

To Our Shareholders



Hiroaki Nakanishi
Chairman & CEO

Toshiaki Higashihara
President & COO

Overall, we are pleased to report that our growth strategies continue to bear fruit and that fiscal 2015 is shaping up to be a good year in terms of performance and growth.

Under the 2015 Mid-term Management Plan, which was launched in May 2013, we continue to work closely with our customers, identifying their challenges and providing innovative solutions through our Social Innovation Business.

Performance figures point to a steady rise in earning power for the entire Hitachi Group. In fiscal 2014, Hitachi recorded revenues of ¥9,761.9 billion, operating income of ¥600.4 billion, and EBIT (earnings before interest and taxes) of ¥551.0 billion (U.S. GAAP). This marked the second year in a row that the Company achieved a record high operating income.

Fiscal 2015, the final year of the 2015 Mid-term Management Plan, is an important year in our ongoing efforts to promote further growth. Accordingly, we are responding swiftly to emerging challenges and continue to implement specific growth strategies.

In fiscal 2014, we implemented a number of measures to achieve the targets of the 2015 Mid-term Management Plan and to accelerate further growth in the years ahead. Front-line functions, which include sales, engineering, SI, and consulting, play an indispensable role in our efforts to create social innovation solutions specifically tailored to meet the increasingly diverse issues faced by our customers and societies. Accordingly, we have strengthened these functions, establishing the Energy Solutions Company, which caters to the growing demand for electric power, while reducing its environmental impact. We have also integrated the resources of our Systems Solutions divisions so that they may better cater to the ever increasing demand for large-scale solutions in finance, public & government and social infrastructure. Furthermore, we have strengthened our platform functions and product functions, which support the front line. Toward that end, we acquired a U.S. data analytics company and have integrated Hitachi's industrial products operations.

To implement these initiatives on a global scale, we appointed Chief Executives in four key regions outside Japan—the Americas, China, Asia-Pacific, and EMEA-CIS (Europe, the Middle East and Africa, and the Commonwealth of Independent States). In each of these regions, we are promoting reforms to establish *Autonomous Decentralized Global Management*, a structure in which each regional Chief Executive devises and implements his own independent business initiatives. We also reorganized our R&D operations to create a structure that allows customers to share their needs directly with our front-line.

Furthermore, under the Hitachi Smart Transformation Project, our ongoing cost structure reform initiative, we are optimizing the efficiency of our end-to-end business processes, thereby enhancing our ability to generate cash for future growth.

As a current group-wide effort, we and our Hitachi Members are each striving to achieve the targets of the 2015 Mid-term Management Plan while further enhancing Hitachi's corporate value.

Last but not least, we would like to thank you, our shareholders, for all your understanding and encouragement, and we look forward to your ongoing support in the years to come.

July 2015



Hiroaki Nakanishi
Chairman & CEO



Toshiaki Higashihara
President & COO