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Power and Energy Business Strategy
(Mainly on Nuclear Energy Business)

Hitachi IR Day 2017

June 8, 2017

Koji Tanaka

Executive Vice President and Executive Officer
Assistant to the President [Nuclear Energy, Power, Energy Solutions]
CEO of Nuclear Energy Business Unit
Hitachi Ltd.

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1) Business Overview

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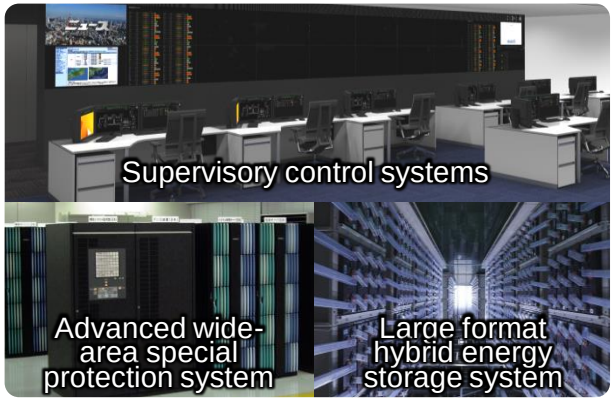
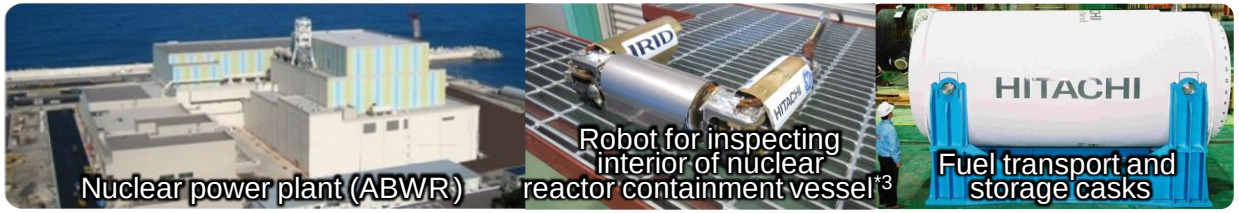
Provide solutions based on collaborative creation to all customers in the energy value chain

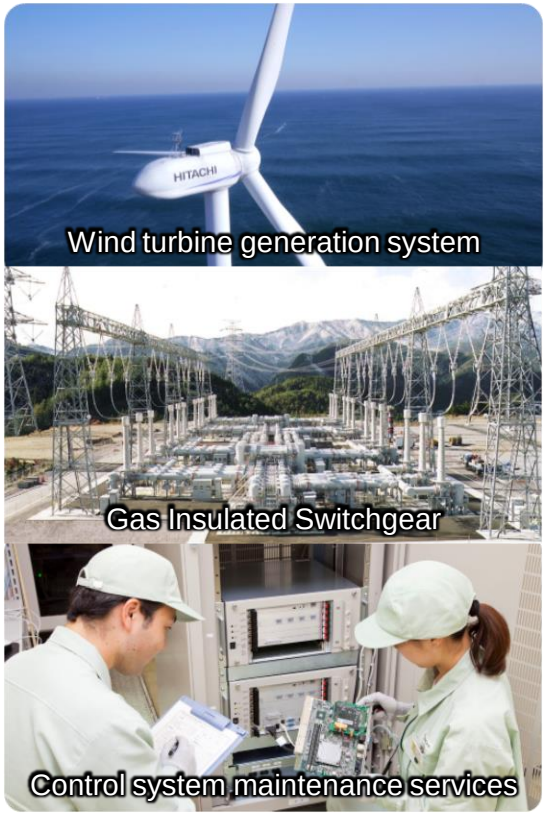
Energy Solutions
Business Unit 8%



Nuclear Energy
Business Unit 39%



Power
Business Unit 53%



*1 Figures reflect the effect of reorganization implemented on April 1, 2017
*2 Results of IT systems business for the power and energy sector which are recorded in the Energy Solutions Business Unit are not included
*3 Developed as part of the works of the International Research Institute for Nuclear Decommissioning (IRID) with subsidies of decommissioning and contaminated water management funded by the Agency for Natural Resources and Energy
ABWR: Advanced Boiling Water Reactor

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1) FY2016 Results

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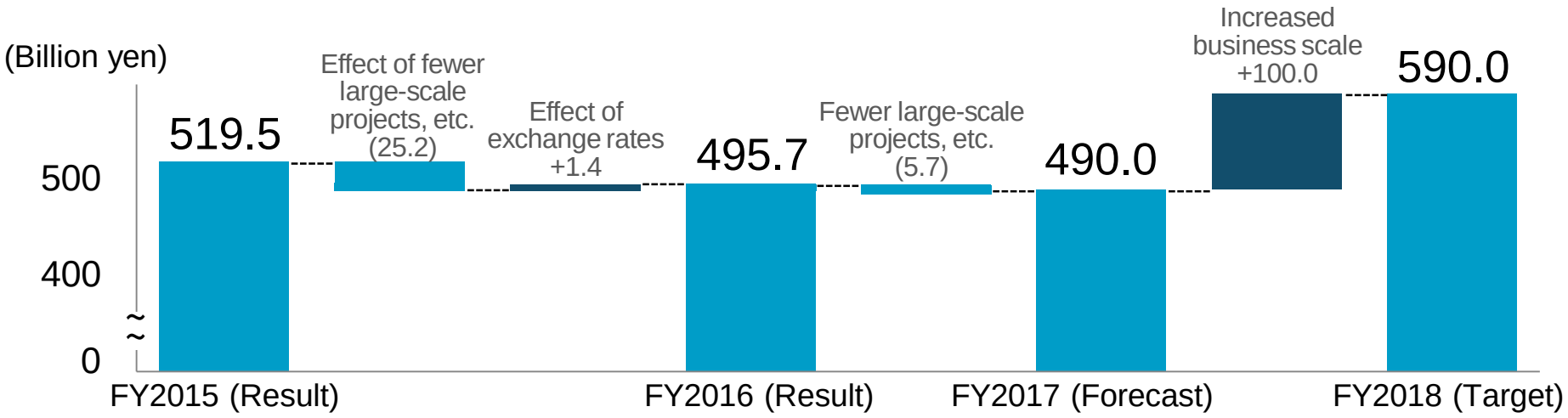
	FY2015	Initial Forecast *1*2 (①)	FY2016*2 (②)	Difference (②-①)	FY2016*3
Revenue	519.5 billion yen	463.0 billion yen	462.8 billion yen	(0.2) billion yen	495.7 billion yen
Overseas revenue ratio	9%	13%	8%	-	9%
Adjusted operating income	11.2 billion yen	3.0 billion yen	7.1 billion yen	+4.1 billion yen	8.8 billion yen
Adjusted operating income ratio	2.2%	0.6%	1.5%	-	1.8%
EBIT	5.6 billion yen	23.0 billion yen	(58.9) billion yen	(81.9) billion yen	(57.2) billion yen
EBIT ratio	1.1%	5.0%	(12.7)%	-	(11.5)%
CCC	87.0 days	91.0 days	79.0 days	-	82.0 days
Orders received	598.3 billion yen	465.3 billion yen	519.2 billion yen	+53.9 billion yen	547.4 billion yen
Order backlog	642.8 billion yen	645.1 billion yen	708.0 billion yen	+62.9 billion yen	746.1 billion yen

*1 Announced on June 1, 2016
*2 Figures do not reflect the effect of reorganization implemented on April 1, 2017
*3 Figures reflect the effect of reorganization implemented on April 1, 2017

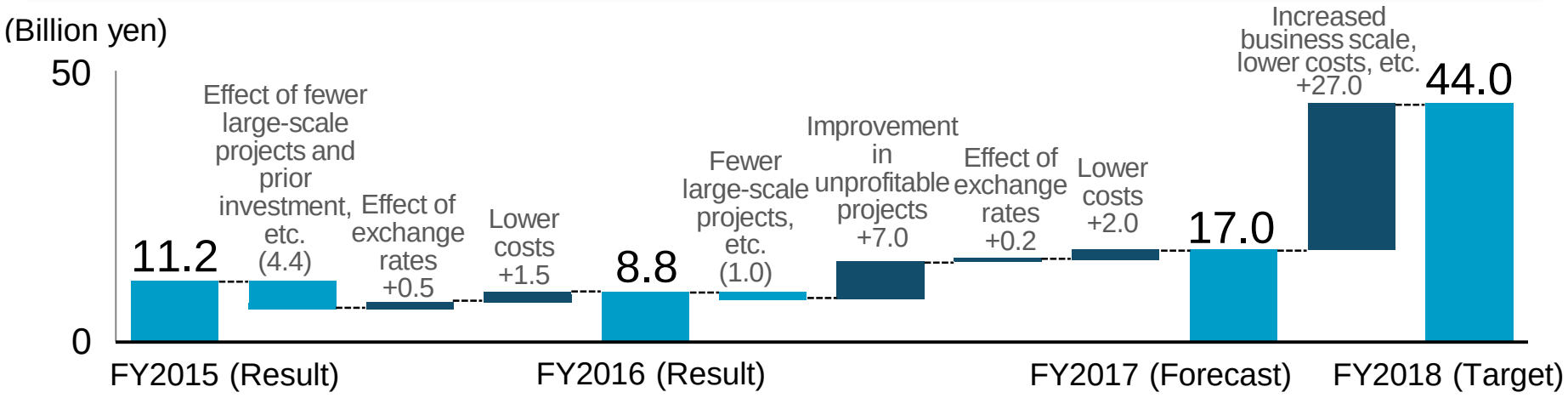
EBIT: Earnings Before Interest and Taxes
CCC: Cash Conversion Cycle

2) Business Performance Trends

Revenue



Adjusted Operating Income



Figures from FY2016 reflect the effect of reorganization implemented on April 1, 2017

3) Business Performance Trends

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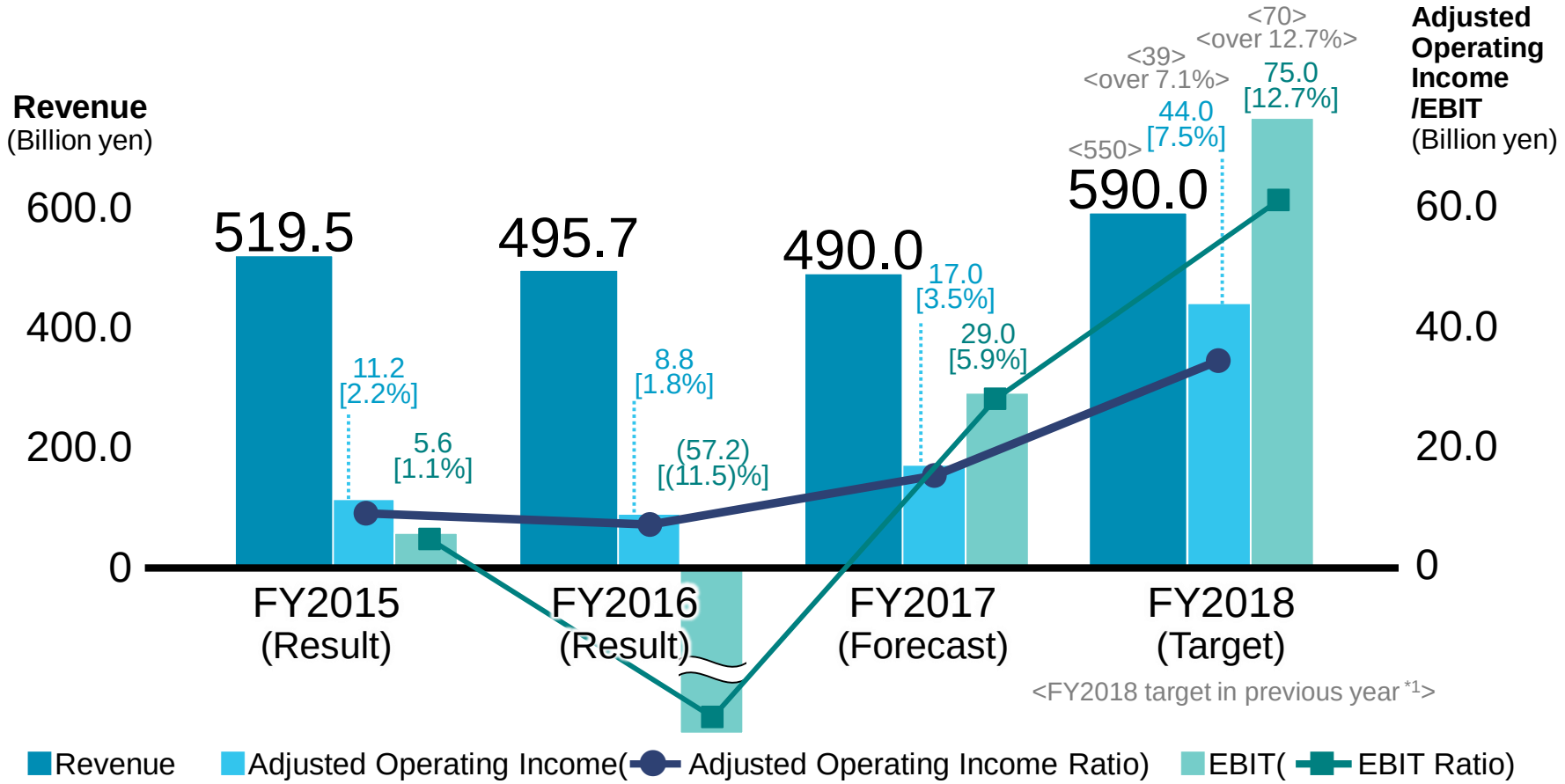
	FY2015 (Result)	FY2016 (Result)	FY2017 (Forecast)	FY2018 (Target)
Orders Received	598.3 billion yen	547.4 billion yen	463.2 billion yen	549.7 billion yen
Order Backlog	642.8 billion yen	746.1 billion yen	717.5 billion yen	668.0 billion yen
Overseas Revenue Ratio	9%	9%	10%	17%



Results of IT systems business for the power and energy sector which are recorded in the Energy Solutions Business Unit are not included
Figures from FY2016 reflect the effect of reorganization implemented on April 1, 2017
*1 Announced on June 1, 2016

4) Strengthen Cost Strategy and Cash Generation

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Further implement the Hitachi Smart Transformation Project to achieve the ideal cost structure

SG&A

- Reduce indirect costs through work style reform
- Promote project pipeline management
- Overhaul fixed costs in Japan

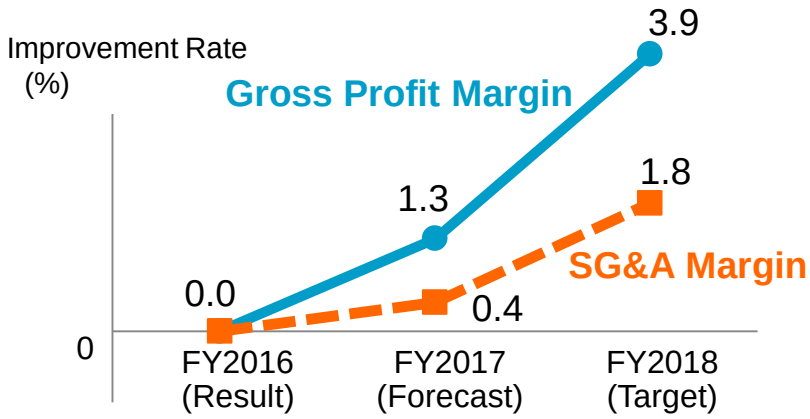
Gross Profit

- Reduce procurement costs through Value Chain Innovation activities
- Reduce loss costs by strengthening project management
- Promote cost reduction activities

Cash Generation

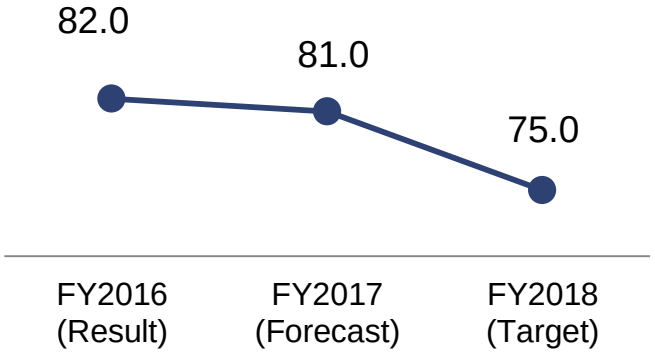
- Improve contract terms and speed up conclusion of contracts
- Thoroughly implement cash flow management of individual projects
- Improve CCC by reducing total assets

Improvement Rate in Gross Profit and SG&A Margin



CCC

(Days)



Results of IT systems business for the power and energy sector which are recorded in the Energy Solutions Business Unit are not included
Figures reflect the effect of reorganization implemented on April 1, 2017 SG&A: Selling, General and Administrative expenses

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1) Power Business Unit FY2016 Results

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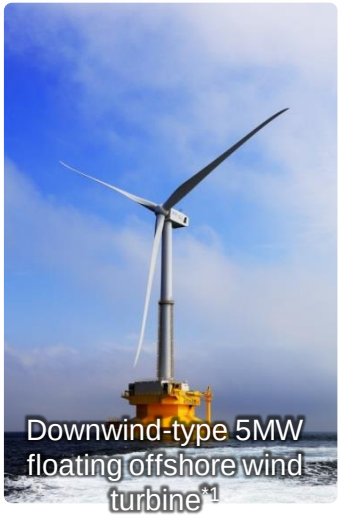
Expansion of Renewable Energy Business

- Maintained the largest share of the domestic market
- Developed 5.2MW offshore wind turbine generation system and started testing and commissioning
- Opened Hitachi wind power maintenance training center (October 2016)


Downwind-type 5MW floating offshore wind turbine*1

Improvement of Transmission and Distribution Systems Business

- Business structure reforms progressed as planned
  (Significant improvement in FY2016 income and expenditure)
- Expanded orders received in focused regions
  (Highest orders received for two consecutive years in China and Southeast Asia)
- Made further efforts to develop global services business
  (Expanded business utilizing the IoT)


Transformer

Expansion of Service Business

- Expanded high-value added service business
  (Achievement of target service revenue ratio: Target 16%→Result 19%)
- Expanded platform maintenance service business
- Maintenance service business using predictive diagnostics system “HiPAMPS” as a core technology performed strongly

LUMADA

Thermal Power Projects

- Continued cooperation with Mitsubishi Hitachi Power Systems toward project completion
- Continue discussions with Mitsubishi Heavy Industries

*1 Under consignment from by the Agency for Natural Resources and Energy under Ministry of Economy, Trade, and Industry
Photograph provided by Fukushima Offshore Wind Power Consortium

2) Energy Solutions Business Unit FY2016 Results

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Domestic Business

Electricity System Reforms

- Started backbone system of Organization for Cross-regional Coordination of Transmission Operators, Japan and strengthened platform in preparation for unbundling of power generation and transmission
- Received orders for the next-generation Energy Management System / Supervisory Control And Acquisition and Distribution Management Systems

Expansion of Transregional Power exchange

- Promoted interconnection project between Tokyo and Chubu grids and strengthened efforts on next-generation high voltage direct current (HVDC) transmission systems
  (Deepening of cooperation with ABB)

Diversification of Demand needs

(Negawatt transactions, Demand Response/ Virtual Power Plant)

- Received orders for Demand Response projects and Virtual Power Plant systems

Overseas Business

Changes in Power Business due to decentralization, digitization and electrification

(Expanding investment into the grid edge)

- Germany:
  Demonstrated energy trading and energy-generation plan optimization system business

Greater use of renewable energy sources in power systems

- Poland:
  Formed partnership with State-Owned grid operator (PSE) in smart grid demonstration project using energy storage technology

- Slovenia:
  Promoted service-based business through a cloud-based integrated distribution management system

Strengthening of front-line engineering function

- Established bases
  (U.S.: New York, Germany: Düsseldorf)

PSE: Polskie Sieci Elektroenergetyczne S.A.

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1) Business Overview

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Creating a bright global future by dealing with energy and global warming issues through advanced nuclear power technologies

Domestic Business

Restart of nuclear power stations

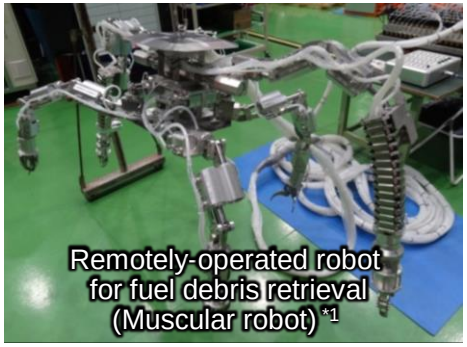

Venting filter

Fuel Cycle

Fuel transport and storage cask

Decommissioning of Fukushima Daiichi Nuclear Power Station

Robot for inspecting interior of nuclear reactor containment vessel*1


Remotely-operated robot for fuel debris retrieval (Muscular robot) *1

Overseas Business

Horizon Project in the UK

*1 Developed as part of the works of the International Research Institute for Nuclear Decommissioning (IRID) with subsidies of decommissioning and contaminated water management funded by the Agency for Natural Resources and Energy

2) Business Structure

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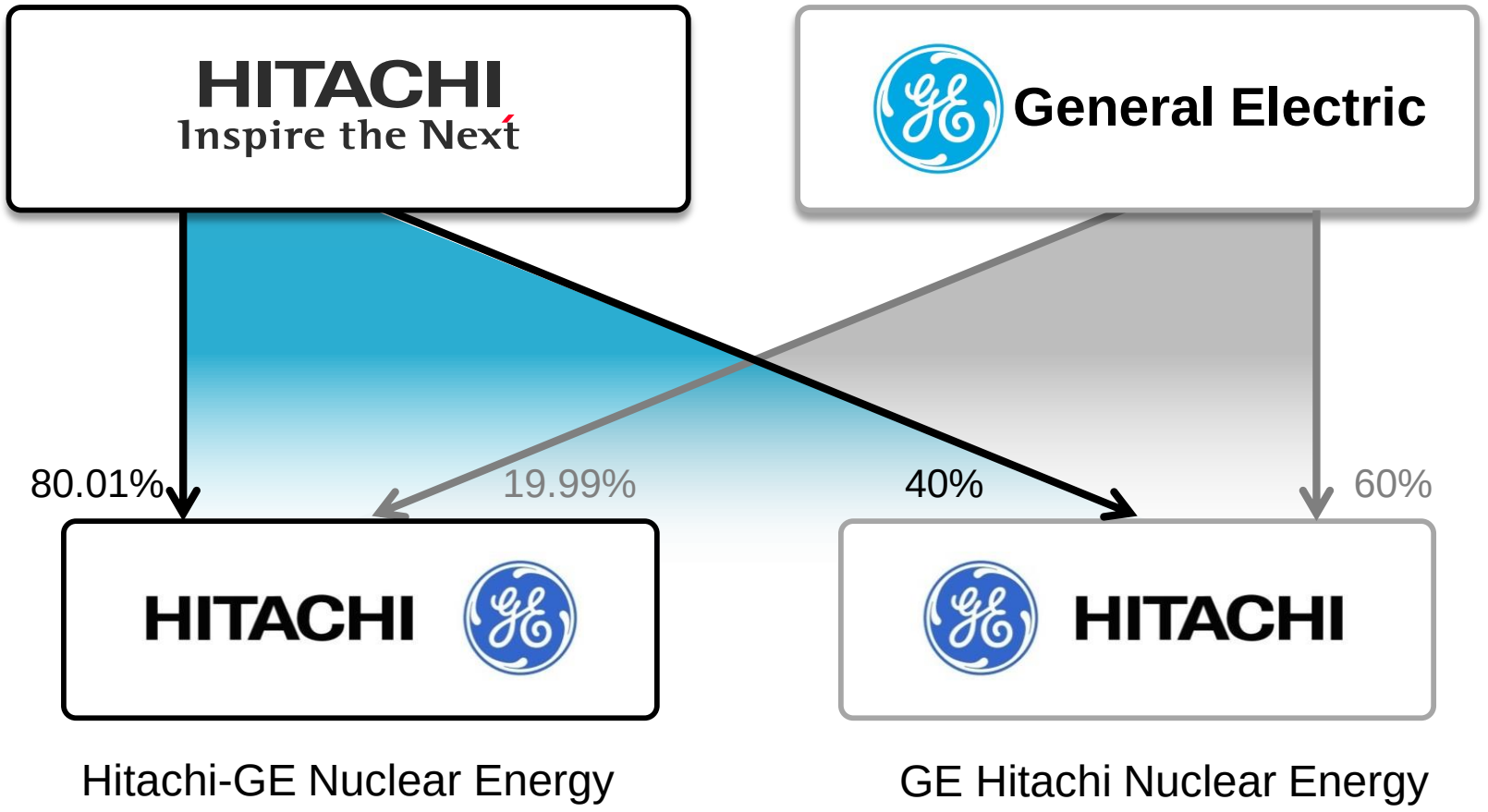
Global alliance structure supporting nuclear energy in the world



3) Market Environment (Macroeconomic Trends)

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Domestic Market

- Provided that safety is ensured, nuclear power is considered as a base load power source that supports stable electricity supply
- Five reactors have been restarted since the earthquake occurred in 2011
- The share of nuclear power in Japan's energy mix is expected to be 20% or more in 2030 *1
  ⇒ **Need to improve plant operational efficiency and to extend plant lifetime**

Overseas Market

- World energy demand is expected to increase
- The number of new nuclear power stations under construction is increasing, especially in China

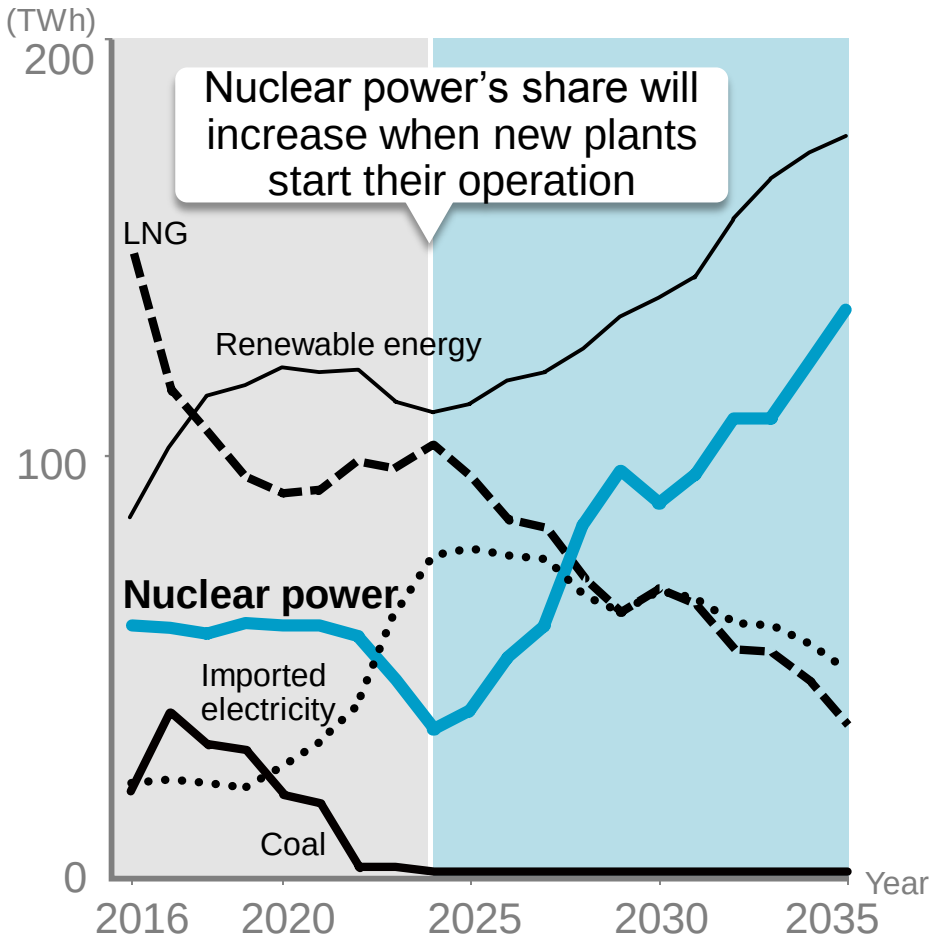
UK market

The UK government is promoting nuclear power to achieve a low-carbon energy mix and has decided to gradually shut down existing nuclear reactors

⇒ **Construction of new nuclear power plants is an urgent issue**

Envisaged UK Energy Mix*2 (TWh)

It is expected to follow the plans to diminish coal-fired power station and to increase the share of renewable energy and nuclear power



*1 Source: Ministry of Economy, Trade and Industry
*2 Source: Department for Business, Energy & Industrial Strategy "Updated Energy and Emissions Projections 2016"

4) Business Strategy

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Improve profitability, positioning domestic business as a core business and overseas business as a growing business

Domestic Business
Core Business

Lead a nuclear industry based on reliability and technical expertise

- Promote an early restart of BWRs, response to new regulatory standards and decommissioning of Fukushima Daiichi
- Provide solutions to improve plant operational efficiency and extend plant lifetime

Overseas Business
Growing Business

Make steady progress with the UK's Horizon Project

- Make good progress with the project and enhance business value
- Minimize risks by building the strongest partnerships

5) Business Performance Trends

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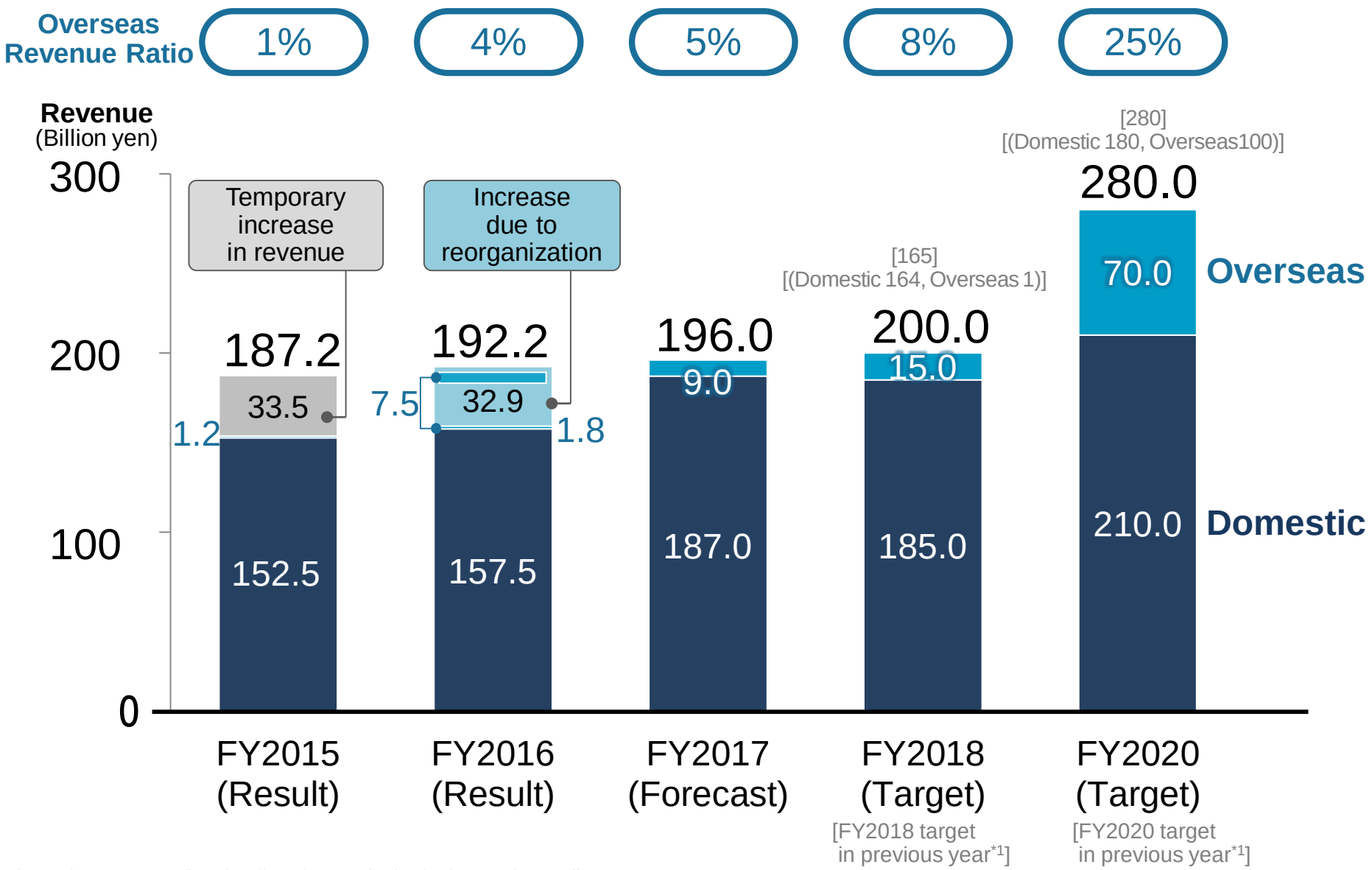

Figures from FY2016 reflect the effect of reorganization implemented on April 1, 2017
*1 Announced on June 1st, 2016

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1) Restart BWRs in Japan

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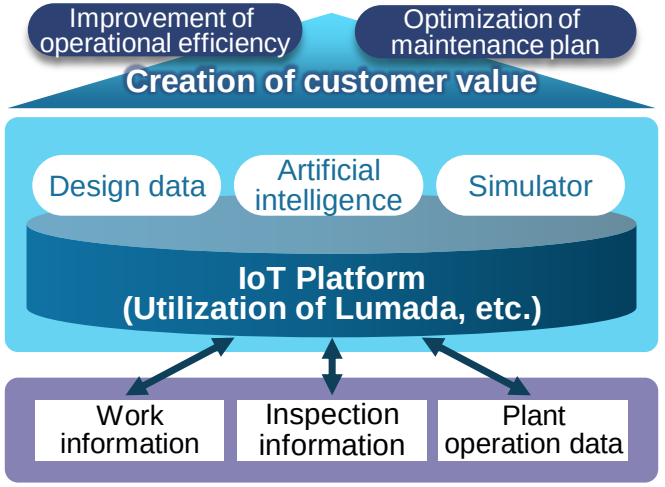
Strengthen an early restart of BWRs and long-term stable operation

BWRs restart

- Make steady progress with engineering works for compliance with new regulatory requirements and license approval
  (work to improve safety and enhance earthquake resistance, etc.)
- Provide customer support for early restart operations
  (inspections after long-term shutdown and pre-service inspections)

Support improvement in plant operational efficiency through O&M based on collaborative creation with customers

- Utilize the IoT platform to achieve integrated management of vast amounts of site information
  ⇒ Creation of customer value
- Support customers for meeting demands of society
  (total disaster prevention, physical security, cyber security)



Example of utilization of IoT platform

BWR: Boiling Water Reactor

2) Decommissioning Business and Fuel Cycle Business

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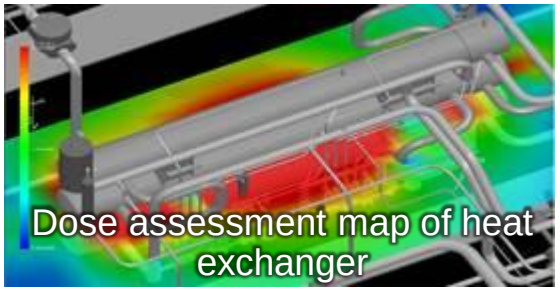
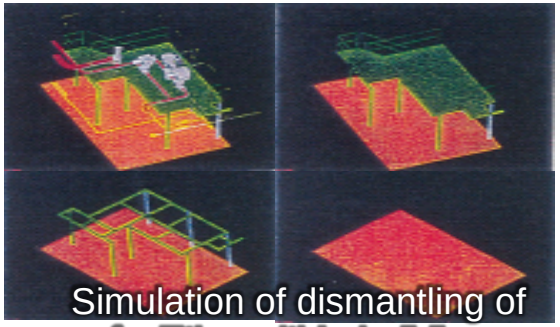
Strengthen decommissioning business and steadily promote fuel cycle business

Decommissioning business

- Apply and develop Hitachi's experience, knowledge and technology to decommissioning, and support electric power companies from examination/planning stage.
- Conclude cooperation agreements with experienced overseas manufacturers to utilize their experience and knowledge
  (Concluded agreements: AREVA NC (France), Cavendish Nuclear (UK))


Dose assessment map of heat exchanger


Simulation of dismantling of facilities within building

Fuel cycle business

- Provide customer support for early completion of the Rokkasho Reprocessing Plant
- Expand orders received for fuel transport and storage casks
  (Meet increasing need for interim storage facilities and dry storage facilities)

Fuel transport and storage cask

3) Decommissioning of Fukushima Daiichi Nuclear Power Station

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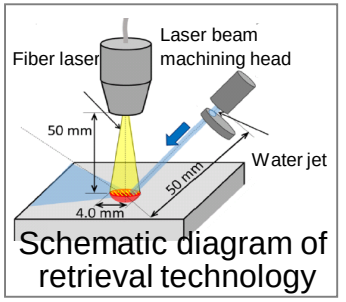
Contribute through world-class cutting-edge technology, while prioritizing safety

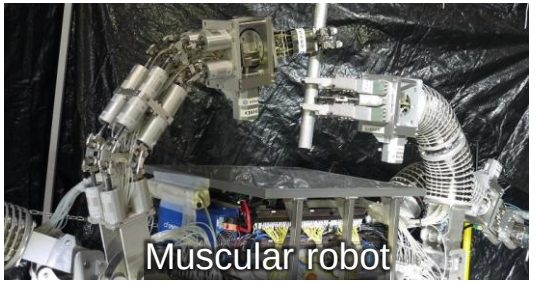
Inspection of interior of primary containment vessel (PCV) on the basement level

- Development of shape-changing robot to examine interior of primary containment vessel (PCV)*1
  - The first photographs of the PCV bottom were taken by the robot
  - The probing robot was successfully recovered after inspection for the first time

Development of fuel debris retrieval method using cutting-edge technology

- Verification of optimum method using full-scale mock-up
- Development of fuel debris retrieval technology utilizing a “laser” and “water jet”*3
- Development of muscular robot for remote operation*1
  - Has excellent radiation resistance (driven by water pressure and springs), and can be applied to various remote operations such as pipe-cutting under high dose radiation





*1 Developed as part of the works of the International Research Institute for Nuclear Decommissioning (IRID) with subsidies of “decommissioning and contaminated water management” funded by the Agency for Natural Resources and Energy
*2 Experiment conducted with using plant facilities of Chugai Technos Corporation
*3 Joint development with Japan Atomic Energy Agency and Sugino Machine Ltd.

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1) Outline of Horizon Project

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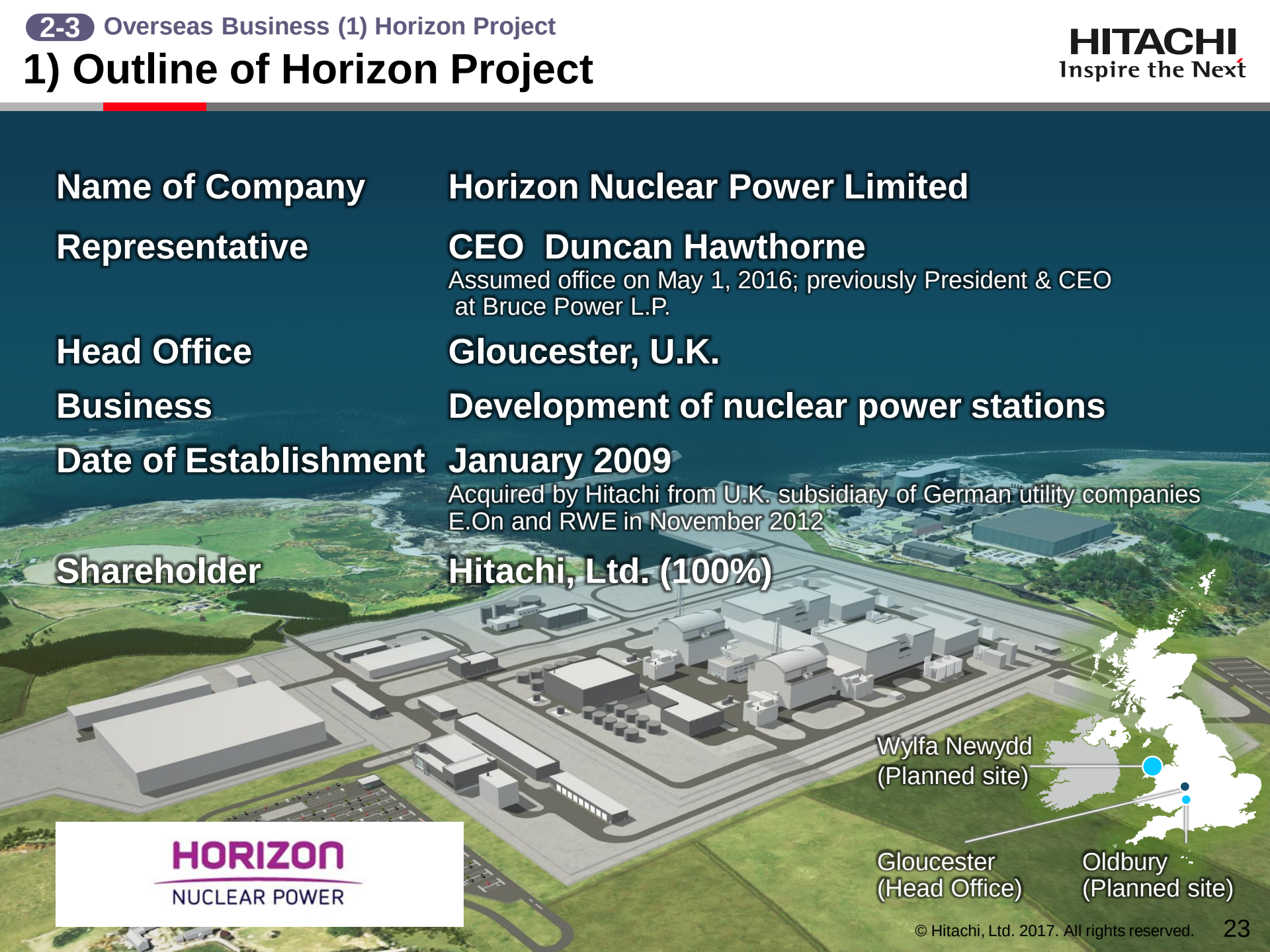
Name of Company	Horizon Nuclear Power Limited
Representative	CEO Duncan Hawthorne Assumed office on May 1, 2016; previously President & CEO at Bruce Power L.P.
Head Office	Gloucester, U.K.
Business	Development of nuclear power stations
Date of Establishment	January 2009 Acquired by Hitachi from U.K. subsidiary of German utility companies E.On and RWE in November 2012
Shareholder	Hitachi, Ltd. (100%)



2) Features of Horizon Project

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Deployment of the ABWR with proven track record of reliable construction

- The ABWR is the most advanced reactor anywhere in the world, having a proven track record of reliable construction and operation.
- Proven technology, with four plants already operational and two plants under construction
- Hitachi has participated in the construction of all of the ABWRs above

Strong support from the Japanese & UK Governments

- Japanese and UK governments signed a Memorandum of Cooperation to strengthen cooperation across a full-range of civil nuclear activities (December, 2016)
- Both the Japanese and UK governments have expressed their support for the Horizon Project

Secured stable return in the long-term

- Provision of revenue stability under the UK government's Contracts for Difference (CfD) scheme
- Promotion of O&M business at Wylfa Newydd site after plant becomes operational

- Contribute to matching global power demand, through the deployment of ABWRs which meet high standards of safety reflecting Japan's proven construction track record and the lessons learned from Fukushima
- Maintain nuclear energy business base to support decommissioning of the Fukushima site and safety enhancement of nuclear power plants in Japan
  - Maintain and improve human resources and technologies in the field of nuclear energy
  - Acquire construction knowhow in the overseas

3) Project Schedule

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FY	2012	2013	2014	2015	2016	2017	2018	2019	2020	From FY2021

Key Milestone

- ▼ Acquisition Completion of Horizon (Nov. 2012)
- ▼ FID(planned in 2019)
- ▼ Completion of reactor design approval (GDA) (end of 2017)
- ▼ Operation of first reactor (planned from early 2020s)

Licensing

- GDA: Step-1 | Step-2 | Step-3 | Step-4
- ▼ License application (March, 2017)
- Site license
- Public consultation: 1st | 2nd | 3rd

EPC

- ▼ Establishment of Hitachi Nuclear Energy Europe
- ▼ Establishment of EPC Consortium
- Suppliers Forum (British Embassy, Tokyo)
- Preparatory work
- Construction work

Evolution of Organizational Structure

- Appointment of Duncan Hawthorne as CEO

- ▼ Establishment of JV by JAPC and Exelon
- ▼ Cooperation between Horizon and Exelon
- ▼ Conclusion of cooperation agreement between Horizon, JAPC and Hitachi

GDA: Generic Design Assessment
FID : Final Investment Decision

4) Steady Progress on Project

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Reactor design approval (GDA) scheduled for completion at end of 2017

- Step 4 of the GDA is underway, and the process is expected to be completed by the end of 2017 as planned
- More than 300 experts are working on the GDA
- The assessment of regulatory issues, final major hurdle, is completed
- The UK's Office for Nuclear Regulation is pleased with Hitachi's handling of the GDA and says the process will be completed as planned

Site license application

- Completed 1st and 2nd public consultations
- Plan to complete 3rd and final public consultation on June 22
- Submitted nuclear site license application to UK's Office for Nuclear Regulation and the application was accepted
  (March, 2017)

Promotion of discussions with Japanese and UK Governments

- The policy dialogue between Japanese and UK governments has been conducted since 2012
- In December 2016, a memorandum of collaboration over civil nuclear activities between the Japanese and UK governments was signed by Greg Clark; Secretary of State for Business, Energy and Industrial Strategy, and Hiroshige Seko; Japan's Minister of Economy, Trade and Industry
  (Horizon Project was specifically mentioned in the Memorandum)
- Horizon continues to promote discussions with UK government.

5) “On-Time On-Budget” Nuclear Reaction Construction

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Deployment of proven ABWRs

- Mitigation of construction risk through extensive track record
- The ABWR is one of the most advanced reactor anywhere in the world, and has a proven track record of reliable construction and operation
  (four plants already in operation and two plants under construction)

Maximum utilization of proven supply chain and construction methods

- Utilization of suppliers with a proven record in the construction of ABWRs in Japan for key equipment and facilities
- Application of proven modules which mitigate quality and process risks by reducing onsite operations
  (Module construction method based on 30 years of construction experience)


RCCV lower liner module


RCCV top slab module

RCCV: Reinforced Concrete Containment Vessel

6) EPC Execution Structure Based on Strong Partnerships (1)

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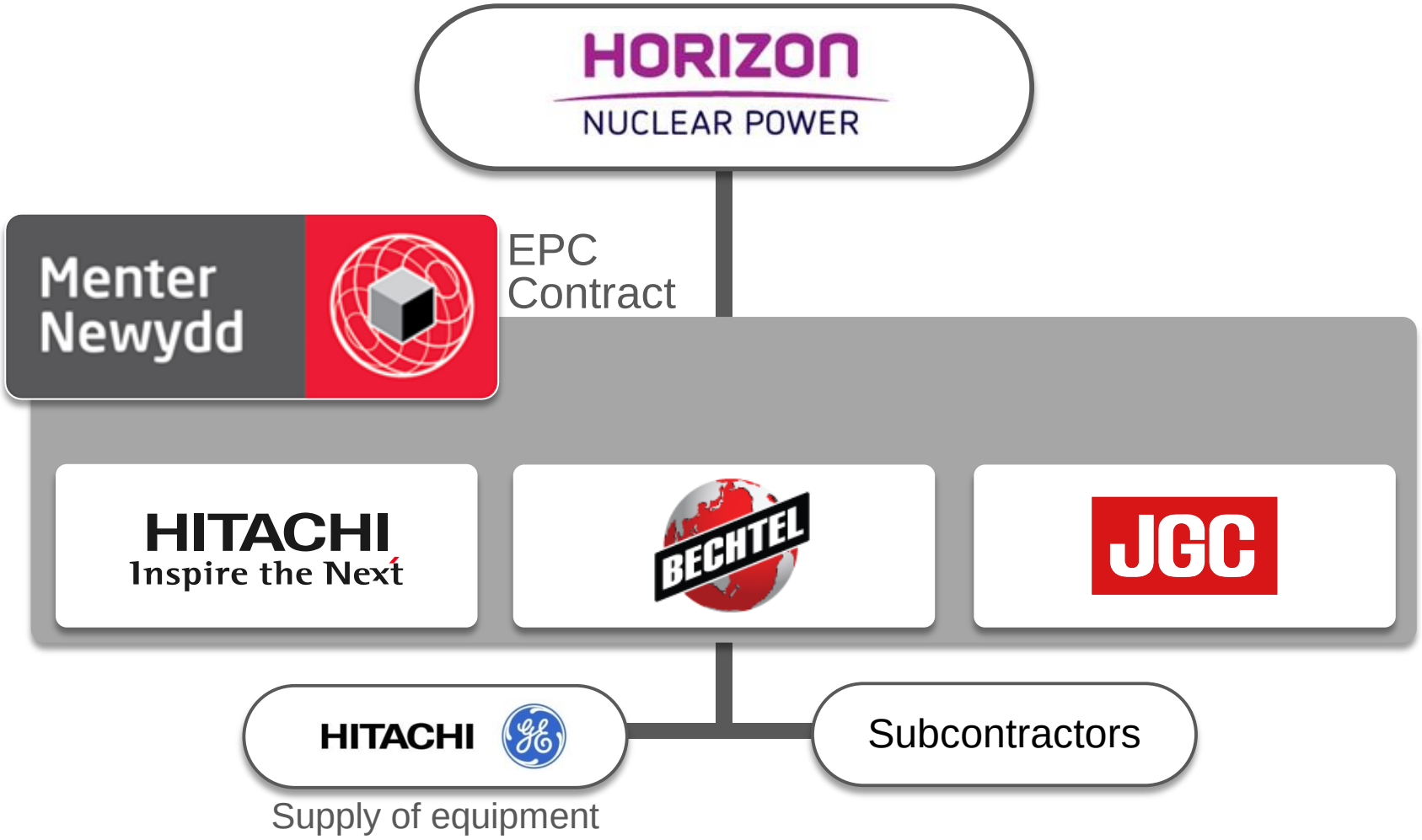
Establishment of EPC Execution Team to adhere to processes, costs and minimize risks



7) EPC Execution Structure Based on Strong Partnerships (2)

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Best Structure for Minimizing EPC Risk

Integration of strengths and track records of each company to build strongest structure

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Proven most advanced reactors(ABWRs)

Plant design, engineering and procurement of key equipment

- Track record of construction more than 20 BWRs over 50 years
- Participated in all ABWR projects in Japan
- Experience and knowhow backed by sophisticated technology

BECHTEL

One of the world's largest EPC contractor with an impressive track record in nuclear energy

Electrical construction*1, civil engineering and construction

- Has worked on the construction of more than 150 nuclear power stations worldwide
- More than 60 years construction experience in the U.K.
- Knowledge of the design and construction of power plants, oil refineries, railways, etc.

JGC

Excellent project management

International procurement, process management, radioactive waste facilities - related

- Extensive experience of managing more than 20,000 projects in 80 countries worldwide
- Outstanding engineering technology and expert knowledge
- Excellent project management capabilities

Bringing together the strongest members as one team to steadily implement the project

- "One team" project management structure based on three companies collaboration
- Creation of environment where "on Budget" and "on Schedule" are prioritised (three companies are jointly responsible for project implementation)
- Problem solving scheme with total optimization perspective; based on information–sharing and visualization of concerned interests

*1 Construction work in relation to machinery and electrical equipment, electronic and electrical appliances

8) Collaboration with partners with track record and experience in operation

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Improve operation expertise through partnerships with world-class electric power companies

Cooperation agreement with JAPC

The Japan Atomic Power Company

Cooperation agreement at license approval stage
(July, 2016)

- A pioneer of nuclear power generation in Japan with BWR operation carrier and knowledge
- Many years of experience operating multiple power stations

Cooperation agreement with Exelon

Exelon

Formation of operating partnership
(February, 2017)

- Leading nuclear power plant operator in the U.S. Operates 23 reactors (including 14 BWRs) in the U.S.
- World-leading safety record and capacity utilization rates over 90%

Establishment of joint venture to support Horizon Project

Establishment of Exelon-JAPC joint venture company “JExel Nuclear” (April, 2017)

- Promoting assessment for construction costs, support of license approval, and formulation of commissioning and maintenance plans
- With fully utilizing of Exelon’s nuclear operation management model, to support Horizon’s operations and maintenance program

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1) Further strengthening of cooperation

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Strengthen cooperation with GEH for more effective synergies

Expansion of joint projects with GEH

Cooperation over Horizon Project

- Continue to utilize GEH's resources in GDA for UK ABWR

Expansion of collaboration to receive orders for new projects

- Collaboration on expansion of sales of ABWRs all over the world based on collaboration in Horizon project.
- Utilization of experience and knowhow gained in the UK to receive orders for the construction of new plants in Mexico and Poland
- Strengthening of cooperation between sales, engineering and project management teams of HGNE and GEH

Growth of GEH through utilization of strengths

Expansion of fuel service business

- Entry to PWR fuel service business through strategic alliance with Rosatom's nuclear fuel subsidiary

Entry to PWR periodic inspection business

- Completion of PWR services outage at the R.E. Ginna plant in the U.S.

Strengthening of decommissioning and dismantling business

- Alliance in decommissioning and dismantling services business with Bechtel
- Contract to support the dismantling of two reactors at the Oskarshamn nuclear power plant in Sweden

GEH : GE Hitachi Nuclear Energy
PWR: Pressurized Water Reactor

2) Expansion of Overseas Business

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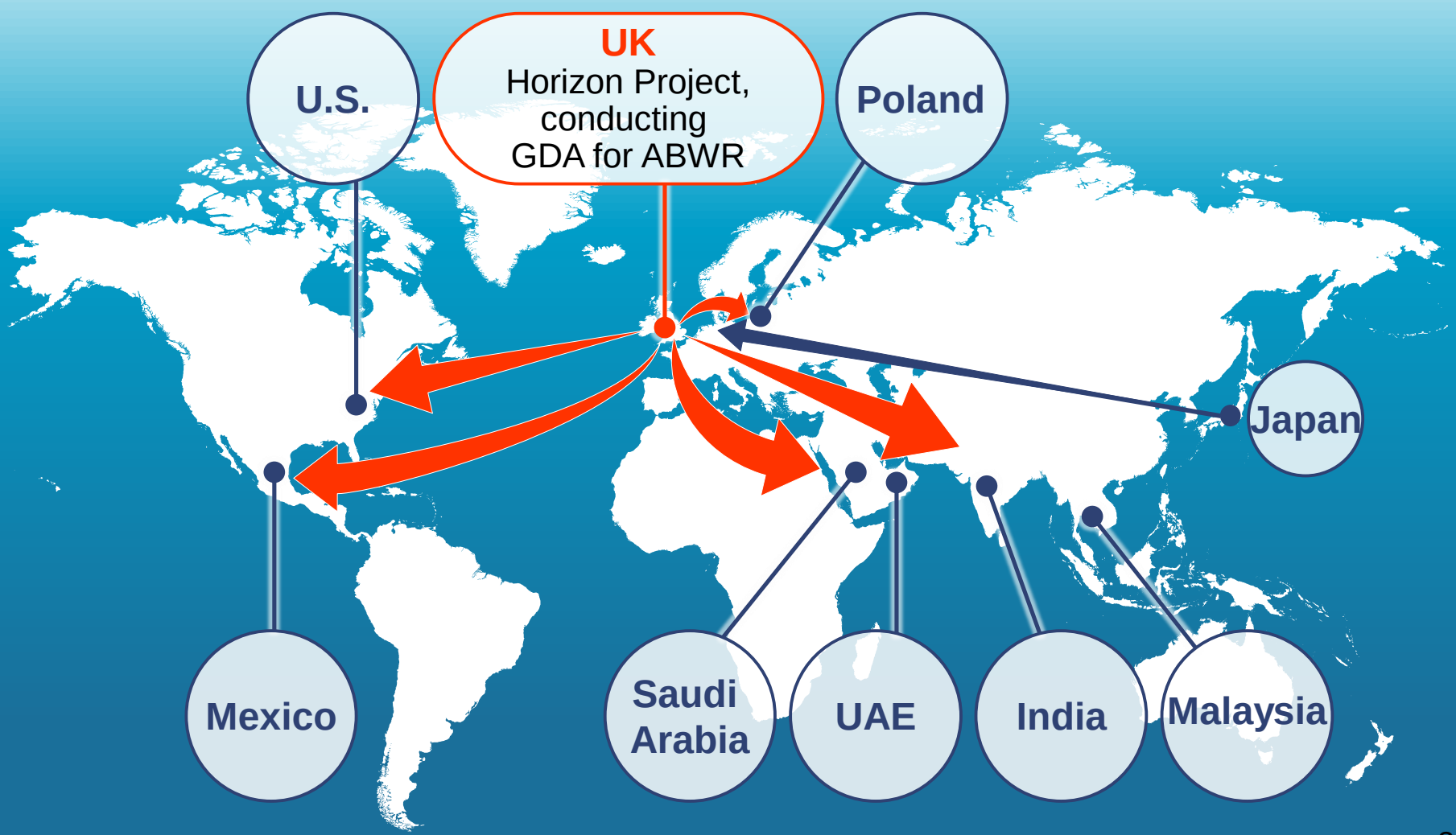
Expand business globally by deploying the experience gained in the UK business
Focus on countries promoting construction of new nuclear power plants



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Power and Energy Business Strategy

［Contents］

1) Summary

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Improve profitability, positioning Domestic Business as a core business and Overseas Business as a growing business

Domestic Business
Core business

- Strengthen an early restart of BWRs and long-term stable operation
- Strengthen decommissioning business and steadily promote fuel cycle business

Overseas Business
Growing business

- Bring together the strongest members as one team to minimize risk and steadily implement projects
- Deploy proven ABWRs and utilize proven supply chain and construction methods to construct nuclear power plants on-time and on-budget
- Mitigate risks through partnerships with world-class electric power companies

Strengthening of cooperation with GEH

- Expand joint business with GEH
- Strengthen cooperation for more effective synergies

Appendix (1) Performance (Power and Energy Business)

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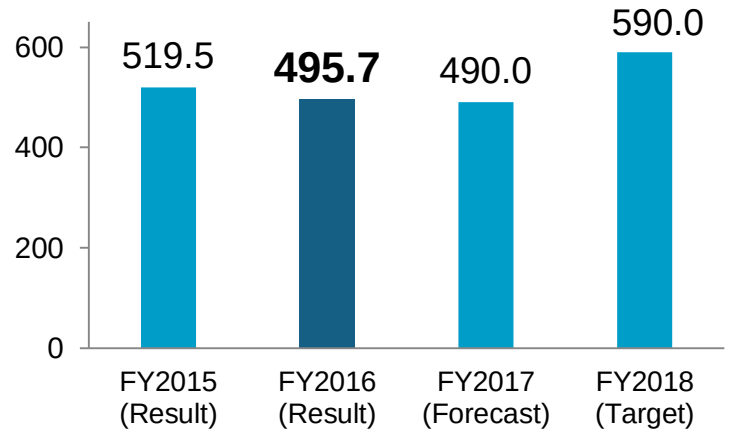
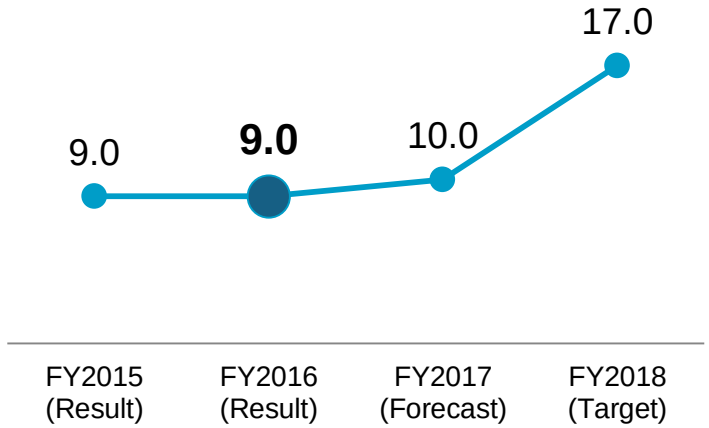
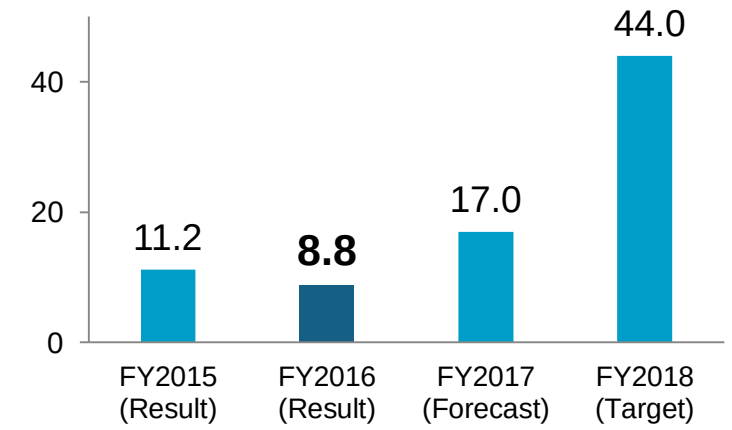
Revenues (Billion yen)



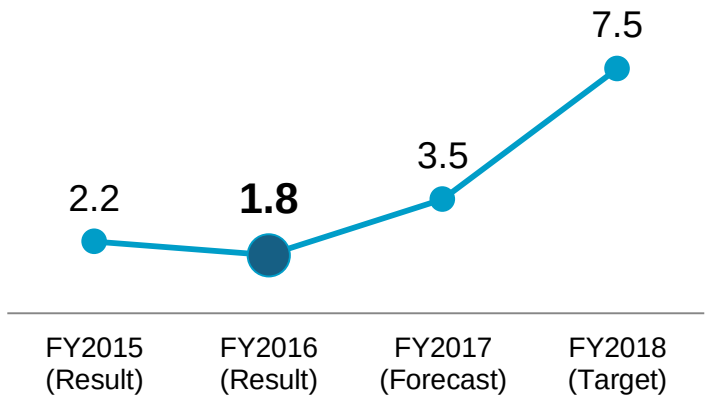
Overseas Revenue Ratio (%)



Adjusted Operating Income (Billion yen)



Adjusted Operating Income Ratio (%)



Figures from FY2016 reflect the effect of reorganization implemented on April 1, 2017

Appendix (2) Performance (Power and Energy Business)

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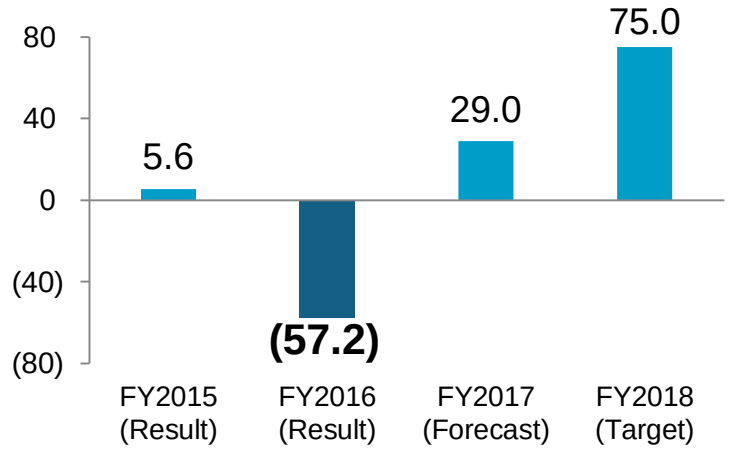
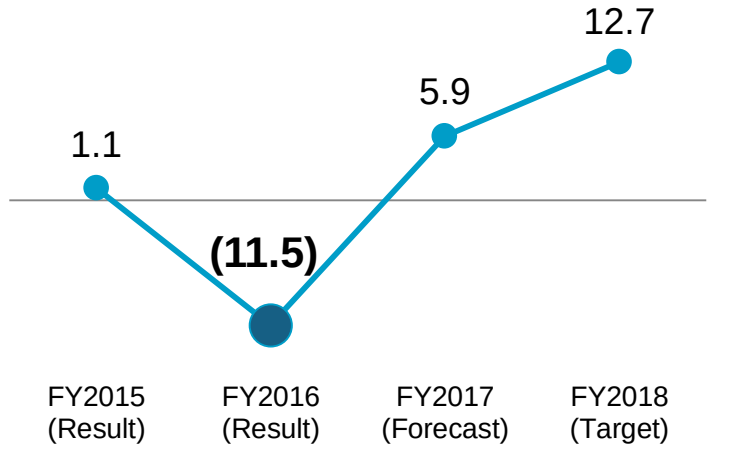
EBIT

(Billion yen)



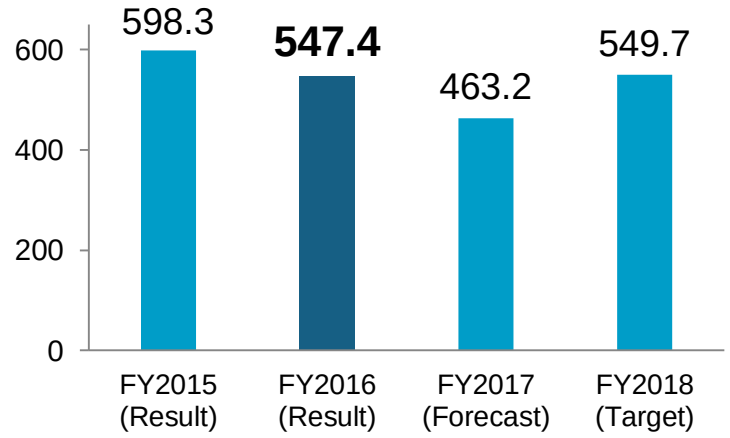
EBIT Ratio

(%)



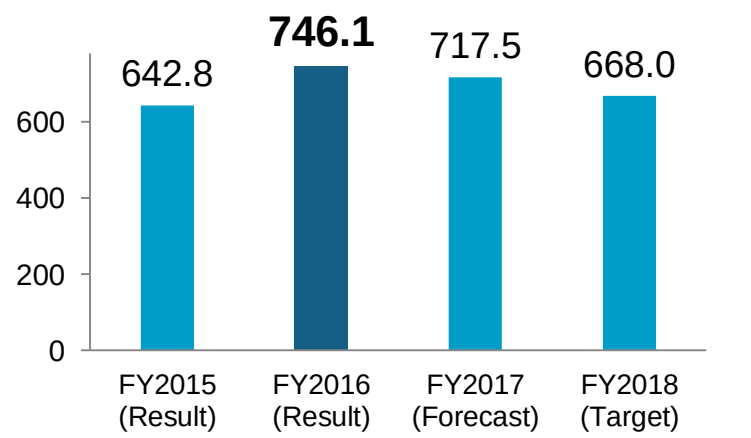
Orders Received

(Billion yen)



Order Backlog

(Billion yen)



Figures from FY2016 reflect the effect of reorganization implemented on April 1, 2017

Appendix (3) Revenue by Business Unit

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FY2016 Results

	FY2015	Initial Forecast*1*2(1)	FY2016*2(2)	Difference (2)-(1)	FY2016*3
Nuclear Energy Business Unit	187.2 billion yen	150.0 billion yen	159.2 billion yen	+9.2 billion yen	192.2 billion yen
Power Business Unit	270.5 billion yen *5	275.0 billion yen	276.9 billion yen	+1.9 billion yen	276.9 billion yen
Energy Solutions Business Unit*4	85.1 billion yen	75.0 billion yen	78.2 billion yen	+3.2 billion yen	78.2 billion yen

Performance Trends

	FY2015 (Result)	FY2016 (Result)*3	FY2017 (Forecast)*3	FY2018 (Target)*3
Nuclear Energy Business Unit	187.2 billion yen	192.2 billion yen	196.0 billion yen	200.0 billion yen
Power Business Unit	270.5 billion yen *5	276.9 billion yen	267.0 billion yen	320.0 billion yen
Energy Solutions Business Unit*4	85.1 billion yen	78.2 billion yen	74.0 billion yen	110.0 billion yen

*1 Announced on June 1, 2016
*2 Figures do not reflect the effect of reorganization implemented on April 1, 2017
*3 Figures reflect the effect of reorganization implemented on April 1, 2017
*4 Includes IT Systems business for Power and Energy industry recorded in the Information & Telecommunications Systems segment
*5 Figures reflect the effect of business transfer implemented on April 1, 2016(figures include business transfer is 284.9 billion yen)

Appendix (4) Performance by Power Business Unit

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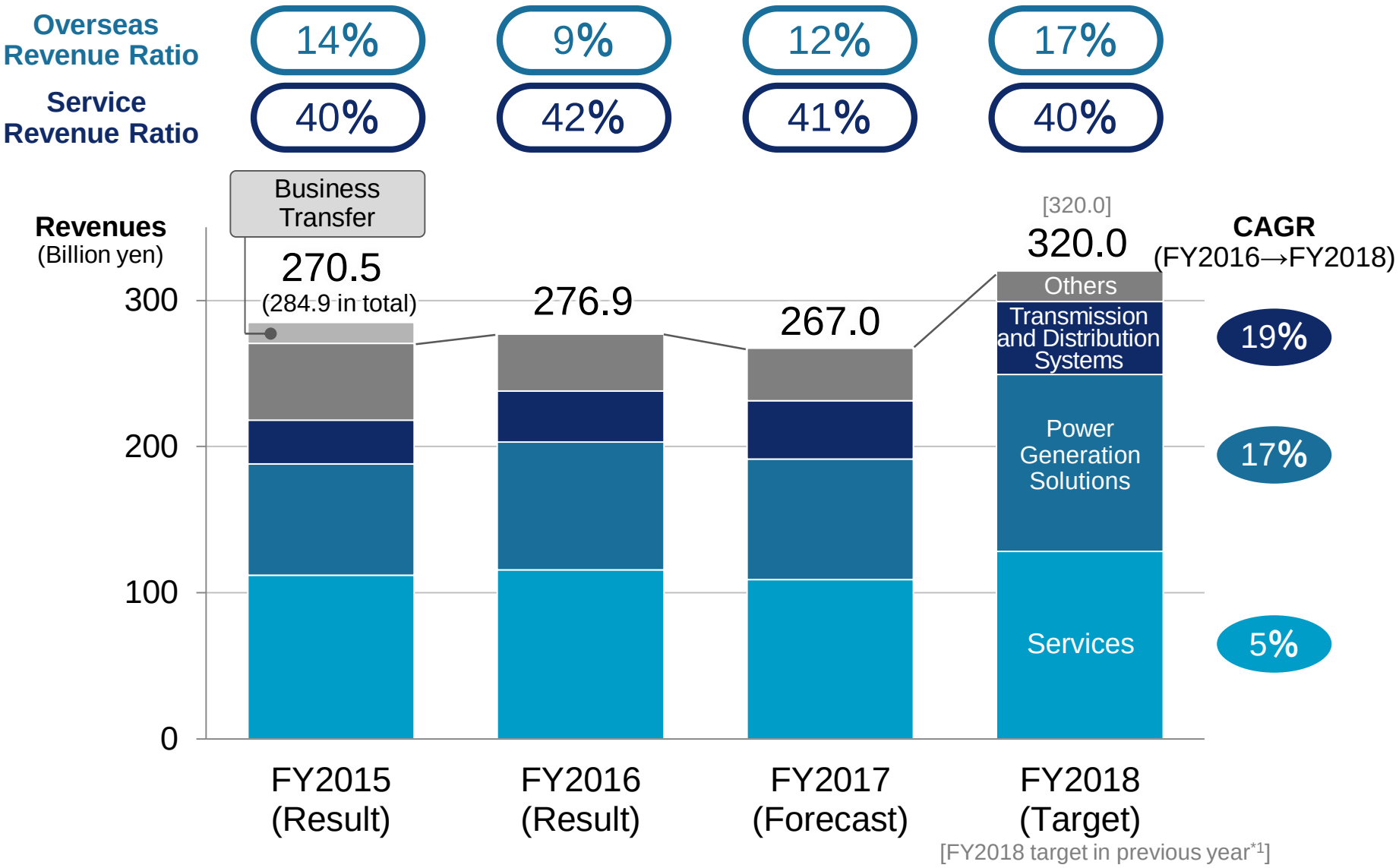

*1 Announced on June 1, 2016
CAGR: Compound Annual Growth Rate

Appendix (5) Performance by Energy Solutions Business Unit

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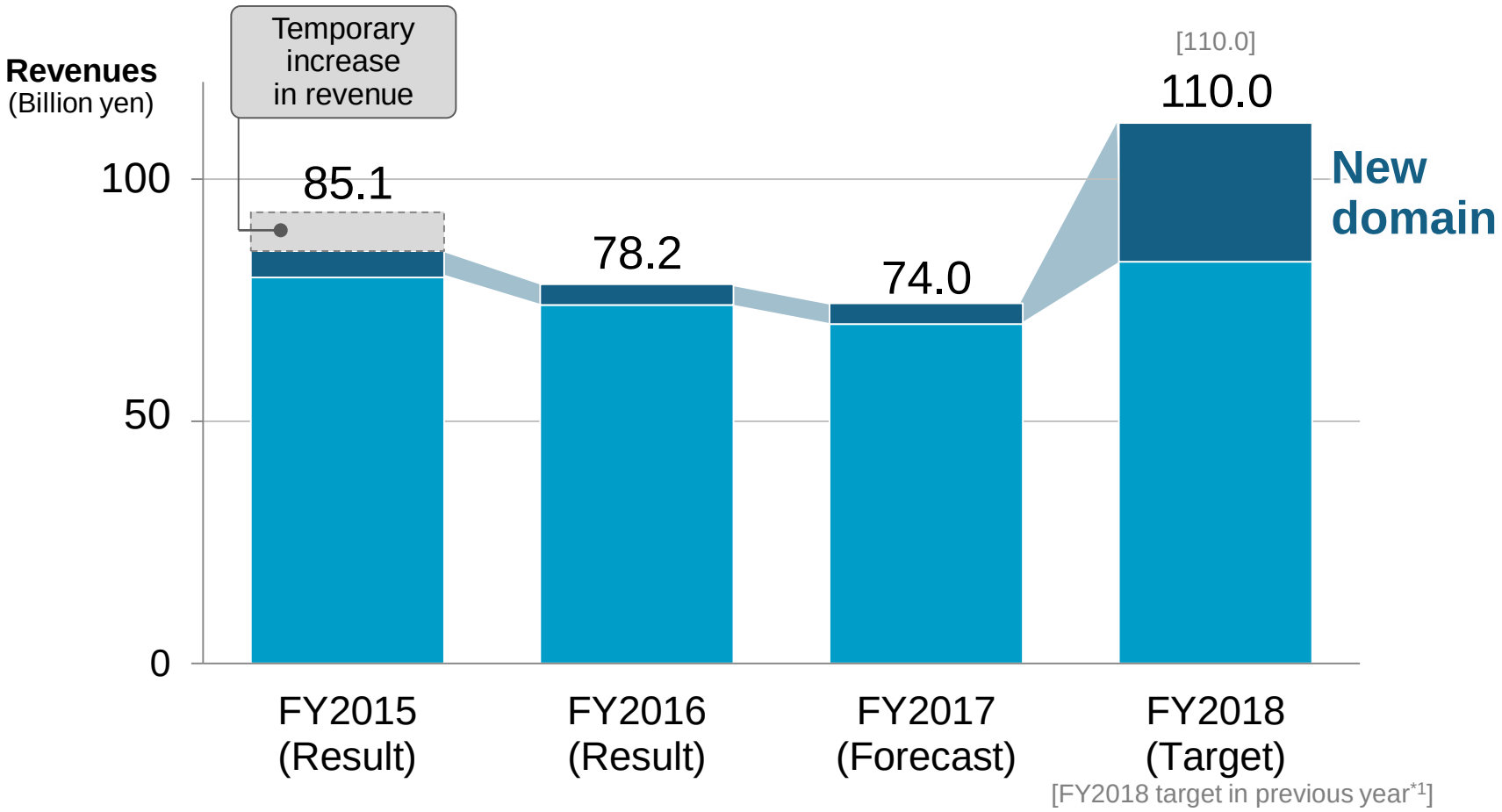
	FY2015 (Result)	FY2016 (Result)	FY2017 (Forecast)	FY2018 (Target)
Overseas Revenue Ratio	1%	2%	2%	24%



Includes revenue of Information Technology business for power and energy which is recorded in Information and Telecommunication Systems segment
*1 Announced on June 1, 2016

Cautionary Statement

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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;
- 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;
- 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;
- 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;
- credit conditions of Hitachi’s customers and suppliers;
- 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 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;
- increased commoditization of and intensifying price competition for products;
- 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 acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- 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 cost structure overhaul;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property rights;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures 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 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; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

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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