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Contacts:

Japan: Masanao Sato
Hitachi, Ltd.
+81-3-5208-9324
masanao.sato.sz@hitachi.com

Europ Daniela Karthaus
Hitachi Europe, Ltd.
+44-1628 585 379
Daniela.karthaus@hitachi-eu.com

Hitachi Announces Progress of “2012 Mid-term Management Plan”

Tokyo, June 9, 2011 --- Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced a progress of its management plan “2012 Mid-term Management Plan” to promote "Growth Driven by Social Innovation Business" & "Solid Financial Base". Summary of progress are below.

Key Message of Today’s Announcement

- (1) Hitachi will achieve the original FY2012 targets (announced May 31, 2010) and realize the further growth despite the HDD business transfer.
- (2) Developed “New Globalization Plan” to accelerate the globalization as a strategic approach.
- (3) Investing on the Social Innovation Business over 1.7 trillion yen (FY2010-FY2012). 170.0 billion yen increased from original targets.
- (4) Launched “Hitachi Smart Transformation Project” to accelerate cost-structure reform.
- (5) Rebuild Hitachi group’s entire human capital platform to strengthen a global human capital management.

1. Progress Overview

(1) FY2010 Results, FY2011 Forecasts and FY2012 Targets

	FY2010 Results	FY2011 Forecasts ^{*1}	FY2012 Targets ^{*1}
Revenues	9,315.8 billion yen	9,500.0 billion yen	10 trillion yen
Operating income (ratio)	444.5 billion yen (4.8%)	400.0 billion yen (4.2%)	Over 5%
Net income attributable to Hitachi, Ltd.	238.8 billion yen	200.0 billion yen	Consistently generate at least 200 billion yen
D/E ratio ^{*2}	1.03 times	-	0.8 times or below
Total Hitachi, Ltd. Stockholders’ equity	15.7%	-	20%

^{*1} reflecting HDD business transfer

^{*2} including noncontrolling interests and liabilities associated with the consolidation of securitized entities.

2. Outlook of Overseas Revenue Ratio

(1) Aim to achieve an overseas revenue ratio of more than 50% in FY2012

(2) Personnel Organization

	FY2010 Results		FY2012 Targets
	Results as of March 31, 2011	Reflecting HDD business transfer	
Head count in Japan	216 k	215 k	215k
Head count overseas (Overseas ratio)	145 k	107 k (33%)	120 k (36%)
Total Head count	362 k	322 k	335 k

3. Global Growth Strategy for Development of Social Innovation Business

(1) Targeted Value

- Value created and shared with customers and partners
- Value that lasts for future generations
- Value based on our role and mission as a manufacturer

(2) Global Growth Strategy

- Promote and expand glocalization (Strengthen project control center via local leadership)

<Developed "New Globalization Plan">

- Designate 11 key regions and strengthen local project control centers.
11 key regions: Arab Republic of Egypt, Central and Eastern Europe, Federative of Republic of Brazil, Kingdom of Saudi Arabia, People's Republic of China, Republic of India, Republic of Indonesia, Republic of South Africa, Republic of Turkey, Russia, Socialist Republic of Vietnam

	FY2010 results	FY2012 targets
Total revenue of 11 target regions	1.9 trillion yen	2.5 trillion yen

- Develop a six-part global framework; Americas, Europe, India, Southeast Asia, China and Japan.
- b. Expand business opportunities in collaboration with partners
- c. Expand new businesses leveraging Hitachi's strengths

4. Focusing Business Resources and Strengthening the Business Structure

(1) Focusing Business Resources

- a. Continue to conduct business portfolio realignment
- b. Capex and strategic investments
 - Concentrate investments from FY2010 to FY2012
 - Total amount, including investment for Great East Japan Earthquake recovery and restoration: 1.6 trillion yen. Allocate approximately 70% to the Social Innovation Business

<Capex and strategic investment on the Social Innovation Business>

FY2010 results	FY2011 Forecasts	FY2012 Plan
220.0 billion yen	400.0 billion yen	480.0 billion yen

c. R&D Investments

- Strategically allocate R&D investment
- Total amount; 1.2 trillion yen. Allocate approximately 60% on the Social Innovation Business

<R&D investment on the Social Innovation Business>

FY2010 results	FY2011 Forecasts	FY2012 Plan
200.0 billion yen	230.0 billion yen	240.0 billion yen

d. Summary of Investment Plan (from FY2010 to FY2012)

Investment on the Social Innovation Business, over 1.7 trillion yen.

(2) Transform the Business Structure

a. Cost-structure reform

- Transform cost structure to be cost competitive globally
- Conduct company-wide project, while strengthening individual business by promoting the in-house company system
- Launched “Hitachi Smart Transformation Project” [April, 2011]

<Expand centralized purchasing and global procurement>

	FY2009 results	FY2010 results	FY2012 Target
Centralized purchasing ratio	23%	28%	35%
Global procurement ratio	28%	36%	50%

b. Reinforce Financial Position

- Raise net income attributable to Hitachi, Ltd. to strengthen total Hitachi, Ltd. stockholders' equity
- Reduce total assets and improve asset efficiency
- Reduce interest-bearing debt by pooling funds
- Continuously generate positive free cash flows

c. Global Human Capital

- Talent management to realize Hitachi's targeted value

Realize global growth as "One Hitachi".

- Rebuild Hitachi Group's entire human capital platform

- * Establish "Global Human Capital Division" [July 2011]

- * Create a human capital database covering all Hitachi Group employees [By March 2012]

- * Establish a global grading system for evaluating the job size and responsibility of managers and above [By March 2012]

d. Value Creation and CSR

Create both social and economic value at the same time. Contribute to the creation of a sustainable society.

5. FY2012 Targets Update

<Business Prospects>

(1) Power Systems Business

	FY2010 results	FY2012 targets	FY2015 plan
Revenue	813.2 billion yen	870.0 billion yen	1.1 trillion yen

(2) Information & Telecommunications Systems Business

	FY2010 results	FY2012 targets	FY2015 plan
Revenue	1.652 trillion yen	1.75 trillion yen	2.3 trillion yen

(3) Social Infrastructure & Industrial Systems Business and Rail Systems Business^{*3}

	FY2010 results	FY2012 targets	FY2015 plan
Revenue	676.4 billion yen	800.0 billion yen	1.15 trillion yen

^{*3} Total revenues of Industrial & Social Infrastructure Systems Company and Rail Systems, Hitachi, Ltd., Hitachi Plant Technologies, Ltd. and Hitachi Industrial Equipment Systems Co., Ltd.

(4) Operating income ratio of Social Innovation Business

	FY2009 results	FY2010 results	FY2012 targets
Social Innovation Business	3.9%	5.1%	7.0%
Company-wide total	2.3%	4.8%	Over 5.0%

Toward Next Targets

- (1) Deepen global growth strategy
- (2) Focus business resource on the Social Innovation Business
- (3) Conduct continuous portfolio realignment
- (4) Strengthen financial base
- (5) Upgrade global human capital

Challenge to move forward into the new era. Respond to society's needs through

the Social Innovation Business.

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 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 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 and synthetic resins 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 and other 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 in Japan by earthquakes, tsunamis or other natural disasters, including the possibility of continuing adverse effects on Hitachi's operations as a result of the earthquake and tsunami that struck northeastern Japan on March 11, 2011;
- 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 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 2010 (ended March 31, 2011) consolidated revenues totaled 9,315 billion yen (\$112.2 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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