

Hitachi Announces Progress on 2015 Mid-term Management Plan

Tokyo, May 12, 2014 --- Hitachi, Ltd. (TSE:6501 / “Hitachi”) today announced the current status of its progress on its 2015 Mid-term Management Plan; a management plan focused on achieving growth and corporate transformation driven by the further promotion of Hitachi’s Social Innovation Business. A summary of key progress points appears below:

Key Message of Today’s Announcement

- (1) Hitachi achieved its highest operating income in the first year of its 2015 Mid-term Management Plan as a result of expanding its businesses and services globally with the Social Innovation Business.
- (2) Hitachi is continuing initiatives to deliver revenues and profits by expanding the products and services businesses as well as expanding the Social Innovation Business globally.
- (3) Hitachi’s global strategy will focus on expanding business in North America and China in addition to increasing profit in Asia.
- (4) Hitachi is evolving the Hitachi Smart Transformation Project to develop cash-generating capability.

1. Progress Overview

(1) FY2013 Results, FY2014 Outlook and FY2015 Targets

	FY2013 Results	FY2014 Outlook	FY2015 Targets
Revenues	9,616.2 billion yen	9,400.0 billion yen	10 trillion yen
Operating income (EBIT*1) ratio	5.5% (6.0%)	6.0% (5.5%)	Over 7% (Over 7%)
Net income attributable to Hitachi, Ltd. stockholders	264.9 billion yen	230.0 billion yen	Over 350.0 billion yen
Net Income attributable to Hitachi, Ltd. stockholders per share	54.86 yen	47.63 yen	Over 70 yen
Manufacturing, Services & Others Total Hitachi, Ltd. stockholders’ equity ratio’ equity	27.4%	28.0%	Over 30%

*1 EBIT: Earnings before Interest and taxes

(2) Service revenue ratio, Overseas revenue ratio

	FY2013 Result	FY2014 Outlook	FY2015 Target
Service revenue ratio (Including systems solutions)	32%	35%	Over 40%
Overseas revenue ratio	45%	47%	Over 50%

(3) Achievement, Estimated effect of Hitachi Smart Transformation Project

FY2011 Results	FY2012 Results	FY2013 Results	FY2014 Outlook	FY2011-15 total
35.0 billion yen	75.0 billion yen	110.0 billion yen	90.0 billion yen	400.0 billion yen

2. 2015 Mid-term Management Plan Management Focus

- (1) Innovation : Strengthen service businesses that maximize the utilization of IT and bring about innovation
- (2) Global : Deliver innovation to customers and society globally
- (3) Transformation : Transform Hitachi - To deliver innovation by standardized and speedy operation

3. Initiatives for Business Growth

(1) Expand the Social Innovation Business (Continuing initiatives)

“Toward true partnership with customers” by providing innovation through products, IT and services

- Infrastructure Systems Group: Expand global business
Water business growth in Asia and the Middle East
- Information & Telecommunication Systems Group:
Focus on services business
Providing IT services that utilize big data, and offering energy saving solutions for buildings
- Health Care Group: Providing solutions for the entire care cycle
Provide Particle Beam Therapy systems to treat cancer
Utilize big data to aid disease prevention & improve check-ups
- Rebuild Japanese social infrastructure with Hitachi’s innovation
Provide Hitachi’s highly-reliable Cloud service to meet increased investment in the areas of finance sector, public sector and power sector

(2) Initiatives for 2015 Mid-term Management Plan (New initiatives)

① Global Strategy

- Sales growth in North America and China in addition to gaining the profits in Asia

Expand businesses such as the automotive systems business in North America and the elevator and escalator business in China

- Transformation from “globalization of operations” to “globalization of management”

Created Global CEO post in Railway systems business
(from U.K., April 2014)

Created Global Service Business Promotion Officer post in Information & Telecommunication Systems business (from U.S., April 2014)

- Globalization of R&D

Leverage global resources and implement R&D globally

Increasing the number of overseas researchers:

290 (FY2013) → 400 (FY2015)

② Competitive Products

- Sales growth through products competitiveness and sales capabilities including Data Storage, Medical Systems, Construction Machinery, Wind Power Generation, Inverters, Pumps and Motors, etc.
- Developing new products to meet the needs of society and customers
- Enhancing competitiveness with overseas expansion of operations and management

③ Expansion of Service Business

- Driving revenues and profits growth through product services and solutions for customers' issues as a service
- Improve the maintenance contract rate and expand maintenance for other companies' products (elevators and escalators in China, compressors in the Middle East)
- Transform rolling stock business into a solutions business with a new business model (IEP*1 in U.K.)

*1: Intercity Express Programme

4. Promoting Transformation

(1) Evolution of the Hitachi Smart Transformation Project

- ① Establish new projects to boost operation and cash flow efficiency
- ② Achieve further cost reductions and cash generation by looking at the entire Business flow

③ Shifting from “Function focus reform” to “Process focus reform.”

(2) Leverage global talent to lead businesses

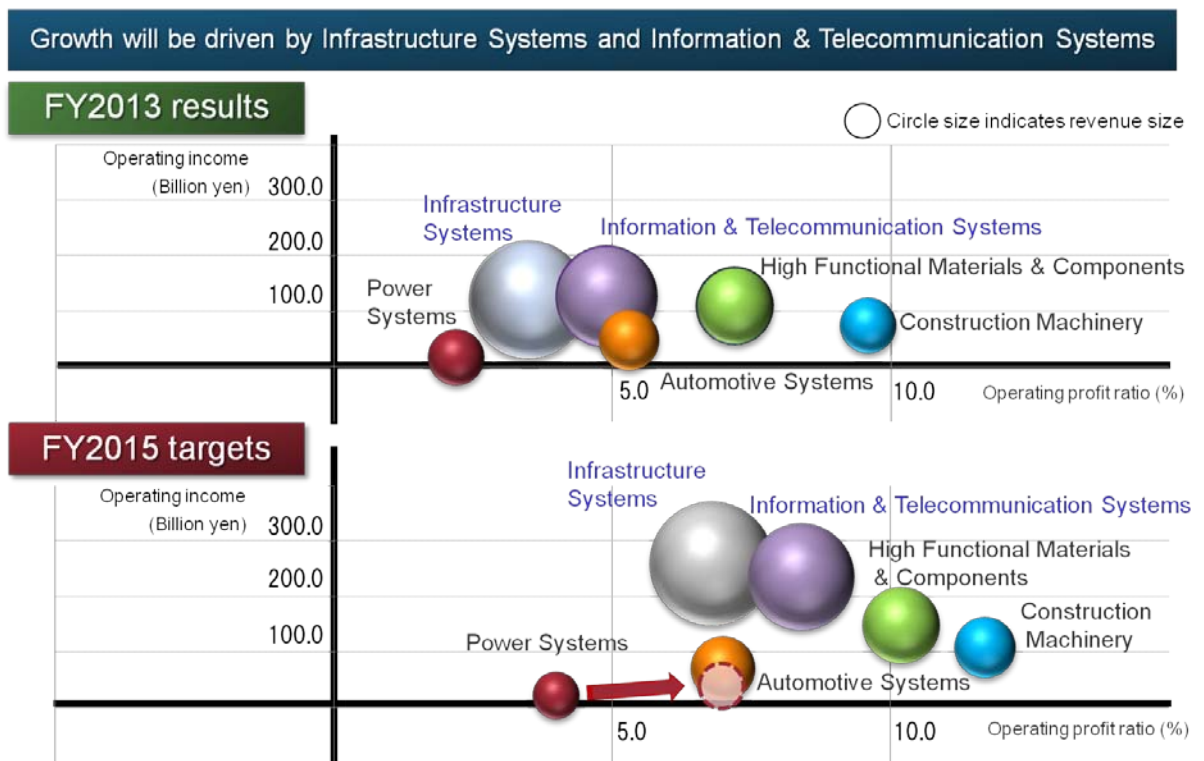
Establish the best “people and organizations” that increase a global competitiveness

Introduced Global Human Resources Database in FY2012, Global Grading System in FY2013, and Global Performance Management in FY2014

5. FY2015 and beyond

(1) Growth will be driven by Infrastructure Systems and Information & Telecommunication Systems

(2) Steady implementation of the 2015 Mid-term Management Plan and achieve further growth



Serving the World with Our Social Innovation Business
SOCIAL INNOVATION - IT'S OUR FUTURE

Cautionary Statement

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

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

- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors Hitachi serves, including, without limitation, the information, electronics, automotive, construction and financial sectors;
- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated, particularly against the U.S. dollar and the euro;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities, declines in which may require Hitachi to write down equity securities that it holds;
- 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;
- increased commoditization of information technology products and digital media-related products and intensifying price competition for such 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 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 potential for significant losses on Hitachi's investments in equity method affiliates;
- 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.

About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, delivers innovations that answer society's challenges with our talented team and proven experience in global markets. The company's consolidated revenues for fiscal 2013 (ended March 31, 2014) totaled 9,616 billion yen (\$93.4 billion). Hitachi is focusing more than ever on the Social Innovation Business, which includes infrastructure systems, information & telecommunication systems, power systems, construction machinery, high functional materials & components, automotive systems, health care and others. For more information on Hitachi, please visit the company's website at <http://www.hitachi.com>.

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Information contained in this news release is current as of the date of the press announcement, but may be subject to change without prior notice.
