

Power Systems Company Business Strategy

June 9, 2010

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Hitachi, Ltd.

Power Systems Company Business Strategy

Contents

- 1. Business Overview**
2. Market Environment
3. Business Policy and Strategy
4. Thermal Power Business
5. Nuclear Power Business
6. Renewable Energy Business
7. Business Performance Trends
8. Conclusion

1. Business Overview

Thermal Power Business

Coal-fired thermal power plants



IGCC



<Major equipment of coal-fired thermal power plants>

Steam turbines and generators



Boilers and AQCS



Gas turbines



Proton beam therapy system



Nuclear Power Business

Boiling water reactor nuclear power plants (ABWR, ESBWR)



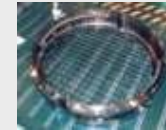
Preventive maintenance, nuclear fuel cycle, etc.

<Major equipment of nuclear power plants>

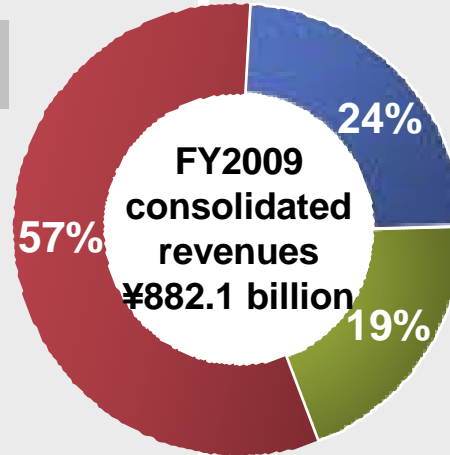
Reactor pressure vessel



Reactor equipment



Main Control Room Panel



Hydroelectric power generation systems



Wind power generation systems



Solar power generation systems



Power transmission and distribution systems, drive systems, smart grids, PET services, etc.

Other Businesses

IGCC: Integrated Gasification Combined Cycle
AQCS: Air Quality Control System

ABWR: Advanced Boiling Water Reactor
ESBWR: Economic and Simplified Boiling Water Reactor

PET: Positron Emission Tomography

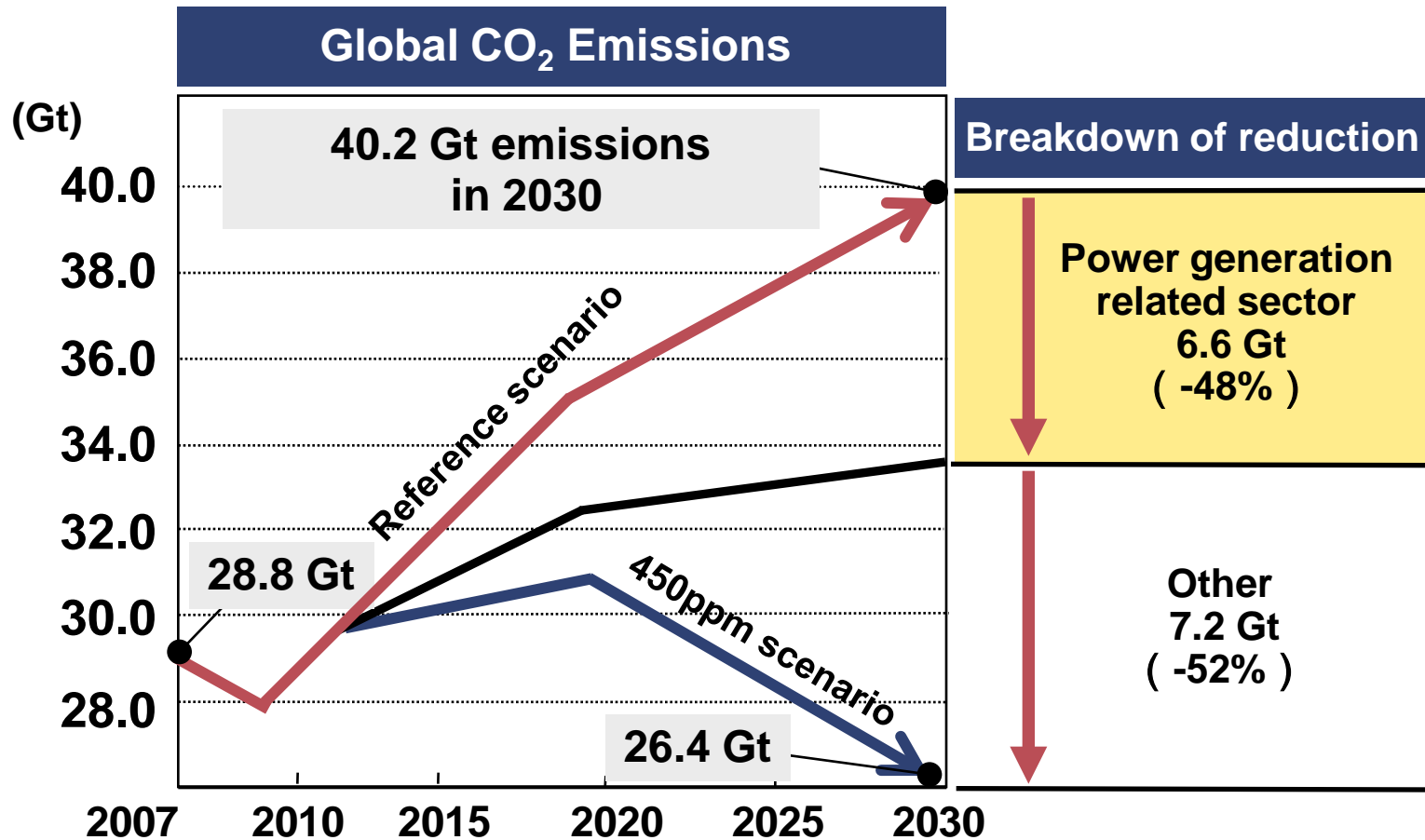
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2-1. Worldwide Trends toward a Low-Carbon Society

- Increasing role of power sector to reduce CO₂ emissions
- Accelerate realization of a low-carbon society (nuclear power, CCS and renewable energy are projected to increase)



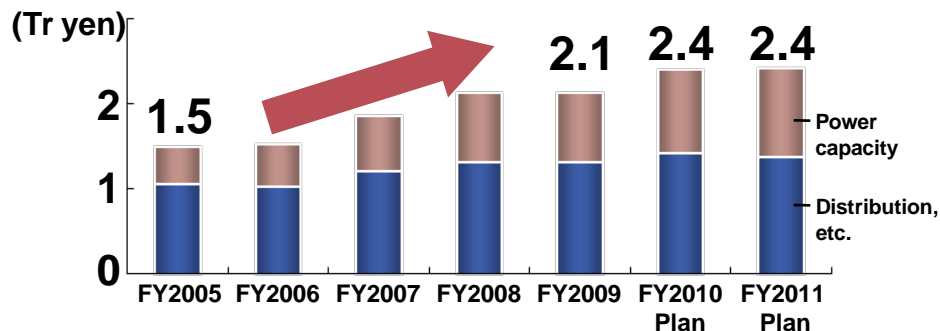
Source: World Energy Outlook 2009

CCS : Carbon Dioxide Capture and Storage

Gt : Gigaton

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Power Plant Investment (10 Utilities)



Capital expenditure of around ¥2.4 trillion

Source: Management plan presentation materials of utility companies

Power Capacity Development Plans

	Under Construction (MW)	No. of Plants	Planned (MW)	No. of Plants
Nuclear	2,760	2	16,550	12
BWR*	(2,760)	(2)	(11,890)	(9)
Thermal	9130	23	14,210	44
Renewable energy, etc.	60	7	40	13
Total	11,950	32	30,800	69

Plans and construction are proceeding steadily

Source: Agency for Natural Resources and Energy, Summary of Electricity Supply Plan, FY2010

Nuclear power

- Continuous construction plans, mainly of BWR, as core power source

Thermal power

- Demand for Highly efficient new plants
- Increasing efficiency of existing plants

Renewable energy, etc.

- Accelerate testing and commercialization of mega-solar systems, and smart grids

Government institution initiatives

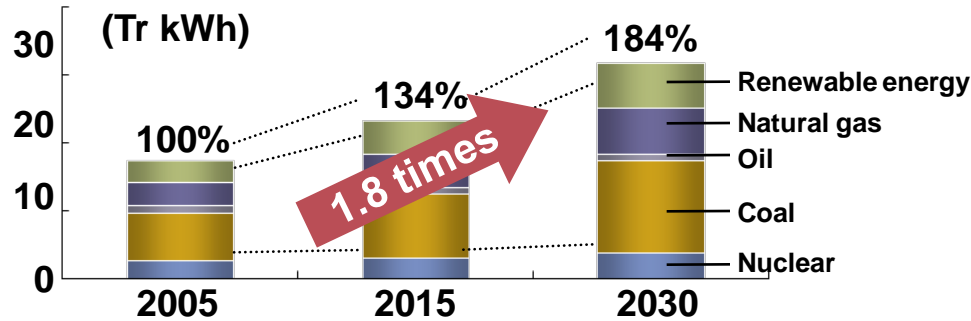
Industrial Structure Vision 2010, Basic Energy Plan

- Public-private partnership approach for infrastructure projects in emerging nations (Nuclear, “clean coal” thermal power, etc.)
- Promoting construction of next-generation energy systems (Smart grids, etc.)

*BWR: Boiling Water Reactor

2-3. Global Trends Emerging Markets Expansion and Combating Climate Change

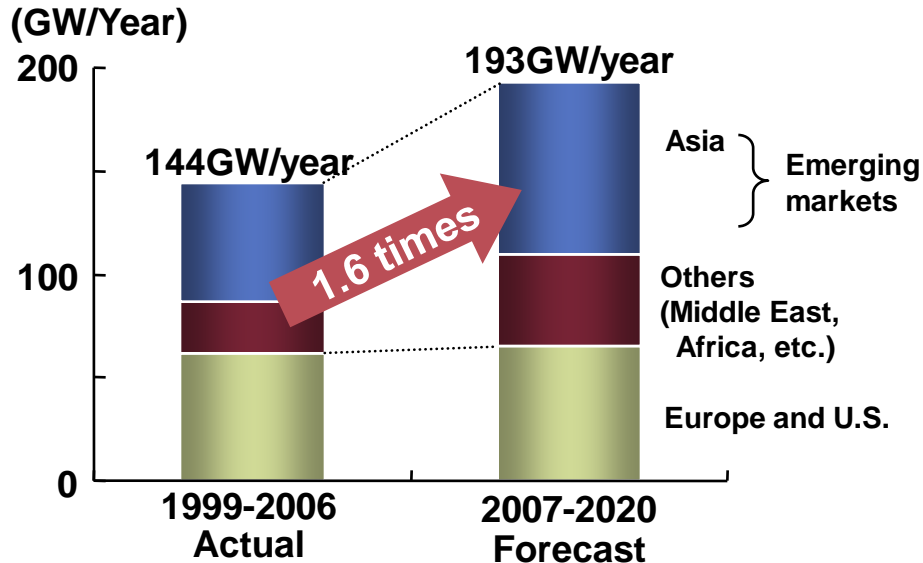
World Electricity Generation by Type



Source: Prepared from International Energy Outlook 2009

- World electricity generation is expected to grow by 1.8 times (from 2005 to 2030)
- Coal-fired generation is to continue to play a significant role in power sector
- Nuclear power plants introduction plan

Facility Demand by Region



Source: Prepared by Hitachi from various statistical data, including World Energy Outlook 2008

- Capacity demand in emerging markets to grow by 1.6 times (Asia, etc.)
- Accelerate realization of a low-carbon society
 - Increased expectations on “clean coal” technologies
 - Nuclear power use
 - Increase in renewable energy use (Wind solar)
- Strengthening and expanding power transmission network (Large capacity, stabilization, high quality)

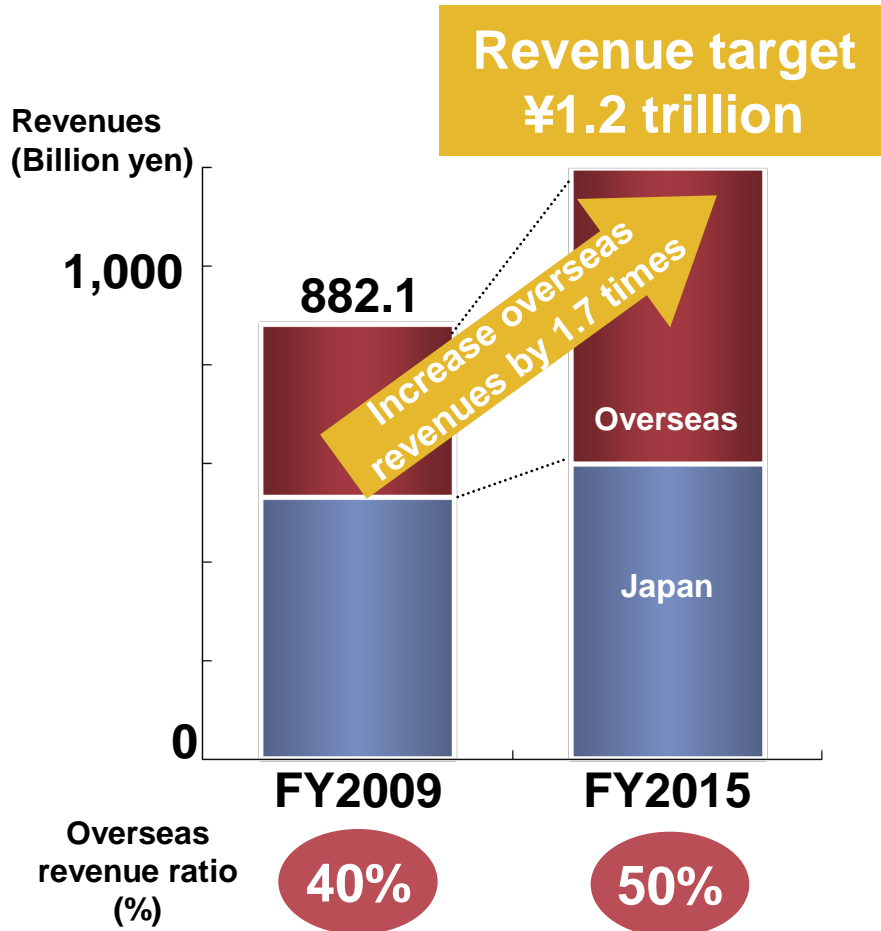
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3-1. Focus on Growth Regions and Fields

■ Expand revenues focusing on emerging markets (Asia, etc.)



■ Focusing on growth fields with high contribution to the environment

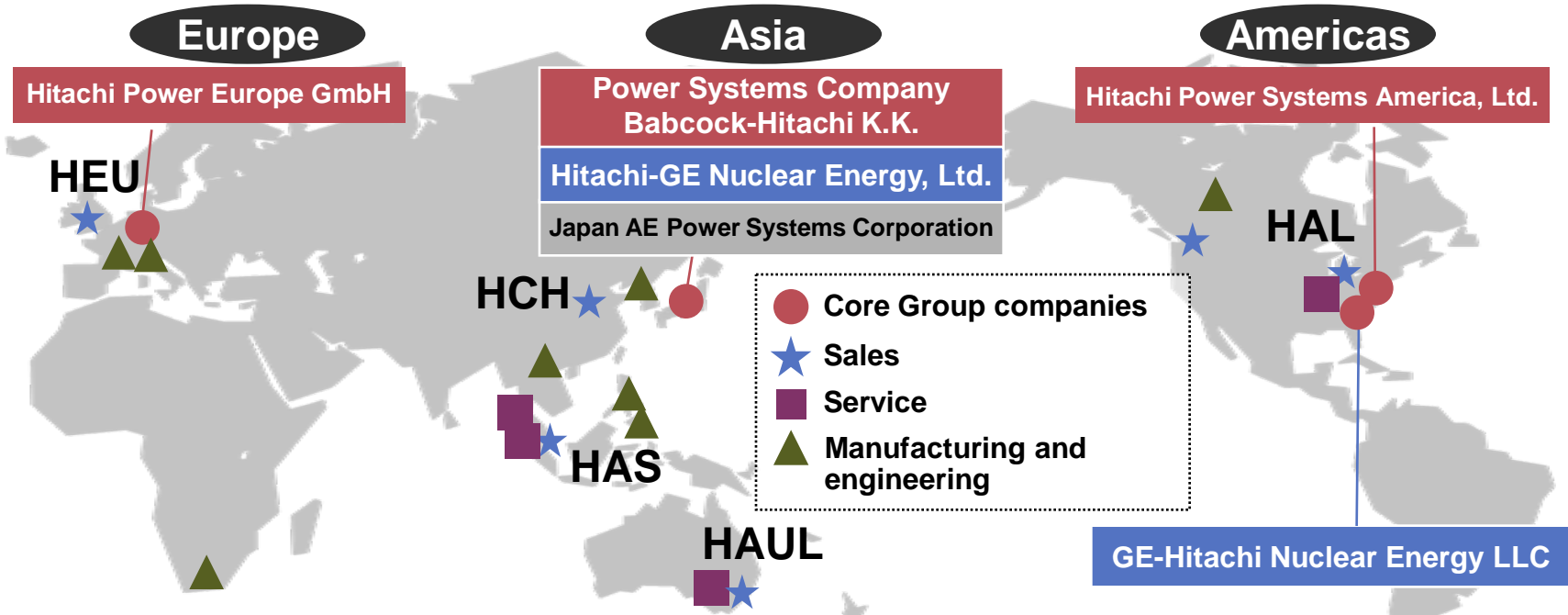
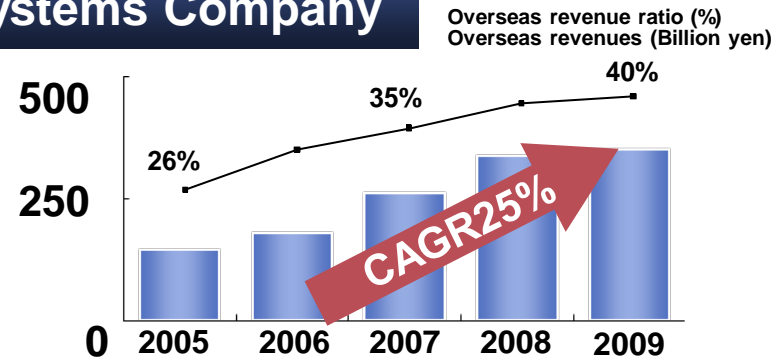
<p>Thermal Clean coal Higher efficiency</p>	<ul style="list-style-type: none"> ■ Higher efficiency (A-USC, IGCC development) ■ CCS ■ Low NOx combustion, advanced AQCS
<p>Nuclear Increased output and capacity factor</p>	<ul style="list-style-type: none"> ■ Higher output, larger capacity ■ Advanced maintenance technologies ■ Accelerate development of next-generation reactors
<p>Renewable energy Grid stabilization</p>	<ul style="list-style-type: none"> ■ Wind, solar, adjustable-speed pumped storage hydro-power system ■ Grid stabilization technologies, storage batteries ■ Fusion of power systems and ICT

*2009 Minister of Environment Award

3-2. Promoting Globalization (1)

Global Deployment of Power Systems Company

- Expand global business operations centered on three core regional bases
 - **CAGR: 25% (2006-2009)**
- Promoting localization and partnering
- Cooperate to realize low-carbon society
 - Collaborate with China's National Development and Reform Commission



[Group total: 45 companies (23 companies (Japan), 22 companies (Overseas))]

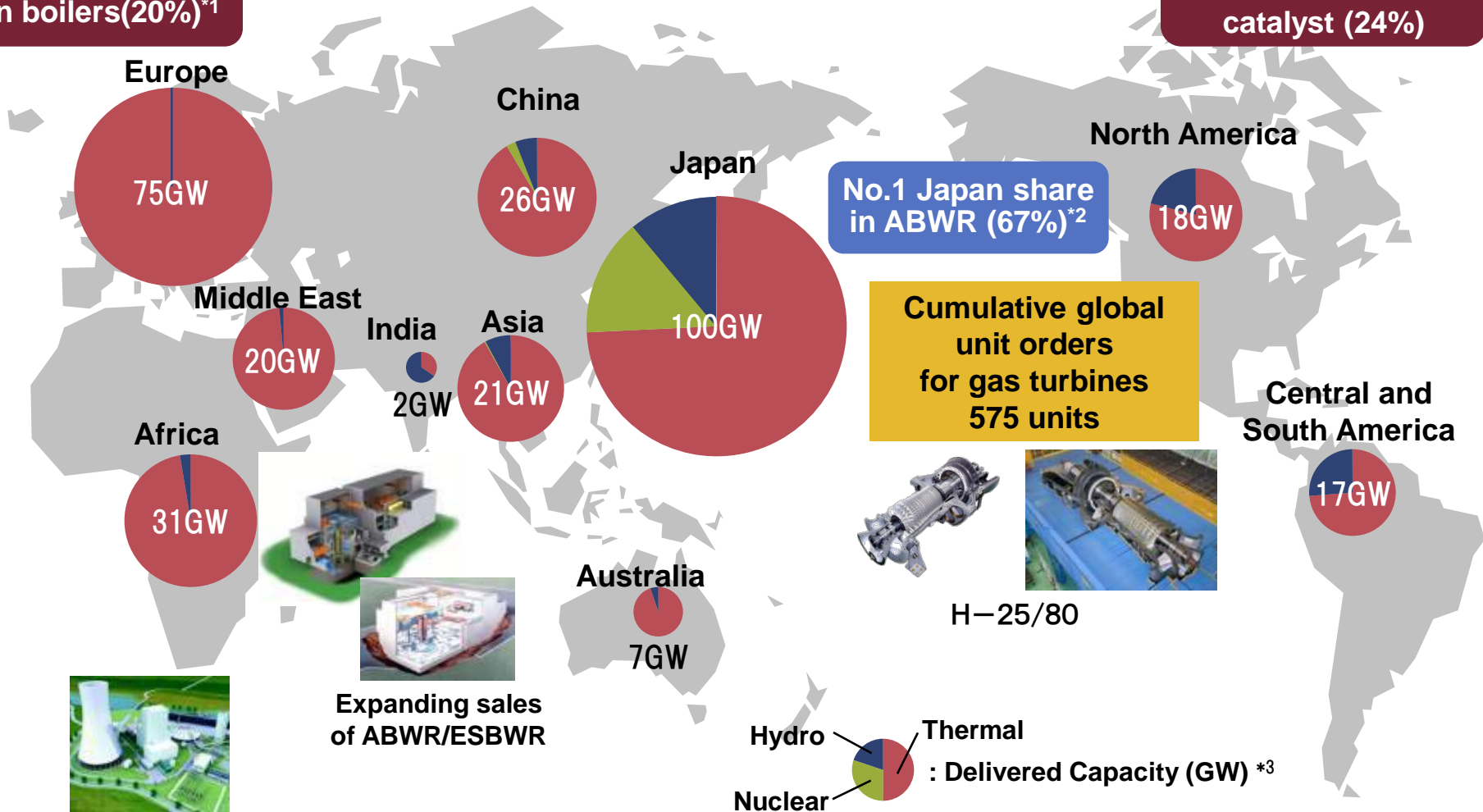
HEU:Hitachi Europe Ltd. HAL:Hitachi America, Ltd. HCH:Hitachi (China) Ltd. HAS:Hitachi Asia Ltd.
HAUL:Hitachi Australia Pty Ltd. CAGR: Compound Average Growth Rate

3-3. Promoting Globalization (2)

Hitachi Products Around the World

Global No.1 share in boilers(20%)*1

Global No.1 share in DeNOx catalyst (24%)



*1 05-09: Excluding China and India

*2 Including plants under construction. Reactors and turbines counted as 0.5 of a plant each

*3 Size of pie chart shows capacity image

3-4. Strengthen Business Competitiveness

Production and Procurement

- **Global production optimization**
 - Share production among subsidiaries, utilize partners
- **Strengthen procurement ability through cooperation among subsidiaries**
 - Worldwide lowest cost procurement, manage exchange rate fluctuations
- **Promote cost reductions** (Standardization, joint VEC)
- **Strengthen MONOZUKURI** (Manufacturing capabilities) and HR development

Project Management

- **Bolster overseas project management capabilities**
 - Strengthen overseas project management (HR and organizational structure)
 - Expand local partners
 - Rigorous risk management (Utilize experience in EPC worldwide)

Services

- **Promote globalization of services**
 - Expand and enhance local service bases
- **Nuclear power advanced maintenance (Cooperate with GE)**
- **Strengthen gas turbine service business**
 - Increase output of high-temperature components (Nearly double present capacity)

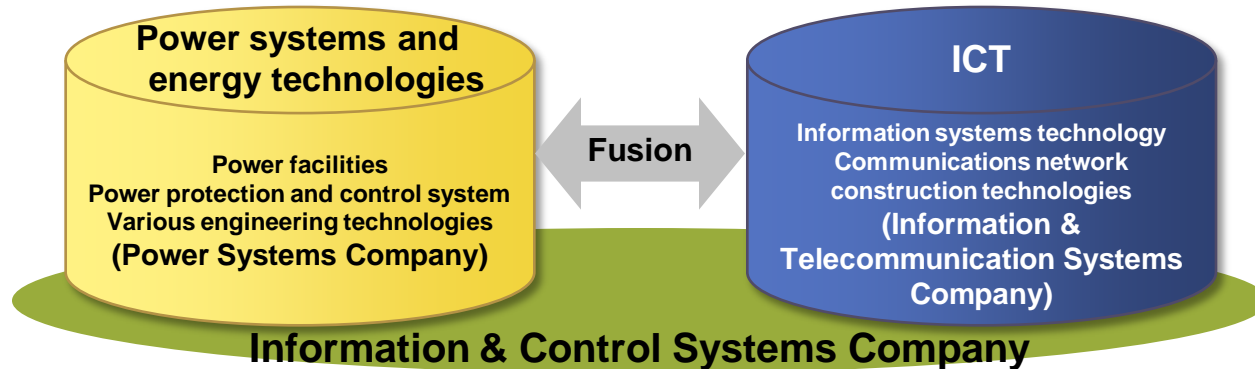
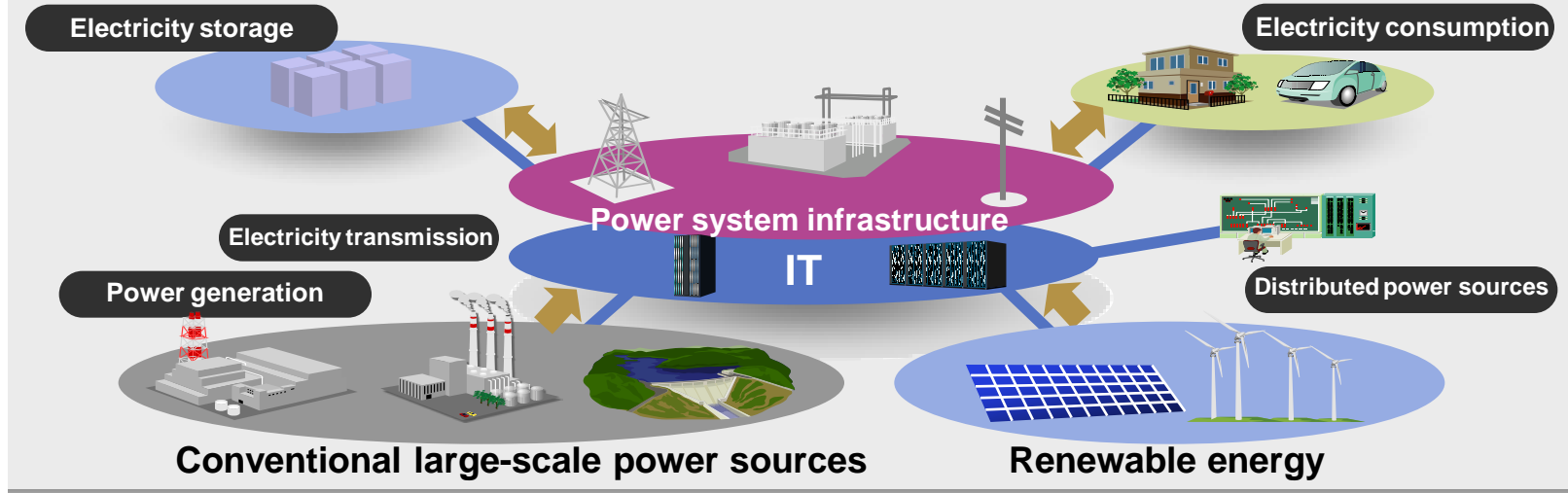
R&D

- **Strengthen global R&D Network**
 - Establish cooperative structure between three core regional bases (Japan, Europe and U.S.) and universities in the regions
- **Propose and participate in national projects to promote development of future technologies**
- **Hitachi's corporate R&D focus on Social Innovation Business**

VEC: Value Engineering for Customers Integrated activities designed to improve products and services in line with customers' expectations.

EPC: Engineering, Procurement, Construction

Total proposals for creating highly eco-friendly new social infrastructure



- Provide new solutions through “fusion”
Provide integrated solutions from electricity generation and transmission/
distribution to energy use
- Established Smart City Business Management Division in April 2010
for creating solutions

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Revenues

FY2015: ¥650.0 billion
↑
FY2009: ¥500.0 billion

- Expand eco-friendly coal-fired thermal power business
- Expand Hitachi-developed gas turbine business

Strengthen highly efficient coal-fired thermal power business

- Step up global development
- Expand EPC business

Accelerate development of “clean coal” technology

- Develop A-USC, IGCC technology
- Field test carbon capture technology

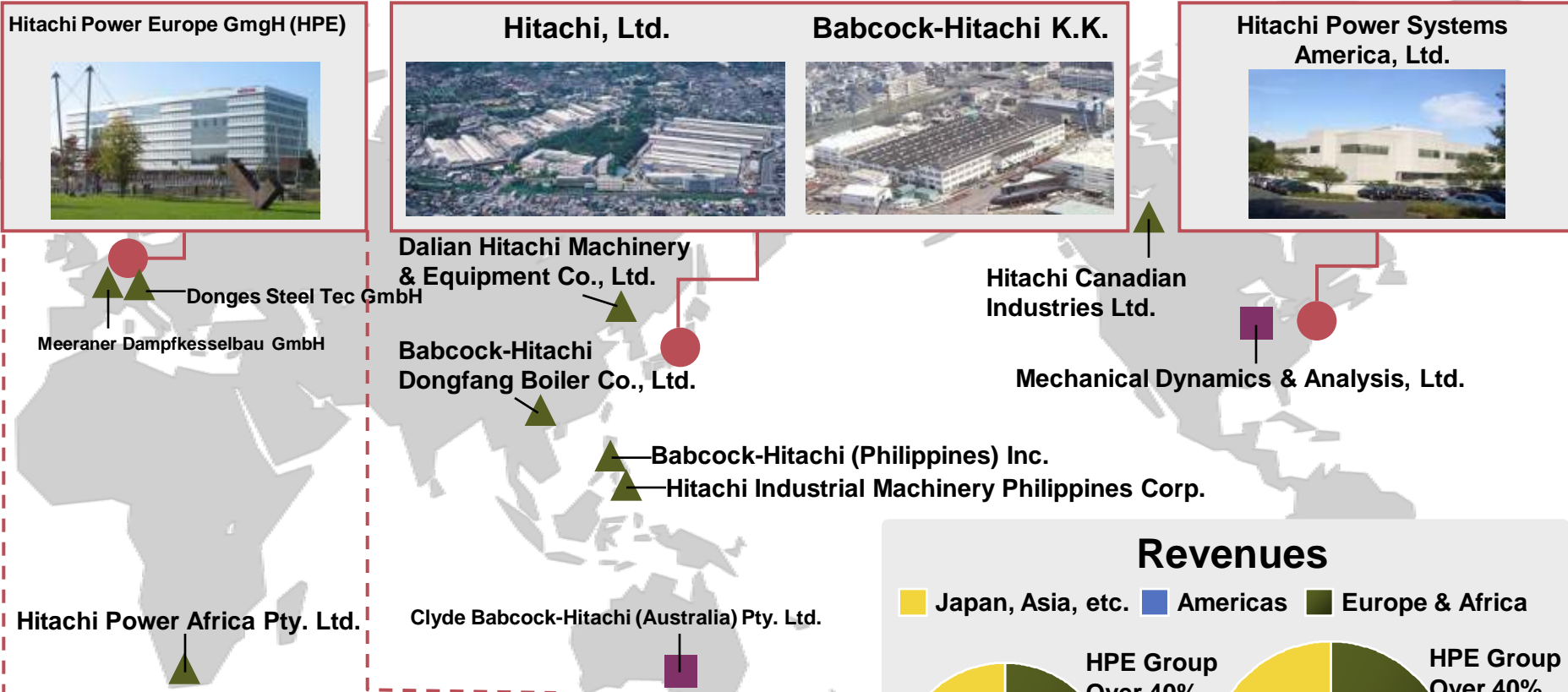
Expand medium-capacity gas turbine business

- Accelerate business development centered on Hitachi-developed gas turbine



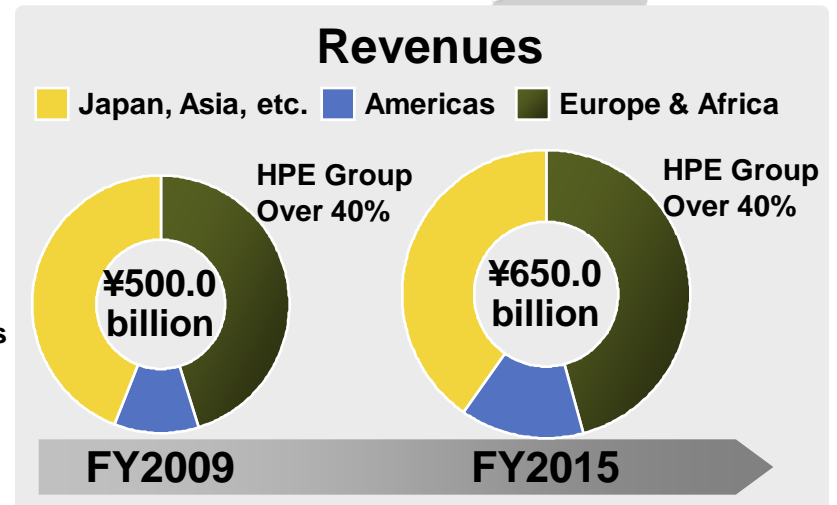
4-2. Strengthen Highly Efficient Coal-fired Thermal Power Business (Step Up Global Development)

Global business development based on the three core regional bases



- <HPE Group History>**
- 2003 Established Babcock-Hitachi Europe GmbH (now Hitachi Power Europe GmbH)
 - 2005 Established Hitachi Power Africa Pty. Ltd.
 - 2007 Acquired Meeraner Dampfkesselbau GmbH
 - 2008 Acquired Donges Steel Tec GmbH

- Core Group companies
- ▲ Manufacturing and engineering subsidiaries
- Service subsidiaries



4-3. Strengthen Highly Efficient Coal-fired Thermal Power Business (Expand EPC Business[1])

Expand business by drawing on Hitachi's superior technologies and EPC capabilities

Steam turbines and power generators (TG)

Highly efficient and reliable

Achieved world's highest level efficiency with the new No. 2 unit of Isogo Thermal Power Plant for Electric Power Development Co., Ltd. (Commercial Operation since July 2009)
<Steam condition: 25MPa 600°C/620°C>



Turbines and generators

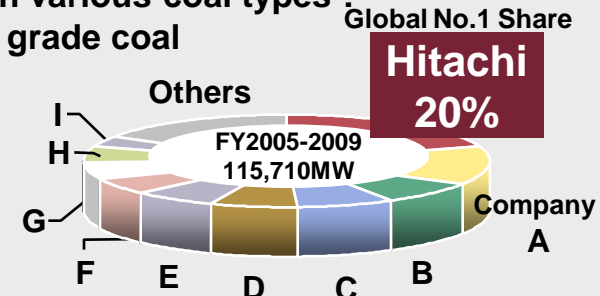


Low-pressure turbines

Boilers (B)

Highly efficient combustion: Low Nox/CO₂ emissions, high economical efficiency

Compatible with various coal types :
Applicable low grade coal

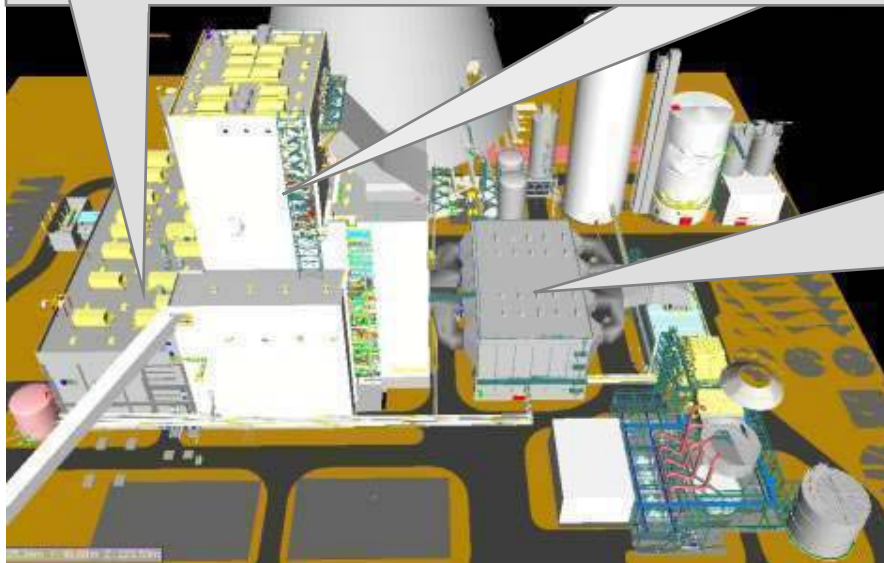


Source: McCoy Reports 2009
(Excludes China and India)

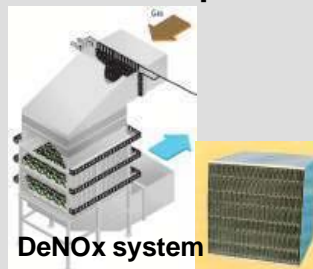
AQCS

Integrated system (DeNOx reactor, precipitator, desulfurizer)

High-performance DeNOx catalyst: In-house development and production system

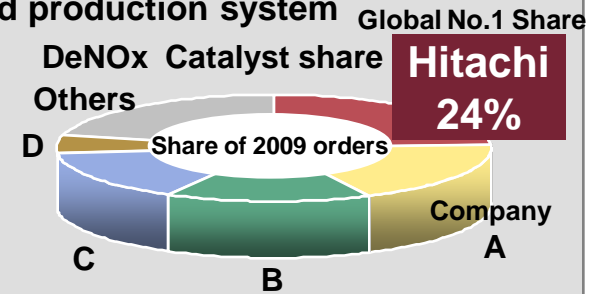


AQCS: Air Quality Control System



DeNOx system

DeNOx Catalyst



Source: Hitachi estimate

4-4. Strengthen Highly Efficient Coal-fired Thermal Power Business (Expand EPC Business[2])

Recent Construction Achievements and Progress (Major Plants)

Europe, South Africa

★◎ Walsum-10 (Under construction) BTG



◎ Electrabel-1,2 (Under construction) BTG



◎ BoA II-1,2 (Under construction) B



◎ Boxberg-1 (Under construction) B



Medupi-1~6 (Under construction) B



Kusile-1~6 (Under construction) B



Asia

◎ YongHung-3,4 (Operation in 2008)



◎ Electric Power Development Co., Ltd. /New No.2 unit, Isogo Thermal Power Plant (Operation in 2009) TG



Americas

Keephills-3 (Under construction) BTG



★◎ Walter Scott, Jr-4 (Operation in 2007) BTG



Duke Energy (Under construction) B



Elm Road-1,2 (Under construction) BTG



Ultra Super Critical (USC) Construction Track Record (Incl. Under Construction)

■ Japan: 8, Overseas: 23 (Total: 31 Units)

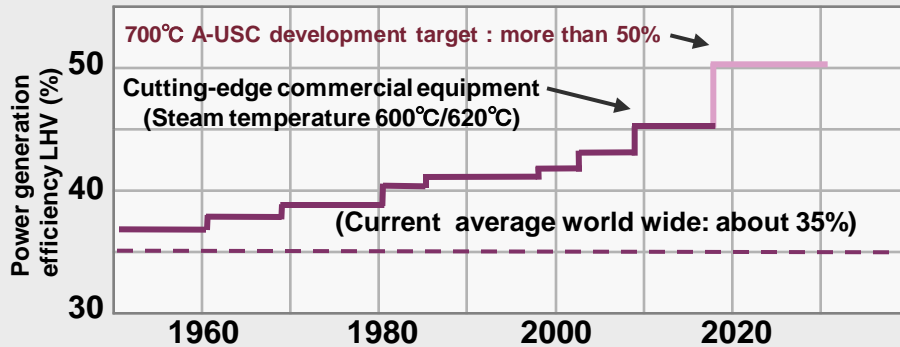
B: Boiler TG: Steam turbines and generators ★: EPC project ◎: USC project
USC: Ultra Super Critical (Steam temperature at least 593°C, steam pressure at least 24.1MPa)

Expand business centered on the HPE Group

4-5. Accelerate Development of Clean Coal Technologies (Develop A-USC/ IGCC Technology)

Accelerate development of A-USC, IGCC and CCS technologies

A-USC



Europe (Hitachi Power Europe participation)

~2013 : Develop materials, test with commercial equipment

Japan (Hitachi, Ltd, Babcock-Hitachi participation)

2008~ : Develop materials and core technologies by national projects

Late 2010s:
Apply to commercial equipment



Alloy for turbine rotor



500MW-class boiler schematic

IGCC + CCS

Technology development in EAGLE project (Since 2002)

~2006: Confirmed plant performance in approx. 6,000 hours of test operations

~2009: CCS test (World's first with coal gas for power generation)

Item	Target	Result
CO ₂ capture ratio	90%	>90%
CO ₂ purity	99%	>99%



EAGLE pilot plant



CCS equipment

Osaki CoolGen Project (NEDO Feasibility Study: 2010 to 2011)

■ Operator: Osaki CoolGen Corporation

■ Details: Scale-up testing of oxygen-blown IGCC and CCS separation and capture technologies



Gasifier	1,100t/day
Gas refinery	Wet chemical absorption type
Combined cycle	170MW

4-6. Accelerate Development of Clean Coal Technologies (Carbon Capture Technology[1])

CCS commercialization through cooperation among three core regional bases
→ Revenue target of ¥100.0 billion/year from 2020

2005 2010 2015 2020 2025

Pilot test

Demonstration test

Commercialization

Chemical absorption



Pilot test
(To 1995)
Joint research by
power companies



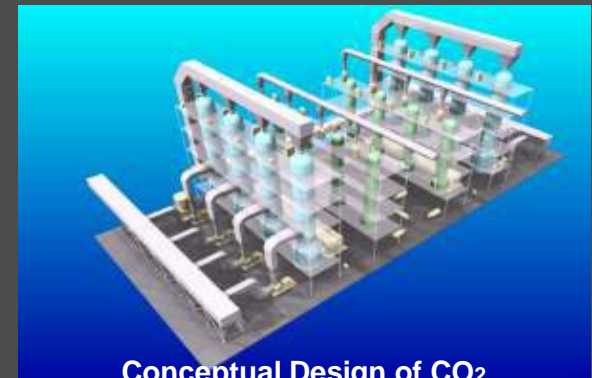
Pilot test
(From 2010)
Germany,
Netherlands, etc.

U.S./Wolverine Power Supply Cooperative, Inc.

- Contract for basic design of carbon capture equipment (2009 to 2010)

Canada/Saskatchewan Power Corporation

- Comprehensive collaborative agreement on low-carbon energy technologies (2010 to 2012)
- 150MW-class CCS demonstration project
- Steam turbine and generator order(2010)



Conceptual Design of CO₂ Scrubbing (1,000MW class)

Oxy-combustion



← 4MW-th burner combustion test
(From 2008)
Babcock-Hitachi
Kure Research Laboratory

System evaluation test (From 2009)
Babcock-Hitachi
Akitsu Research Laboratory



Finland/Fortum Corporation Oxy-combustion joint research (2008 to 2010)

Germany/Vattenfall AB Oxy-combustion burner test (2009 to 2010)



Conceptual Design of Oxy-combustion (500MW class)

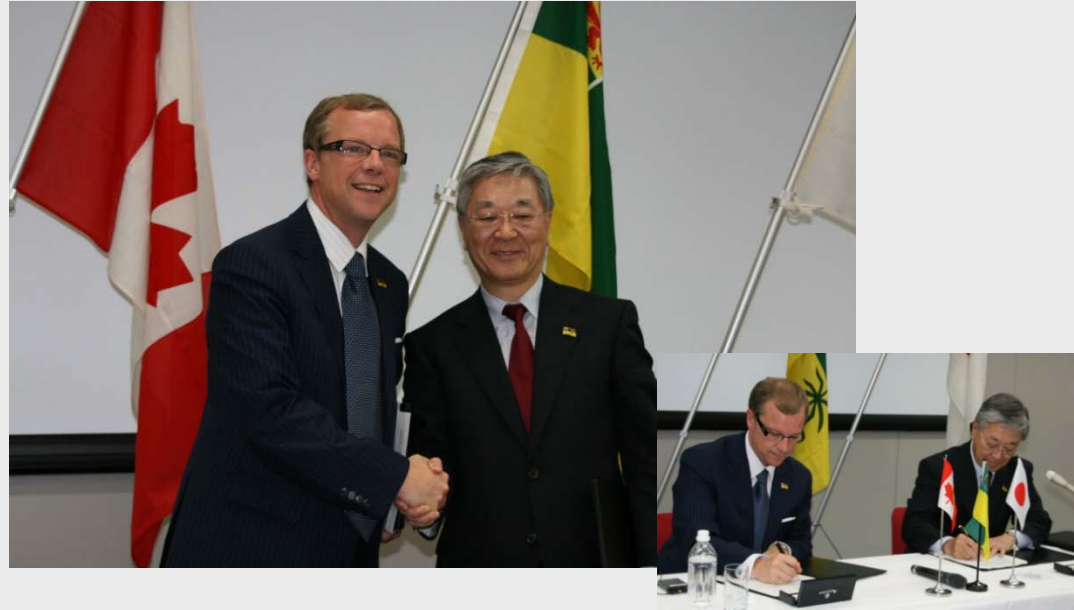
4-7. Accelerate Development of Clean Coal Technologies (Carbon Capture Technology[2])

Hitachi-Saskatchewan Province (Canada)

“May 2010—Joint Declaration for Collaboration on Energy and Environmental Technology Development”

Areas of Collaboration

- CCS technology
- AQCS
- Boilers, Steam Turbines, Generators
- Renewable Energy Technologies
- Smart Grid Technologies



Hitachi-SaskPower (Saskatchewan Power Corporation)

“February 2010—Comprehensive Collaborative Agreement on Low-Carbon Energy Technologies”

- Participate in CCS demonstration project
(Carbon capture technology for coal-fired thermal power plants)



4-8. Expand the Medium-Capacity Gas Turbine Business

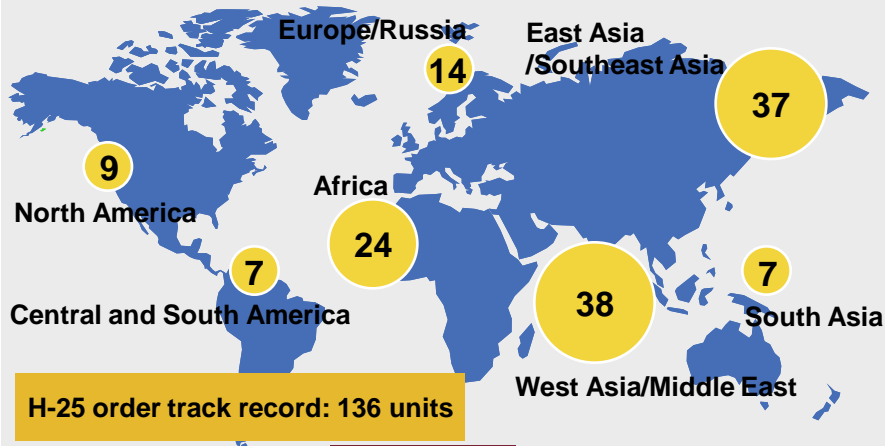
Expand business of Hitachi-developed equipment

H-25

- Top-class performance in heavy-duty gas turbines
- Highly reliable and compatible with various types of fuels
- Target order: At least 20 units/year

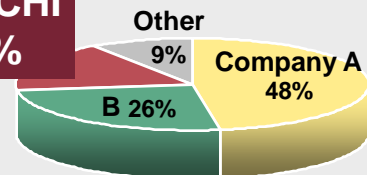
H-25 specifications

Output	31,000kW (Natural gas)	30,000kW (Heavy fuel oil A)
Efficiency	34.8% (LHV)	33.6% (LHV)



Increasing production capacity

HITACHI
17%



Market Share (20-40MW-class GT)
[McCoy Reports 2009: Heavy-duty type]

H-80 (Newly developed 80MW class GT)

- **World's largest capacity as a two-axle heavy-duty type gas turbine**

H-80 specifications

Output	89,000kW (Natural gas)
Efficiency	38% (LHV)



- Replaced gas turbines of Unit 1 at Shin-Oita thermal power plant*1 at Kyushu Electric Power Co., Inc. with H-80 (Operation in January 2010)



*1: Plant output
115MW

Plant efficiency

Before GT
replacement

47.7%(LHV)



After GT
replacement

51.4%(LHV)

- ➔ Explore replacement demand for highly efficient combined-cycle gas turbines in Japan

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Revenues

FY2020: ¥380.0 billion
↑
FY2009: ¥210.0 billion

- Implement ABWR projects in Japan
- Strengthen global business development

Deploy new nuclear power plants in the global market

- Maintain No.1 share of ABWR plants in Japan
- Accelerate global deployment under “One Team” framework with GE

Provide one stop service through the total nuclear fuel cycle

- Hitachi expand nuclear fuel cycle business together with GE

Develop nuclear technologies and increase production capacity

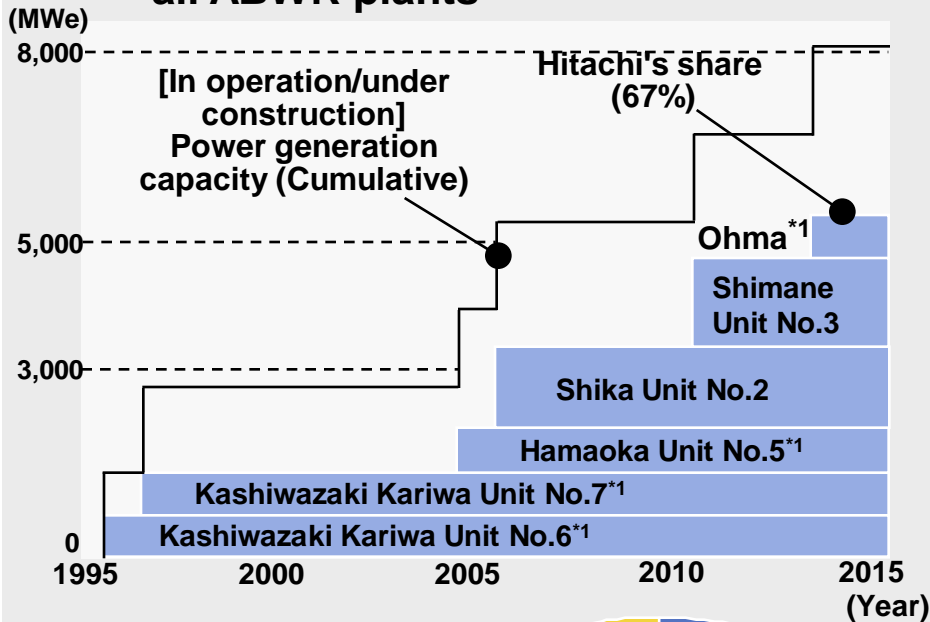
- Promote development of ABWRs (Increase output), ESBWRs and next-generation BWRs
- Develop advanced maintenance technologies and increase facility capacity (Production and development)

ABWR: Advanced Boiling Water Reactor
ESBWR: Economic and Simplified Boiling Water Reactor

5-2. Maintain No.1 share of ABWR plants in Japan

No.1 share of new plant construction in Japan

- ABWR market share 67%*1
- Participate in construction of all ABWR plants



Nuclear power plant construction plans*2
(Future construction plans)



*1 Reactor island and turbine island counted as 0.5 of a plant each
*2 Source: Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry, Summary of Electricity Supply Plan, FY2009

Application of advanced construction technology

1990

- Large-sized Modular construction
- Parallel construction

Module Works



2000

- Module Works construction
- Applied large-block modular construction and used composite modules
- Use of RFIDs
- Expanded scope of application (Approx. 180 modules)

Stable progress of construction

Shimane Nuclear Power Station Unit No.3 (under construction)
The Chugoku Electric Power Co., Inc.

- Completion of energization
- Started pre-operational test



Ohma Nuclear Power Station Electric Power Development Co., Ltd.

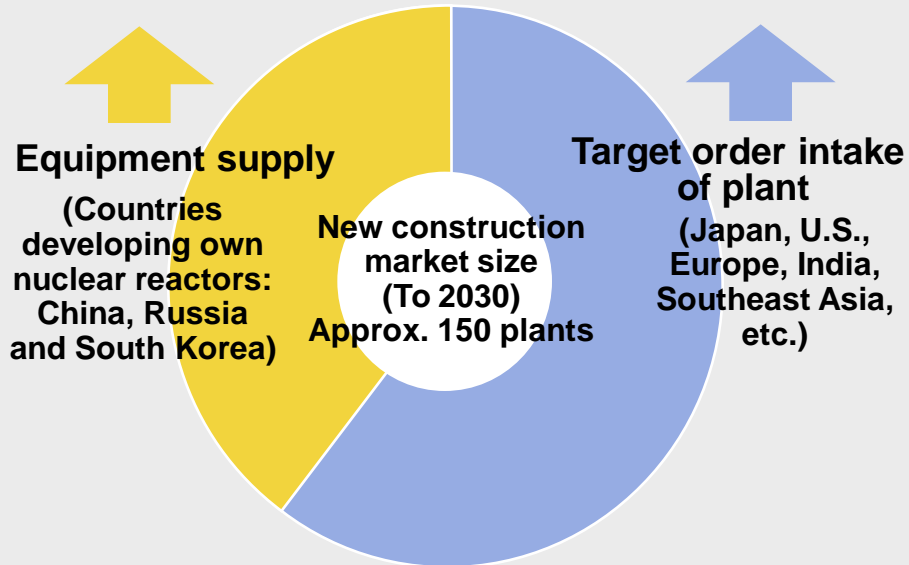
- Construction fully in progress



Explore global markets

Promote order intake activities
(Turbines, Generators, etc.)

Order intake with alliance of Hitachi-GE
(JSO)

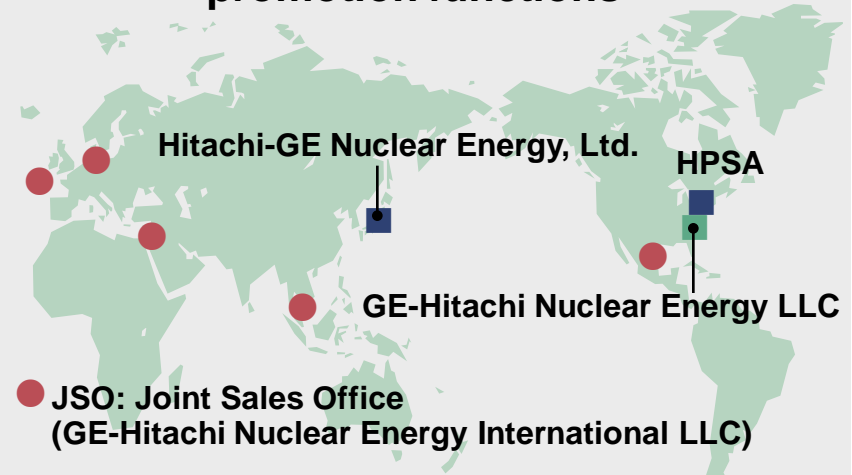


Target Order

**At least 38 new plants by 2030
(Target market share of 1/3)**

Joint Sales Office (JSO)

Strengthen sales activities and project promotion functions



Public-private partnership approach to win orders

- Cooperate with new company International Nuclear Development Co., Ltd. (Tentative name)

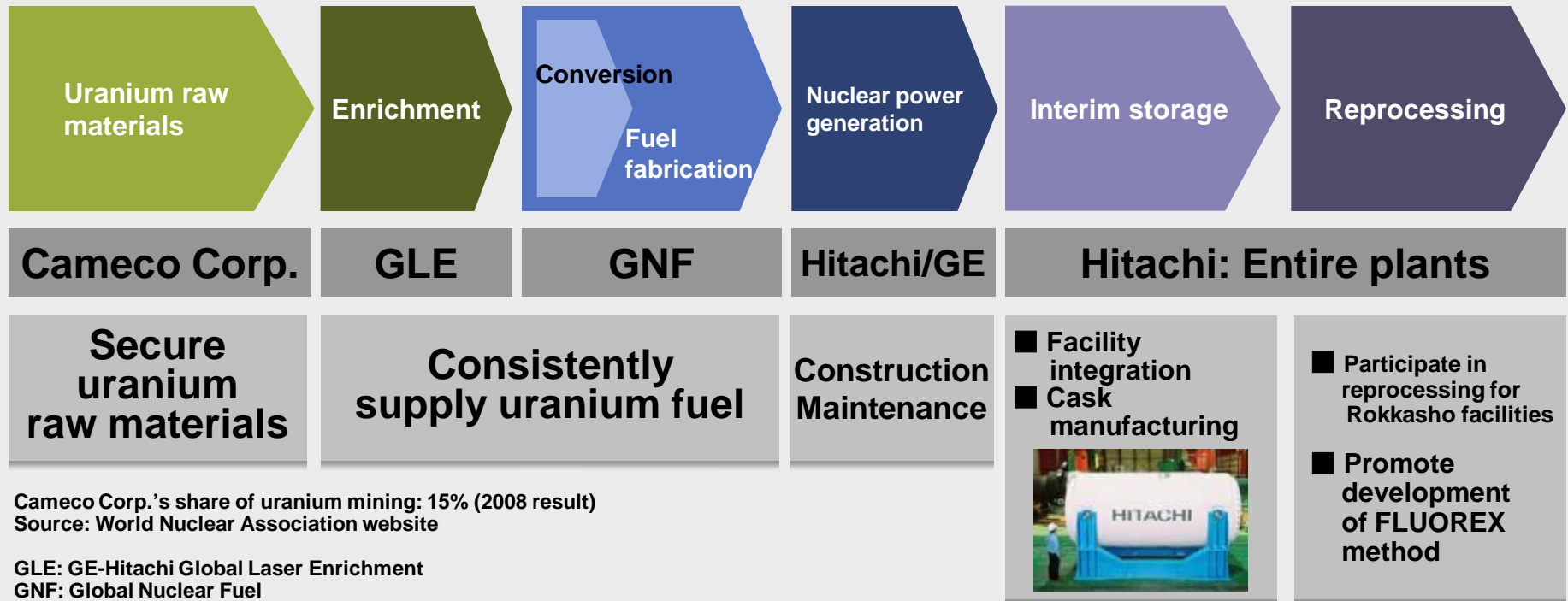
Strengthen product competitiveness

- Strengthen ABWR competitiveness
Accelerate development (Increase output, etc.)
- Develop ESBWR engineering
Win customers by obtaining U.S. design certification

5-4. Provide one stop service through the total nuclear fuel cycle

Develop with Hitachi-GE Alliance and Partners

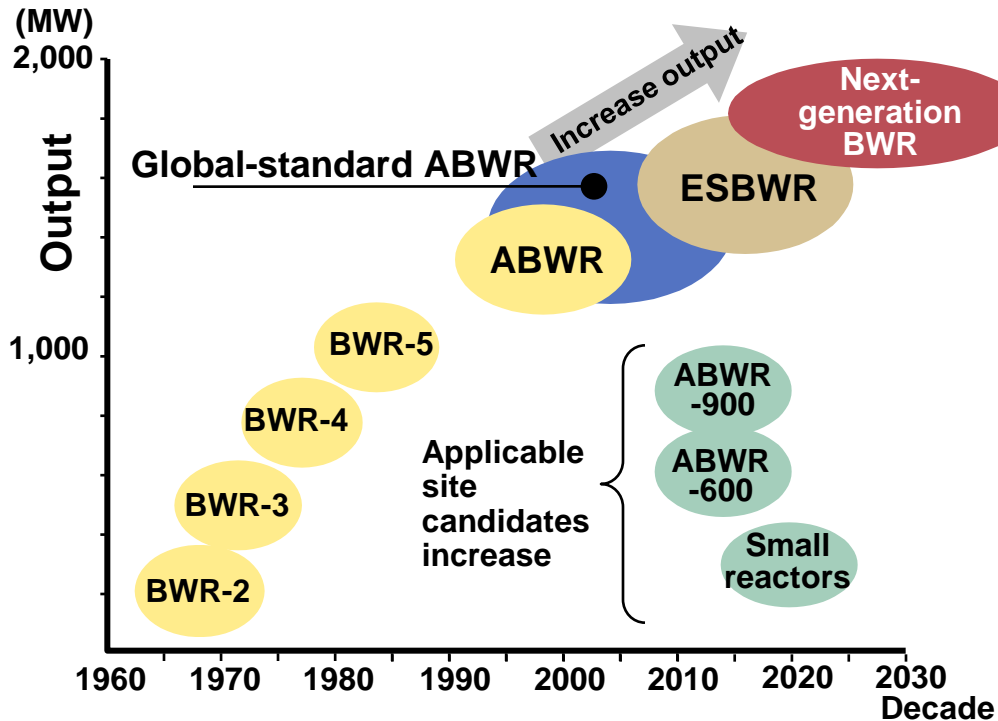
- Cooperate with GNF, GLE and Cameco Corp.
- Enter interim storage market (facilities and casks)
- Develop reprocessing technologies
- GLE is conducting tests toward commercialization of the world's first laser enrichment system



Cameco Corp.'s share of uranium mining: 15% (2008 result)
Source: World Nuclear Association website

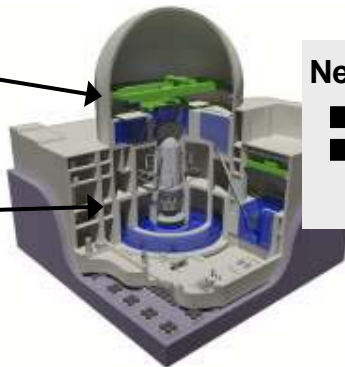
GLE: GE-Hitachi Global Laser Enrichment
GNF: Global Nuclear Fuel
FLUOREX: Fluoride volatility and solvent extraction

Continue development of nuclear power to respond market needs



Dome withstanding aircraft crash

SC structure containment vessel



Next-generation BWR

- Seismic isolation building
- Optimal mix of passive and active safety systems

Strengthen ABWR product competitiveness

- Apply for renewal of U.S. design certification (November)
- Develop "global-standard ABWR"
 - Increase output (1,500MW class)
 - Dramatically shorten construction period

Promote ESBWR engineering

- Scheduled to obtain U.S. design certification (Sept. 2011)
- Earliest among nuclear reactors under application

Develop next-generation reactors

- Next-generation BWRs (1,800MW class)
 - Develop as national project
- Develop series of ABWRs (ABWR-600, ABWR-900)
- Develop small reactors
 - Small BWRs (300MW class)
 - Small, fast reactors (Na cooling system, 300MW class)

Develop advanced maintenance technologies

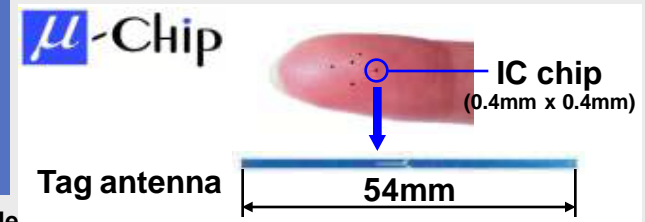
■ Improve capacity factor and shorten periodical inspection time

- Develop online maintenance technologies (Increase maintenance efficiency)
- Develop more sophisticated inspection technologies (Prevent problems)

■ Fusion of electric energy technologies and ICT

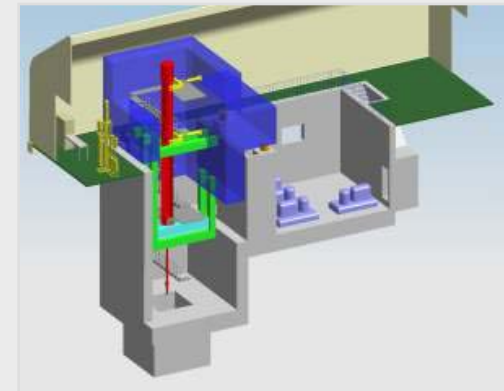
- RFID application technologies: Improve construction and maintenance efficiency
Develop (world-first) cable fitted with RFID*1
- Condition monitoring (Integrate experience and knowledge as well as communications and other IT)

*1 Jointly developed with Hitachi Cable



Reinforce systematic manufacturing and development capabilities

- Expanded design wing (2006), extended production building (2006, 2008)
- Introduced large turn-mill machine (2006)
- Hitachi Utility Steam Test Leading facility (2009)
- Seismic behavior of FMCRD testing facility (2009)
- [Planned]
- Strengthen machine processing facilities, Additional extension of production building



Seismic behavior of FMCRD testing facility (2009)

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Revenues

FY2015: ¥200.0 billion



FY2009: ¥60.0 billion

- Promote as a systems integrator
- Expand business through establishment of Smart City Business Management Division

Strengthen business base as a systems integrator

- Increase in orders of 2MW-class downwind turbines
- Order intake of Japan's largest 13MW mega solar plant for electric providers
- Strengthen smart grids; fusion between technologies and deployment for smart city market

Differentiate through systems proposal capabilities based on advanced technologies

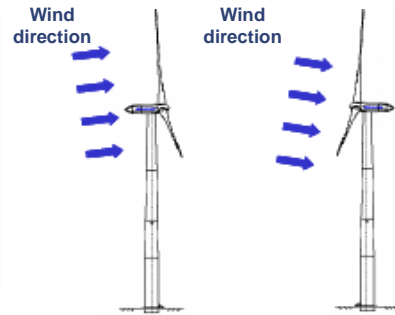
- Control technologies of output fluctuation due to natural energy (Control systems, storage batteries, etc.)
- Highly efficient, high-performance PCS (Power conditioners)
- Micro grid technologies control → Apply to smart grids

Increase in orders of 2MW-class downwind type wind turbines

Efficiently utilizes wind blowing upwards along land form



1st commercial unit
(Completed Feb. 2008)



Downwind

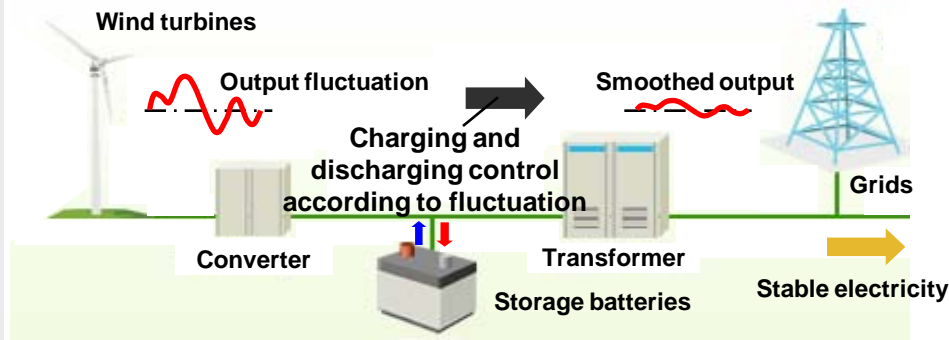
Upwind



Wind Power Ibaraki Ltd.
(Operation in 2010)

Proven mitigation technology for output fluctuation due to wind power with storage batteries

Mitigate wind power output fluctuations by charging and discharging storage batteries



Stable interconnection with grids using storage batteries



Kuroshio Wind Power Ltd.
(Operation in 2010)

Build grid-friendly systems as a systems integrator

Lump sum order intake of Japan's largest mega-solar systems for electric providers

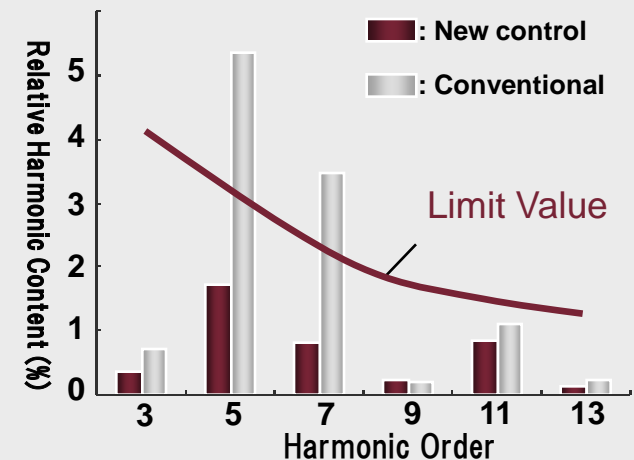


13MW-class Mega-Solar System for TEPCO, Ohgishima (Feb. 2011)

PCS with harmonic suppression function



Suppresses "harmonic noise" emitted in PCS and maintains high-quality power



6-4. Business Promotion (Adjustable-Speed Pumped Hydro)

2009 Minister of Environment Award

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Contribute to stable interconnection between main power grids and renewables

- Adjustable speed pumped hydro
 - Rapid adjustability of frequency
 - Reduction of power loss during water pumping operation

Improvement of frequency adjustment

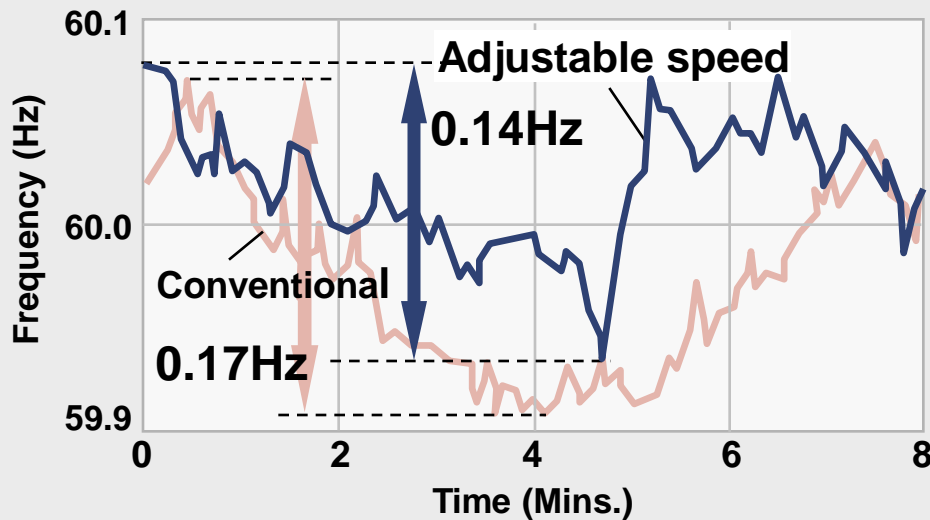


Generator motor



Pump turbine

Comparison of frequency adjustability



**KEPCO
Okawachi (400MW)**

Delivery record in Japan

Customer	Units	Year of operation
The Kansai Electric Power Co., Inc. Okouchi power station	2	93,95
Kyushu Electric Power Co., Inc. Omarugawa Power Station	2	07,10
The Kansai Electric Power Co., Inc. Okutataragi power station*	2	13,14

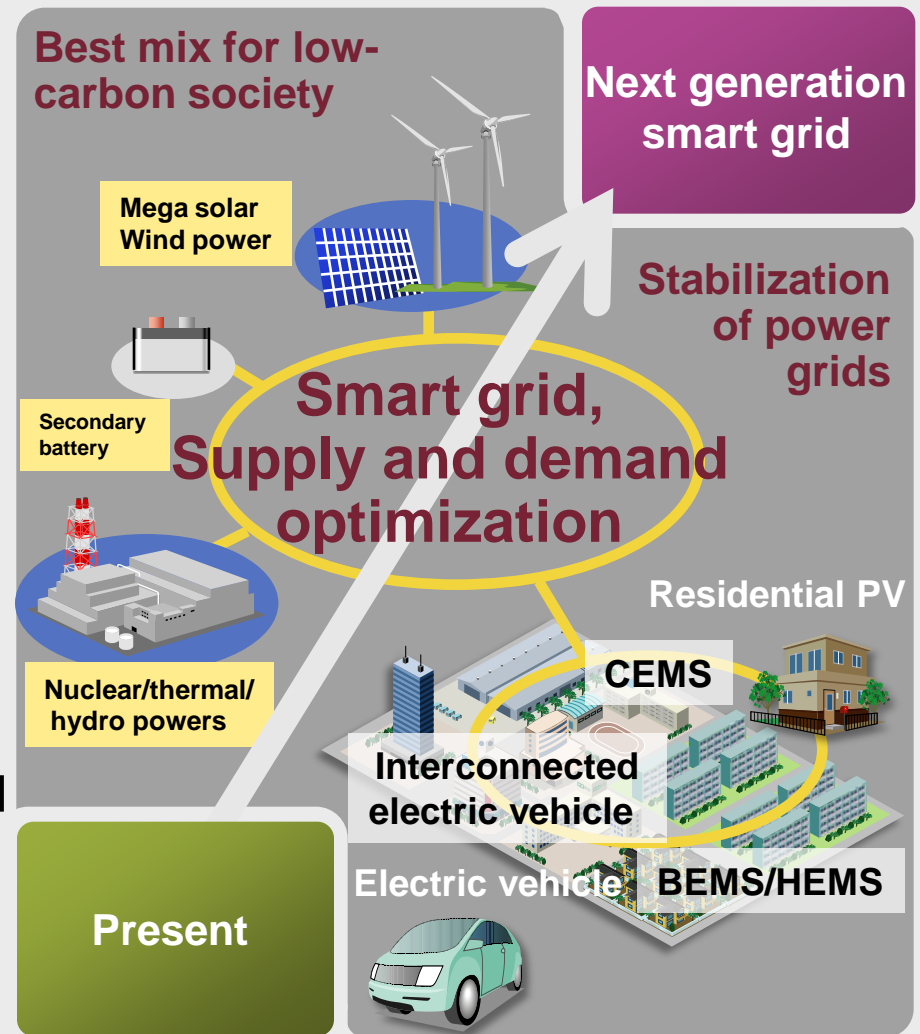
*Conversion of existing pumped hydro

6-5. Business Promotion (Smart Grid)

Contribute to optimization of energy infrastructures
based on the fusion of power and information technologies

- Realization of low-carbon society based on fusion of power and information technologies
- Best mix of large scale power generations and renewable energy.
- Stabilization and optimal design of power grids (Power stabilization equipment, adjustable speed pumped hydro, secondary battery)
- Development of advanced stabilization technologies
- Accumulation of technologies and standardization through demonstration projects

Japan Wind Development Co., Ltd.(Rokkasho),
NEDO (New Mexico state) etc.

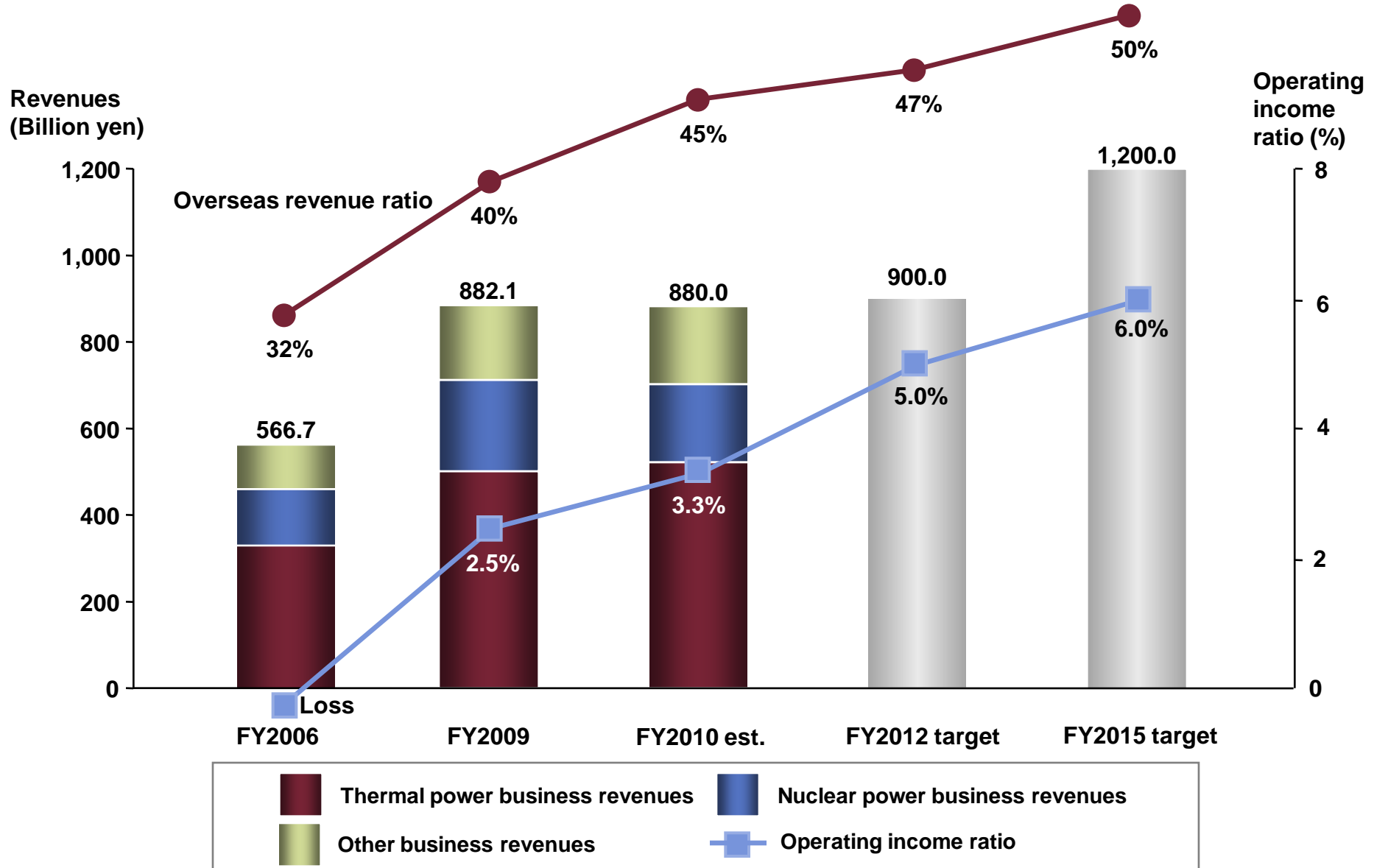


Power Systems Company Business Strategy

Contents

1. Business Overview
2. Market Environment
3. Business Policy and Strategy
4. Thermal Power Business
5. Nuclear Power Business
6. Renewable Energy Business
- 7. Business Performance Trends**
8. Conclusion

7-1. Business Performance Trends



FY2008 to FY2010 Results and Forecasts

	FY2008 (Actual) (Billion yen)	FY2009 (Actual) (Billion yen)	YoY	FY2010 (Forecast) (Billion yen)	YoY
Revenues	862.3	882.1	102%	880.0	100%
Operating income	3.4	22.0	633%	29.0	131%



Revenues

Maintain at existing level despite recent market slowdown

Strong thermal power revenues in Europe and South Africa

Strong nuclear power revenues from

domestic new plant construction and preventive maintenance

Operating income

Higher earnings due to improved profitability in overseas businesses

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Leading company in creating global society's future with cutting-edge energy technologies

**Contribute to creation of
low-carbon society**

FY2015 targets
Revenues: ¥1.2 trillion
Overseas revenue ratio: 50%
Operating income ratio: 6%

**Promote
globalization**

**Improve
profitability**

Cautionary Statement

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this document.

Factors that could cause actual results to differ materially from those projected or implied in any “forward-looking statement” and from historical trends include, but are not limited to:

- economic conditions, including consumer spending and plant and equipment investments in Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors which Hitachi serves, including, without limitation, the information, electronics, automotive, construction and financial sectors;
- exchange rate fluctuations for the yen and other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated, particularly against the U.S. dollar and the euro;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities in Japan, declines in which may require Hitachi to write down equity securities that it holds;
- the potential for significant losses on Hitachi’s investments in equity method affiliates;
- increased commoditization of information technology products and digital media-related products and intensifying price competition for such products, particularly in the Components & Devices and the Digital Media & Consumer Products segments;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technology on a timely and cost-effective basis and to achieve market acceptance for such products;
- rapid technological innovation;
- the possibility of cost fluctuations during the lifetime of or cancellation of long-term contracts, for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum and synthetic resins;
- fluctuations in product demand and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in product demand, exchange rates and/or price of raw materials;
- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness and other cost reduction measures;
- general socio-economic and political conditions and the regulatory and trade environment of Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports, or differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to the success of alliances upon which Hitachi depends, some of which Hitachi may not control, with other corporations in the design and development of certain key products;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property rights, particularly those related to electronics and data processing technologies;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity method affiliates have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- the possibility of disruption of Hitachi’s operations in Japan by earthquakes or other natural disasters;
- uncertainty as to Hitachi’s ability to maintain the integrity of its information systems, as well as Hitachi’s ability to protect its confidential information and that of its customers;
- uncertainty as to the accuracy of key assumptions Hitachi uses to value its significant employee benefit related costs; and
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel.

The factors listed above are not all-inclusive and are in addition to other factors contained in Hitachi’s periodic filings with the U.S. Securities and Exchange Commission and in other materials published by Hitachi.

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