Consumer Business Strategy
Hitachi IR Day 2011

June 16, 2011

Shutoku Watanabe
President and Representative Director
Hitachi Consumer Electronics Co., Ltd.
1 Position in Hitachi Group

FY2010 consolidated revenues
¥9,315.8 billion*

[ ]: Composition ratio (%)

Sales Composition of Digital Media & Consumer Products

<table>
<thead>
<tr>
<th>Breakdown</th>
<th>Revenues</th>
<th>Composition ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital media business</td>
<td>¥386.0 billion</td>
<td>41%</td>
</tr>
<tr>
<td>- Video related products and components</td>
<td></td>
<td></td>
</tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>Hitachi Appliances Consolidated</td>
<td>¥502.6 billion</td>
<td>53%</td>
</tr>
<tr>
<td>- Home appliances business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Electrical home appliances and new environment fields)</td>
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<td></td>
</tr>
<tr>
<td>- Air conditioning business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Home and commercial use)</td>
<td></td>
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</tr>
</tbody>
</table>

*Total consolidated revenues of ¥9,315.8 billion includes eliminations and corporate items.
2 Basic Management Policy for the Consumer Business

Basic Management Strategy

- Entire consumer business
  - Create and expand eco-friendly living infrastructure businesses
- Video related products and components business
  - Create global No.1 businesses in optical storage and LCD projectors
- Home appliances and air conditioning
  - Expand global business
  - Nurture new environment fields

FY2012 Management Targets

<table>
<thead>
<tr>
<th></th>
<th>Revenues</th>
<th>Overseas revenue ratio</th>
<th>Operating income ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2010</td>
<td>¥951.5 billion</td>
<td>46%</td>
<td>1.6%</td>
</tr>
<tr>
<td>FY2011</td>
<td>¥950 billion</td>
<td>48%</td>
<td>0.5%</td>
</tr>
<tr>
<td>FY2012</td>
<td>¥1,000 billion</td>
<td>50%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>
3 Consumer Business Revenue Composition

**Digital media business**

- **FY2010**
  - Consolidated revenues: ¥951.5 billion
  - Others: ¥502.6 billion
  - Total: ¥386.0 billion

- **FY2011**
  - Consolidated revenues: ¥950 billion
  - Others: ¥540 billion
  - Total: ¥340 billion

- **FY2012**
  - Consolidated revenues: ¥1,000 billion
  - Others: ¥560 billion
  - Total: ¥360 billion

**Hitachi Appliances Consolidated**

- **Digital media business**
  - Create global No. 1 businesses in optical storage and LCD projectors
- **Flat-panel TVs**
  - Transform business structure in step with rapidly declining demand in Japan
- **Air conditioning**
  - Expand air conditioning business globally
- **Home appliances**
  - Nurture new environment fields, expand home appliances business globally
Create and Expand Eco-friendly Living Infrastructure Business

**Basic Strategies**

- **Develop and sell through energy-saving products**
- **Launch EMS (Energy Management System) business**

**Energy-saving products**

- All-electric housing
- IH cooking heaters
- EcoCute heat pump water heaters
- Lighting (LED)
- Air conditioning
- S-LED LCD TVs

**Power generation**

- Solar power generation

**Storage**

- Accumulator batteries
- EV rechargers

EMS business launch (Commence in FY2011)

- For retailers with multiple stores
  - Develop into HEMS (Home Energy Management System) combining power generation and storage to secure home electricity type HEMS business

*eco·pom·pa (ECO Production and Operational Management Partner)
5 FY2012 Targets

FY2012 Targets

- Revenues: ¥1,000 billion
- Overseas revenue ratio: 50%
- Operating income ratio: 2.0%

- Entire consumer business
  : Create and expand eco-friendly living infrastructure businesses
- Video related products and components Business
  : Create global No.1 businesses in optical storage and LCD projectors
- Home appliances and air conditioning
  : Expand global business
  : Nurture new environment fields
Digital Media Business Strategy

Hitachi IR Day 2011

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Hitachi Consumer Electronics Co., Ltd.
Digital Media Business Strategy

Contents

1. Business Overview
2. Business Policy and Growth Strategy
3. Management Targets
FY2010 consolidated revenues
¥9,315.8 billion*

*: Composition ratio (%)

Digital Media & Consumer Products [9]
¥951.5 billion

Financial Services [4]
Information & Telecommunication Systems [16]
Power Systems [8]
Electronic Systems & Equipment [10]
Components & Devices [8]
Automotive Systems [7]
Construction Machinery [7]
High Functional Materials & Components [13]
Others [7]

Sales Composition of Digital Media & Consumer Products

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*Total consolidated revenues of ¥9,315.8 billion includes eliminations and corporate items.
1-2 Business Overview

Strengthen key components and products aiming to be the top runner in video related technology

Video related products and components

- Flat-panel TVs: 29% (FY2010 Consolidated revenues ¥386.0 billion)
- 71%

- Video related products and components

Flat-panel TVs: 20% (FY2011 Consolidated revenues ¥340.0 billion)
- 80%

- Video related products and components

Flat-panel TVs: 17% (FY2012 Consolidated revenues ¥360.0 billion)
- 83%

Video related products and components

- LCD projectors
- Optical storage
- Optical pickups

Flat-panel TVs
Digital Media Business Strategy

Contents

1. Business Overview
2. Business Policy and Growth Strategy
3. Management Targets
Create a continuously profitable structure centered on the video related products and components business.

Strengthen key components and products aiming to be the top runner in video related technology

<table>
<thead>
<tr>
<th>FY2012: Target operating income ratio of 1.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LCD projectors</strong></td>
</tr>
<tr>
<td>Capture No.1 share worldwide with high-value-added models</td>
</tr>
<tr>
<td><strong>Optical storage</strong></td>
</tr>
<tr>
<td>Maintain No. 1 share worldwide by strengthening cost competitiveness</td>
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<tr>
<td><strong>Flat-panel TVs</strong></td>
</tr>
<tr>
<td>Structure the business model based on low-risk management and a focus on distinctive technologies</td>
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</table>
Aim to secure No. 1 share worldwide (Over 16% in FY2012)

No. 2 share
14% 14%

No. 1 share
16% 16%

Worldwide Demand (Million units)

2009 2010 2011 2012
3.7 4.1 4.6 5.3

High-value-added models
31% 69%
High-value-added: Ultra short throw/high brightness Over 3,000 Lumens

Customer Basis
For education 47% 53%

Regional Basis
North America Western Europe Japan
56% 44%

China Emerging economies

(Note) Demand source: Hitachi; excludes home use and SVGA

* Emerging economies: India, Central and Middle East, Eastern Europe, Russia, Central and South America

2-2 Video related products and components business : LCD Projectors (1)
## Business strategy

Capture No. 1 share with product and sales strategy suited to each market

## Product portfolio

- Increase high-value-added products

- Capture No. 1 share in ultra short throw (35% in 2011)

## Sales strategy

<table>
<thead>
<tr>
<th>Customer basis</th>
<th>Regional basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthen corporate sales channel in addition to educational</td>
<td></td>
</tr>
<tr>
<td>Strengthen China and emerging economy sales route</td>
<td></td>
</tr>
</tbody>
</table>
2-4 Video related products and components business : LCD Projectors (3)

Increase high-value-added products

Capture No. 1 share in ultra short throw (35% in 2011)

Ultra short throw: World’s smallest and lightest
(Launched in Europe in Oct. 2010)

- 80-inch wide screen 23 cm from wall

Hitachi proprietary technologies
- Develop new panels and lenses etc.

Built-in interactive functions
(Launched in Europe and U.S. in Mar. 2011)

- Simple operation
(cooperation with Hitachi Solutions, Ltd.)

Hitachi Group collaboration

[Toolbox]
Equipped with diagram and drawing capability
**Strengthen sales strategy by customer**

- **Americas:** Strengthen relationships with major SIs
- **Germany:** Build sales network in e-Sourcing for major corporations

**Enhance sales strategy by region**

- **Strengthen China and emerging economy sales route**
  - China, India, Indonesia, etc.: Cooperate with major local companies
  - Central and Middle East: Station specialists (Develop customer relationships)

**Hitachi Sales and Share**

<table>
<thead>
<tr>
<th>Region</th>
<th>FY2009</th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>21%</td>
<td>24%</td>
<td>26%</td>
<td>26%</td>
</tr>
<tr>
<td></td>
<td>110</td>
<td>140</td>
<td>170</td>
<td>200</td>
</tr>
</tbody>
</table>

**Hitachi Sales and Sales Composition**

<table>
<thead>
<tr>
<th>Region</th>
<th>FY2009</th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>For education</td>
<td>410</td>
<td>450</td>
<td>540</td>
<td>640</td>
</tr>
<tr>
<td>For corporations</td>
<td>28%</td>
<td>28%</td>
<td>30%</td>
<td>35%</td>
</tr>
</tbody>
</table>

**Hitachi Sales and Share**

- **Asia:**
  - Middle East, etc.: 8% to 12%
  - Indonesia: 50 to 100
  - India: 50 to 100
Maintain No. 1 share, ensure earnings by bolstering cost competitiveness

**No. 1 share**

- **Share in units**
  - 2009: 34%
  - 2010: 34%
  - 2011: 35%
  - 2012: 35%

**Worldwide demand**

- **Blu-ray**
  - 2009: 290
  - 2010: [300]
  - 2011: [310]
  - 2012: [315]

- **DVD Slim**
  - 2009: 305
  - 2010: 316
  - 2011: 331

- **Other**
  - 2009: [315]
  - 2010: [310]
  - 2011: [300]
  - 2012: 331

**Unit price index**

- 2009: 100
- 2010: 93
- 2011: 88
- 2012: 84

(Note) Demand source: Hitachi estimates
### Business strategy

- Increase optical storage (ODD) share
- Quickly create competitive storage products for new fields

### Strengthen product competitiveness

- Strengthen cost competitiveness (Reduce cost of parts and components, lower manufacturing costs, etc.)
- Improve product quality, bolster customer support

### New storage product fields

- **Optical archive storage (Blu-ray changer)**
- **NAS**
  - For corporations (ODD+HDD)
  - For homes (ODD+HDD)
- **Hybrid drives** (Integrated (SSD + ODD ))

---

**Notes:**

- NAS: Network Attached Storage
- ODD: Optical Disc Drive
- SSD: Solid State Drive
Rigorously practice low-risk management in step with rapidly declining demand in Japan
• Mar. 2011 Eco-points program finished
• Jul. 2011 Analog broadcasting ends in Japan

<table>
<thead>
<tr>
<th></th>
<th>Share in units</th>
<th>Japan demand</th>
<th>(Million units)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6.0%</td>
<td>[6.7]</td>
<td>[7.5]</td>
</tr>
<tr>
<td>[5.5%]</td>
<td>[25.7]</td>
<td></td>
<td>[7.0]</td>
</tr>
</tbody>
</table>

Figures in square brackets [ ] are previous plan figures (as of 2010)

(Note) Demand source: Hitachi estimates

Targets

FY2009 FY2010 FY2011 FY2012
Japan demand 15.9 [16.0] 11.0 7.0

FY2010 FY2011 FY2012
15.9 11.0 7.0 (Million units)
Business strategy

Structure the business model based on low-risk management and a focus on distinctive technologies

- Take a low-risk management approach by utilizing procurement
- Focus development on distinctive energy-saving and high image quality technologies
- Strengthen alliances for providing distinctive technologies

Hitachi Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (Billion yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2009</td>
<td>112.4</td>
</tr>
<tr>
<td>FY2010</td>
<td>112.7</td>
</tr>
<tr>
<td>FY2011</td>
<td>70.0</td>
</tr>
<tr>
<td>FY2012</td>
<td>60.0</td>
</tr>
</tbody>
</table>
Launch HEMS business applying network technology to environmental needs

For retailers with multiple stores (From July 2011)

- Power consumption (Visualization)
- Demand reduction (Peak-time power reduction)
- ASP services

Launch secure home electricity type HEMS business

- Effectively utilize power in the home (Total control: generation, storage)
- Energy-saving diagnostic service

Overview

Customer (Headquarters)

Multiple stores and offices

Distribution board

Lighting

Air conditioning equipment

Power sensors

EMS terminals

Temperature sensors

Displays

WAN

LAN

Router

ASP service

Eco pom pa server

Targeting Growth Fields: Eco-friendly living Infrastructure Business
Digital Media Business Strategy

Contents

1. Business Overview
2. Business Policy and Growth Strategy
3. Management Targets
3-1 Revenues and Operating Income Ratio

Operating income ratio

Revenues

Flat-panel TVs*

Video related products and components

FY2009 FY2010 FY2011 FY2012

Index

1.0%

[0.5%] [1.6%] [1.8%]

Revenues

[385.0] 386.0 [380.0] 360.0

(Billion yen)

114

100

100

418.9

(Figures excluding natural disaster’s impact 0.1%)

Figures in square brackets [ ] are previous plan figures (as of FY2010)

* Flat-panel TVs include the TVs which Hitachi Living Systems procures.
## 3-2 FY2010 Performance (Actual)

<table>
<thead>
<tr>
<th></th>
<th>FY2009 (Actual)</th>
<th>FY2010 (Actual)</th>
<th>(YoY)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>418.9</td>
<td>386.0</td>
<td>92%</td>
</tr>
<tr>
<td>Video related products and components</td>
<td>262.5</td>
<td>272.3</td>
<td>104%</td>
</tr>
<tr>
<td>Flat-panel TVs</td>
<td>112.4</td>
<td>112.7</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Operating income ratio</strong></td>
<td>(2.9%)</td>
<td>(0.2%)</td>
<td>+2.7%</td>
</tr>
</tbody>
</table>

### Notes:

- **Video related products and components**
  - Maintained growth in Japan due to the benefits of the eco-points program, although revenues declined overseas.
  - Had projected profits due to the end of analog broadcasting and the benefits of the eco-points program, but instead a loss was recorded due to lower prices and the impact of the Great East Japan Earthquake.

- **Flat-panel TVs**
  - Maintained growth in Japan due to the benefits of the eco-points program, although revenues declined overseas.

- **Operating income**
  - LCD projectors: Maintain revenue on growing demand in China and other emerging markets, despite soft demand in Europe and the U.S.
  - Optical storage: Maintain unit sales on growth in China and other emerging markets, even though demand worsens in Europe.
### 3-3 FY2011 and FY2012 Results (Plan)

#### (Billion yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th>YoY</th>
<th>FY2012</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>340</td>
<td>88%</td>
<td>360</td>
<td>106%</td>
</tr>
<tr>
<td>Video related products</td>
<td>270</td>
<td>100%</td>
<td>300</td>
<td>109%</td>
</tr>
<tr>
<td>and components</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flat-panel TVs</td>
<td>70</td>
<td>62%</td>
<td>600</td>
<td>86%</td>
</tr>
<tr>
<td><strong>Operating income ratio</strong></td>
<td>(1.7%)</td>
<td>-1.5%</td>
<td>1.0%</td>
<td>+2.7%</td>
</tr>
</tbody>
</table>

**Revenues**
- **Video related products and components**: Expand by boosting sales to corporations, as well as China and other emerging markets.
- **Optical storage**: Sharpen cost competitiveness to maintain No. 1 worldwide share in terms of sales.
- **Flat-panel TVs**: Lower revenues due to falling demand in Japan and lower prices.

**Operating income**
- Rigorously practice low-risk management in flat-panel TVs (since FY2009), achieve FY2012 operating income ratio of 1.0%.
### 3-4 FY2012 Management Targets

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<td>¥360 billion</td>
<td>78%</td>
<td>1.0%</td>
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#### Video related products and components business
Create global No.1 businesses in optical storage and LCD projectors

#### Flat-panel TVs
Structure the business model based on low-risk management and a focus on distinctive technologies
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, including, without limitation, the information, electronics, automotive, construction and financial sectors;
- exchange rate fluctuations of 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 technologies 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 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;
- 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 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 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, tsunamis or other natural disasters, including the possibility of continuing adverse effects on Hitachi’s operations as a result of the earthquake and tsunami that struck northeastern Japan on March 11, 2011;
- 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 Hitachi’s periodic filings with the U.S. Securities and Exchange Commission and in other materials published by Hitachi.
Hitachi Appliances
Business Strategy
Hitachi IR Day 2011

June 16, 2011
Haruki Yamamoto
President and Director
Hitachi Appliances, Inc.
Hitachi Appliances Business Strategy

Contents

1. Business Overview
2. Market Trends and Growth Strategy
3. Business Performance Trends
FY2010 consolidated revenues
¥9,315.8 billion*

[ ]: Composition ratio (%)

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Digital Media & Consumer Products [9]
¥951.5 billion

*Total consolidated revenues of ¥9,315.8 billion includes eliminations and corporate items.
1-2 Business Overview

New environment fields

- Home use
- Commercial use
- Electrical home appliances
- Home Appliances business (47%)
- Air conditioning business (53%)

FY2010 Consolidated revenues ¥502.6 billion

Market environment
- Growing market of Emerging economies
- Increased interest in energy conservation

Hitachi Appliances is the corporations of Home appliances and Air conditioning

Responsible for social and living infrastructure in Hitachi Group

Vision
Grow up to the corporations to contribute to the global environment
Support comfortable air-conditioned environments in a broad range of fields, from home use to commercial use.

<table>
<thead>
<tr>
<th>Home use</th>
<th>Industrial use</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Room air conditioners</strong></td>
<td><strong>Commercial use (Shops, buildings, etc.)</strong></td>
</tr>
<tr>
<td><img src="image1.png" alt="Room air conditioners" /></td>
<td><img src="image2.png" alt="Industrial use" /></td>
</tr>
<tr>
<td><img src="image3.png" alt="Ceiling cassette type" /></td>
<td><img src="image4.png" alt="Commercial use" /></td>
</tr>
<tr>
<td><strong>Packaged air conditioning systems</strong></td>
<td></td>
</tr>
<tr>
<td><img src="image5.png" alt="Packaged air conditioners" /></td>
<td></td>
</tr>
<tr>
<td><strong>Absorption &amp; centrifugal chillers</strong></td>
<td></td>
</tr>
<tr>
<td><img src="image6.png" alt="Absorption chillers" /></td>
<td></td>
</tr>
<tr>
<td><img src="image7.png" alt="Centrifugal chillers" /></td>
<td></td>
</tr>
</tbody>
</table>
## Home Appliances Business Product Lineup

Support safe, comfortable living with a variety of energy-saving home appliances

<table>
<thead>
<tr>
<th>Electrical home appliances</th>
<th>New environment fields</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refrigerators</td>
<td>LED lamps</td>
</tr>
<tr>
<td>Washing machines</td>
<td></td>
</tr>
<tr>
<td>Vacuum cleaners</td>
<td>LED lighting</td>
</tr>
<tr>
<td>IH cooking heaters</td>
<td></td>
</tr>
<tr>
<td>Microwave ovens</td>
<td>EcoCute heat pump</td>
</tr>
<tr>
<td>Rice cookers</td>
<td>water heaters</td>
</tr>
<tr>
<td>Air cleaners</td>
<td></td>
</tr>
</tbody>
</table>

Lighting business (Merged in October 2010)
Hitachi Appliances Business Strategy

Contents
1. Business Overview
2. Market Trends and Growth Strategy
3. Business Performance Trends
### 2-1 Market Trends

#### Air Conditioning (Trillion yen)

- **Global Market**
  - Data for: Japan, Asia, Middle East, Europe, Russia, Africa, North America, Central and South America, Oceania
  - *Packaged air conditioning systems + room air conditioners*
  - *Circled numbers are 2010-2015 CAGR

- **2010**:
  - 5.7
- **2012**:
  - 6.3
- **2015**:
  - 7.3

#### Electrical Home Appliances (Trillion yen)

- **Global Market**
  - Data for: Japan, Asia, Middle East, North Africa
  - *Refrigerators + washing machines + vacuum cleaners*
  - *Circled numbers are 2010-2015 CAGR

- **2010**:
  - 3.5
- **2012**:
  - 3.7
- **2015**:
  - 4.0

#### Market Growth by Area

- **Hitachi estimate**

<table>
<thead>
<tr>
<th>Area</th>
<th>2010-2015 CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>0.6%</td>
</tr>
<tr>
<td>Europe</td>
<td>3.5%</td>
</tr>
<tr>
<td>Emerging economies</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>8.8%</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>6.7%</td>
</tr>
<tr>
<td>India</td>
<td>16.6%</td>
</tr>
<tr>
<td>Brazil</td>
<td>10.4%</td>
</tr>
</tbody>
</table>
2-2 Hitachi Appliances Target Growth Strategy for 2015

Consolidated revenues (Billion yen)

Vision

A corporation that contributes to the global environment

- FY2010: 502.6 billion yen (32% Overseas revenue ratio)
- FY2012: 560 billion yen (35% Overseas revenue ratio)
- FY2015: 655 billion yen (45% Overseas revenue ratio)

Overseas revenues

Domestic revenues

Consolidated revenues [Overseas revenue ratio]

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2-3 Hitachi Appliances Target Growth Areas

Business expansion

Develop new environment fields
All-electric housing
LED lighting
Solar power generation
(Cooperation with Hitachi Consumer Marketing)

Basic policies
- Promote local production for local consumption
- Execute premium strategy

Present situation
Air conditioning business
Electrical home appliances business

Global business expansion
China, India, Brazil, Europe, Southeast Asia, Middle East

New fields
Existing fields

Japan
Overseas

Geographical expansion

Promote local production for local consumption
Execute premium strategy
2-4 Global Business Expansion (1) Locations

China (Manufacturing, sales)
- Qingdao, Shanghai, Wuhu, Guangzhou, Hong Kong
- (Manufacturing, sales)

Taiwan (Manufacturing, sales)
- (Sales)

Thailand (Manufacturing, sales)
- Thailand (Manufacturing, sales)

Philippines (Manufacturing)
- Philippines (Manufacturing)

Malaysia (Manufacturing, sales)
- Malaysia (Manufacturing, sales)

Singapore (Sales)
- Singapore (Sales)

Singapore, Malaysia, Indonesia (Sales)
- Singapore, Malaysia, Indonesia (Sales)

India (Sales)
- India (Sales)

Middle East (Sales)
- Middle East (Sales)

France (Sales)
- France (Sales)

Spain (Manufacturing)
- Spain (Manufacturing)

India (Manufacturing, sales)
- India (Manufacturing, sales)

Air conditioning manufacturing companies
- Air conditioning manufacturing companies

Home appliance manufacturing companies
- Home appliance manufacturing companies

29 bases worldwide
- <Air conditioning: 20; home appliances: 9>

* The Qingdao manufacturing company is an equity-method affiliate
Global Business Expansion (2)  
Background to global business development

**India**
- Hitachi Home & Life Solutions (India) Ltd.
- 1999 Acquired equity interest
- Expansion led by home use air conditioning
- Developed nationwide sales and service network (Approx. 2,500 stores)
- Brand-building in high-end home use air conditioners

**Brazil**
- Hitachi Air Conditioning Products Brazil, Ltd.
- 1972 Acquired equity interest
- Expansion led by commercial use packaged air conditioners
- Developed nationwide sales and service network
- Only Japanese company with a production subsidiary
- Chillers and separated air conditioners for facilities
  Top-class share*

**Thailand**
- Hitachi Consumer Products (Thailand), Ltd.
- 1970 established
- Increased production of refrigerators, washing machines, vacuum cleaners, etc.
- Ships to Southeast Asian countries, the Middle East
- No. 1* share (in Thailand) in refrigerators with 2 or more doors

Entered emerging markets from an early stage and built a business foundation

*Hitachi estimate 2010 result (share in terms of refrigeration tons)

*Hitachi estimate 2010 result (share in monetary terms)
Achieve global business expansion through aggressive expansion in growing market of emerging economies

Hitachi Appliances’ strengths

Air conditioning
Entered markets from an early stage and have manufacturing and sales offices in India, Brazil, and China

Home appliances
Home appliances have manufacturing base in Thailand and sales network in Southeast Asia and the Middle East

Market
Expanding demand centered on emerging economies

Basic strategy
Achieve global business expansion through aggressive expansion in growing market of emerging economies
Global Business Expansion (4)
Air conditioning business strategy

(1) Expand business leveraging existing base infrastructure
- India: home use + commercial use
- Brazil: commercial use + home use
- China: home use + commercial use + absorption and centrifugal chillers

(2) Expand business leveraging home appliances sales infrastructure
- Southeast Asia: Electrical home appliances + Home use air conditioners

(3) Enhancing in core markets
- Increase products that comply with environmental regulations in Europe

Plan to invest ¥24 billion in production and sales over 5 years
Global Business Expansion (5)
Home appliance business strategy

(1) Expand business mainly using manufacturing base in Thailand
   - Aggressively expand business in Southeast Asia, the Middle East, and North Africa

(2) Increase premium home appliances made in Japan
   - Expand sales in major cities of China and Asia

(3) Expand key components business
   - Increase production of compressors to support refrigerator business expansion

Plan to invest ¥17 billion in production and sales over 5 years
2-9 Develop New Environment Fields

Hitachi Appliances New Environment Fields

Expand solar power generation business
- Strengthen alliance with Solar Frontier

Expand LED lighting business
- Expand business by enhancing product appeal and product lineup

Expand all-electric housing business
- Increase market share for EcoCute heat pump water heaters and IH cooking heaters

FY2010

FY2012

FY2015

¥34 billion

¥50 billion

¥75 billion

Revenues*

* Revenues include revenues of Hitachi Consumer Marketing (solar power generation systems, etc.)
Hitachi share

*(Electrical home appliances (5 main products))
(Refrigerators, washing machines, vacuum cleaners, microwave ovens, rice cookers)
Source: JEMA (Terms of monetary shipping amounts)

Company established in 2006

Try to raise share further by proposing products with greater energy-saving performance and ease-of-use
Hitachi Appliances Business Strategy

Contents
1. Business Overview
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3. Business Performance Trends
Hitachi Appliances achieved its plan for FY2010, and makes plan to achieve revenues of ¥540 billion in FY2011, one year earlier than planned.
### FY 2010 Business Performance (Actual)

#### FY 2010 Business Performance

<table>
<thead>
<tr>
<th></th>
<th>FY2009 (Actual)</th>
<th>FY2010 (Actual)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>445.7</td>
<td>502.6</td>
<td>+13%</td>
</tr>
<tr>
<td>Air conditioning</td>
<td>234.0</td>
<td>266.6</td>
<td>+14%</td>
</tr>
<tr>
<td>Home appliances</td>
<td>211.7</td>
<td>236.0</td>
<td>+11%</td>
</tr>
<tr>
<td>Overseas revenue ratio</td>
<td>33%</td>
<td>32%</td>
<td>-1%</td>
</tr>
<tr>
<td>Operating income ratio</td>
<td>0.9%</td>
<td>2.2%</td>
<td>+1.3%</td>
</tr>
</tbody>
</table>

#### Revenues

<table>
<thead>
<tr>
<th></th>
<th>Japan:</th>
<th>Overseas:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air conditioning</td>
<td>Revenues grew on the eco-points program and a record hot summer</td>
<td>Revenues grew in China, India, Brazil, etc.</td>
</tr>
<tr>
<td>Home appliances</td>
<td>Japan:</td>
<td>Overseas:</td>
</tr>
<tr>
<td></td>
<td>Revenues grew on the eco-points program</td>
<td>Revenues grew in Southeast Asia, the Middle East, and other areas</td>
</tr>
</tbody>
</table>

#### Operating income

Operating income increased due to revenue growth.

#### Other

Production was halted temporarily at the Taga Works (Ibaraki Pref.) following the earthquake of March 11, 2011, but operations restarted on March 22.
3-3 FY2011 Business Performance Plan

FY2011 Business Performance Plan (Billion yen)

<table>
<thead>
<tr>
<th></th>
<th>Previous plan (as of FY 2010)</th>
<th>Current plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>510</td>
<td>540</td>
</tr>
<tr>
<td>Air conditioning business</td>
<td>270</td>
<td>290</td>
</tr>
<tr>
<td>Home appliances business</td>
<td>240</td>
<td>250</td>
</tr>
<tr>
<td>Overseas revenue ratio</td>
<td>33%</td>
<td>35%</td>
</tr>
<tr>
<td>Operating income ratio</td>
<td>1.9%</td>
<td>1.9%</td>
</tr>
</tbody>
</table>

**Issues**

- Negative effect of absence of previous year's eco points program and hot summer
- Increased competition in emerging economies
- High cost of materials

**Current status**

- No significant negative effect observed. Continue to monitor situation going forward.
- Ongoing challenge

**Issues arising from the earthquake**

- Parts procurement
- Electricity shortage
  - Increase in energy-saving products
  - Deal with production during peak demand times
- Uncertain demand
  - Demand for restoration and rebuilding
  - Decreased consumer confidence

Respond to three different challenges, and fulfill social responsibility to aid in restoration and rebuilding.
3-4 Targets for FY2012 and FY2015

FY2012 Targets

- Revenues: ¥560 billion
- Overseas revenue ratio: 35%
- Operating income ratio: 2.7%

FY2015 Targets

- Revenues: ¥655 billion
- Overseas revenue ratio: 45%
- Operating income ratio: 5.0%

A corporation that contributes to the global environment

Growing market of emerging economies

Increased interest in energy conservation
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, including, without limitation, the information, electronics, automotive, construction and financial sectors;
- exchange rate fluctuations of 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 technologies 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 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;
- 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 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 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, tsunamis or other natural disasters, including the possibility of continuing adverse effects on Hitachi’s operations as a result of the earthquake and tsunami that struck northeastern Japan on March 11, 2011;
- 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 Hitachi’s periodic filings with the U.S. Securities and Exchange Commission and in other materials published by Hitachi.