

**FOR IMMEDIATE RELEASE**

## **Hitachi Announces “2012 Mid-term Management Plan”**

Tokyo, May 31, 2010 --- Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced that it has formulated a management plan “2012 Mid-term Management Plan” to promote "Growth Driven by Social Innovation Business" & "Solid Financial Base". Summary of “2012 Mid-term Management Plan” are below.

### **1. Key Strategy**

#### **(1) FY2009 Results and FY2012 Targets**

	FY2009 Results	FY2012 Targets
Revenues	8,968.5 billion yen	10,500 billion yen
Operating income	202.1 billion yen(2.3%)	Over 5%
Net income attributable to Hitachi, Ltd.	(106.9 billion yen)	Consistently generate at least 200 billion yen
D/E ratio*	1.04 times	0.8 times or below
Total Hitachi, Ltd. Stockholders' equity	14.4%	20%

\* including noncontrolling interests

#### **(2) Key Strategy: "Growth Driven by Social Innovation Business" & "Solid Financial Base"**

Growth by the Social Innovation Business; made up of fusion of social infrastructure and IT, and materials and key devices

- a. Leverage Hitachi's strengths to promote a global growth strategy  
Strengthen locally led project control centers, develop detailed strategies in each region
- b. Focus business resources on the Social Innovation Business  
Invest 1 trillion yen in the FY2010 to FY2012 period, spend 600 billion yen on R&D expenses
- c. Strengthen the business structure to stabilize profitability  
Rigorously cut costs, improve net other deductions, etc., become a global CSR

leader

**(3) Key Strategy: Management Focus**

- a. Global/ Leverage Information, Experience and Trust of Hitachi to develop globally
- b. Fusion/ Address social innovation needs by synergistic integration of social infrastructure and IT
- c. Environment/ Refine ability to build environmental systems by drawing on environmental protection technologies and experience

**2. Global Growth Strategy**

**(1) Promote and expand global localization**

- a. Strengthen project control center via local leadership
- b. Accelerate development of a detailed strategy in each region
  - Maintain Japan as a strong business base
  - Emerging markets: Tap into robust social innovation demand, cooperate with partners
  - Industrialized countries: Make environmental and integrated technology proposals to address demand to upgrade social infrastructure
  - Japan: Develop environmental and integrated services leveraging a strong business base

**(2) Expand business opportunities in collaboration with partners**

- China/ Cooperative projects in low-carbon society building and resource recycling fields [*National Development and Reform Commission*], Sino-Singapore Tianjin Eco-City project [*Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd.*]
- India/ Delhi Mumbai Industrial Corridor [*Delhi Mumbai Industrial Corridor Development Corporation Limited*]
- Singapore/ Strengthening of Social Innovation Business in the “Asian belt” zone [*Singapore/Economic Development Board*]

**(3) Expand new businesses leveraging Hitachi’s strengths**

- Eco-friendly city
- Water and sewage operation and management
- Eco-friendly data centers
- Energy-saving systems for LNG plants

#### (4) Global Growth Strategy Target

	FY2009 Results	FY2012 Targets
Overseas revenue ratio	41%	Over 50%
Head count in Japan	231 k	217 k
Head count overseas	129 k	161 k

### 3. Focusing Business Resources on the Social Innovation Business

Focusing business resources/investment total 1.6 trillion yen on the Social Innovation Business

#### (1) Concentrate investments in FY2010-FY2012

Allocate 70% of total amount (1.4 trillion yen) for capital expenditures and strategic investments

FY2010-FY2012 total investment 1 trillion yen

#### (2) Strategically allocate R&D investment

Allocate 50% of total amount (1.2 trillion yen)

FY2010-FY2012 R&D investment 600 billion yen

#### <Major investment items>

Information & Telecommunication Systems

- Data center business

Power Systems

- Ramp up production of nuclear power plants

Social Infrastructure & Industrial Systems

- Increase production of railway systems, Elevator and escalator research laboratory,  
Healthcare

Construction Machinery

- Increase production in emerging markets, develop hybrid, electric drive

High Functional Materials & Components

- Develop materials for batteries, inverters and other environmental products

#### 4. Strengthening the Business Structure to Stabilize Profitability

##### (1) Status of Improvement in “Underperforming” Businesses

Flat-panel TV business	Ceased in-house production of panels and TVs overseas →Using OEM and production outsourcing
Automotive systems-related business	Structural reforms (Cost cutting, base realignment, workforce reductions) →Respond to hybrid and electric vehicles, and high-efficiency engine needs
Hard Disk Drive business	Profitable for past two years, posted record earnings in January-March 2010 quarter →Grow new businesses such as SSD* and external HDDs

\*: Solid State Drive

##### (2) Cost-Cutting Measures

Reduce procurement costs, continue reducing fixed cost

##### (3) Reinforce Financial Position

- Improve profitability

Expand strong products to improve operating income ratio, solid asset management, expand scope of consolidated tax filing

→Consistently generate net income attributable Hitachi, Ltd. of at least 200 billion yen

- Strengthen financial position

Raise net income attributable Hitachi, Ltd. to strengthen stockholders' equity, reduce total assets, reduce interest-bearing debt, and continuously generate positive free cash flows

→D/E ratio (including noncontrolling interests) to 0.8% times or below, total Hitachi, Ltd.'s stockholders' equity ratio 20%

##### (4) Promote In-house Company System

- **In-house Company: Strengthen ability to quickly respond to change**

Delegation of authority in accordance with internal ratings

→Speedy, autonomous management

In-house Company evaluations based on FIV(Future Inspiration Value), operating income and cash flows

- **Corporate: Promote Hitachi Group management focused on generating synergies**

Share global advanced IT platform, manufacturing, procurement and brand

→Lead the improvement of in-house companies competitiveness

Capture faster synergies in corporate marketing, R&D and engineering divisions  
→Expand business coordination fields across in-house companies

## (5) Become a Global CSR Leader

Integrate CSR with management and business strategy  
→Transform into a truly global company with the same values as society

### **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 valuate 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.

### **About Hitachi, Ltd.**

Hitachi, Ltd., (NYSE: HIT / TSE: 6501), headquartered in Tokyo, Japan, is a leading global electronics company with approximately 360,000 employees worldwide. Fiscal 2009 (ended March 31, 2010) consolidated revenues totaled 8,968 billion yen (\$96.4 billion). Hitachi will focus more than ever on the Social Innovation Business, which includes information and telecommunication systems, power systems, environmental, industrial and transportation systems, and social and urban systems, as well as the sophisticated materials and key devices that support them. 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.**

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