Information & Telecommunication Systems
Business Strategy

Hitachi IR Day 2015

June 11, 2015

Yutaka Saito
Executive Vice President and Executive Officer
President & CEO
Information & Telecommunication Systems Group
and Information & Telecommunication Systems Company
Hitachi, Ltd.
Information & Telecommunication Systems
Business Strategy

Contents

1. Market Environment and Target Position
2. Progress of 2015 Mid-term Management Plan
3. Business Policy and Growth Strategy
4. Hitachi Smart Transformation Project
5. Business Performance Trends
6. Conclusion
1-1. Market Environment and Target Position

Environmental changes

- Slowing growth in IT market*, intensification of global competition, recovery of IT services demand in Japan
- Shift to services, expansion of collaboration with and participation in different industries
  - IT hardware vendors have to make a paradigm shift
- Customer value shifts to upper level, beyond IT category
- Accelerating digitization changes IT positioning and core competence
  - Knowledge of “IT×Infrastructure” become a source of strength

Exchange rate fluctuations

- From prolonged yen appreciation to rapid depreciation
- Euro being weak
  (vs. Japanese yen, vs. U.S. dollar, etc.)

Market expansion in Social Innovation Business/IoT

- Expansion of customer needs, activation in markets
- Expansion of competition and collaboration with a variety of players

Target Position

Expand revenue and enhance profitability aiming to become a major global player

Operating income:

<table>
<thead>
<tr>
<th>Year</th>
<th>Company</th>
<th>Revenues (B$)</th>
<th>Operating income ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>Hitachi</td>
<td>5B$</td>
<td>10B$</td>
</tr>
<tr>
<td>2015</td>
<td>Hitachi</td>
<td>10B$</td>
<td></td>
</tr>
</tbody>
</table>

* CAGR (2014-2018): WW 4.0%, Japan 1.6%
(Based on data excluding Client Systems, Feature Phones, Smartphones)
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## 2-1. Progress of 2015 Mid-term Management Plan

<table>
<thead>
<tr>
<th></th>
<th>FY2013 (US-GAAP)</th>
<th>FY2014 (Results)</th>
<th>FY2015 (Forecast)</th>
<th>Year over year (US-GAAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,934.9 billion yen</td>
<td>2,032.1 billion yen</td>
<td>2,034.0 billion yen</td>
<td>2,100.0 billion yen [103%]</td>
</tr>
<tr>
<td>EBIT (Operating income*2)</td>
<td>96.3 billion yen (106.5 billion yen)</td>
<td>93.6 billion yen (116.2 billion yen)</td>
<td>106.0 billion yen (135.1 billion yen)</td>
<td>132.0 billion yen (140.0 billion yen) +38.3 billion yen (+23.7 billion yen)</td>
</tr>
<tr>
<td>EBIT ratio (Operating income ratio*2)</td>
<td>5.0% (5.5%)</td>
<td>4.6% (5.7%)</td>
<td>5.2% (6.6%)</td>
<td>6.3% (6.7%)</td>
</tr>
<tr>
<td>Overseas revenue ratio</td>
<td>30%</td>
<td>33%</td>
<td>33%</td>
<td>36%</td>
</tr>
<tr>
<td>Service revenue ratio</td>
<td>62%</td>
<td>64%</td>
<td>64%</td>
<td>Over 65%</td>
</tr>
</tbody>
</table>

*1 Unaudited
*2 “Operating income” is presented as “Adjusted operating income” in IFRS (an "Adjusted Operating Income" presented as revenues less cost of sales as well as selling, general and administrative expenses)
2-2. Differences from Previous Forecast

Revised FY2015 plan because of delays in transforming to a profitable cost structure although having planned to achieve increase in operating income/EBIT by revenue growth and reform of the business portfolio

[US-GAAP]

<table>
<thead>
<tr>
<th></th>
<th>FY2015 (Forecast)</th>
<th>Previous forecast*</th>
<th>Differences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>2,100.0 billion yen</td>
<td>2,100.0 billion yen</td>
<td>±0.0 billion yen</td>
</tr>
<tr>
<td>Operating income (Operating income ratio)</td>
<td>140.0 billion yen [6.7%]</td>
<td>200.0 billion yen [9.5%]</td>
<td>(60.0) billion yen [(2.8) points]</td>
</tr>
<tr>
<td>EBIT (EBIT ratio)</td>
<td>132.0 billion yen [6.3%]</td>
<td>190.0 billion yen [9.0%]</td>
<td>(58.0) billion yen [(2.7) points]</td>
</tr>
</tbody>
</table>

[Major backgrounds of differences between operating income and EBIT]

- Decreased revenues from Japanese telecommunications carriers in the telecommunications & network business
- Shrunk demand for platform products such as servers and software in Japan
- Delay in the improvement of project profitability in social systems field
- Increasing investment in the Social Innovation Business (Big Data utilization, etc.)

* Previous forecast announced on June 12, 2014
## 2-3. FY2013-2014 Summary

### Achievements
- Service revenue is steadily increasing
  - Continued to win large SI projects and improved profitability of SI business
  - Expanded development of services business globally, including Southeast Asia
- Strengthened Social Innovation Business
  - Implemented priority investments and business reorganization
  - Acquired Pentaho that possesses core technologies for Big Data utilization platform

### Issues
- Delayed in structural transformation of telecommunications & network business due to misunderstanding of market trends
- Delayed transformation of platform business portfolio, especially in Japan
- Overseas revenues flat on a local currency basis, and further enhancement needed

### Summary
- Revenues increased, but still challenges existing to achieve global competitive profitability
- Accelerate structural reforms based on reflection on delayed response in the past to the business environment/market changes

Revenues

<table>
<thead>
<tr>
<th>FY2013 (Result)</th>
<th>FY2014 (Result)</th>
<th>FY2015 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>Revenues</td>
<td>Revenues</td>
</tr>
<tr>
<td>1,934.9</td>
<td>2,032.1</td>
<td>2,100.0</td>
</tr>
</tbody>
</table>

Exchange gain:
- FY2013: +60.0
- FY2014: +30.0
- FY2015: +37.9

Platform business deteriorated in Japan (70.0%):
- FY2013: -20.0
- FY2014: -7.0
- FY2015: -10.0

SI/service revenues up:
- FY2013: +107.2
- FY2014: +107.2
- FY2015: +107.2

Improvement in large unprofitable projects:
- FY2013: +10.0
- FY2014: +10.0
- FY2015: +10.0

Benefit from structural reforms:
- FY2013: +4.0
- FY2014: +10.0
- FY2015: +19.8

Investment in Social Innovation Business:
- FY2013: (10.0)
- FY2014: (20.0)
- FY2015: (10.0)

Operating income

<table>
<thead>
<tr>
<th>FY2013 (Result)</th>
<th>FY2014 (Result)</th>
<th>FY2015 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>Operating income</td>
<td>Operating income</td>
</tr>
<tr>
<td>106.5</td>
<td>116.2</td>
<td>140.0</td>
</tr>
</tbody>
</table>

Exchange gain:
- FY2013: +2.0
- FY2014: +2.0
- FY2015: +2.0

Improvement in low profitable projects:
- FY2013: +4.0
- FY2014: +10.0
- FY2015: +19.8

Investment in Social Innovation Business:
- FY2013: (10.0)
- FY2014: (20.0)
- FY2015: (10.0)
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Continue growth, establish a business model with earnings power, and generate steady earnings by completing business portfolio transformation.

Establishing position as a major global player and further growth.

Foundation domain:
- Shift in focus to services through selection and concentration
- Transform portfolio of the platform business
- Complete large SI projects, and win orders and continue expansion

Growth domain:
- Expand of the Social Innovation Business
- Expand high-earnings services business

Realign global formation
Force through cost structure reform

FY2015 (current position)
3-2. Expansion of the Social Innovation Business (1)

Expand services business with focus on Big Data utilization and IoT

Knowledge accumulation and utilization by organizations across the Hitachi Group
- Strengthen business structure of Social Innovation Business Promotion Division
  - Established Symbiotic Autonomous Decentralization Promotion Division (April 2015)
- Commercialization and horizontal development leveraging expertise with Social Innovation Business Promotion Division

Provide solutions leveraging the strengths of “IT×Infrastructure,” and promote collaborative creation with customers
- Expand response in focused fields (Healthcare, etc.)
  - Expand workforce of Smart Information Systems Division
- Strengthen IoT business leveraging telecommunications and network technologies
  - Established a division specialized in IoT Platform
  - Global development by Hitachi Data Systems
3-2. Expansion of the Social Innovation Business (2)

Secure investment resources maximizing operating cash flows, and continue priority investments in core fields

Core investments up to FY2014

- Strengthen upstream consulting
  - Consulting by industry sectors
  - Big Data analytics / Knowledge utilization (BI, data analytics, etc.)

- Strengthen IT services
  - IT services in emerging countries (Southeast Asia, India, etc.)
    - Sierra eBworx Sunway Prizm Micro Clinic Stone Apple
  - SAP cloud services, managed services
    (linkage with service platform)
  - Cloud service for specific industrial sector
    - Hitachi Systems Power Services

- Acquire analytics technology and expertise
  - Pentaho

- Strengthen Big Data utilization platform

FY2015 Investment Policy

- Execute priority investments to expand Social Innovation Business
- Expand business leveraging acquired companies and Hitachi Group-wide utilization

Cumulative investment in Social Innovation Business (FY2013 - FY2015): 220.0 billion yen
3-2. Expansion of the Social Innovation Business (3)

Expand the Social Innovation Business centered on new management structure in North America

Model for promoting Social Innovation Business

Established Social Innovation Unit (North America) (April 2015)
- Consolidate related organizations of Hitachi Data Systems and Hitachi Consulting
  - Create synergies and accelerate development as a core of the business

Strengthen Big Data utilization platform and expand utilization
- Strengthen as common platform of Social Innovation Business
  - Leverage Pentaho’s data integration/analysis/visualization technology, and software
  - Creative collaboration with customer, and knowledge accumulation by expanding utilization of Hitachi Group companies

Strengthen development of global services business by “One Hitachi”
- Develop and provide services suited to each region based on the localization of the North American model
  - Expand global development of services business for focused industries
- Utilize bases of Hitachi Data Systems, Hitachi Consulting, etc
  - Operating in over 140 countries and regions worldwide
    Headcount: approx. 6,800
  - Bases in 26 countries worldwide
    Headcount: approx. 6,500

Hitachi Group

Social Innovation Unit

Hitachi Consulting

Hitachi Data Systems

Hitachi Automotive

Collaboration

Big Data utilization platform

Customers

North America

Develop in other regions

Hitachi Group companies

Collaborative Creation

Hitachi

Consulting

Power / Infrastructure

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3-3. Expansion of System Solutions Business (1)

Complete large SI projects and acquire new projects by strengthening front-line

Establish operations structure that unites front-line and MONOZUKURI, and flexible utilization of human resources

- Strengthen industry-specific capabilities and share expertise in an integrated manner from front-line to MONOZUKURI
  - Concentration of resources and integrated operations by realignment of Hitachi Solutions, Ltd. (financial/public/social system sectors)
  - Transferred the information systems business for power/transportation sectors from Infrastructure Systems Company to Information & Telecommunications Systems Company and enforce project management
  - Utilize system engineers who have expertise of reliable system integration for telecommunications carriers in the social system sector
- Maximize organizational capabilities by flexibly realigning human resource portfolio in step with changes in the market

Strengthen front-line by transferring approx. 4,500 employees
(approx. 4,000 from Hitachi Solutions, and approx. 500 from Infrastructure Systems Company)

Complete large SI projects and expand share

- Financial: large-scale systems (megabanks, regional banks, insurance companies, etc.)
- Public: unified pension system, the Social Security and Tax Number System, etc.
- Social infrastructure: electricity deregulation projects, etc.

Reform of human resources portfolio

- Bolster human resources in services through business portfolio reform

Revenue composition*

<table>
<thead>
<tr>
<th></th>
<th>FY2015 Forecast</th>
<th>System Solutions Business, approximate estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>Public</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Enterprise</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>Social</td>
<td>20%</td>
<td></td>
</tr>
</tbody>
</table>

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3-3. Expansion of System Solutions Business (2)

Expand highly profitable services business

- Expand service domain by a market-driven approach
- Expand service development globally
  - Strengthen the foundation for providing services in Southeast Asia

Create services to realize new value, expand services that solve customer issues

**Knowledge-utilization services**
- Expand the value chain in unique business sector (Payment service (India), etc.)
- Provide industry-common and -specialized cloud services (O&M cloud, cloud for energy industry, etc.)
- Provide service infrastructure in non-IT domain (monitoring services, contact centers, etc.)
- Provide service platform (Big Data utilization platform, etc.)
- Expand delivery of cloud platform (deliver federated clouds including clouds of other providers, etc.)

**IT solutions**

CAGR of service revenues by category (FY2013 - FY2015)

- SI 5.7%
- Operation services, etc. 13.6%
3-4. Acceleration of Platform Business Portfolio Reform (1)

Strengthen services platform

Services
- Expand IoT-related business/Social Innovation Business
- Expand global solutions

Services platform
- Pentaho
- oXya

Structural reforms

Shorten time-to-market by M&As

Focus resources on growth fields

Services
- Development of Big Data-related PoC*1
- Solutions for public safety and telecommunications

Products
- Server
- Software
- Telecommunications & network products
- Storage

<Growth fields>
- Big Data processing middleware
- IoT solutions
- Integrated platform

<Services component>
- Asset management
- Optimize operations
- Optimize supply and demand
- Maintenance management
- Security

<Analytics function>
- Pentaho IP*2
- AI technology
- IoT technology
- Extraction
- Analysis
- Visualization
- Collection
- Accumulation
- Modeling

Products
Select and concentrate in response to market

FY2014

FY2015

*1 PoC: Proof of Concept
*2 IP: Intellectual Property
3-4. Acceleration of Platform Business Portfolio Reform (2)

**Execute structural reforms**

**Strengthening measures**
- Add high-value through software and focus development on distinctive function
- Build services platform for Hitachi Group's Social Innovation Business
- Strengthen global business by leveraging Pentaho and oXya

**Optimization measures**
- Select and concentrate on core product development
- Optimize businesses in Japan

**Business structure**

**Continue optimal operations in line with market changes**

**Focus resources on growth fields**

**FY2014**
- IT products business
  - (1) Server
  - (2) Storage
  - (3) Software
  - (4) System integration business
  - (5) Telecommunications & network products business

**FY2015**
- Services business
  - (3) Analytics services
  - (4) IoT solutions
- IT products business
  - ((1)(2), (3) Middleware)
- Telecommunications & network products business

**Growth fields**
- Select and concentrate in response to market

**Employee proportion (Ratio of employees who are engaged in each business to the amount as of FY2014)**
- IT products business: 65%
- Services business: 40%
- Telecommunications & network products business: 10%

**FY2015 expenses:** approx. 10 billion yen

- Telecommunications: Narrow down focus areas in step with reduced investment by Japanese telecommunications carriers
- Servers: Review product lineup in step with changes in market
- Software: Shift resources to high value-added domains
3-5. Global Business Plan

Establish autonomous decentralized global management structure by developing North American model to other regions

Promote Social Innovation Business Globally

Major Social Innovation Businesses (including PoC)
- Oil & Gas
- Agriculture/Food
- Mining
- Financial
- Telecom
- Healthcare
- Energy
- Public
- Logistics

Overseas revenues

<table>
<thead>
<tr>
<th>Region</th>
<th>FY2013 (Results)</th>
<th>FY2014 (Results)</th>
<th>FY2015 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>588.9 billion yen</td>
<td>671.0 billion yen</td>
<td>762.0 billion yen</td>
</tr>
<tr>
<td>EMEA/CIS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Overseas headcount

<table>
<thead>
<tr>
<th>Region</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>18,700</td>
<td>21,900</td>
<td>24,500</td>
</tr>
<tr>
<td>EMEA/CIS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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4-1. Hitachi Smart Transformation Project

Cost reduction effect: FY2015 (Forecast) 22.5 billion yen / FY2011-2015 total 65.0 billion yen

<table>
<thead>
<tr>
<th>Earnings structure</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>Enhancing business efficiency by implementing SCM and cash flow reform projects</td>
</tr>
<tr>
<td></td>
<td>Execution of strategic investment and strengthening return gaining</td>
</tr>
<tr>
<td></td>
<td>Effectively utilizing assets and reduce total assets</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CCC<em>4 improvement</em>1</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2012 (Result)</td>
<td>FY2013 (Result)</td>
</tr>
<tr>
<td>68.1 days</td>
<td>67.0 days</td>
</tr>
</tbody>
</table>

*1 US-GAAP
*2 R&D investment = R&D expenditure and Social Innovation Business investment
*3 Calculated on the assumed foreign exchange rates as of June 2013
*4 CCC (Cash Conversion Cycle)
*5 Excluding temporary factors. The figure on a nominal basis is 67.5 days.
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5-1. Performance Trends

| Amount of orders received (billion yen) | 1,981.8 | 2,119.9 | 2,172.0 |
| Service revenue ratio | 62% | 64% | Over 65% |
| Overseas revenue ratio | 30% | 33% | 36% |

<table>
<thead>
<tr>
<th>Revenues (billion yen)</th>
<th>FY2013 (Results)</th>
<th>FY2014 (Results)</th>
<th>FY2015 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>US-GAAP</td>
<td>1,934.9</td>
<td>2,032.1</td>
<td>2,100.0</td>
</tr>
<tr>
<td>Service revenue ratio</td>
<td>5.5%</td>
<td>5.0%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Operating income%2</td>
<td>106.5</td>
<td>116.2</td>
<td>140.0</td>
</tr>
<tr>
<td>EBIT</td>
<td>96.3</td>
<td>93.6</td>
<td>132.0</td>
</tr>
<tr>
<td>Operating income ratio%2</td>
<td>6.3%</td>
<td>4.6%</td>
<td>6.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IFRS</th>
<th>FY2014 (Results)</th>
<th>FY2015 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service revenue ratio</td>
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<td>Operating income%2</td>
<td>106.5</td>
<td>106.0</td>
</tr>
<tr>
<td>EBIT</td>
<td>96.3</td>
<td>158.0</td>
</tr>
<tr>
<td>Operating income ratio%2</td>
<td>6.3%</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

*1 Unaudited
*2 "Operating income" is presented as "Adjusted operating income" in IFRS (an "Adjusted Operating Income" presented as revenues less cost of sales as well as selling, general and administrative expenses)

**Revenues (billion yen)**

<table>
<thead>
<tr>
<th></th>
<th>Former subsegment</th>
<th>Current subsegment</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2013 (Results)</td>
<td>1,934.9<em>2,032.1</em>2</td>
<td>2,032.1<em>2,100.0</em>2</td>
</tr>
<tr>
<td>FY2014 (Results)</td>
<td>1,127.3 1,199.7</td>
<td>1,238.7 1,278.6</td>
</tr>
<tr>
<td>FY2015 (Forecast)</td>
<td>828.2 890.5</td>
<td>1,018.2 1,094.1</td>
</tr>
<tr>
<td></td>
<td>217.1 166.7</td>
<td>106.5<em>2 116.2</em>2</td>
</tr>
</tbody>
</table>

**Operating income (billion yen)**

<table>
<thead>
<tr>
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<td>1,199.7</td>
<td>1,278.6</td>
</tr>
<tr>
<td>FY2015 (Forecast)</td>
<td>828.2</td>
<td>1,018.2</td>
</tr>
<tr>
<td></td>
<td>217.1</td>
<td>106.5*2</td>
</tr>
</tbody>
</table>

*1 See note concerning subsegment composition (page 26)
*2 The difference from the sum total of each sub-segment is Eliminations & Others
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## FY2015 Plan

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<thead>
<tr>
<th></th>
<th>US-GAAP</th>
<th>IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>2,100.0 billion yen</td>
<td>2,100.0 billion yen</td>
</tr>
<tr>
<td>Overseas revenue ratio</td>
<td>36%</td>
<td>36%</td>
</tr>
<tr>
<td>Operating income*</td>
<td>140.0 billion yen</td>
<td>158.0 billion yen</td>
</tr>
<tr>
<td>Operating income ratio*</td>
<td>6.7%</td>
<td>7.5%</td>
</tr>
<tr>
<td>EBIT ratio</td>
<td>6.3%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Benefit from Hitachi Smart Transformation Project (US-GAAP)</td>
<td>Gross margin: 0.8 points decrease (from FY2012)</td>
<td>SG&amp;A expenses ratio: 1.6 points improvement (from FY2012)</td>
</tr>
</tbody>
</table>

### 6-1. Conclusion

Continue growth, establish a business model with earnings power, and generate steady earnings by completing business portfolio transformation

* "Operating income" is presented as “Adjusted operating income” in IFRS (an "Adjusted Operating Income" presented as revenues less cost of sales as well as selling, general and administrative expenses)
Company names
The official names of the companies referred to in this material are the following.

Celerant: Celerant Consulting Investments Limited
IMG: Information Management Group Limited
Sierra: Sierra Atlantic, Inc.
Sunway: Sunway Technology Sdn Bhd (Established a joint venture Hitachi Sunway Information Systems Sdn. Bhd.)
Prizm: Prizm Payment Services Pvt. Ltd. (presently Hitachi Payment Services Pvt. Ltd. )
eBworx: eBworx Berhad (presently Hitachi eBworx Sdn. Bhd. )
Stone Apple: Stone Apple Solutions Pte. Ltd.
Micro Clinic: Micro Clinic India Pvt. Ltd. (presently Hitachi Systems Micro Clinic Pvt. Ltd. )

Subsegment
[Former subsegment]
System Solutions : System integration, sales, maintenance and related services of software, hardware for financial, public and enterprise sectors, consulting, etc.
Platform : Sales, maintenance and related services for software, server and storage, etc.
Telecommunication : Sales, maintenance and related services for telecommunication equipment and software, etc.

[New subsegment]
System Solutions : System integration, sales, maintenance and related services of software, hardware for financial, public, and enterprise and social infrastructure (power, rail, telecommunication, etc.) sectors, consulting, etc.
Platform : Sales, maintenance and related services for software, server and storage, telecommunication & network equipment, etc.
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 against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated, particularly against the U.S. dollar and the euro;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to 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;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- increased commoditization of and intensifying price competition for products;
- 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;
- 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;
- the potential for significant losses on Hitachi’s investments in equity-method affiliates;
- the possibility of disruption of Hitachi’s operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- uncertainty as to Hitachi’s ability to maintain the integrity of its information systems, as well as Hitachi’s ability to protect its confidential information or that of its customers;
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its significant employee benefit-related costs; and
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel.

The factors listed above are not all-inclusive and are in addition to other factors contained in other materials published by Hitachi.