Information & Telecommunication Systems Business Strategy

June 9, 2010

Junzo Nakajima
Senior Vice President and Executive Officer
President & CEO,
Information & Telecommunication Systems Company
Hitachi, Ltd.
Information & Telecommunication Systems
Business Strategy

Contents
1. Business Overview and Outlook
2. Targets and Business Policy Toward 2015
3. Growth Strategy
4. Conclusion
1-1. Business Overview

Management vision  Contribute to social innovation through collaborative creation with customers

Business size  FY2009 revenues: ¥1,705.5 billion

Revenue breakdown

Software

<table>
<thead>
<tr>
<th>Hardware</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>33%</td>
<td>58%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Government</th>
<th>Industry</th>
<th>Social infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>Distribution</td>
<td>30%</td>
</tr>
<tr>
<td>30%</td>
<td>20%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Japan</th>
<th>Overseas</th>
</tr>
</thead>
<tbody>
<tr>
<td>78%</td>
<td>22%</td>
</tr>
</tbody>
</table>

North America: 50%
Europe: 30%
China/Asia, etc.: 20%

(Note) The percentages for Japan and overseas revenues are approximate figures.
1-2. FY2009 Results and FY2010 Forecasts

Aim to generate operating income of ¥100.0 billion on revenues of ¥1,730.0 billion in fiscal 2010 after results bottomed out in fiscal 2009.

(Billion yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2008 (Actual)</th>
<th>FY2009 (Actual)</th>
<th>FY2010 (Forecast)</th>
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</thead>
<tbody>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hardware/software</td>
<td>1,945.3</td>
<td>1,705.5</td>
<td>1,730.0</td>
</tr>
<tr>
<td>Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue ratio</td>
<td>58%</td>
<td>58%</td>
<td>59%</td>
</tr>
<tr>
<td>Overseas revenue ratio</td>
<td>21%</td>
<td>22%</td>
<td>22%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Income</th>
<th>FY2008 (Actual)</th>
<th>FY2009 (Actual)</th>
<th>FY2010 (Forecast)</th>
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<tr>
<td>Operating Income</td>
<td>138.4</td>
<td>94.5</td>
<td>100.0</td>
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<td>Operating Income Ratio</td>
<td>7.1%</td>
<td>5.5%</td>
<td>5.8%</td>
</tr>
</tbody>
</table>
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2-1. IT Market Trends and Competitive Environment

**Economy**
- Emerging markets continue to grow, industrialized nations are expected to recover
- Uncertain outlook due to credit worries in Europe

**IT market**
- Saturated Japanese IT market
- Recovering worldwide, driven by emerging markets

**IT systems**
- Shift from “ownership” to “use”
- Expanding use of IT in business and for social innovation
- Growing environmental needs

**IT vendors**
- Vertical integration by global major vendors
- Strengthening social infrastructure solutions businesses
- Enhancing global business responsiveness (M&As, using offshore resources)
2-2. Future Targets

Transform into a global company capable of providing reliability and security in high-profile fields around the world as a solutions partner based on strong products and services.

**2015**
- Expand cloud computing
- Establish global consulting network, including China and India
- Expand platform services
- Actively expand into emerging markets

**2009**
- Systems integration
  - Project management capabilities
  - MONOZUKURI (Manufacturing capabilities)
- Consulting
  - Development focused on Japan, the U.S. and Europe
- Storage
  - Development worldwide based on strong storage products
- Global niche markets
  - Development of emerging markets

**Platforms**
- System solutions
2-2. Future Targets

Transform into a global company capable of providing reliability and security in high-profile fields around the world as a solutions partner based on strong products and services.

- **2009**
  - Establish global consulting network, including China and India
  - Strengthen and expand global business

- **2015**
  - Expand cloud computing
  - Systems integration
  - Project management capabilities
  - MONOZUKURI (Manufacturing capabilities)

- **Actively expand into emerging markets**
  - Add value to businesses and create services
  - Development focused on Japan, the U.S. and Europe
  - Development worldwide based on strong storage products

- **Expand platform services**
  - Global niche markets
  - Development of emerging markets

- **Strengthen and expand global business**
  - Business Strengthening Initiatives

- **Platforms**
  - System solutions
2-3. Business Policy

Strengthen and expand global business
- Growth based on three pillars
  - Platform solutions business
  - Consulting business
  - Integrated IT services business
- Expand business in emerging markets

Add value to businesses and create services
- Expand highly reliable cloud computing services
- Create platform services
- Add value in systems integration and services businesses
- Establish global consulting network

Reinforce management base

FY2015 Targets
- Revenues: ¥2,300.0 billion
- Operating income ratio: 8%
- Overseas revenue ratio: 35%
- Services revenue ratio: 65%
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3-1. Growth Strategy

- Strengthen and expand global business
- Add value to businesses and create services
- Reinforce management base
Strengthen and expand global business

Add value to businesses and create services

Reinforce management base
Global development centered on storage business
Focused on establishing a consulting business base in the U.S. and Europe, developed ATM business in China
Expand platform solutions business based on storage products
Strengthen consulting in China, etc., step up efforts in emerging nations

- Expand sales of finger vein authentication systems
- Expand and enhance consulting in Europe
- Strengthen consulting in China
- Expand business in China and other Asian countries (Storage, ATM)
- Expand sales of StarBoard interactive whiteboards (U.S., Europe, China, Middle East)

Storage | Consulting/services | ATM and other global niche markets
Establish new business pillar alongside storage and consulting
Expand business in emerging markets

- Establish integrated IT services (as a third pillar)
- Create synergies with platform and consulting
- Actively move into emerging markets
- Strengthen resources

Storage Consulting/services ATM and other global niche markets
3-5. FY2015 Targets and Key Policies

**FY2015 targets**
- **Overseas revenues:** ¥800.0 billion
- **Overseas revenue ratio:** 35%

**Key policies**

- **Expand business globally based on three pillars**
  - Establish a third business pillar alongside storage and consulting
  - Conduct M&As

- **Expand business in emerging markets**
  - Develop business based on strong products such as storage and ATMs

- **Develop a social infrastructure building business by harnessing the Hitachi Group’s collective strengths**
3-6. First Business Pillar

Platform solutions business centered on world-leading share*1 in storage products

Expand platform business centered on strong storage products

- Established leading position in markets
  - Captured top global share*1 (approx. 30%) for 5 consecutive years in enterprise storage market
  - Commanded top share*2 for 14 straight years in the Japanese external storage market

- Expand business by capturing market share in growth fields
  - Achieve double-digit growth in overseas revenues from midrange products (in FY2009)
  - Increased the software & services overseas revenue ratio (FY2007: 35% → FY2009: 45%)
  - Expanded business in emerging markets (2H FY2009 Asia-Pacific approx. 20% growth)
  - Strengthen position in file and contents management field (Developed medical, government-related and other markets)

*1: Enterprise storage market, monetary basis (Hitachi calculation)
*2: May 2010 “Analysis of 2009 Japan Disk Storage Systems Market and 2010-2014 Forecasts” (J10510104), IDC Japan

Storage solutions business revenues

| FY2009: ¥304.0 billion  | FY2015: ¥400.0 billion |
3-7. Second Business Pillar

Strengthen response to customer needs by establishing a global consulting network

Strengthen global responsiveness by expanding and improving bases
- Reinforce structure in China and India
- Expand the number of consulting bases
  (Now have 23 bases mainly in the U.S. and Europe)

Pursue further growth
- Develop worldwide by sharing success stories and best practice from the U.S. and Europe
  - Won many orders for global accounting systems, etc. from major U.S. manufacturers, major global law firms, etc.
  - Leverage expertise in highly rated BI*1, ERP and other fields in North America
- Expand business by conducting M&As and forming alliances with partners

Expand coverage of system lifecycle
- Expand AMO*2 business and other management services in the U.S., Europe and China.

Consulting business revenues
- FY2009: ¥45.0 billion → FY2015: ¥130.0 billion

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*1: Business Intelligence  *2: Application Management Outsourcing
3-8. Third Business Pillar

Integrated IT services business based on know-how gained in data center business
(Next-generation, value-added data center services supporting everything
from platforms to application usage platforms)

- Bolster business and customers bases through M&As
- Nurture business toward global development in 2015;
establish leading position in integrated IT services business
through synergies with strong platform technologies/products,
and consulting capabilities
- Build up track record and know-how in eco-friendly data centers
  in preparation for full-scale business entry
  - Europe: Signed partnership agreements (April 2010)
    - Development of high density data center: TELEHOUSE EUROPE (UK)
    - Highly efficient data center deployment: Eco2dc initiative (Netherlands)
  - China: Establish dedicated organization to promote
    the eco-friendly data center business

Integrated IT services business revenues | FY2015: ¥260.0 billion
3-9. Expand Business in Emerging Markets

Expand business size leveraging strong products with a proven track record such as storage products and ATM, as well as distinctive technologies.

Product strategy: Expand business by launching products that cater to regional needs

- **Storage**: Continuously launch products for emerging markets and bolster sales channels.
- **ATMs**: Expand in India, Brazil and other regions leveraging top share in China*
- **StarBoard interactive whiteboards**: Pitch at IT infrastructure needs in the education sector.
  - Already supplied 120,000 units in over 70 countries, including the Middle East, Russia and other emerging markets.
- **Create markets utilizing distinctive technologies such as finger vein, RFID and sensor network.**

Regional strategy: Strengthen position in China, India and Brazil as priority markets

- **China**: Strengthen ability to provide solutions for regional customers, in addition to strong products.
- **India, Brazil**: Create business opportunities through personnel assignments and strengthen framework.
- **Draw on the Hitachi Group’s collective strengths to target markets other than priority markets in social infrastructure building.**

| China/Asia revenues | FY2009: ¥75.0 billion → FY2015: ¥200.0 billion |
Strengthen and expand global business

Add value to businesses and create services

Reinforce management base
3-10. Add Value to Businesses and Create Services

Best solutions partner in contributing to customer innovation

2015

Integrated IT services

Expand highly reliable cloud computing services

Create platform services

Add value to systems integration and service businesses

Establish global consulting network

Expand service range (Upstream consulting, strategic outsourcing)

Charge for SE services (Develop a solutions lineup)

Services associated with hardware (SE services, maintenance)

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3-11. FY2015 Targets and Key Policies

FY2015 targets

Services revenues: ¥1,500.0 billion
Services revenue ratio: 65%

Key policies

- Expand highly reliable cloud computing services
  - Expand private cloud, hybrid cloud computing services

- Expand platform services
  - Expand services business centered on strong hardware

- Add value to the systems integration and services businesses
  - Contribute to social innovation and business through the provision of best practice
  - Deepen collaborative creation with customers
  - Increase environmental value

- Establish a global consulting network
  - Strengthen ability to cater to global corporations
3-12. Creating Highly Reliable Cloud Computing Services

Aim to create highly reliable cloud computing services for social infrastructure systems and mission critical operations of core enterprise systems

Full-scale application in core corporate systems and social infrastructure systems
Establish trustworthiness as mission critical systems (Advanced reliability technology, security assurance, etc.)

Introduce and expand application in core enterprise systems
Create advanced hybrid cloud computing services, including linkage with existing systems and various cloud computing services

Expand introduction to enterprise information systems
Utilize public cloud, private cloud computing services

Develop and introduce highly reliable cloud computing technologies
- Authentication (Security)
- Interaction platform (Software)
- Performance assurance (Servers, networks)
- Data protection (Storage)
- Integration and operation techniques

Related revenues
FY2012: ¥200.0 billion → FY2015: ¥500.0 billion
Develop cloud computing business leveraging track record in providing cutting-edge services

“TWX-21,” Japan’s largest inter-company e-marketplace

Corporate members: Approx. ¥12 trillion/year in transactions by 40,000 companies (as of May 2010)
First to provide SaaS, providing as cloud platform based on service track record of 13 years
Added SaaS services for sharing environmental information for European REACH and other chemical substance management operations (July 2009)

“FINEMAX,” joint online banking ASP service based on track record in integrating and operating highly reliable systems

For individuals: 2.5 million accounts at 29 financial institutions
For companies: Approx. ¥10.0 trillion in annual monetary transactions at 19 financial institutions

Created cloud computing business applications within Hitachi

Adopted cloud computing for Hitachi consolidated taxation solution
Began offering SaaS-type consolidated taxation solution C-Taxconductor service (April 2010)
Fusing Hitachi-developed core technologies and integration knowhow

**Virtualization technology**
- Hitachi server virtualization technology: server processing performance assurance
- Thin-provisioning for providing virtual storage capacity: Increase usage efficiency of large-capacity storage

**Highly reliable network technologies**
- MPLS-TP: Ensure communication among networks

**Systems operation and management technologies**
- Integrated systems operation and management JP1: Increase efficiency of cloud computing operation and management

**Private cloud integration and operation techniques based on integration track record**
- Expand private cloud integration template, and integration and operation techniques (Drafted 2009)

**Higher-level interaction technology for cloud computing services (Hybrid cloud)**
- Development of the Harmonious Cloud Framework, enables intersystem cooperation between Private and Public cloud platforms (Service launch scheduled on December 2010)
3-15. Create and Expand Platform Business Services

**Expand storage differentiation solutions**

- Double-digit growth in service revenues overseas (FY2009)
  - Thin-provisioning for providing virtual storage utilizing Hitachi’s proprietary virtualization technologies to maximize storage usage efficiency, including existing assets highly rated (Customer adoption rate approx. 50%)

- Provide new differentiated solutions
  - Managed services: Strengthen operation and management through onsite/remote site
  - Contents cloud: Develop storage utilization solutions for contents data

**Develop integrated platform aimed at reducing platform operation and maintenance costs**

- Refine server, storage and other virtualization technologies to reduce spiraling operating and management costs and improve level of service
  - Automate increasingly labor intensive work
  - Save power

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**Server-Related TCO***

- Power and air-conditioning expenses
- Operation and management costs
- Initial introduction costs

*Source: IDC, Three Data Centers-One Vision?, Doc # DR2010_T2_MB, March 2010
3-16. Develop Server and Telecommunications Networks Businesses Overseas

Server business

- Develop globally to triple overseas server revenues (FY2010)
  - Provide integrated platforms combining storage and servers
  - Develop with solutions and services centered on cloud computing services
    - Use servers to differentiate solutions such as file storage and contents cloud computing services
- Expand business to emerging markets, including China, Russia and South America

Telecommunications networks business

- Expand global business in next-generation networks centered on HCTA*1
  - Next-generation mobile (LTE) business*2
    - Acquired LTE-related software assets (Dec. 2009), developing global sales partners
  - Optical access business
    - Stepping up proposals to other companies leveraging track record introducing at North American CATV operator BHN*3
  - Home ICT business
    - Break into the home ICT market by cooperating with overseas communications carriers

*1 HCTA: Hitachi Communication Technologies America, Inc.
*2 LTE : Long Term Evolution
*3 BHN : Bright House Networks (North American CATV operator)
Contribute to social innovation and business through collaborative creation with customers

New business approaches and lifestyles leveraging IT 20XX

Major financial institution-related core systems 2009
- NEXTBASE joint outsourcing service 2005 targeting regional financial institutions
- FINEMAX joint online banking ASP service 1999

1997 TWX-21 inter-company e-marketplace
1988 Third-generation online banking system
1977 Second-generation online banking system
1970 Bullet train operation and management system
1969 Banking online system
1959 Seat reservation system
1959 Electronic computer
1937 Founding of Totsuka plant (Production of telephones, switching equipment)
1910 Formation of Hitachi

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3-18. Methods for Adding Value in the System Integration Business

Ultra-upstream design techniques for systems development to satisfy and impress customers

Create systems that “understand, share and solve” customers’ real problems

Ex Approach “Experience Oriented Approach”

- Form agreement through collaborative creation at each development stage

Thorough workplace observation by specialists

Understand workplace issues and desires

Share the ideal business process flow in joint workshops with customers

Decide on problem-solving strategies

Create visual image of system by constructing hypotheses and using prototyping technology

Visualize processes required until completion

Create systems that respond to customers’ needs at all organizational levels and share project successes at customers and Hitachi
3-19. Create and Expand Fusion Business

Contribute to social innovation by fusing social infrastructure and information and telecommunications systems

Power systems
- Knowhow in power and transportation systems
- Control-related technologies

Transportation

Social infrastructure
- Business system knowhow
- System development and project management capabilities
- Highly reliable IT platforms

Information

New business approaches and lifestyles using IT

Middleware for fusion field

IT platform

Develop and expand globally the eco-friendly data center business
- Provide one-stop services from consulting to equipment sales
  - Energy-saving and “small footprint” modular data centers
- Develop in China after Europe

Break into new markets leveraging Hitachi’s collective capabilities
- Cooperate in development and construction of Sino-Singapore Tianjin Eco-City Project, an eco-friendly city
  - Provide environmental solutions utilizing smart grids and other advanced technologies
- Participate in India’s Delhi Mumbai Industrial Corridor project
3-20. Increase Environmental Value

Expand contribution to customers’ environmental management and realization of a sustainable society

Hitachi’s Environmental Vision 2025
Help reduce annual CO2 emissions by 100 million tonnes by 2025 through Hitachi Group products

The Information & Telecommunications Company aims to curb emissions by 4 million tonnes per annum (FY2025)

Green of IT
IT Power-saving Plan
Decrease CO2 emissions of IT equipment by 330,000 t (Total reduction from FY2008 to FY2012)

Eco-friendly Datacenter Project
Reduce electricity consumption up to 50% at data centers by 2012 (compared to fiscal 2007)

Green by IT
Share of revenues of Eco-Products 50% (FY2010)

GeoAction 100 Plan to contribute to the environment via IT

Prevention of Global warming
- Provide customers with CO2 emissions information for hardware and solutions products (From July 2010)

Conservation of Resources
- Strengthen product collection scheme (July 2010)

Preservation of Ecosystem
- Design for IT eco experimental village, etc.
<table>
<thead>
<tr>
<th>Category</th>
<th>Product/Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Servers</td>
<td>BladeSymphony BS2000</td>
</tr>
<tr>
<td></td>
<td>Developed power supplies that achieve an industry-leading*1 conversion efficiency of 92%</td>
</tr>
<tr>
<td></td>
<td>Server integration using proprietary virtualization technology</td>
</tr>
<tr>
<td>Operation and management software</td>
<td>JP1 Version 9</td>
</tr>
<tr>
<td></td>
<td>Supports more efficient operations and flexible operations in the cloud computing age</td>
</tr>
<tr>
<td>Storage</td>
<td>Hitachi Adaptable Modular Storage 2000 series</td>
</tr>
<tr>
<td></td>
<td>HDD drive rotational control according to usage frequency and power supply control in scalable disk arrays</td>
</tr>
<tr>
<td>Networks</td>
<td>AX6600S</td>
</tr>
<tr>
<td></td>
<td>Controls power supply according to online conditions</td>
</tr>
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</table>

Hitachi is taking a comprehensive approach that extends to air-conditioning and power supplies, in addition to eco-friendly data centers and IT equipment.

<table>
<thead>
<tr>
<th>Eco-friendly Datacenter Project</th>
<th>CoolCenter50</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Green IT Award 2008 Committee special award</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Module-type data centers</th>
<th>Maximize cooling efficiency through optimal configuration of cooling units and IT equipment inside modules</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Up to 67% reduction in air-conditioning power usage*2</td>
</tr>
</tbody>
</table>

*1 Hitachi estimate as of May 31, 2010
*2 Compared to conventional air-conditioning systems Hitachi estimate based on data in report from JEITA (Japan Electronics and Information Technology Industries Association), June 2009
Strengthen and expand global business

Add value to businesses and create services

Reinforce management base
3-22. Reinforce Management Base

Pursue business synergies and further increase corporate value on a consolidated basis

Develop new customers and expand business scale by optimizing tasks among Hitachi Group companies

- Provide one-stop solutions of value throughout the entire IT lifecycle
- Group company restructuring: Establish Hitachi Solutions (Oct. 2010) (Merge Hitachi Software Engineering Co., Ltd. and Hitachi Systems & Services, Ltd.)

Strengthen operations

- Optimal allocation of resources, aggregate and share common functions, eliminate duplicate investment
- Strengthen procurement ability through shared procurement strategy and measures, rigorously reduce materials expenses
- Investment plan: ¥90.0 billion in FY2010 (Up 49% YoY)

Pursue improved quality and productivity by strengthening MONOZUKURI (Manufacturing capabilities) and increase customer satisfaction further

- The Society of Project Management, awarded first “PM Application Prize” (November 2009)

(Top-placing categories) Thin client, Blade servers, network/system operation and management software, storage, UNIX servers, application servers, groupware/EIP/blog/SNS, IP telephony systems, PC servers
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FY2010 forecasts: Revenues of ¥1,730.0 billion, operating income of ¥100.0 billion

### Revenues

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<th>FY2010 (Forecast)</th>
<th>FY2012 (Target)</th>
<th>FY2015 (Target)</th>
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<tbody>
<tr>
<td>Hardware/software</td>
<td>1,730.0</td>
<td>1,850.0</td>
<td></td>
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<tr>
<td>Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services revenue ratio</td>
<td>59%</td>
<td>60%</td>
<td>65%</td>
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### Operating Income, Operating Income Ratio

<table>
<thead>
<tr>
<th></th>
<th>FY2010 (Forecast)</th>
<th>FY2012 (Target)</th>
<th>FY2015 (Target)</th>
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<tr>
<td>Operating Income</td>
<td>100.0</td>
<td>130.0</td>
<td>185.0</td>
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<tr>
<td>Operating Income Ratio</td>
<td>5.8%</td>
<td>7%</td>
<td>8%</td>
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### Overseas revenue ratio

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<thead>
<tr>
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</tr>
<tr>
<td>FY2015</td>
<td>35%</td>
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</tbody>
</table>
4-2. Conclusion

FY2015 Target

- Revenues: ¥2,300.0 billion, operating income: 8%
- Overseas revenue ratio: 35%
- Services revenue ratio: 65%

Transform into a global company capable of providing reliability and security in high-profile fields around the world as a solutions partner based on strong products and services
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 investments in Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors which Hitachi serves, including, without limitation, the information, electronics, automotive, construction and financial sectors;
- exchange rate fluctuations for the yen and 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 in Japan, declines in which may require Hitachi to write down equity securities that it holds;
- the potential for significant losses on Hitachi’s investments in equity method affiliates;
- increased commoditization of information technology products and digital media-related products and intensifying price competition for such products, particularly in the Components & Devices and the Digital Media & Consumer Products segments;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technology on a timely and cost-effective basis and to achieve market acceptance for such products;
- rapid technological innovation;
- 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;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum and synthetic resins;
- 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;
- 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 restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness and other cost reduction measures;
- general socio-economic and political conditions and the regulatory and trade environment of Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports, or 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 affiliates 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 in Japan by earthquakes or other natural disasters;
- 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 and that of its customers;
- uncertainty as to the accuracy of key assumptions Hitachi uses to value 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 Hitachi’s periodic filings with the U.S. Securities and Exchange Commission and in other materials published by Hitachi.