

# Collaborative Creation and Profits - Progress with Corporate Strategy

Establish a Stable, High Profit Structure

May 26, 2008

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Hitachi, Ltd.

## Collaborative Creation and Profits - Progress with Corporate Strategy

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### Contents

1. Basic Policy and Key Initiatives
2. Increased Profitability Through Rigorous FIV-based Management
3. Building a Stable, High Profit Structure  
- Growth Strategy for Social Innovation Business
4. Evolution of Group Management to Respond to Changes in the Management Environment and Innovation Through Collaborative Creation
5. Summary

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## Basic Management Policy “Collaborative Creation and Profits”

Rigorous focus on market-oriented approach and profit creation

## Goal

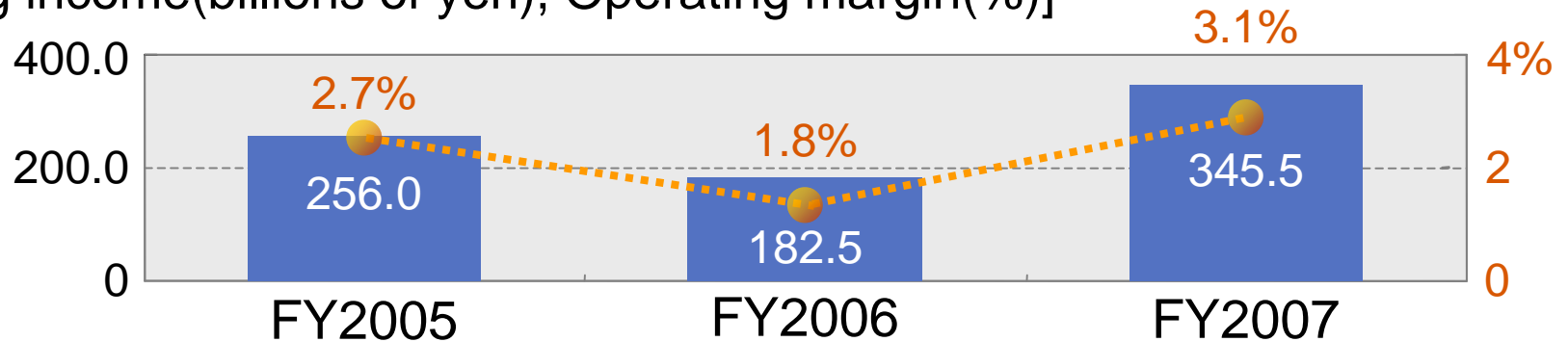
Establish a stable, high profit structure

## Key Initiatives

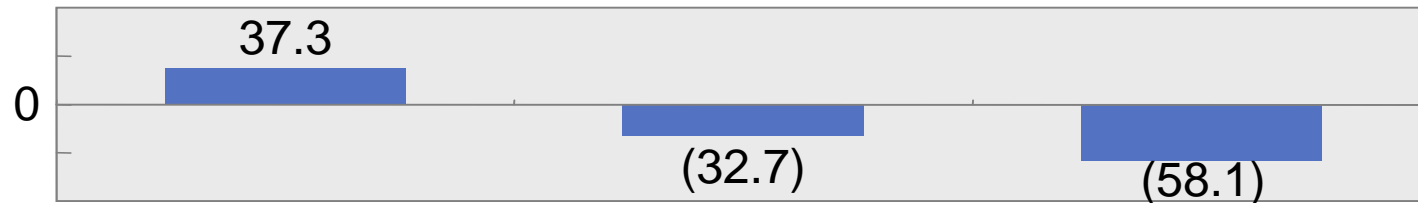
1. Increased profitability through rigorously FIV-based management
2. Building a stable, high profit structure
3. Evolution to group management for high profitability
4. Innovation through collaborative creation
  - Leveraging the Group’s collective strengths to create environmental value, etc. -

# 1-2. Business Results and Main Initiatives

[Operating income(billions of yen), Operating margin(%)]



[Net income(loss) (billions of yen)]



## ● Main initiatives executed to improve operating results

### Completed

- Managed unprofitable overseas power systems projects and increased reliability
- Started collaborative creation with Matsushita Electric Industrial and Canon in the LCD panel business

### Ongoing

- Accelerating structural reforms in HDD business
- Developing products offering increased value and advancing structural reforms in the flat-panel TV business

## 1-3. Key Initiatives

### Accelerate Global Growth in the Social Innovation Business

- Actively address global infrastructure demand with highly reliable technologies and collective strengths
- Accelerate local based operations and ensure rigorous risk management

### Strengthen Robust Operating Base for Achieving Profitable Growth

- “Strengthening The Base ‘08-’09” - Group Workforce Activity
- Reduce procurement and other costs to decrease risks associated with economic slowdowns, escalating material prices and foreign exchange fluctuations to achieve targets
- Capitalize on MONOZUKURI, IT infrastructure and human resources capabilities, shared philosophy for supporting society

### Leverage the Group’s Collective Strengths to Create Environmental Value



- Create and expand environmental businesses through collaborative creation within and outside the Hitachi Group
- Implement strategies to address global warming through technologies and actions

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## 2-1. Improving Businesses with Negative FIV

### Hard Disk Drive Business (1)

- Positive FIV in fiscal 2008

#### Ongoing cost reduction

● Achieve product cost of sales rivaling any competitor

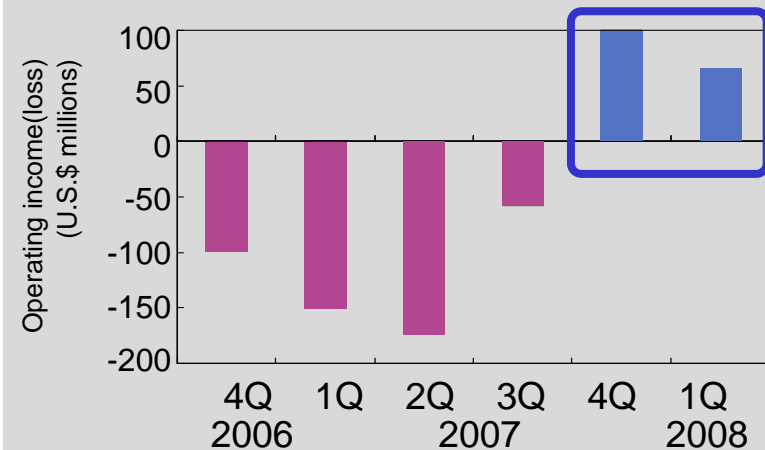
- Time to market high-value-added, low-cost products
- Improve yield to reduce scrap cost
- Achieve reductions in materials costs above prices down
- Reduce number of components by standardizing designs, improve productivity, decrease losses

● Ongoing cost structure reforms

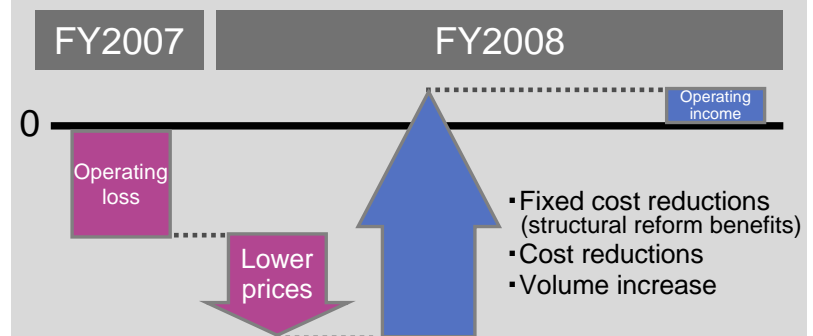
- Realize benefits of site integration
- Improve SCM\* to reduce total costs
- Promote project to reduce fixed costs

\* SCM: Supply Chain Management

Results: Profitable for 2 consecutive quarters



#### FY2008 Profit Structure Reforms





## Hard Disk Drive Business (2)

- Positive FIV in fiscal 2008

- **Business structural reforms - proceeding as planned**
  - Completed consolidation and integration of head and media operations
- **Product strategy**
  - Focus development resources on mainstay segments (high-speed enterprise products, large capacity products for mobile devices and desktop PCs)
  - Support customers' efforts to offer "green products" with our lower-power-consumption and higher density products
- **Strengthening management team to accelerate reforms**
- **Industry No. 1 in annual U.S. patent registrations**

- Restructuring head and media operations

	Media		Slider		HGA.*
	DEV.*	MFG.*	DEV.*	MFG.*	MFG.*
Before ↓	U.S. Japan	U.S. Japan China	U.S. Japan	Mexico Philippines	China Thailand Philippines
After	U.S.	U.S. China	Japan	Philippines	China

\*HGA.: Head Gimbal Assembly

\*MFG.: Manufacturing

\*DEV.: Development

### Strengthen product lineup for enterprise



**Ultrastar 15K450**

**15,000 RPM**

**450GB capacity**

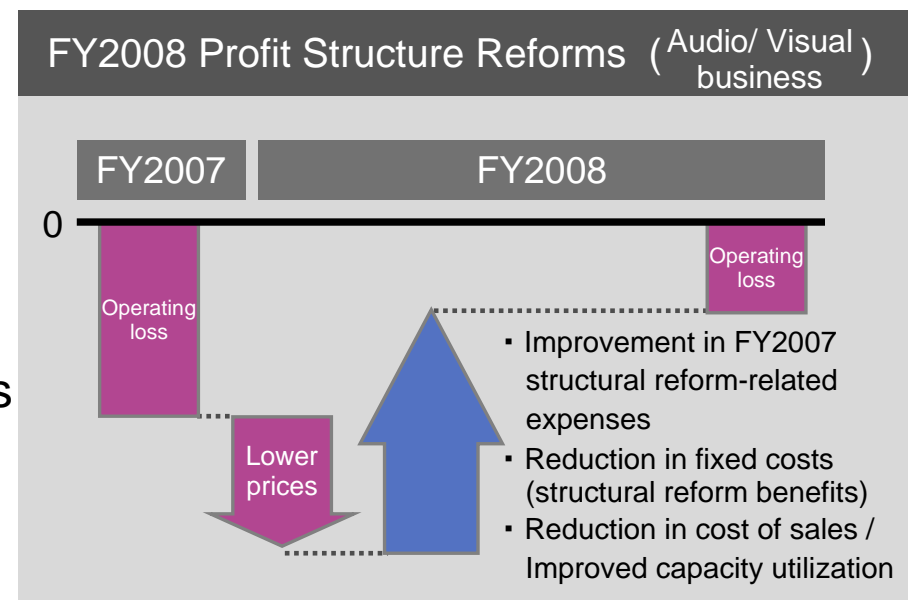
Perpendicular magnetic recording technology

Started shipping in April 2008

### Flat-panel TV Business (1)

- Positive FIV in fiscal 2009

- TV business for Hitachi
  - Expansion of flat-panel TV market (particularly in China, etc.)
  - Opening up of emerging markets in conjunction with social infrastructure business
  - A focal point of the era of broadcasting and communications convergence
  - Demonstrate the Group's collective strengths
- Implement cost structure reforms in fiscal 2008
  - Reduce cost
    - TVs: design improvement, etc.
    - Panels: process improvements, etc.
  - Establish SCM framework for further reducing logistics costs and inventories
  - Reduce fixed costs by 30%, consolidate and improve efficiency of manufacturing and sales, optimize personnel deployment, etc.



## 2-2. Improving Businesses with Negative FIV

### Flat-panel TV Business (2)

- Positive FIV in fiscal 2009

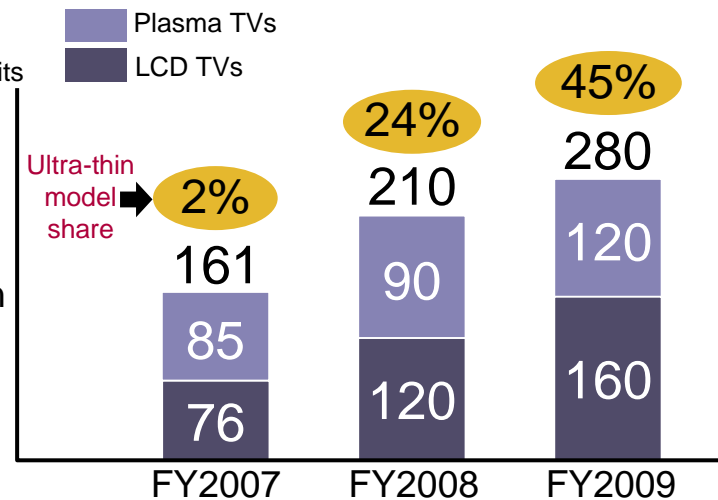
#### ● Sales strategy: Establish highly efficient sales structure

##### [TV business]

- Rebuild global regional strategy
  - Japan: Focus on ultra-thin models and sales channels
  - China: Maintain and expand top share in large plasma TVs
  - North America and Europe: Transform into low-risk operation
- Expand B2B channel, centered on ultra-thin models

##### [Plasma panel business]

- Strengthen external panel sales: Establishment of China PDP Technology Center, integrating design, sales and procurement



#### ● Product strategy: Highlight competitive advantage

Expand Ultra Thin TV lineup	LCD, development of ultra-thin (35mm) plasma TVs, propose wall-mountable TVs
Reduce power consumption	Introduce TVs that consume less power and take a total approach to eco-conscious business (in packaging, transport, etc.)
Wireless	World's first HDMI* wireless unit
Network-compatible	Launch original portal site service (June 2008, in Japan)

\* HDMI: High-Definition Multimedia Interface

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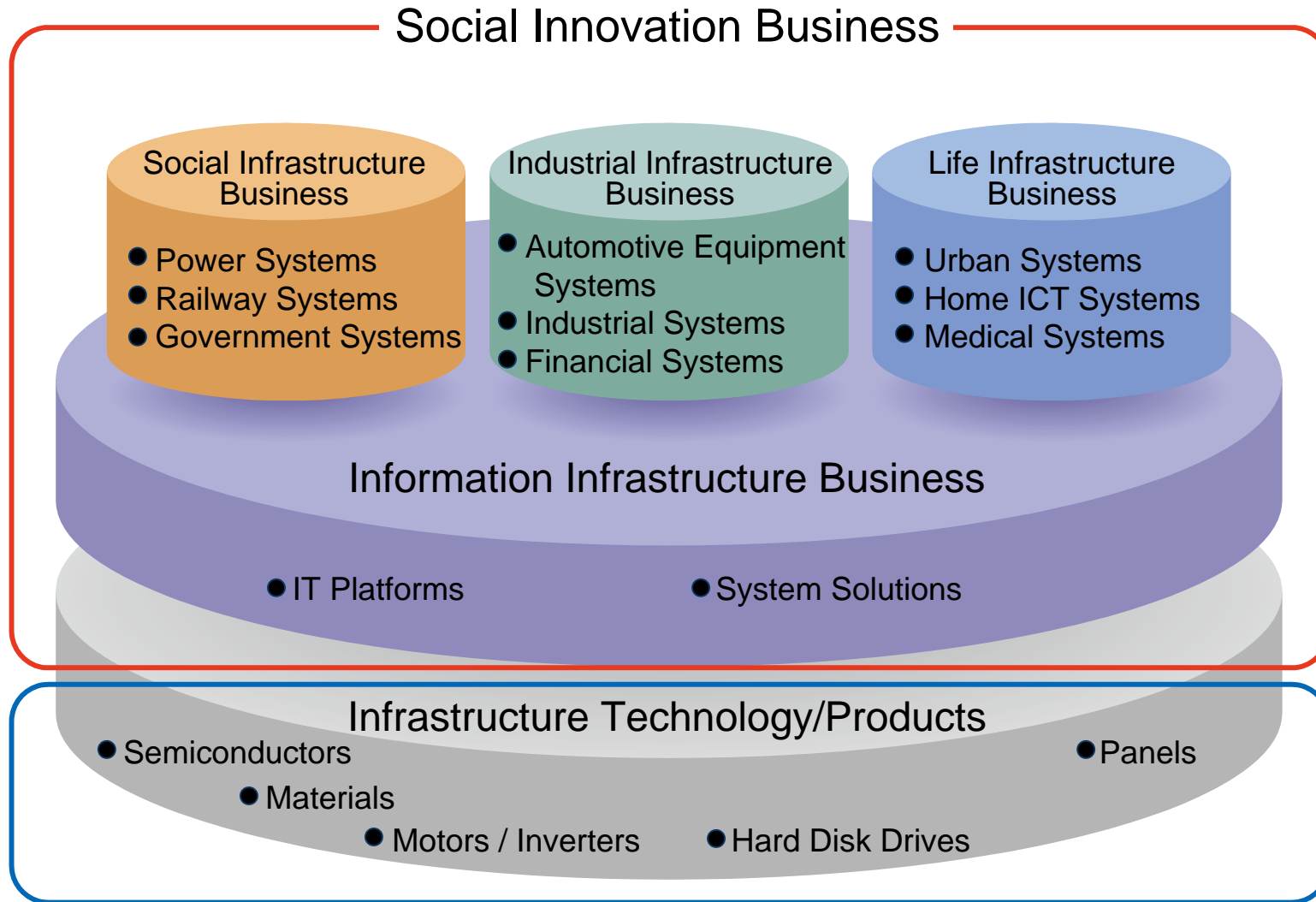
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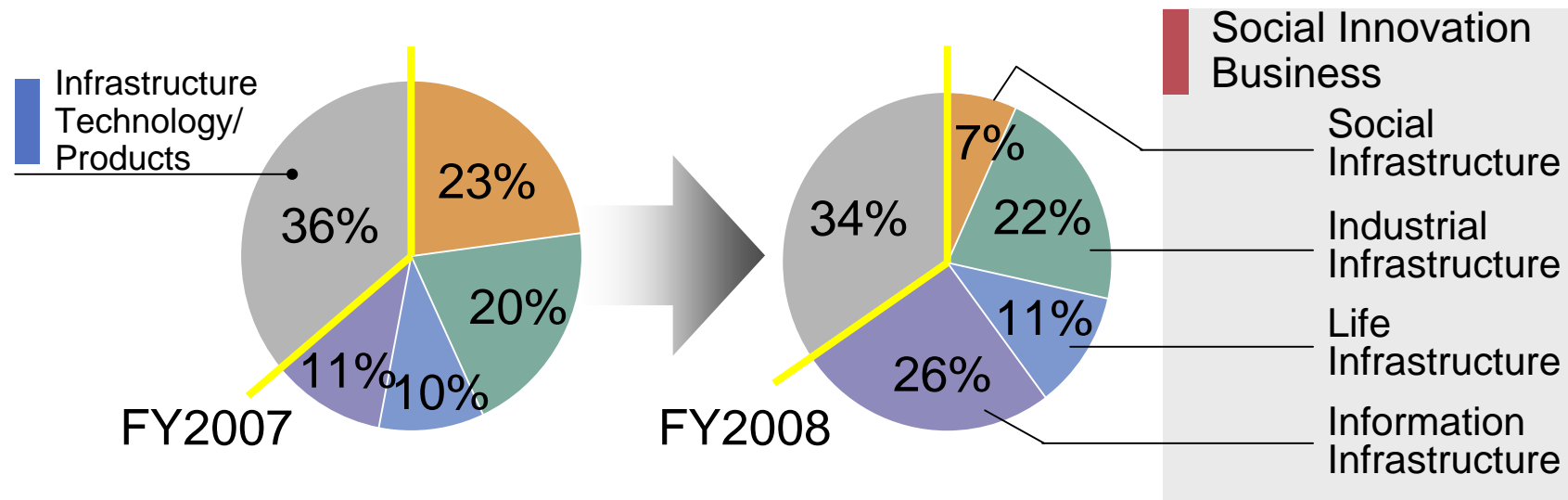
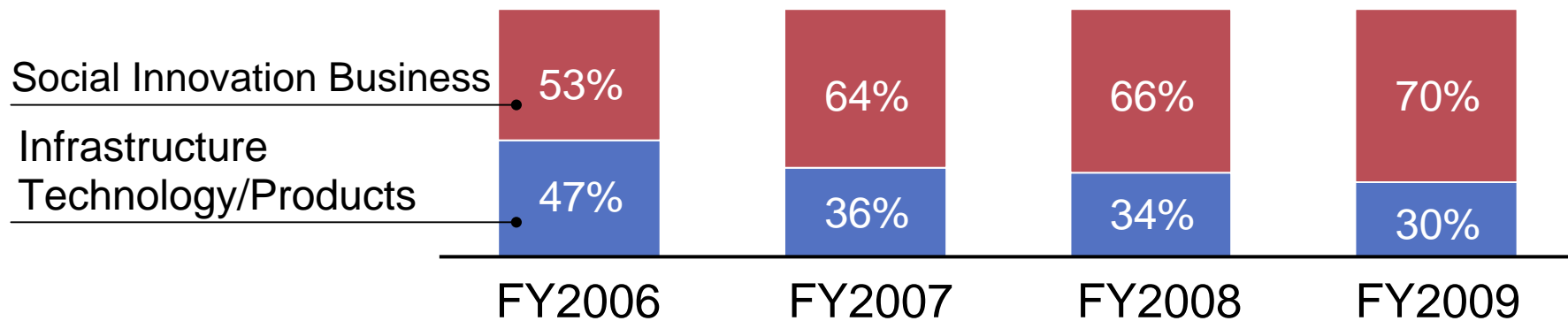
# 3-1. Establish a Stable, High Profit Structure



## 3-2. Growth of the Social Innovation Business

### ● Shifting management resources

- Ratio of investing cash flows in Social Innovation Business field



### 3-3. Pursuit of a Stable, High Profit Structure Social Infrastructure Business (1)

	FY2005		FY2007		FY2009(Target)
Operating margin	(5%)	»	(1%)	»	3%

#### Market

- Continued robust demand for social infrastructure, resulting particularly from emerging economies
- Expanding demand in industrialized nations to upgrade social infrastructure to make it more environmentally compatible

#### Key Policies

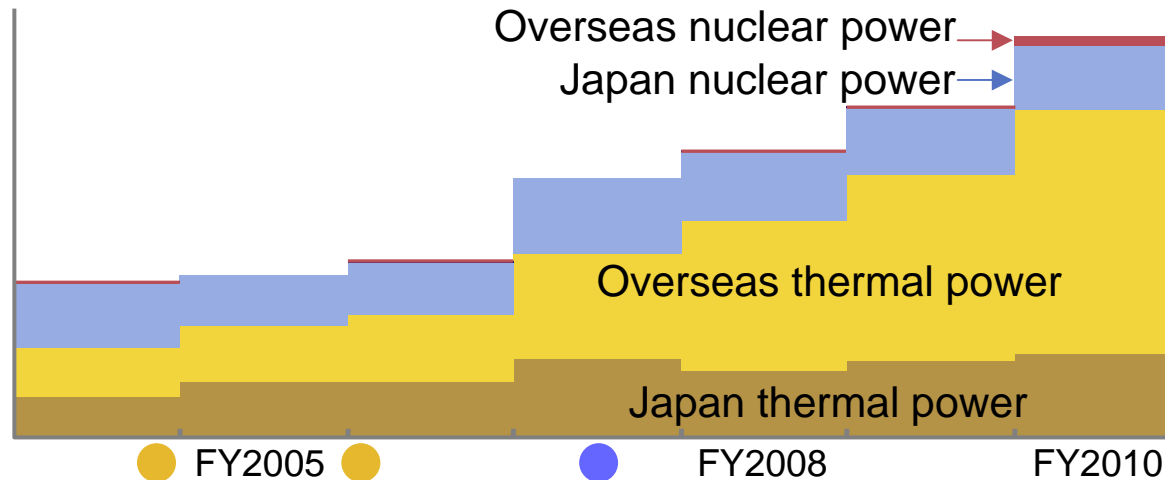
- Expand businesses offering twin benefits of preserving the environment and being economically advantageous: Nuclear, highly efficient coal-fired thermal and wind power generation plants, and railway systems business
- Steadily expand maintenance and services businesses
- Reduce risk through locally based operations  
(Thermal power: Subsidiaries in Europe and the U.S.; nuclear power: collaborative creation with GE; railway systems maintenance, etc.: U.K. subsidiary)

### 3-3. Pursuit of a Stable, High Profit Structure Social Infrastructure Business (2)

## Power Systems Business

Reduce risk by promoting locally based operations in response to growing global demand

### Nuclear and Thermal Power Business Size



### Nuclear Power Business



FY2015\*

\* Includes Hitachi-GE Nuclear Energy, Ltd. (equity method affiliate)

Reinforcement initiatives

Hitachi Power Systems America, Ltd. established

Hitachi Power Europe GmbH established

Nuclear power business alliance with GE

### Balanced management in power systems business overall

- Implement project management that responds to expanding overseas thermal power business
- Secure stable orders for nuclear power systems in Japan
- Win more orders for nuclear power systems overseas through collaborative creation with GE



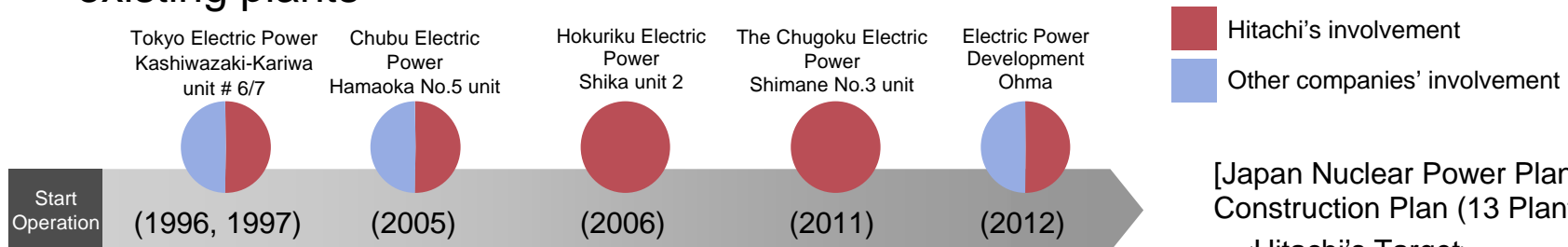
# 3-3. Pursuit of a Stable, High Profit Structure Social Infrastructure Business (3)

## Power Systems Business

Reduce risk by promoting locally based operations in response to growing global demand

### [Nuclear Power Business]

- Install main equipment in new domestic BWR\*1 plants and improve services for existing plants



[Japan Nuclear Power Plant Construction Plan (13 Plants)]

<Hitachi's Target>

- Participation in All BWR Plants



Source: Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry, Summary of Electricity Supply Plan, FY2008

- Strengthen collaborative creation with GE in overseas nuclear power business

- Major U.S. power companies (Dominion, Entergy and Exelon) have applied or are planning to apply for COL approval for construction and conditional operation of ESBWR\*3
- Plan to participate in 1/3 of new construction projects planned in U.S.

- Develop next-generation uranium enrichment technology

### [Thermal Power Business]

- Develop overseas coal-fired thermal power business

- Promote business led by local subsidiaries in the U.S. and Europe and control risk management
- Acquisition of U.S. service company

- Expand service business by increasing sales of Hitachi-developed gas turbines

\*1 Boiling Water Reactor

\*2 Pressurized Water Reactor

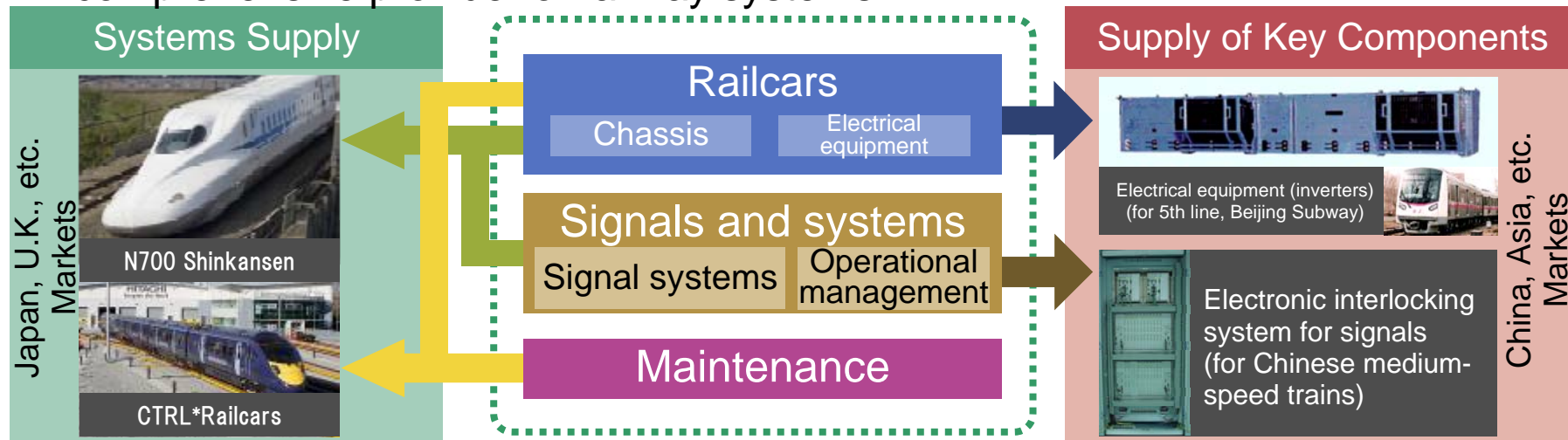
\*3 Economic Simplified Boiling Water Reactor

# 3-3. Pursuit of a Stable, High Profit Structure Social Infrastructure Business (4)

## Railway Systems Business

Overseas utilization of domestically honed  
“Japanese quality” and greater localization

- Develop products and services businesses worldwide as Japan’s only comprehensive provider of railway systems



- \* CTRL: Channel Tunnel Rail Link
  - Shipped first railcars for CTRL to U.K. (August 2007)
  - U.K.-based Hitachi Rail Maintenance began operations (October 2007)

- Completed production ramp-up at railcar production base
  - Increased railcar and electrical equipment output by 50% (March 2008)
- Developed hybrid propulsion system for railways jointly with East Japan Railway Company (JR East) (The world's first hybrid railcars “Series E200” with this system commenced commercial operations on the Koumi Line, in Japan)



## 3-4. Pursuit of a Stable, High Profit Structure Industrial Infrastructure Business (1)

	FY2005		FY2007		FY2009(Target)
Operating margin	4%	»	5%	»	5%

### Market

- Significant shift in automobile-related needs - reducing environmental load, enhancing safety, compatibility with ubiquitous networking, etc.
- Rapid increase in demand for constructing infrastructure, centered on emerging economies



### Key Policies

- Through collaborative creation with customers and by leveraging the Group's collective strengths, develop and provide new automotive equipment and systems that precisely match all the needs of customers in terms of the environment, safety and comfort
- Globalize the Hitachi Group's operations through pioneering business development in emerging economies (construction machinery and plant construction businesses)

## 3-4. Pursuit of a Stable, High Profit Structure Industrial Infrastructure Business (2)

### Automotive Equipment Systems Business

Through collaborative creation with customers and by leveraging the Group's collective strengths, meet all the needs of customers in terms of the environment, safety and information

- Bring the latest environmental technologies to the global marketplace
  - Delivered inverters for GM hybrid cars (Sept. 2007), won large order for lithium-ion batteries (deliver batteries for 100,000 cars/year beginning in 2010)
  - Launch "Continuous Variable Valve Event and Lift Control System" for Nissan Motor and begin mass production
- Collaborative creation for safer vehicles
  - using Hitachi's graphic rendering LSI technologies
  - Joint development and market launch of stereo camera for automobiles with Fuji Heavy Industries
- Create Group synergies
  - Car information systems: Clarion, Hitachi Global Storage Technologies
  - Lithium-ion batteries: Hitachi Vehicle Energy, Hitachi Maxell, Hitachi Chemical, Hitachi Cable
  - Motors/inverters: Hitachi Industrial Equipment Systems, Hitachi Metals, Hitachi Cable, Hitachi Chemical



GM Chevrolet Tahoe 2-Mode Hybrid Car



Lithium-ion battery

## 3-4. Pursuit of a Stable, High Profit Structure Industrial Infrastructure Business (3)

### Industrial Systems Business

Offer dominant technologically advanced products and services globally

#### [Construction Machinery](Hitachi Construction Machinery)

- Expand production facilities
  - New plant 1: Supply key components globally
  - New plant 2: Manufacture super-jumbo pneumatic excavators/ loading shovels and dump trucks
  - Respond to emerging economies: Strengthen production capacity in China, India, Indonesia, etc.
- “Global e-Service” - worldwide service information system



#### [Plant Construction] (Hitachi Plant Technologies)

- Participate in major construction projects in BRIC nations, the Middle East, etc.

#### [Industrial Equipment] (Hitachi High-Technologies)

- CD-SEMs\*<sup>1</sup> compatible with 45nm and finer design rules:  
World share of 77%\*<sup>2</sup>



\*1 Critical-dimension scanning electron microscopes, which measure the fine pattern dimensions on semiconductor wafers

\*2 FY2006, Gartner survey

## 3-5. Pursuit of a Stable, High Profit Structure Life Infrastructure Business (1)

	FY2005		FY2007		FY2009(Target)
Operating margin	(1%)	»	(5%)	»	5%

### Market

- Changes in society, living environments and lifestyles are creating new needs regarding safety, security, comfort and health



### Key Policies

- Globalize the Urban Planning & Development Systems Business (building facilities and systems business, energy conservation business, etc.) and expand maintenance and services businesses
- Rebuild the flat-panel TV business and expand equipment and services in response to broadcasting and communications convergence
- Leverage the Group's leading-edge technologies in medical systems-related businesses

## 3-5. Pursuit of a Stable, High Profit Structure Life Infrastructure Business (2)

### Urban Systems Business

Utilize collective strengths of the Hitachi Group to provide solutions to enhance security and comfort to cities around the world

#### ● Elevator and escalator business

- Increase share in three regions of Asia (Japan, China and Southeast Asia)  
→Stepping stone to future service business expansion
- Build optimal global business framework (for development and production)
  - Strengthen Chinese production bases  
(establish framework of three production bases: Guangzhou, Shanghai and Tianjin)
  - Established elevator and escalator sales and services company in India; started operations (January 2008)

#### ● Services business

- Strengthen and expand energy conservation business (ESCO\*, etc.)
  - Upgrade energy-conservation proposals that leverage Hitachi's engineering prowess, including clean room expertise and optimal air conditioning based on airflow analysis
- Expand security business utilizing Group's collective strengths
  - Expand sales of room entry systems to companies  
(application of  $\mu$ -Chip, finger vein authentication technology, etc.)

\* ESCO: Energy Service Company

## 3-6. Pursuit of a Stable, High Profit Structure Information Infrastructure Business (1)

	FY2005		FY2007		FY2009(Target)
Operating margin	5%	»	7%	»	7%

### Market

- Rapidly increasing demand in response to convergence of equipment, information and knowledge as well as to escalating information volumes
- IT equipment and systems must meet environmental and energy-saving demands



### Key Policies

- Add higher value for a knowledge-based society
- Global development centered on strong products and services
- Strengthen MONOZUKURI capabilities to create a high earnings structure



## 3-6. Pursuit of a Stable, High Profit Structure Information Infrastructure Business (2)

### ● Add higher value for a knowledge-based society

- Strengthen outsourcing business
- Expand integrated IT platform
- Build world-class eco-conscious data center



Blade Server

### ● Global development centered on strong products and services

- Become worldwide leader as an integrated storage vendor
- Expand system integration business centered on consulting

### ● Strengthen MONOZUKURI to create a high earnings structure

- Build highly reliable systems via rigorous phase gate management
- Continue improving worldwide TSCM\* (design, procurement, manufacturing and transport)

#### Consultants

Fiscal 2009: 3,500



Fiscal 2007: 2,170

\* TSCM: Total Supply Chain Management

## 3-7. Pursuit of a Stable, High Profit Structure Materials Business

	FY2005		FY2007		FY2009(Target)
Operating margin	7%	»	7%	»	8%

### Market

- Healthy new demand in environment-related and other areas (automobile-related field, etc.)
- Expanding needs for high functional materials and components in Hitachi Group product and systems development

### Key Policies

- Expand top share products and further strengthen development of strategic materials for meeting environmental and other needs
- Pursue creation of Group synergies with Social Innovation Business with no threshold; contribute significantly to enhancing product competitiveness

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## 4-1. Strengthening of Management Base to Respond to Changes in the Management Environment

### ● Rapid change in the management environment

- Rapid economic slowdown in the U.S. and elsewhere, risk of economic slowdown in emerging economies
- Improving technological and skill levels in emerging economies ■ Foreign exchange fluctuation
- Soaring raw material prices, greater difficulty procuring natural resources
- Tougher environmental regulations ■ Natural disasters

Increasing management risks

Strengthen management base,  
risk-response capabilities

“Strengthening The Base '08-'09”  
(From April, 2008)

- Appointed executive vice presidents to focus on important cross-organizational issues to manage risk
- Establish activity themes for all employees on a worldwide basis

Shared philosophy by all employees  
for managing difficulties and supporting society

Advanced MONOZUKURI  
capabilities and reliability

Development and purchasing power  
capabilities for optimizing costs

Leading-edge  
IT infrastructure

Ability to help preserve  
natural environment

Human resources and  
team capabilities

Health care

Other

Enhance MONOZUKURI capabilities and ensure reliability to prevail against global competition and be the most trusted by customers

- Raise quality and reliability, shorten development times through analysis-led design
- Effective use of supercomputer-based simulations



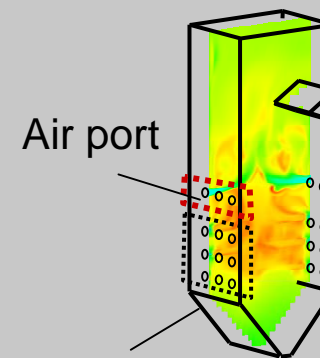
Hitachi Supercomputer  
SR11000

Highly efficient coal-fired thermal power station boiler technology that lowers environmental load

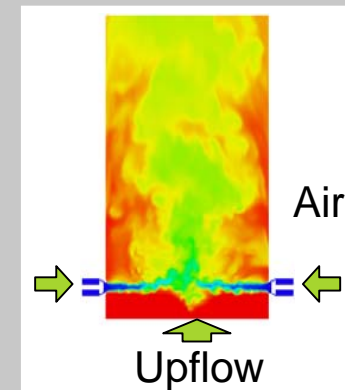
Verify high generating efficiency and combustion with minimal emissions such as of nitrogen compounds through simulations



Combustion  
testing equipment



Burner



Combustion simulation

- Ensure quality of embedded software: standardize platforms
- Globalize e-Meister activities: pass on techniques of highly skilled veterans using latest digital media technologies

### Strengthen management base worldwide to overcome forex and regional risks

- Strengthen overseas development of Hitachi Group common IT infrastructure and reduce common IT costs
  - Improve worldwide TSCM for optimizing global production
  - Reduce common Group IT costs
- Strengthen management base in BRICs and other emerging economies
- Promote global collaborative creation-type projects
  - Europe: Joint research with European universities in coal-fired thermal power generation that reduces CO<sub>2</sub> emissions
  - North America: Joint development project with GE on next-generation light water reactor
    - Economic and Simplified Boiling Water Reactor (ESBWR)
  - China: Model project for energy conservation and emissions reduction at small and medium-sized companies
  - Asia: Joint research of water recycling technologies with National University of Singapore

Overseas revenues ratio Fiscal 2007 42% → Fiscal 2009 45%

Recruit and develop human resources globally and maximize team strengths

- Accelerate programs to develop business leaders
  - Select and develop overseas personnel as executives: International Executive Course
  - Develop business leaders in partnership with The Wharton School of the University of Pennsylvania, launch program led by Harvard Business School professors
- Recruit and develop people who can lead globally; deploy and utilize the right people in the right places
  - Use Hitachi Group joint recruitment overseas (China, Singapore, Thailand, Malaysia)
  - Globally develop manager-training program
- Promote work-life balance and maintain and promote health
  - Chosen as a Work-Life Balance Model Company by the Ministry of Health, Labor and Welfare, Japan (April 2008)
- Reinforce CSR on a global basis
  - Launch of e-learning program in 12 languages

Promoting "One Hitachi" concept to overcome a rapidly changing management environment

- Improve efficiency of consolidated company management
- Reduce material expenses in response to soaring raw materials costs, etc.
  - Reductions in cost ..... 300 billion yen/year  
of materials
- Reduction of indirect costs ..... 15 billion yen/year (average up to fiscal 2008)
- Pooling of group funds ..... Annual saving of 5 billion yen/year in interest
- Effective use of assets ..... Cash flow improvement of 5 billion yen/year  
(fiscal 2010)
- Accelerate creation of business synergies

- **Motors/Inverters** : Integrate R&D and promote activities of Motor Power Systems Division
- **Batteries** : Promote development throughout Group in automotive, railcar and power tool fields
- **Environmental business** : Focus on water treatment and energy conservation-related areas;  
currently developing overseas, including China
- **Urban Planning and Development Project** : Provide one stop solutions from elevators and escalators to information systems, and security and building management services

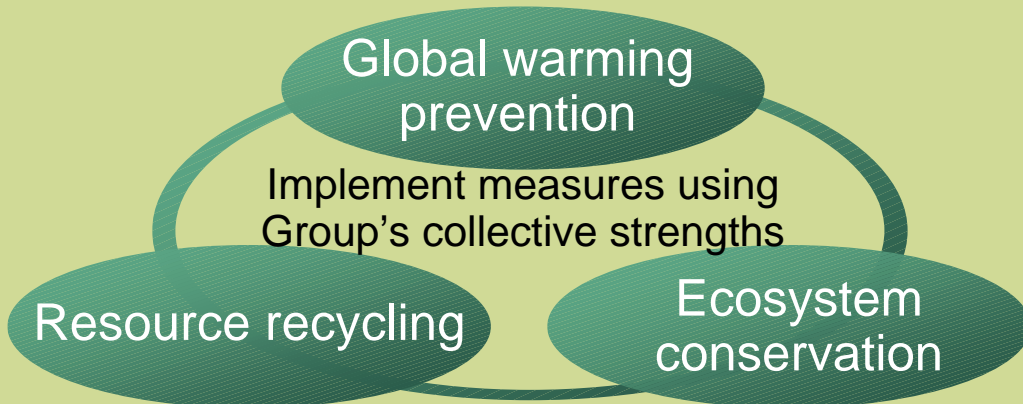


## 4-6. Leverage the Group's Collective Strengths to Create Environmental Value

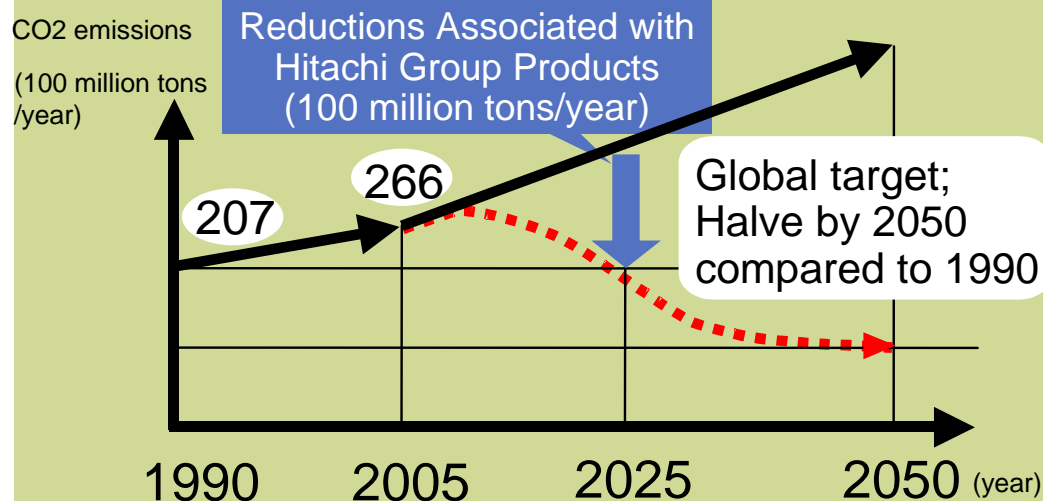
Strengthening  
The Base '08-'09

**HITACHI**  
Inspire the Next

- Promote Hitachi Group "Environmental Vision 2025"  
(Announced December 2007)



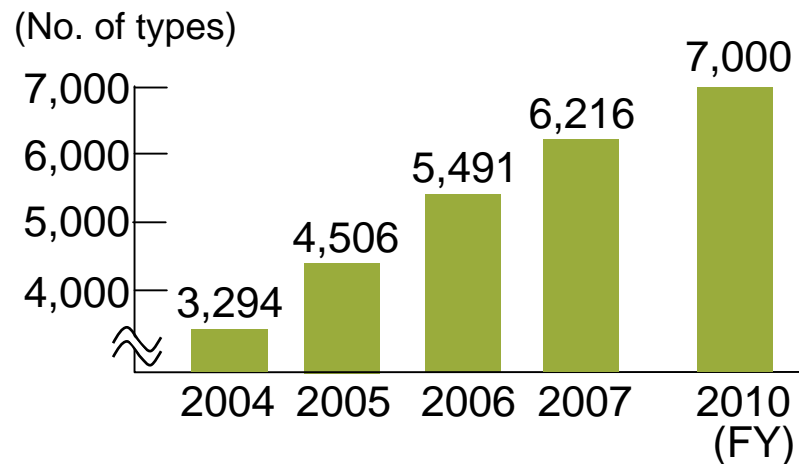
Three pillars of the Hitachi Group's Environmental Vision



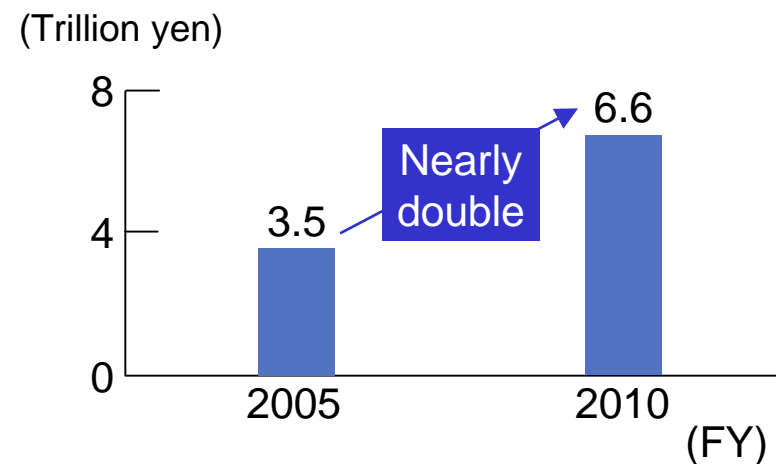
- Reinforce global warming countermeasures
  - Reduce CO<sub>2</sub> emissions from Hitachi Group products by 100 million tons/year worldwide by 2025
- Strengthen environmental businesses
  - Create Environmentally Innovative Products in pursuit of products and services reflecting higher levels of environmental efficiency by leveraging the Hitachi Group's technological capabilities
  - Develop technologies for preventing global warming, invest in strengthening businesses, promote collaborative creation-type projects
- Enhance CSR activities, conducting them in a unified manner along with social contribution activities

## Increase in Eco-Products

### ● Increase in Eco-Products



### ● Sales of Eco-Products



### ● Environmentally Innovative Products

- Data center power-conserving project CoolCenter50
- Ultra-super critical pressure, high-efficiency thermal power generation
- Hybrid propulsion system for railways
- Amorphous transformers
- Energy-saving air conditioners



Eco-friendly IT devices



Amorphous transformer

## 4-8. Collaborative Creation- and Profitability-focused Innovations

### ● Initiatives in social innovation technology research

- New electronics technologies: Next-generation storage devices  
Spin transfer torque RAM: SPRAM  
(collaborative creation in Europe, the U.S. and Japan)
- Human-oriented technologies: Develop an interactive robot that can gather large volumes of information through sensors as humans do, analyze it neuroscientifically and function in the real world



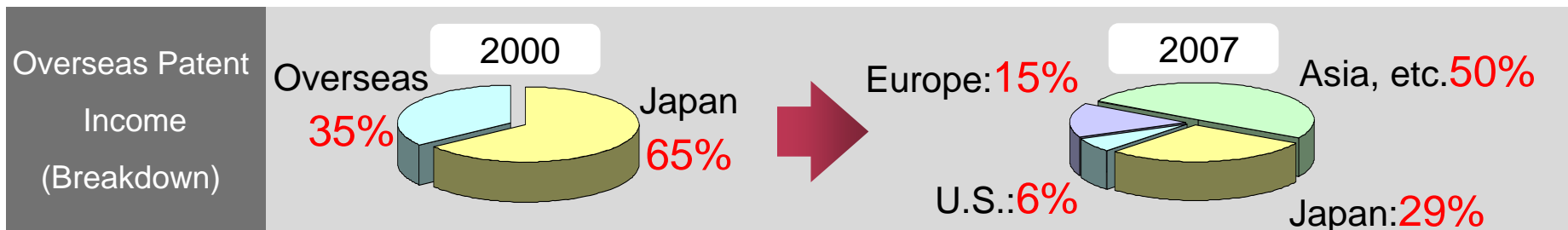
### ● Initiatives in environmental technology research

- Reducing CO<sub>2</sub> emissions, highly efficient thermal power generation system  
(Launched joint research with 4 European universities)
- Hybrid/electric drive technologies with environmental advantages (Automobiles, railways)

### ● Internationally competitive intellectual property activities

~Double value of intellectual property~

- Patent [Pipeline Power] ranked **World No. 1**, Electronics (*IEEE Spectrum Magazine* 2007)
- Hitachi Group U.S. patent registrations: 2,302 (FY2007), **3rd**



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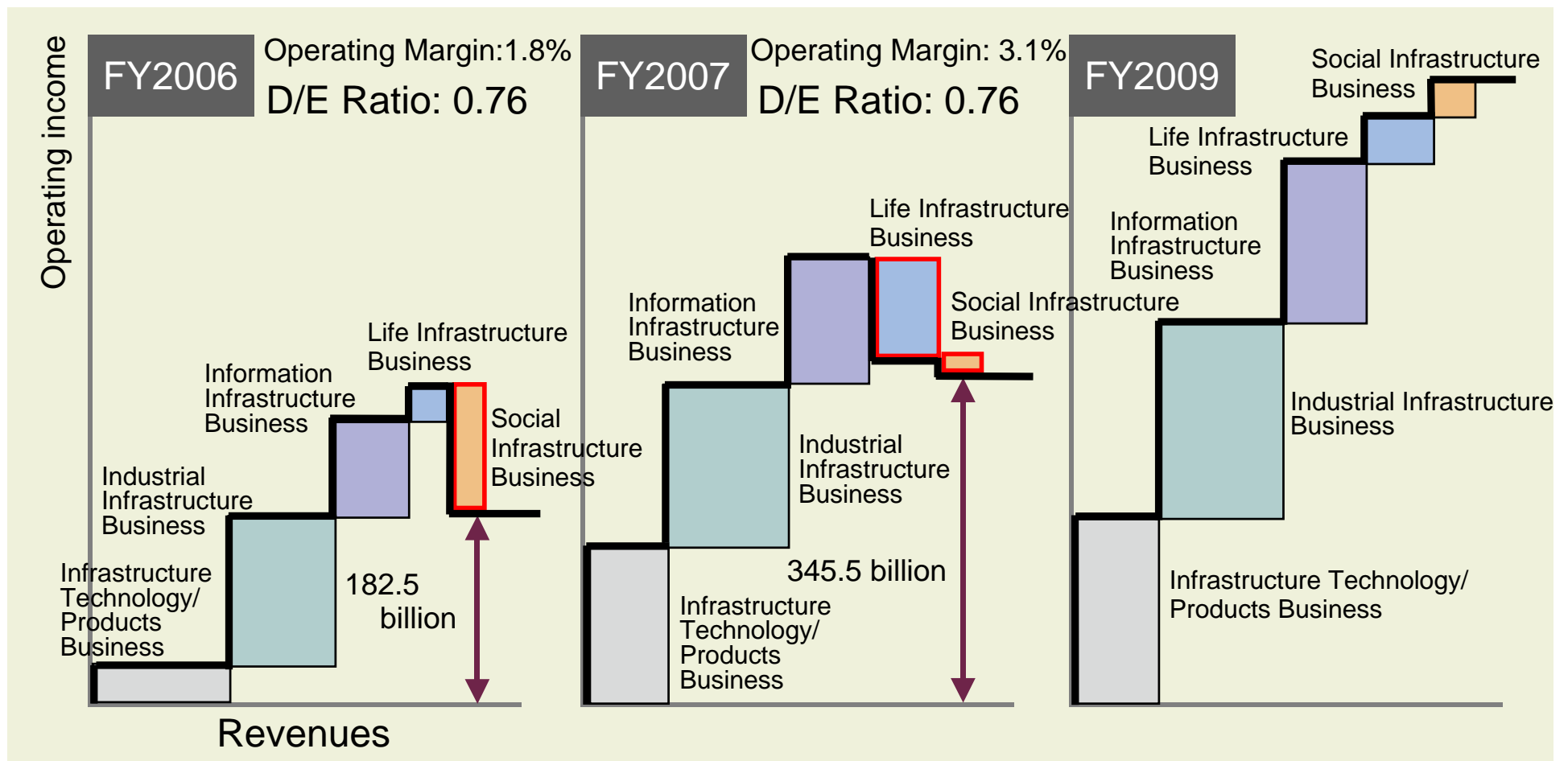
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## 5. Earnings structure in FY2006, FY2007 and FY2009

### ● Establish a Stable, High Profit Structure

- Fiscal 2009: Consolidated Operating Margin of 5%
- D/E Ratio 0.8 or below\* (\* including minority interests)



# 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:

- fluctuations in product demand and industry capacity, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- 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 change, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- increasing commoditization of information technology products, and intensifying price competition in the market for such products, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- fluctuations in rates of exchange for the yen and other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated, particularly between the yen and the U.S. dollar;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in product demand and/or exchange rates;
- general socio-economic and political conditions and the regulatory and trade environment of Hitachi’s major markets, particularly, the United States, Japan and elsewhere in Asia, including, without limitation, a return to stagnation or deterioration of the Japanese economy, or direct or indirect restriction by other nations on imports;
- 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 results of litigation and legal proceedings of which the Company, its subsidiaries or its equity method affiliates have become or may become parties;
- possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- uncertainty as to the success of restructuring efforts to improve management efficiency and to strengthen competitiveness;
- 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 ability to access, or access on favorable terms, liquidity or long-term financing; and
- uncertainty as to general market price levels for equity securities in Japan, declines in which may require Hitachi to write down equity securities it holds.

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.

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