tr>
<td><strong>Adjusted operating income ratio</strong></td>
<td>6.3%</td>
<td>Over 8%</td>
</tr>
<tr>
<td><strong>EBIT ratio</strong></td>
<td>5.3%</td>
<td>Over 8%</td>
</tr>
<tr>
<td><strong>Net income attributable to Hitachi, Ltd. stockholders</strong></td>
<td>172.1 billion yen</td>
<td>Over 400.0 billion yen</td>
</tr>
</tbody>
</table>

* Foreign exchange rate assumption: 110yen/dollar, 120yen/euro
THE FUTURE IS OPEN TO SUGGESTIONS

Hitachi Social Innovation

Delivering new value to society through collaborative creation with our customers and partners
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,” 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, 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.
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