

FOR IMMEDIATE RELEASE

**Hitachi Announces Consolidated Financial Results
for the First Quarter Ended June 30, 2019**

Tokyo, July 29, 2019 --- Hitachi, Ltd. (TSE:6501) today announced its consolidated financial results for the first quarter of fiscal 2019, ended June 30, 2019

Note: All figures were converted at the rate of 108 yen to the U.S. dollar as of June 30, 2019.

Summary

	Three months ended June 30			
	Yen (billions)		(B)/(A) (%)	U.S. Dollars (millions)
	2018(A)	2019(B)		2019
1. Revenues	2,165.8	2,032.5	94	18,820
2. Adjusted operating income	148.1	124.3	84	1,152
3. EBIT (Earnings before interest and taxes)	180.4	182.5	101	1,690
4. Income from continuing operations, before income taxes	180.4	181.8	101	1,684
5. Net income	137.4	140.2	102	1,298
6. Net income attributable to Hitachi, Ltd. stockholders	105.2	120.3	114	1,114
7. Earnings per share attributable to Hitachi, Ltd. stockholders	(Yen)	(Yen)		(U.S.Dollars)
Basic	108.99	124.58	114	1.15
Diluted	108.89	124.42	114	1.15

Notes: 1. The Company's consolidated financial statements are prepared based on IFRS.

2. "Adjusted operating income" is presented as revenues less cost of sales as well as selling, general and administrative expenses.

3. "EBIT" is presented as income from continuing operations, before income taxes less interest income plus interest charges.

4. The figures are for 798 consolidated subsidiaries and 434 equity-method associates and joint ventures.

5. A part of the thermal power generation systems business is classified as discontinued operations in accordance with the provision of IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations," which was not transferred to Mitsubishi Hitachi Power Systems, Ltd. for the business integration in the thermal power generation systems with Mitsubishi Heavy Industries, Ltd. The results of the discontinued operations are reported separately from continuing operations.

6. On October 1, 2018, the Company completed the share consolidation of every five shares into one share for its common stock. The figures for basic and diluted earnings per share attributable to Hitachi, Ltd. stockholders are calculated on the assumption that the Company conducted this consolidation at the beginning of fiscal 2018.

Condensed Quarterly Consolidated Statement of Profit or Loss

	Three months ended June 30			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2019
	2018 (A)	2019 (B)		
Revenues	2,165,899	2,032,582	94	18,820
Cost of sales	(1,586,396)	(1,488,390)	94	(13,781)
Gross profit	579,503	544,192	94	5,039
Selling, general and administrative expenses	(431,355)	(419,804)	97	(3,887)
Adjusted operating income	148,148	124,388	84	1,152
Other income	39,563	43,603	110	404
Other expenses	(10,335)	(1,477)	14	(14)
Financial income	14,437	2,367	16	22
Financial expenses	(203)	(3,445)	—	(32)
Share of profits (losses) of investments accounted for using the equity method	(11,134)	17,075	—	158
EBIT (Earnings before interest and taxes)	180,476	182,511	101	1,690
Interest income	4,570	4,963	109	46
Interest charges	(4,584)	(5,602)	122	(52)
Income from continuing operations, before income taxes	180,462	181,872	101	1,684
Income taxes	(48,911)	(41,226)	84	(382)
Income from continuing operations	131,551	140,646	107	1,302
Income (loss) from discontinued operations	5,876	(409)	—	(4)
Net income	137,427	140,237	102	1,298
Net income attributable to:				
Hitachi, Ltd. stockholders	105,245	120,303	114	1,114
Non-controlling interests	32,182	19,934	62	185
Earnings per share from continuing operations, attributable to Hitachi, Ltd. stockholders		Yen		U.S. Dollars
Basic	102.90	125.00	121	1.16
Diluted	102.81	124.85	121	1.16
Earnings per share attributable to Hitachi, Ltd. stockholders		Yen		U.S. Dollars
Basic	108.99	124.58	114	1.15
Diluted	108.89	124.42	114	1.15

Note: On October 1, 2018, the Company completed the share consolidation of every five shares into one share for its common stock. The figures for basic and diluted earnings per share attributable to Hitachi, Ltd. stockholders are calculated on the assumption that the Company conducted this consolidation at the beginning of fiscal 2018.

Condensed Quarterly Consolidated Statement of Comprehensive Income

	Three months ended June 30			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2019
	2018 (A)	2019 (B)		
Net income	137,427	140,237	102	1,298
Other comprehensive income (OCI)				
Items not to be reclassified into net income				
Net changes in financial assets measured at fair value through OCI	112	128	114	1
Remeasurements of defined benefit plans	—	—	—	—
Share of OCI of investments accounted for using the equity method	324	25	8	0
Total items not to be reclassified into net income	436	153	35	1
Items that can be reclassified into net income				
Foreign currency translation adjustments	3,618	(66,669)	—	(617)
Net changes in cash flow hedges	(282)	295	—	3
Share of OCI of investments accounted for using the equity method	3,091	4,588	148	42
Total items that can be reclassified into net income	6,427	(61,786)	—	(572)
Other comprehensive income (OCI)	6,863	(61,633)	—	(571)
Comprehensive income	144,290	78,604	54	728
Comprehensive income attributable to:				
Hitachi, Ltd. stockholders	113,121	77,450	68	717
Non-controlling interests	31,169	1,154	4	11

Condensed Quarterly Consolidated Statement of Financial Position

	Yen (millions)		(B)-(A)	U.S. Dollars (millions)
	As of March 31, 2019 (A)	As of June 30, 2019 (B)		As of June 30, 2019
Assets				
Current assets				
Cash and cash equivalents	807,593	833,566	25,973	7,718
Trade receivables and contract assets	2,399,933	2,112,157	(287,776)	19,557
Inventories	1,356,762	1,481,415	124,653	13,717
Investments in securities and other financial assets	284,267	283,879	(388)	2,629
Other current assets	187,238	231,132	43,894	2,140
Total Current assets	5,035,793	4,942,149	(93,644)	45,761
Non-current assets				
Investments accounted for using the equity method	724,461	764,260	39,799	7,076
Investments in securities and other financial assets	568,349	535,947	(32,402)	4,962
Property, plant and equipment	1,956,685	2,157,107	200,422	19,973
Intangible assets	960,016	957,507	(2,509)	8,866
Other non-current assets	381,288	375,784	(5,504)	3,479
Total Non-current assets	4,590,799	4,790,605	199,806	44,357
Total Assets	9,626,592	9,732,754	106,162	90,118
Liabilities				
Current liabilities				
Short-term debt	111,031	323,743	212,712	2,998
Current portion of long-term debt	185,250	171,542	(13,708)	1,588
Other financial liabilities	257,792	288,676	30,884	2,673
Trade payables	1,406,012	1,302,175	(103,837)	12,057
Accrued expenses	653,676	504,705	(148,971)	4,673
Contract liabilities	553,510	593,081	39,571	5,491
Other current liabilities	438,289	392,815	(45,474)	3,637
Total Current liabilities	3,605,560	3,576,737	(28,823)	33,118
Non-current liabilities				
Long-term debt	708,490	882,208	173,718	8,169
Retirement and severance benefits	526,688	505,816	(20,872)	4,683
Other non-current liabilities	371,451	347,847	(23,604)	3,221
Total Non-current liabilities	1,606,629	1,735,871	129,242	16,073
Total Liabilities	5,212,189	5,312,608	100,419	49,191
Equity				
Hitachi, Ltd. stockholders' equity				
Common stock	458,790	459,862	1,072	4,258
Capital surplus	463,786	461,475	(2,311)	4,273
Retained earnings	2,287,587	2,370,197	82,610	21,946
Accumulated other comprehensive income	56,360	450	(55,910)	4
(Foreign currency translation adjustments)	52,166	556	(51,610)	5
(Remeasurements of defined benefit plans)	10,312	7,905	(2,407)	73
(Net changes in financial assets measured at fair value through OCI)	95,725	84,905	(10,820)	786
(Net changes in cash flow hedges)	(101,843)	(92,916)	8,927	(860)
Treasury stock, at cost	(3,920)	(3,679)	241	(34)
Total Hitachi, Ltd. stockholders' equity	3,262,603	3,288,305	25,702	30,447
Non-controlling interests	1,151,800	1,131,841	(19,959)	10,480
Total equity	4,414,403	4,420,146	5,743	40,927
Total liabilities and equity	9,626,592	9,732,754	106,162	90,118

Condensed Quarterly Consolidated Statement of Changes in Equity

Yen (millions)

Three months ended June 30, 2018								
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of period	458,790	575,809	2,105,395	142,167	(4,137)	3,278,024	1,233,647	4,511,671
Cumulative effects of changes in accounting policies	-	-	3,209	-	-	3,209	(1,406)	1,803
Restated balance	458,790	575,809	2,108,604	142,167	(4,137)	3,281,233	1,232,241	4,513,474
Changes in equity								
Reclassified into retained earnings	-	-	19,304	(19,304)	-	-	-	-
Net income	-	-	105,245	-	-	105,245	32,182	137,427
Other comprehensive income (loss)	-	-	-	7,876	-	7,876	(1,013)	6,863
Dividends to Hitachi, Ltd. stockholders	-	-	(38,621)	-	-	(38,621)	-	(38,621)
Dividends to non-controlling interests	-	-	-	-	-	-	(20,152)	(20,152)
Acquisition of treasury stock	-	-	-	-	(49)	(49)	-	(49)
Sales of treasury stock	-	(237)	-	-	419	182	-	182
Changes in non-controlling interests	-	1,170	-	165	-	1,335	(61,086)	(59,751)
Total changes in equity	-	933	85,928	(11,263)	370	75,968	(50,069)	25,899
Balance at end of period	458,790	576,742	2,194,532	130,904	(3,767)	3,357,201	1,182,172	4,539,373

Yen (millions)

Three months ended June 30, 2019								
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of period	458,790	463,786	2,287,587	56,360	(3,920)	3,262,603	1,151,800	4,414,403
Cumulative effects of changes in accounting policies	-	-	(2,596)	-	-	(2,596)	(1,075)	(3,671)
Restated balance	458,790	463,786	2,284,991	56,360	(3,920)	3,260,007	1,150,725	4,410,732
Changes in equity								
Reclassified into retained earnings	-	-	13,183	(13,183)	-	-	-	-
Net income	-	-	120,303	-	-	120,303	19,934	140,237
Other comprehensive loss	-	-	-	(42,853)	-	(42,853)	(18,780)	(61,633)
Dividends to Hitachi, Ltd. stockholders	-	-	(48,280)	-	-	(48,280)	-	(48,280)
Dividends to non-controlling interests	-	-	-	-	-	-	(22,132)	(22,132)
Acquisition of treasury stock	-	-	-	-	(28)	(28)	-	(28)
Sales of treasury stock	-	(138)	-	-	269	131	-	131
Issuance of new shares	1,072	1,072	-	-	-	2,144	-	2,144
Changes in non-controlling interests	-	(3,245)	-	126	-	(3,119)	2,094	(1,025)
Total changes in equity	1,072	(2,311)	85,206	(55,910)	241	28,298	(18,884)	9,414
Balance at end of period	459,862	461,475	2,370,197	450	(3,679)	3,288,305	1,131,841	4,420,146

U.S. Dollars (millions)

Three months ended June 30, 2019								
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of period	4,248	4,294	21,181	522	(36)	30,209	10,665	40,874
Cumulative effects of changes in accounting policies	-	-	(24)	-	-	(24)	(10)	(34)
Restated balance	4,248	4,294	21,157	522	(36)	30,185	10,655	40,840
Changes in equity								
Reclassified into retained earnings	-	-	122	(122)	-	-	-	-
Net income	-	-	1,114	-	-	1,114	185	1,298
Other comprehensive loss	-	-	-	(397)	-	(397)	(174)	(571)
Dividends to Hitachi, Ltd. stockholders	-	-	(447)	-	-	(447)	-	(447)
Dividends to non-controlling interests	-	-	-	-	-	-	(205)	(205)
Acquisition of treasury stock	-	-	-	-	(0)	(0)	-	(0)
Sales of treasury stock	-	(1)	-	-	2	1	-	1
Issuance of new shares	10	10	-	-	-	20	-	20
Changes in non-controlling interests	-	(30)	-	1	-	(29)	19	(9)
Total changes in equity	10	(21)	789	(518)	2	262	(175)	87
Balance at end of period	4,258	4,273	21,946	4	(34)	30,447	10,480	40,927

Condensed Quarterly Consolidated Statement of Cash Flows

	Three months ended June 30		
	Yen (millions)		U.S. Dollars (millions)
	2018	2019	2019
Cash flows from operating activities			
Net income	137,427	140,237	1,298
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	90,175	103,477	958
Impairment losses	2,043	388	4
Income taxes	48,912	41,226	382
Share of (profits) losses of investments accounted for using the equity method	11,134	(17,075)	(158)
Financial income and expenses	(2,994)	(1,217)	(11)
Net (gain) loss on business reorganization and others	(37,472)	(24,602)	(228)
(Gain) loss on sale of property, plant and equipment	(1,509)	(2,136)	(20)
Change in trade receivables and contract assets	382,217	307,038	2,843
Change in inventories	(179,524)	(156,093)	(1,445)
Change in other assets	(29,565)	(6,152)	(57)
Change in trade payables	(77,740)	(89,574)	(829)
Change in retirement and severance benefits	(8,179)	(19,542)	(181)
Change in other liabilities	(130,364)	(123,932)	(1,148)
Other	(1,808)	3,495	32
Subtotal	202,753	155,538	1,440
Interest received	3,772	7,883	73
Dividends received	5,726	2,235	21
Interest paid	(5,712)	(5,544)	(51)
Income taxes paid	(72,184)	(81,251)	(752)
Net cash provided by (used in) operating activities	134,355	78,861	730
Cash flows from investing activities			
Purchase of property, plant and equipment	(102,827)	(79,003)	(732)
Purchase of intangible assets	(20,382)	(18,873)	(175)
Proceeds from sale of property, plant and equipment, and intangible assets	7,138	5,839	54
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(21,059)	(44,172)	(409)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	51,003	37,371	346
Other	(17,815)	(6,277)	(58)
Net cash provided by (used in) investing activities	(103,942)	(105,115)	(973)
Free cash flows	30,413	(26,254)	(243)
Cash flows from financing activities			
Change in short-term debt, net	152,748	215,770	1,998
Proceeds from long-term debt	9,281	25,161	233
Payments on long-term debt	(19,748)	(101,867)	(943)
Proceeds from payments from non-controlling interests	4,731	2,603	24
Dividends paid to Hitachi, Ltd. stockholders	(38,665)	(48,328)	(447)
Dividends paid to non-controlling interests	(19,519)	(20,449)	(189)
Acquisition of common stock for treasury	(49)	(28)	(0)
Proceeds from sales of treasury stock	182	131	1
Purchase of shares of consolidated subsidiaries from non-controlling interests	(1,177)	(56)	(1)
Other	(5)	-	-
Net cash provided by (used in) financing activities	87,779	72,937	675
Effect of exchange rate changes on cash and cash equivalents	(1,757)	(20,710)	(192)
Change in cash and cash equivalents	116,435	25,973	240
Cash and cash equivalents at beginning of period	697,964	807,593	7,478
Cash and cash equivalents at end of period	814,399	833,566	7,718

Segment Information

(1) Business Segments

	Three months ended June 30			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2019
	2018 (A)	2019 (B)		
IT	449,037 19%	462,854 21%	103	4,286
Energy	82,158 4%	72,092 3%	88	668
Industry	161,002 7%	160,195 7%	99	1,483
Mobility	282,631 12%	280,353 13%	99	2,596
Smart Life	392,982 17%	337,588 15%	86	3,126
Hitachi High-Technologies	173,018 7%	161,602 7%	93	1,496
Hitachi Construction Machinery	240,211 10%	234,696 11%	98	2,173
Hitachi Metals	258,996 11%	233,953 11%	90	2,166
Hitachi Chemical	168,932 7%	155,978 7%	92	1,444
Others	151,316 6%	107,492 5%	71	995
Subtotal	2,360,283 100%	2,206,803 100%	93	20,433
Corporate items & Eliminations	(194,384)	(174,221)	—	(1,613)
Revenues Total	2,165,899	2,032,582	94	18,820
IT	35,104 25%	40,218 32%	115	372
Energy	1,416 1%	524 1%	37	5
Industry	1,889 1%	1,411 1%	75	13
Mobility	17,647 12%	19,926 16%	113	185
Smart Life	6,411 5%	9,217 7%	144	85
Hitachi High-Technologies	16,316 11%	14,160 11%	87	131
Hitachi Construction Machinery	27,318 19%	22,634 18%	83	210
Hitachi Metals	15,980 11%	5,512 5%	34	51
Hitachi Chemical	11,670 8%	7,438 6%	64	69
Others	9,448 7%	3,303 3%	35	31
Subtotal	143,199 100%	124,343 100%	87	1,151
Corporate items & Eliminations	4,949	45	—	0
Adjusted operating income Total	148,148	124,388	84	1,152

	Three months ended June 30			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2019
	2018 (A)	2019 (B)		
IT	29,908 22%	43,531 28%	146	403
Energy	(9,518) (7%)	6,277 4%	—	58
Industry	3,520 3%	2,165 1%	62	20
Mobility	16,280 12%	42,593 27%	262	394
Smart Life	10,328 8%	9,522 6%	92	88
Hitachi High-Technologies	15,990 12%	14,430 9%	90	134
Hitachi Construction Machinery	25,326 18%	22,520 14%	89	209
Hitachi Metals	21,953 16%	5,122 3%	23	47
Hitachi Chemical	11,520 8%	7,825 5%	68	72
Others	11,157 8%	4,713 3%	42	44
Subtotal	136,464 100%	158,698 100%	116	1,469
Corporate items & Eliminations	44,012	23,813	—	220
EBIT Total	180,476	182,511	101	1,690

Notes: 1. Revenues by business segment include intersegment transactions.

2. Effective from April 1, 2019, the company reclassify its reportable segments. Accordingly, figures for the three months ended June 30, 2018 have been restated on the basis of the reclassification.

(2) Revenues by Market

	Three months ended June 30			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2019
	2018 (A)	2019 (B)		
Japan	981,402 45%	966,344 48%	98	8,948
Asia	520,307 24%	442,686 22%	85	4,099
North America	299,611 14%	282,700 14%	94	2,618
Europe	248,110 12%	234,480 11%	95	2,171
Other Areas	116,469 5%	106,372 5%	91	985
Overseas Revenues Subtotal	1,184,497 55%	1,066,238 52%	90	9,873
Total Revenues	2,165,899 100%	2,032,582 100%	94	18,820

Notes

(1) Notes Regarding Going Concern

Not applicable.

(2) Changes in Accounting Policies

Adoption of IFRS 16 “Leases”

From the beginning of the fiscal year ending March 31, 2020, the Company has adopted IFRS 16 “Leases” (IFRS 16).

As a transitional measure upon the adoption of IFRS 16, the Company applies this standard and a method of recognizing the cumulative effect of the initial application as an adjustment to the beginning balance of retained earnings at the date of initial application. The impact of adopting IFRS 16 on the condensed quarterly consolidated statement of financial position at the beginning of the current consolidated fiscal year includes an increase in assets of 218,161 million yen associated with the recognition of right-of-use assets, an increase in liabilities of 221,832 million yen associated with the recognition of lease liabilities, and a decrease in equity of 3,671 million yen associated with the recognition of an adjustment to the beginning balance of retained earnings at the date of initial application. The impact on the condensed quarterly consolidated statement of profit or loss is not material. In addition, with respect to the condensed quarterly consolidated statement of cash flows, while lease payments for operating leases were previously included in cash flows from operating activities, adjustments for depreciation expense for right-of-use assets are included in cash flows from operating activities and payments of lease liabilities are included in cash flows from financing activities as a result of adopting IFRS 16; therefore, compared with the previous accounting standard, cash flows from operating activities increase while cash flows from financing activities decrease.

(3) Revision of defined benefit pension plan

On April 1, 2019, for current employees participating in the defined benefit pension plan managed by the Hitachi Pension Fund, the Company and Hitachi Industrial Products, Ltd., a consolidated subsidiary of the Company in the Industry segment, introduced a risk-sharing corporate pension plan. Under this plan, a risk reserve contribution is determined in advance in accordance with the rules governing the plan, and the pension benefits are adjusted annually based on the financial position of the plan to maintain balanced finance.

In terms of the corresponding accounting treatment for retirement benefits, risk-sharing corporate pension plans, for which an entity accepts contribution obligations to the extent stipulated in the rules but has no further obligations to make any additional contributions, are classified as defined contribution plans. Since this risk-sharing corporate pension plan imposes no additional contribution obligations, at the time of the shift to the revised plan, the difference between the defined benefit obligations related to the portion transferred to the revised plan and the amount of assets transferred to the revised plan corresponding to the decrease in defined benefit obligations, 21,206 million yen, was recognized as a settlement gain in Other income in the condensed quarterly consolidated statement of profit or loss, and Retirement and severance benefits in the condensed quarterly consolidated statement of financial position decreased by 21,206 million yen. The amount of risk reserve contributions to be paid by the Company for the fiscal year ending March 31, 2020 are not material.

(4) Subsequent Events

Acquisition of Chassis Brakes International B.V.

On July 24, 2019, the Company and Hitachi Automotive Systems, Ltd. (HiAMS), a consolidated subsidiary of the Company in the Smart Life segment, signed an agreement with Caliper Acquisition International S.à r.l. (Caliper), a special purpose vehicle of KPS Capital Partners, for HiAMS to acquire all stake in Chassis Brakes International in order to further strengthen core businesses and build HiAMS's global presence. The acquisition is expected to be executed by the end of 2019. The total consideration, paid in cash, for the shares of Chassis Brakes International is expected to be 510 million euro (62,433 million yen). Furthermore, HiAMS is expected to repay loans which are owed by Chassis Brakes International, in addition to the acquisition. The effects of this transaction on the Company's consolidated financial statements are currently being evaluated.

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;
- 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;
- 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;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- 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 access to, or ability to protect, certain intellectual property;
- 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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