

2015 Mid-term Management Plan

- Achieving Growth and Hitachi's Transformation -

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President

Hitachi, Ltd.

2015 Mid-term Management Plan

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Innovation

Strengthen service businesses that maximize the utilization of IT and bring about innovation

Global

Deliver Innovation to Customers and Society globally

Transformation

Transform Hitachi:
To deliver innovation by standardized and speedy operation

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3. Global Expansion of the Social Innovation Business
4. Solutions Examples
5. Promoting Transformation
6. As a Global Major Player

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1. Performance Overview of 2012 Mid-term Management Plan

	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2012 Target*1
Revenues	9,315.8 billion yen	9,665.8 billion yen	9,041.0 billion yen	10 trillion yen
Operating income ratio	4.8%	4.3%	4.7%	Over 5%
Net income attributable to Hitachi, Ltd. stockholders	238.8 billion yen	347.1 billion yen	175.3 billion yen	Consistently generate at least 200 billion yen
D/E ratio*2 (Manufacturing, services & others)	1.03 times (0.68 times)	0.86 times (0.56 times)	0.75 times (0.47 times)	0.8 times or below
Total Hitachi, Ltd. stockholders' equity ratio (Manufacturing, services & others)	15.7% (17.0%)	18.8% (20.5%)	21.2% (23.2%)	20%
Exchange rate	86 yen/U.S. dollar 113 yen/euro	79 yen/U.S. dollar 109 yen/euro	83 yen/U.S. dollar 107 yen/euro	80 yen/U.S. dollar 110 yen/euro

*1 As of June 9, 2011 (revised to reflect HDD business transfer), assumed exchange rate.

*2 Including noncontrolling interests, and also including liabilities associated with the consolidation of securitized entities.

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2-1. Society, Market Change and Hitachi's Vision

Macro Trend in Society

Shifting from a society centered on "concentration, ownership and consumption" to "distribution, sharing and recycling"

Expansion of free trade zones

Global market growth led by emerging countries

Energy shift drive to reorganize industry and market change (Growing presence of the U.S., Sub-Saharan Africa and South Africa, South America, etc.)

Achieving a Sustainable society

Securing water resources, energy and food

Replacement of aging infrastructure systems

Reduction of CO2

Improving transportation systems

Responding to lower birthrate and aging

Promoting material recycling

etc.

What the Hitachi Group aims to become

Hitachi's Vision

Hitachi delivers innovations that answer society's challenges. With our talented team and proven experience in global markets, we can inspire the world.

Realizing Hitachi's Vision

Society and Customer

Business to Society

Business to Business

Social Innovation Business

- Identify issues from customer perspectives and work on solutions together with customers, as “One Hitachi”
- Realize innovations by providing solutions that combine products, services and highly sophisticated IT (Cloud)

Solutions

Services

Deliver solution to our customers from maintenance operation and outsourcing to management support

Service Platform on the Cloud

Create solution through analysis and evaluation of collected data using cutting-edge IT

Products

Provide base of solution with broader systems expertise and technologies

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Innovation through cloud-based services

FY2015 Target: < Service revenue ratio * 30% ⇒ over 40% >

*Including systems solutions

Services

Expansion of the service business scope

- Management support services**
 - Improving management excellence
 - Visualization of management risk
- Outsourcing and Operating services**
 - Improvement of operational efficiency and quality
- Equipment maintenance services**
 - Improving asset efficiency
 - Visualize operating information

Service platform on the Cloud

Utilize business intelligence

- Formulate management initiatives**
 - Use collected data and forecast data to support management decision-making
- Analyze and evaluate**
 - Market Intelligence
- Collect and store**
 - Collect operating information, etc with sensing and other technologies

R&D as Key Driver for Global Growth

Rigorous strengthening of product businesses

3-2. Growth in the Global Market

Growth Through our Global Social Innovation Business

Strengthen capabilities for comprehending customers' issues and providing solutions

Expand sales, consulting, marketing and engineering functions in each area

Delivering solutions and services

Strengthen project management, plant construction and service provision by utilizing cloud service

Main countries and regions for offering solutions



Provide optimum solutions that meet regional needs

Energy

City management

Transport

Healthcare

Water
Natural resources

Logistics

Big data (IT)

Finance

3-3. R&D: Key Driver for Global Growth

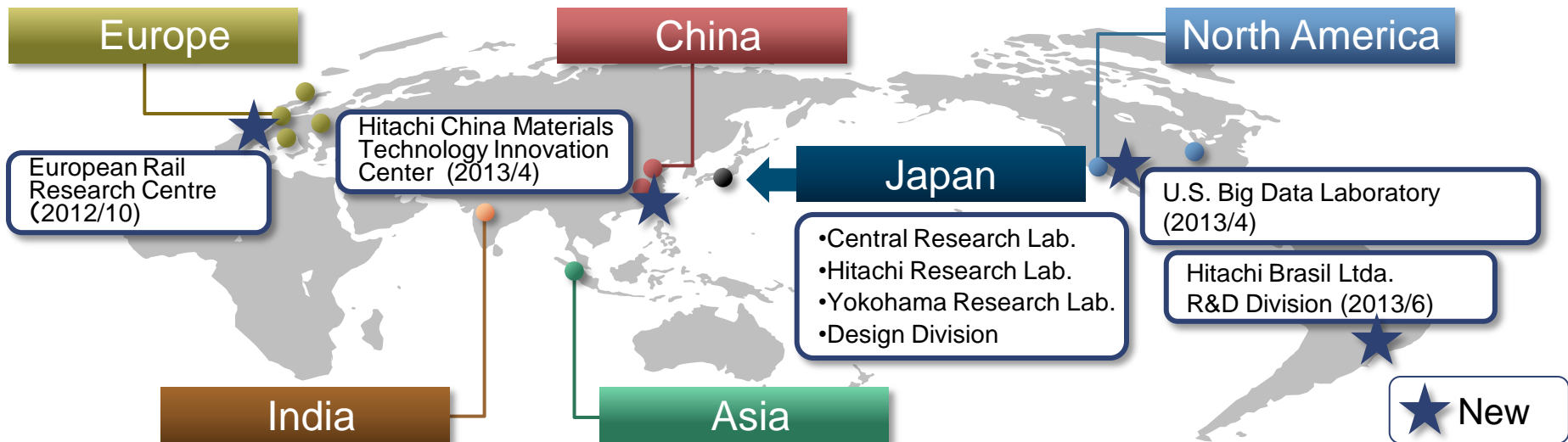
Expand the Social Innovation Business globally
- Leveraging R&D capability and global network -

Promote open innovation with customers and business partners for contributing to solve customers' issues

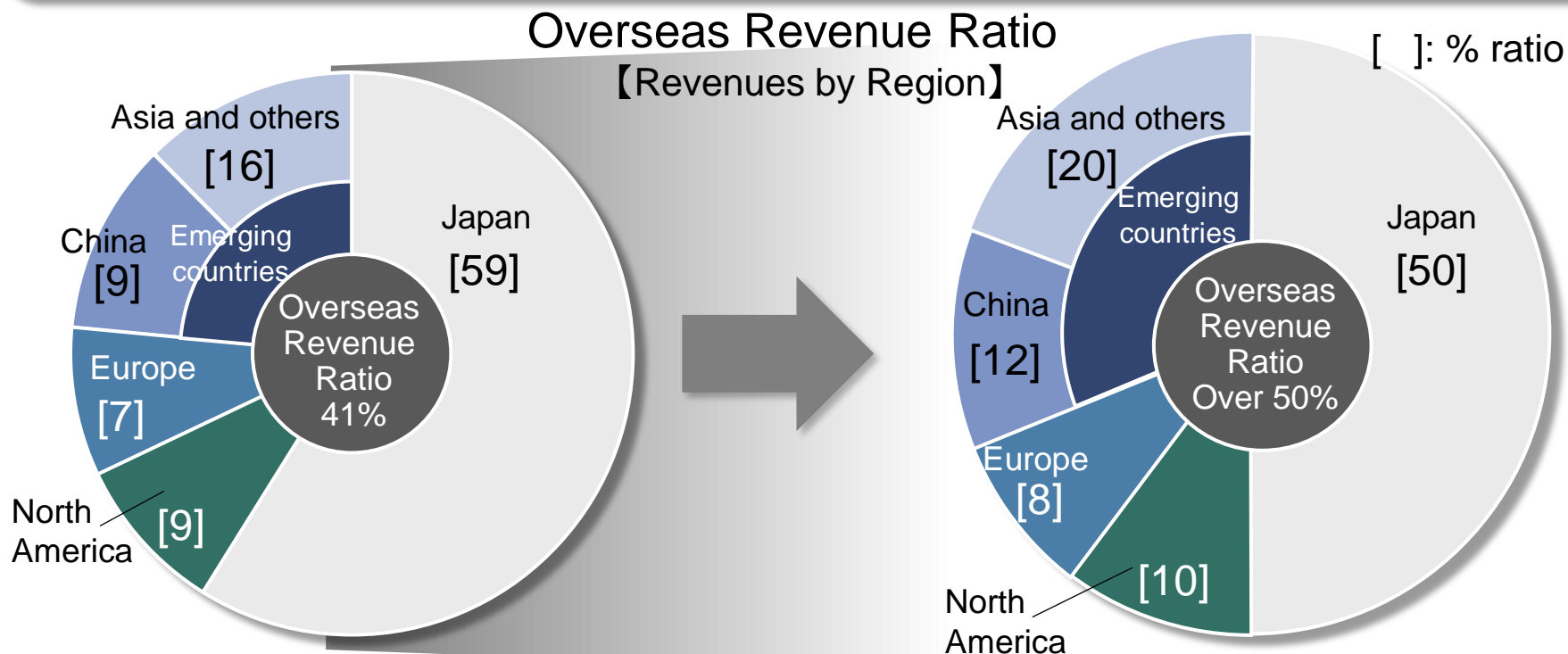
Closely tied to customers locally providing R&D capabilities

Develop the world-class cutting-edge R&D with combining systems, products and IT on the Cloud

Increase and enhance global R&D bases



FY2015 Target : Overseas revenue ratio 41% ⇒ over 50%



[FY2012 Results]

Headcount

[FY2015]

208k		Japan	200k
118k	[36%]	Overseas	150k [43%]
326k		Total	350k

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4-1. Solutions Examples <U.K., India, Thailand, etc.: Transport>

Total Transport Solution

U.K. / Intercity Express Programme (IEP)

- Begin construction of a U.K. manufacturing base in 2013
- Manufacturing, maintaining and leasing of rolling stock



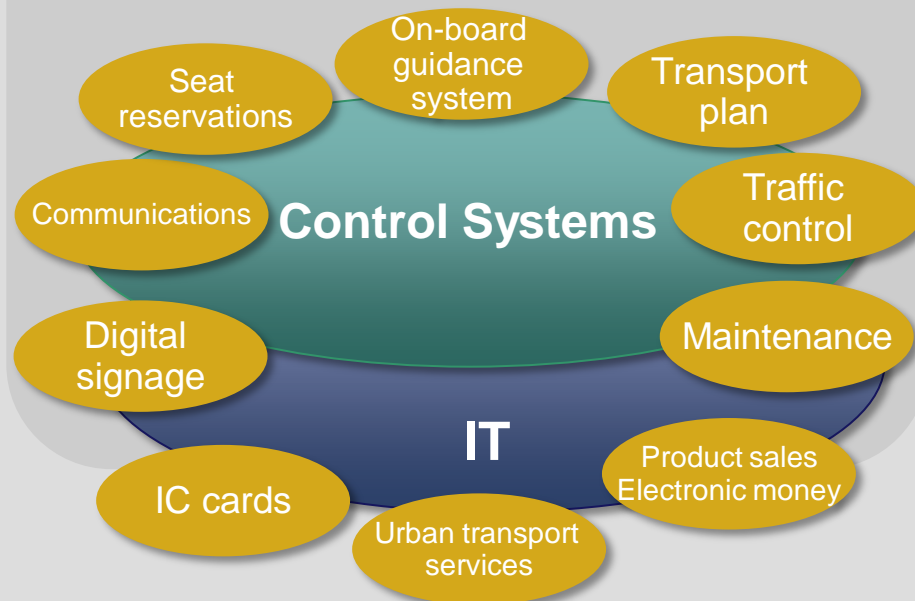
Aim to expand our business area based on track record of IEP

Traffic management systems, control systems, and traffic management simulators

Provide total engineering from rolling stock manufacture to traffic management and maintenance

Total transport solution concept

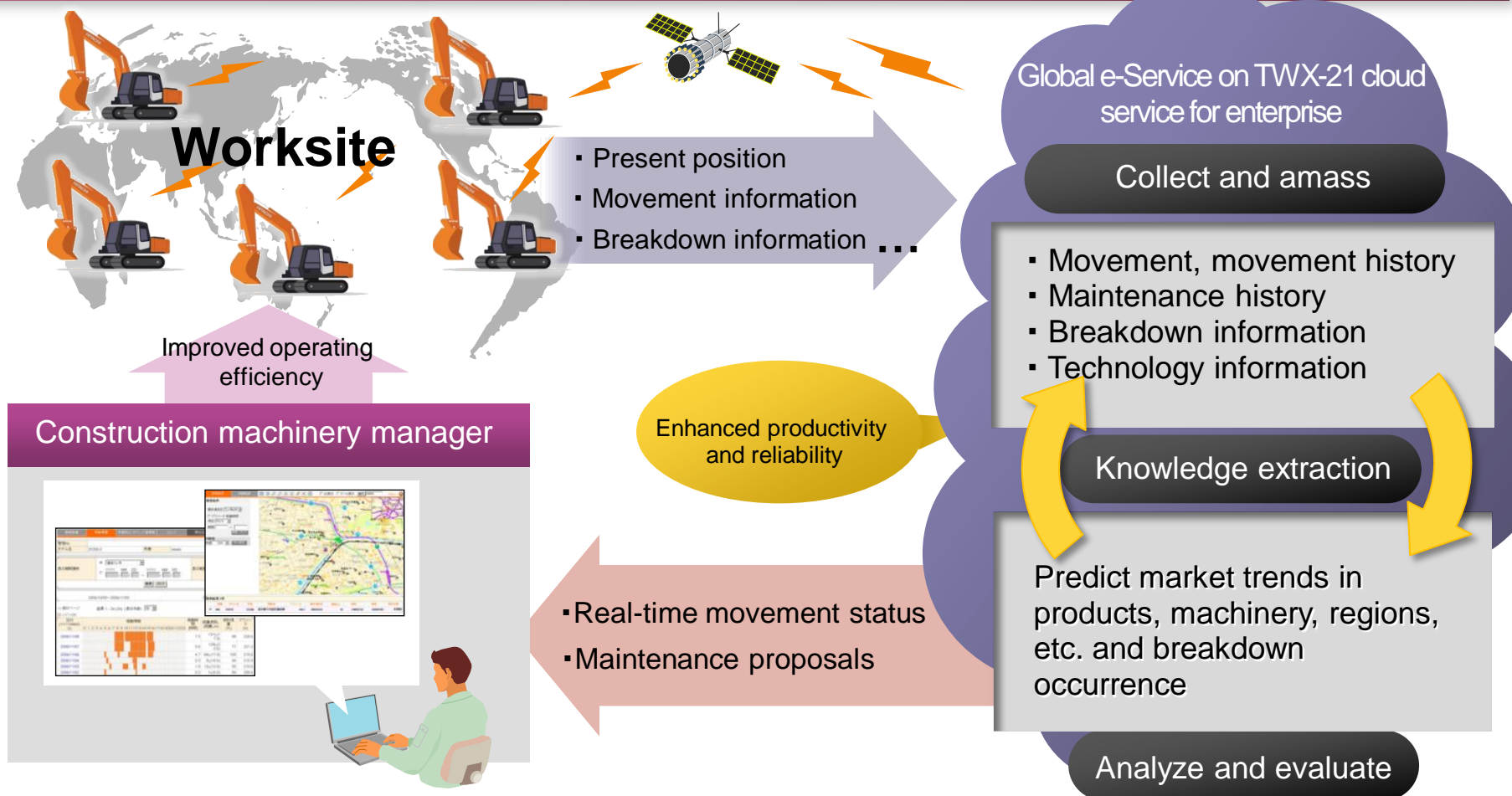
Integrate services leveraging infrastructure control systems and IT systems



Provide total transport solution from train service to customer service

Leverage cloud services to improve customer's asset operating efficiency

More efficient operation of construction machinery
by tracking movement information and breakdown information

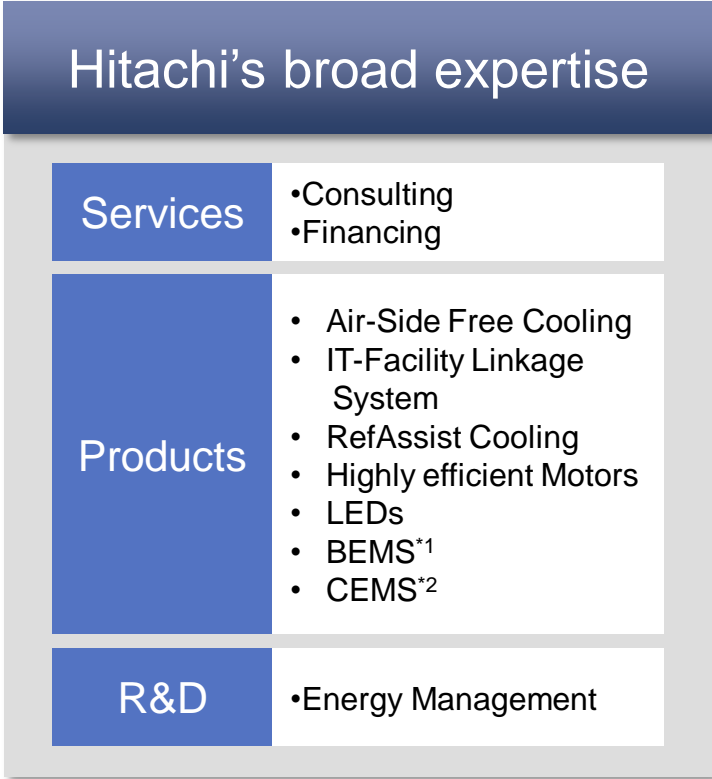
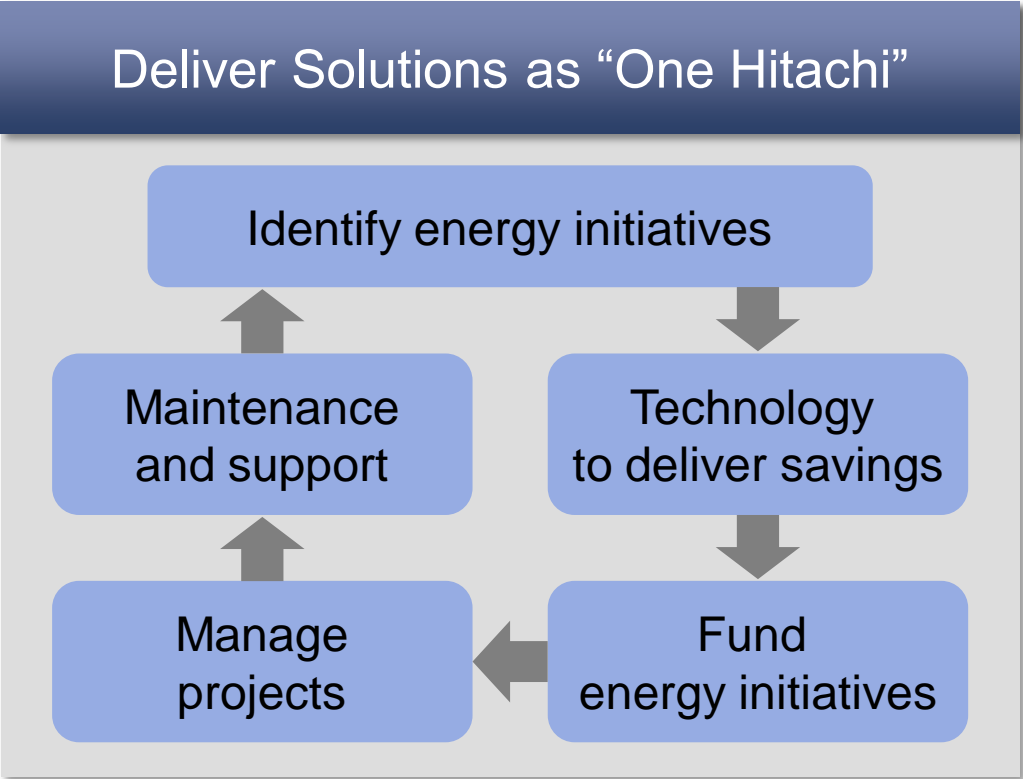


Energy Cost Saving Solution “Energy Saving as a Service”

- With North American infrastructure and industrial companies-

20 – 30%
Contribution to reduction
in energy consumption

- Find solutions by Hitachi’s consulting capabilities
- Deliver energy saving solutions as “One Hitachi”



*1 Building Energy Management System
*2 Community Energy Management System

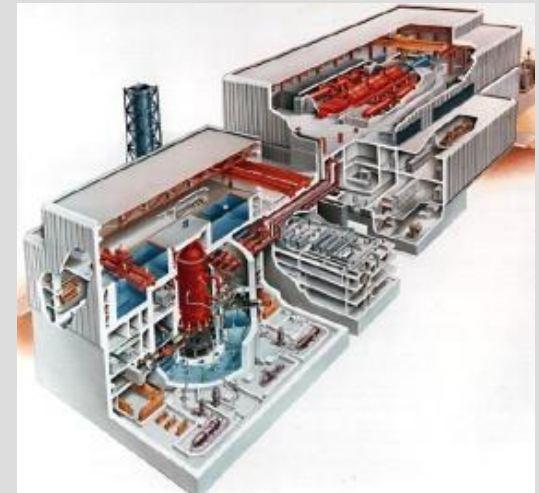
- Concerns about North Sea oil field depletion
- Challenges developing renewable energies
- Global environmental issues

- National budget constraint
- Utilize private-sector funds

Maintain nuclear power generation ratio
Utilize Public Private Partnership
Green electricity procurement system(Strike Price)

Hitachi's Solution: Business to Society

- Provide solution in U.K. through the acquisition of Horizon Nuclear Power
- Provide ABWR (Advanced Boiling Water Reactor), the most advanced model with an operating history



4-5. Solutions Examples <India and ASEAN: Water Resources>

Effectively utilize water resources and contribute to water business efficiency

(Smart community business centered on Dahej sea water desalination project and Maldives water management business, etc.)

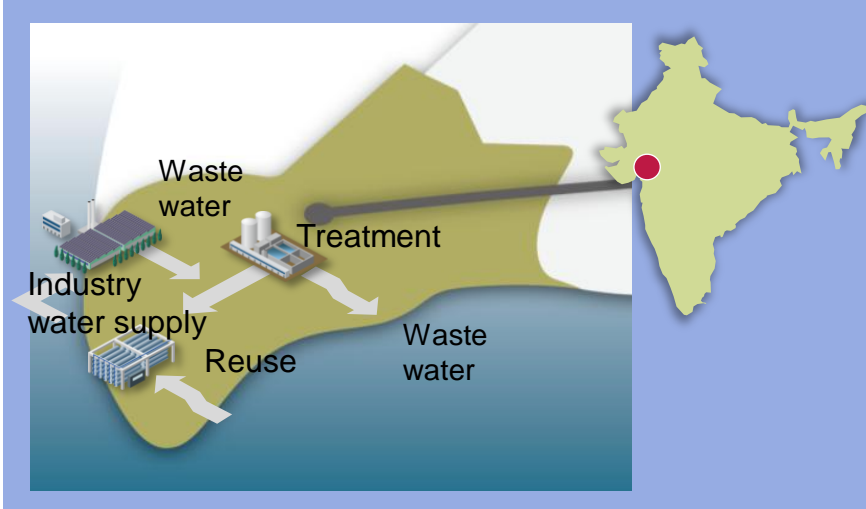
Wide-area management

Optimize water resources

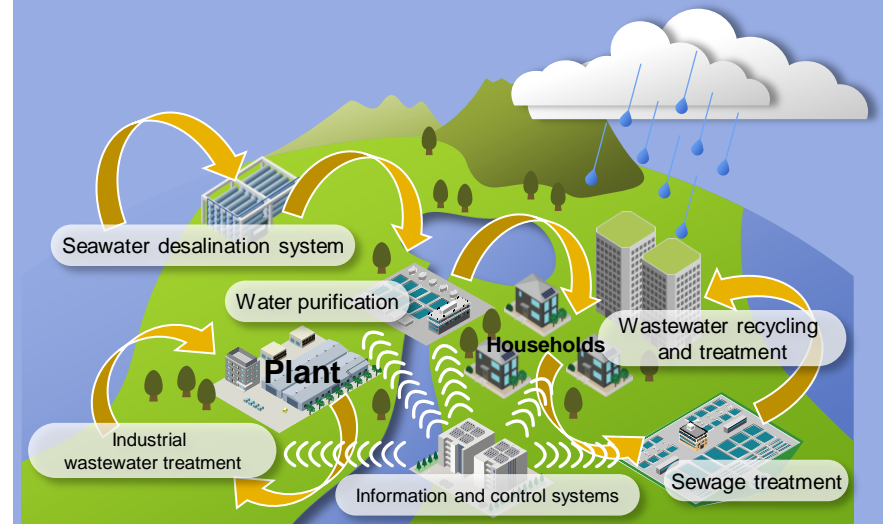
Effective use of treated water for reuse

Solution to improve efficiency of domestic water businesses, promote proposals for intelligent water systems globally

Dahej sea water desalination project
Supply industrial water by desalinating sea water



IT-based intelligent water systems for effective use of water resources and improving management efficiency



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Global Operation

Global Shift and Business Reform

- Rebuild SCM* for operation efficiency and quick response to market
- Leverage business intelligence (BI) capability
- Optimize working capital and balance sheet leveraging financial expertise for Hitachi's transformation

*SCM: Supply Chain Management

Global Talent

Leverage Global Talent to lead business

- Global Grading system
- Assignment through global job rotation
- Appoint leaders from global talent pool

Accelerate the Hitachi Smart Transformation Project and establish global operation standard

2012 Mid-term Management Plan

Establish a foundation for cost structure reform

Main measures

- Globalized, integrated design and manufacturing base
- Strengthened global procurement systems and bases
- Reduce logistics costs (warehouse & packaging materials integration, etc.)
- Integrated operations & expenses (indirect costs and offices, etc.)

Achievement FY2011: 35.0 billion yen FY2012: 75.0 billion yen

2015 Mid-term Management Plan

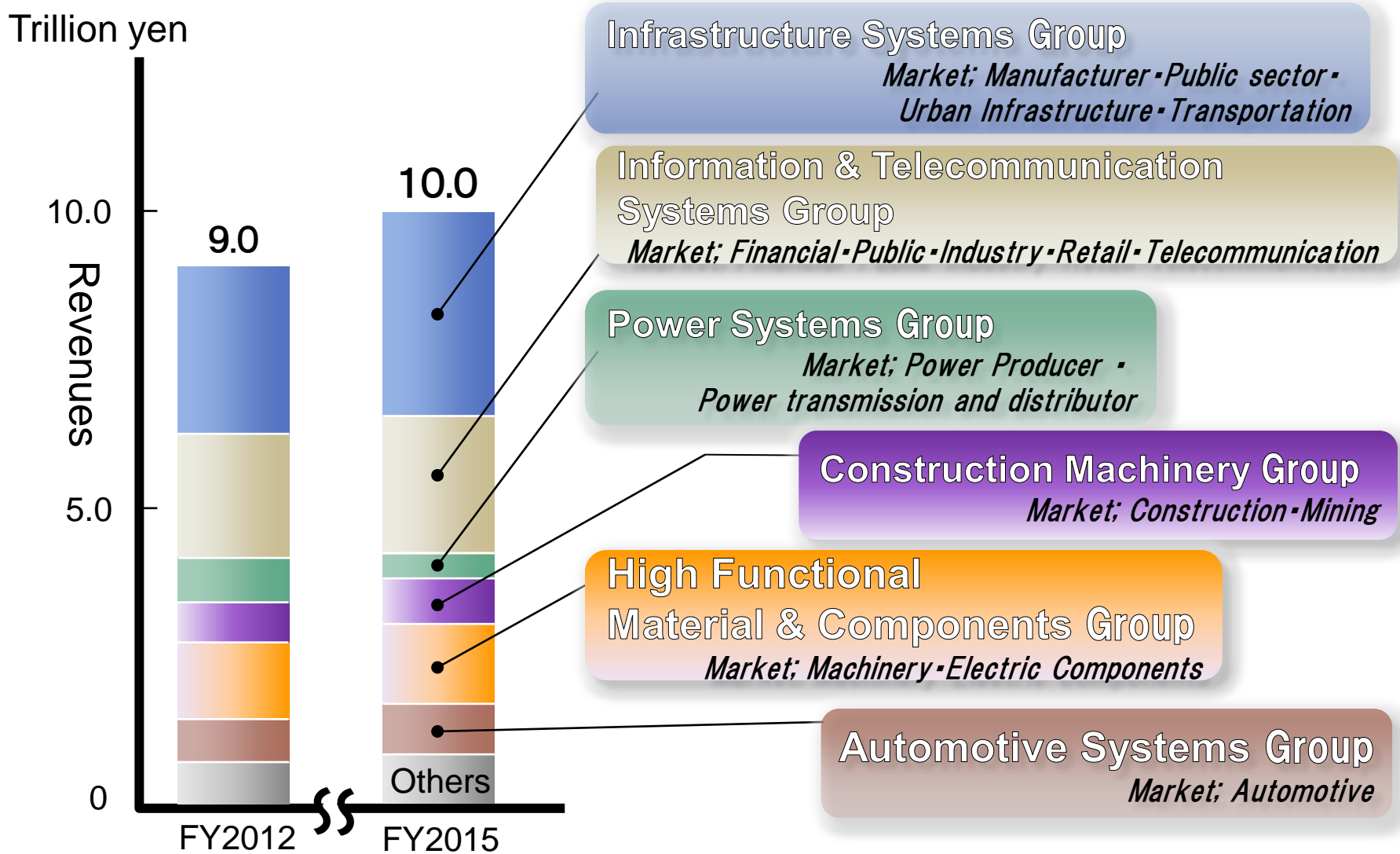
Continue focus on reforming operating structure and on-going measures

Main measures

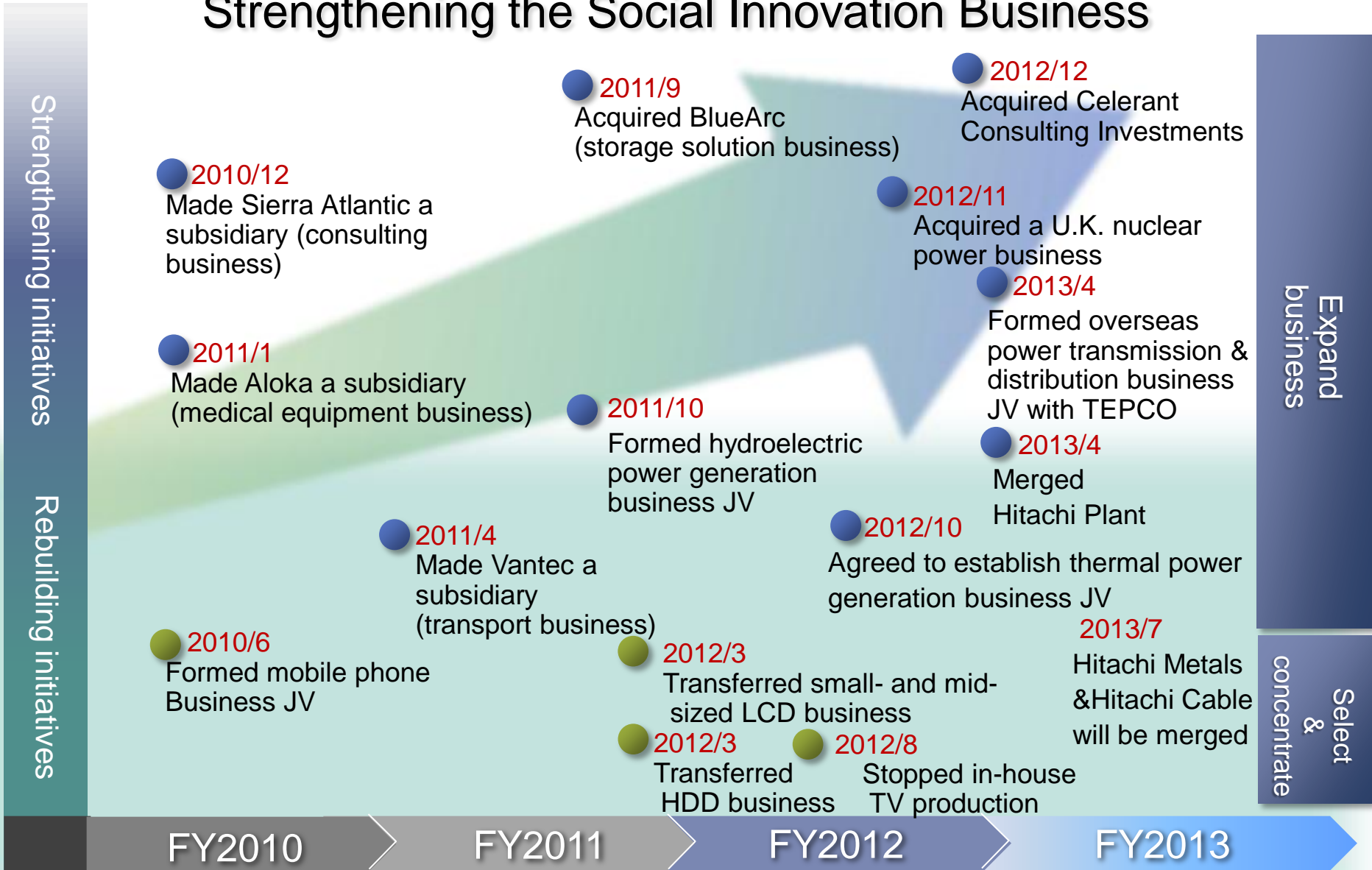
- Simplify the group structure (eliminate waste by clarifying roles)
- Expand global usage of shared services
- Global standardization and integration of IT & operational systems

Estimated effect FY2013 : 100.0 billion yen FY2011-15 total : 400.0 billion yen

Transform to Market Driven Structure



Strengthening the Social Innovation Business



Thermal power systems business as a Global Leading Business

Accelerate transformation to a global leading business
through the integration with Mitsubishi Heavy Industries, Ltd.

Mitsubishi-Hitachi JV to be global top

Leverage strength of

- Complementary product lines
- Complementary operating region
- Hitachi's IT (cloud) and services

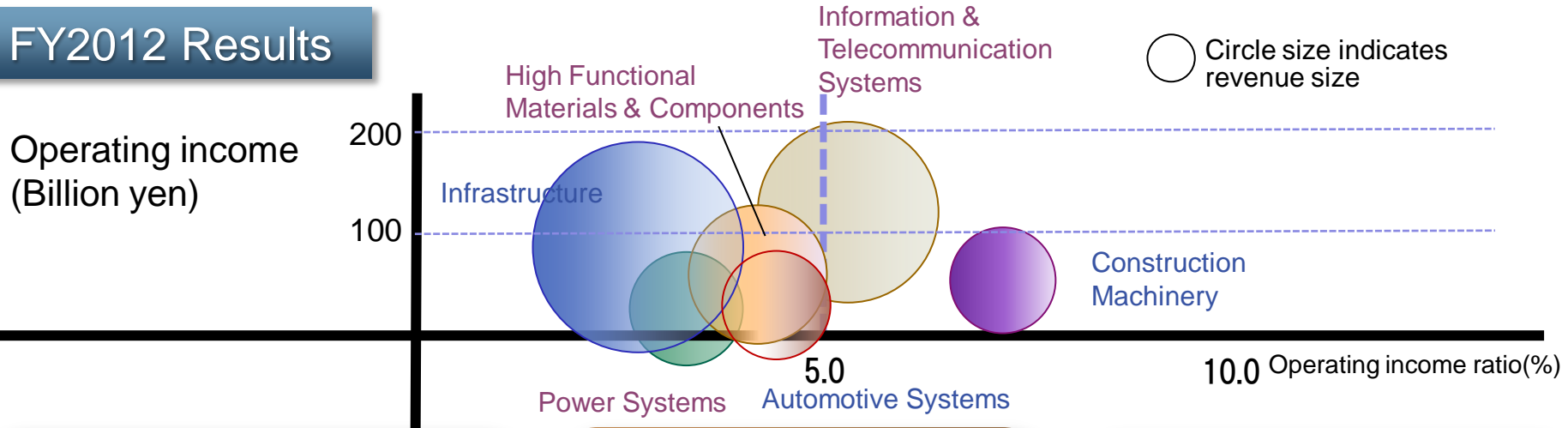
Hitachi's power business synergized with the JV

Hitachi transform to the Power
Solution provider

- Utilize JV's competitive systems and products
- Provide solution that combining Systems, Product and IT, including Smart Grid

5-6. Transformation <Position Chart by Six Groups>

FY2012 Results

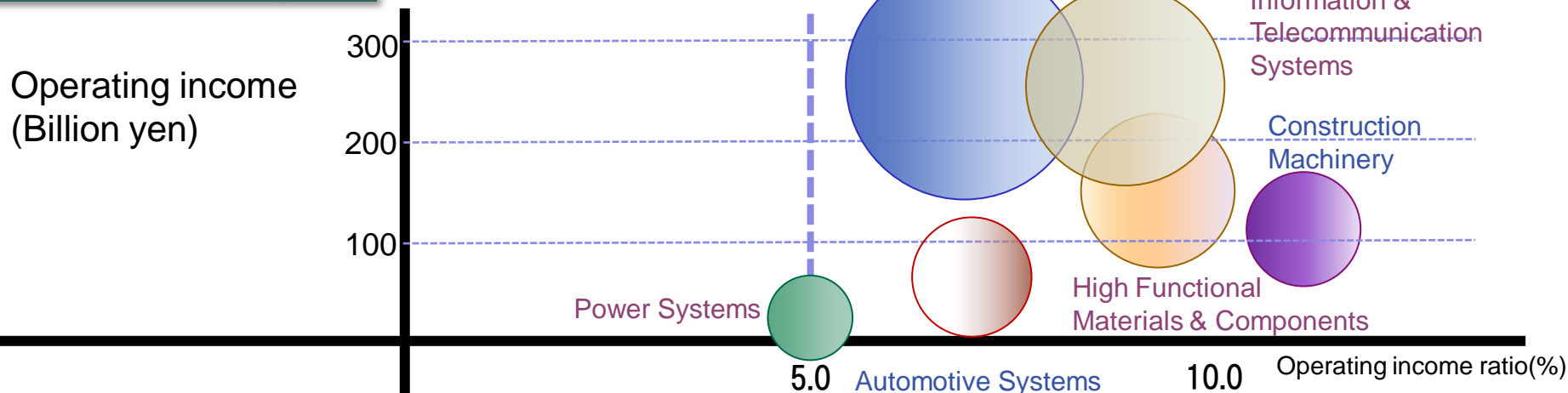


Strengthening Solutions
-Services, Clouds and Products-

Expanding Global Business

Promoting Transformation

FY2015 Target



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6-1. FY2015 Management Target

	FY2015 Target*1	Average of FY2010-2012
Revenues	10 trillion yen	9,340.9 billion yen
EBIT*2 (Operating income) ratio	Over 7% (Over 7%)	4.9%(4.6%)
Net income attributable to Hitachi, Ltd. stockholders	Over 350 billion yen	253.7 billion yen
Net income attributable to Hitachi, Ltd. stockholders per share	Over 70 yen	55 yen
Manufacturing, services & others Total Hitachi, Ltd. stockholders' equity ratio	Over 30%	As of March 31, 2013 23.2%

*1 Assumed exchange rate: 90 yen to the U.S. dollar 115 yen to the euro

*2 EBIT: Earnings before Interest and Taxes



**Serving the World with
Our Social Innovation Business**

SOCIAL INNOVATION - IT'S OUR FUTURE

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 general market price levels for equity securities, 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 Digital Media & Consumer Products segments;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technologies on a timely and cost-effective basis and to achieve market acceptance for such products;
- rapid technological innovation;
- the possibility of cost fluctuations during the lifetime of, or cancellation of, long-term contracts for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- fluctuations in product demand and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in product demand, exchange rates and/or price of raw materials or shortages of materials, parts and components;
- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- uncertainty as to the success of cost reduction measures;
- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to the success of alliances upon which Hitachi depends, some of which Hitachi may not control, with other corporations in the design and development of certain key products;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property rights, particularly those related to electronics and data processing technologies;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity method affiliates have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- the possibility of disruption of Hitachi’s operations by earthquakes, tsunamis 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 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.

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Inspire the Next 