

[Translation]

# Report on the 146th Business Term

(For the period from April 1, 2014 to March 31, 2015)



Note: This English translation incorporates, from page 31 to page 45, the materials that are provided to the shareholders for their review by posting on the Company's website pursuant to the provisions of the Articles of Incorporation of the Company and the relevant laws and regulations.

## **1. Business Report (from April 1, 2014 to March 31, 2015)**

### **(1) Business Overview and Results of Hitachi Group**

#### **Business Results**

During the period under review, the world economy saw ongoing financial instability in some parts of Europe and slackening economic growth in China, despite improvement in the employment situation and progression on a recovery track in the United States. The Japanese economy progressed on the whole on a gradual recovery track due to factors such as an upward trend in capital investment accompanying an improvement in corporate performance.

Under such circumstances, the Hitachi Group worked to achieve growth in global markets centered on our social innovation business, while promoting cost structure reforms to strengthen our management base. As a result, we continued to renewed record high operating income for the fiscal year ended March 31, 2015 as in the preceding fiscal year.

Revenues increased by 2% from the preceding fiscal year to JPY 9,761.9 billion, due to an increase in revenues from the Social Infrastructure & Industrial Systems and other segments. Operating income increased by 12% from the preceding fiscal year to JPY 600.4 billion thanks to the strong performance of the Social Infrastructure & Industrial Systems and High Functional Materials & Components segments. EBIT (earnings before interest and taxes) decreased by 6% from the preceding fiscal year to JPY 551.0 billion, and net income attributable to Hitachi, Ltd. stockholders decreased by 9% to JPY 241.3 billion, compared to the preceding fiscal year.

We declared dividends of 12 yen per share annually, an increase of 1.5 yen from the preceding fiscal year, consisting of the interim dividends in the amount of 6 yen per share and year-end dividends in the amount of 6 yen per share.

#### **Measures Taken and Aims**

Reporting on measures taken for the period under review, in the information & telecommunication systems business, we made efforts to strengthen our solutions proposal capabilities to serve wide-ranging customer needs. In Japan, in the system solutions business in the social infrastructure, financial, and public sectors, we promoted concentration of our management resources for design, development, and sales. Under the new structure that began from April 1 of this year, we will strive to diligently respond to growing demand in connection to social infrastructure utilizing IT, IT investments by financial institutions, and the social security and tax number system (My Number system). Overseas, we decided to acquire a U.S. company engaged in the development and provision of software that analyzes big data, etc. We will build a platform for utilizing big data that responds to the needs of customers in various industries, and strive to provide new services.

In the railway systems business, we are making steady progress in global business development such as through obtaining orders for the provision and maintenance of 234 rail cars of the AT200 commuter trains in the UK. In addition, we reached an agreement with Finmeccanica S.p.A. in Italy to purchase its signalling systems and railway businesses. We will strengthen our position in signalling and traffic management systems and expand turnkey operations business to further enhance our competitiveness in the global market.

Furthermore, on April 1 of this year, we reorganized our global R&D structure. We will reinforce the R&D function by strengthening technology platforms that support the promotion of our social innovation business, developing cutting-edge technologies and establishing a frontline organization to challenge issues together with customers.

## Results by Segment

### Information & Telecommunication Systems

Revenues increased by 5% from the preceding fiscal year mainly due to strong sales in the system solutions business in the public and financial systems, etc. On the profit front, although operating income increased, EBIT declined by 3% from the preceding fiscal year, mainly due to posting of expenses related to the structural reforms in the telecommunications & network business, etc.

### Power Systems

Revenues decreased by 35% from the preceding fiscal year due to the integration of our thermal power generation systems business with MITSUBISHI HITACHI POWER SYSTEMS, LTD. in the previous fiscal year. EBIT posted losses, mainly due to the impact of the integration of our thermal power generation systems business and the weak performance in the transmission & distribution business.

### Social Infrastructure & Industrial Systems

Revenues increased by 10% from the preceding fiscal year, mainly due to strong sales in the elevators and escalators business in China and the industrial product business, and EBIT increased by 66% from the preceding fiscal year.

### Electronic Systems & Equipment

Revenues and EBIT increased by 1% and 14%, respectively from the preceding fiscal year due to an increase in revenues from semiconductor manufacturing equipment and medical analysis systems.

### Construction Machinery

Revenues increased by 2% from the preceding fiscal year, mainly due to strong sales of hydraulic excavators in North America. EBIT, however, decreased by 12% from the preceding fiscal year, mainly due to the impact of a decline in sales in China.

### High Functional Materials & Components

Revenues increased by 10% from the preceding fiscal year, mainly due to the acquisition of an U.S. company engaged in the iron casting business by Hitachi Metals Ltd., and EBIT increased by 34%, mainly due to the effects of cost reductions and structural reforms.

### Automotive Systems

Revenues increased by 5% from the preceding fiscal year, mainly due to steady demand in overseas markets. EBIT increased by 609% from the preceding fiscal year, mainly due to an increase in revenues and a decrease in expenses related to competition law.

### Smart Life & Ecofriendly Systems

Revenues and EBIT increased by 5% and 26%, respectively from the preceding fiscal year, mainly due to an increase in overseas sales primarily in the air conditioning systems business.

### Others (Logistics and Other services)

Revenues decreased by 13% from the preceding fiscal year, mainly due to the conversion of Hitachi Maxell, Ltd. into an equity-method affiliate. However, EBIT increased by 160% from the preceding fiscal year, mainly because of a decrease in expenses related to the structural reforms.

### Financial Services

Revenues and EBIT increased by 5% and 4%, respectively from the preceding fiscal year, mainly due to the strong sales in overseas businesses.

## Revenues and EBIT by Segment

(Billions of yen)

Segment	Revenues			EBIT		
	Fiscal 2013(A)	Fiscal 2014(B)	(B)/(A)	Fiscal 2013(A)	Fiscal 2014(B)	(B)/(A)
Information & Telecommunication Systems	1,934.9	2,032.1	105%	96.3	93.6	97%
Power Systems	724.9	472.6	65%	158.4	(2.8)	-
Social Infrastructure & Industrial Systems	1,501.4	1,646.8	110%	61.1	101.5	166%
Electronic Systems & Equipment	1,116.7	1,132.3	101%	52.6	59.9	114%
Construction Machinery	767.3	779.9	102%	63.3	55.6	88%
High Functional Materials & Components	1,363.2	1,504.5	110%	96.5	129.2	134%
Automotive Systems	892.1	936.9	105%	4.9	34.9	709%
Smart Life & Ecofriendly Systems	740.0	780.1	105%	25.4	32.1	126%
Others (Logistics and Other services)	1,388.9	1,210.7	87%	19.7	51.3	260%
Financial Services	338.5	355.5	105%	34.6	36.2	104%
Subtotal	10,768.4	10,851.8	101%	613.3	591.9	97%
Corporate Items & Eliminations	(1,204.6)	(1,089.9)	-	(27.6)	(40.8)	-
Total	9,563.7	9,761.9	102%	585.6	551.0	94%

- Notes: 1. The consolidated figures of the Company have been prepared in conformity with accounting principles generally accepted in the United States.
2. Revenues by segment include intersegment transactions.
3. EBIT (earnings before interest and taxes) is presented as income before income taxes less interest income plus interest charges.
4. From fiscal 2014, classification has been changed in segmentation between the "Information & Telecommunication Systems" and the "Social Infrastructure & Industrial Systems" segments. In addition, the former "Digital Media & Consumer Products" was renamed to the "Smart Life & Ecofriendly Systems," and classification has been changed in segmentation between said segment and the "Others (Logistics and Other services)" segment. Figures for each segment, including figures for the preceding fiscal year, reflects the reclassified segmentation.
5. In accordance with the Accounting Standards Codification 205-20 "Presentation of Financial Statements – Discontinued Operations" of the U.S. Financial Accounting Standards Board, a portion of the thermal power generating systems business is treated as a discontinued business from fiscal 2014. Accordingly, the business results of the said business are not included in revenues, operating income, EBIT and income before income taxes, and corresponding figures from the preceding fiscal year have been reclassified.
6. The businesses of each segment are set out in "(2) Main Products and Services of Hitachi Group."

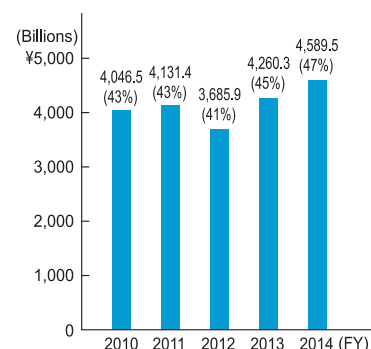
## Reference

### Domestic and Overseas Revenues

(Billions of yen)

	Fiscal 2013(A)	Fiscal 2014(B)	(B)/(A)	Percentage to total
Domestic Revenues	5,303.4	5,172.4	98%	53%
Asia	2,063.5	2,216.6	107%	23%
North America	910.2	1,060.4	117%	11%
Europe	759.7	844.7	111%	8%
Other Areas	526.7	467.5	89%	5%
Overseas Revenues	4,260.3	4,589.5	108%	47%
Total	9,563.7	9,761.9	102%	100%

### Overseas Revenues Trends



Note: The number in parentheses is the percentage of overseas revenues to total revenues.

**(2) Main Products and Services of Hitachi Group (As of March 31, 2015)**

Segment	Main Products and Services	Percentage to Total Revenues
Information & Telecommunication Systems	Systems Integration, Consulting, Cloud Services, Servers, Storage, Software, Telecommunications & Network, ATMs	19%
Power Systems	Thermal, Nuclear and Renewable Energy Power Generation Systems, Transmission & Distribution Systems	4
Social Infrastructure & Industrial Systems	Industrial Machinery and Plants, Elevators, Escalators, Railway Systems	15
Electronic Systems & Equipment	Semiconductor Manufacturing Equipment, Test and Measurement Equipment, Advanced Industrial Products, Medical Electronics Equipment, Power Tools	11
Construction Machinery	Hydraulic Excavators, Wheel Loaders, Mining Machinery	7
High Functional Materials & Components	Semiconductor and Display Related Materials, Circuit Boards and Materials, Automotive Parts (Molded Plastics, etc.), Energy Storage Devices, Specialty Steels, Magnetic Materials and Components, High Grade Casting Components and Materials, Wires and Cables	14
Automotive Systems	Engine Management Systems, Electric Powertrain Systems, Drive Control Systems, Car Information Systems	9
Smart Life & Ecofriendly Systems	Air-Conditioning Equipment, Room Air Conditioners, Refrigerators, Washing Machines	7
Others (Logistics and Other services)	Logistics, Optical Disk Drives, Property Management	11
Financial Services	Leasing, Loan Guarantees	3

Note: The thermal power generation systems business in the Power Systems segment is mainly conducted by MITSUBISHI HITACHI POWER SYSTEMS, LTD., which is an equity-method affiliate of the Company.

**(3) Major Facilities of Hitachi Group (As of March 31, 2015)**

**Major Facilities of the Company**

	Location
Head Office	Tokyo (Chiyoda-ku)
R&D	Tokyo (Chiyoda-ku, Kokubunji), Ibaraki (Hitachi, Hitachinaka), Saitama (Hatoyama), Kanagawa (Yokohama)
Manufacturing, Design and Engineering	Tokyo (Chiyoda-ku, Toshima-ku, Shinagawa-ku, Koto-ku), Ibaraki (Hitachi, Tsuchiura, Hitachinaka), Kanagawa (Yokohama, Kawasaki, Odawara, Hadano), Yamaguchi (Kudamatsu)
Sales and Area Operations	Tokyo (Chiyoda-ku, Toshima-ku, Shinagawa-ku, Koto-ku), Hokkaido Area Operation (Chuo-ku, Sapporo), Tohoku Area Operation (Aoba-ku, Sendai), Kanto Area Operation (Chiyoda-ku, Tokyo), Yokohama Area Operation (Nishi-ku, Yokohama), Hokuriku Area Operation (Toyama), Chubu Area Operation (Naka-ku, Nagoya), Kansai Area Operation (Kita-ku, Osaka), Chugoku Area Operation (Naka-ku, Hiroshima), Shikoku Area Operation (Takamatsu), Kyushu Area Operation (Sawara-ku, Fukuoka)

**Major Facilities of Consolidated Subsidiaries of the Company**

Major consolidated subsidiaries of the Company and their locations are as stated in “(5) Major Hitachi Group Companies.”

**(4) Employees of Hitachi Group (As of March 31, 2015)**

Segment	Number of Employees	Change from the End of the Preceding Year
Information & Telecommunication Systems	76,438	+1,998
Power Systems	10,613	+449
Social Infrastructure & Industrial Systems	54,809	+3,008
Electronic Systems & Equipment	24,253	-364
Construction Machinery	19,916	+346
High Functional Materials & Components	48,073	+5,014
Automotive Systems	31,865	+1,271
Smart Life & Ecofriendly Systems	22,200	+232
Others (Logistics and Other services)	37,461	+635
Financial Services	4,792	+107
Corporate (Head Office and others)	2,730	-271
Total	333,150	+12,425
(the Company)	(31,375)	(-2,125)

Note: In addition to the figures shown above, the average number of part-time employees during fiscal 2014 at the Hitachi Group was 48,548 (of which, 1,466 worked at the Company).

## (5) Major Hitachi Group Companies

(As of March 31, 2015)

Segment	Name of Company	Location
Information & Telecommunication Systems	Hitachi Information & Telecommunication Engineering, Ltd.	Yokohama, Kanagawa
	Hitachi-Omron Terminal Solutions, Corp.	Shinagawa-ku, Tokyo
	Hitachi Solutions, Ltd.	Shinagawa-ku, Tokyo
	Hitachi Systems, Ltd.	Shinagawa-ku, Tokyo
	Hitachi Computer Products (America), Inc.	U.S.A.
	Hitachi Computer Products (Europe) S.A.S.	France
	Hitachi Consulting Corporation	U.S.A.
	Hitachi Data Systems Corporation	U.S.A.
	Hitachi Financial Equipment System (Shen Zhen) Co., Ltd.	China
	*Hitachi Information & Telecommunication Systems Global Holding Corporation	U.S.A.
Power Systems	Hitachi-GE Nuclear Energy, Ltd.	Hitachi, Ibaraki
	Hitachi Power Solutions Co., Ltd.	Hitachi, Ibaraki
	Horizon Nuclear Power Limited	U.K.
Social Infrastructure & Industrial Systems	Hitachi Building Systems Co., Ltd.	Chiyoda-ku, Tokyo
	Hitachi Industrial Equipment Systems Co., Ltd.	Chiyoda-ku, Tokyo
	Hitachi Industry & Control Solutions, Ltd.	Hitachi, Ibaraki
	Hitachi Plant Construction, Ltd.	Toshima-ku, Tokyo
	Hitachi Elevator (China) Co., Ltd.	China
	Hitachi Rail Europe Ltd.	U.K.
Electronic Systems & Equipment	Hitachi High-Technologies Corporation	Minato-ku, Tokyo
	Hitachi Koki Co., Ltd.	Minato-ku, Tokyo
	Hitachi Kokusai Electric Inc.	Chiyoda-ku, Tokyo
	Hitachi Medical Corporation	Chiyoda-ku, Tokyo
Construction Machinery	Hitachi Construction Machinery Co., Ltd.	Bunkyo-ku, Tokyo

Segment	Name of Company	Location
High Functional Materials & Components	Hitachi Chemical Company, Ltd.	Chiyoda-ku, Tokyo
	Hitachi Metals, Ltd.	Minato-ku, Tokyo
Automotive Systems	Clarion Co., Ltd.	Saitama, Saitama
	Hitachi Automotive Systems, Ltd.	Hitachinaka, Ibaraki
	Hitachi Automotive Systems Americas, Inc.	U.S.A.
Smart Life & Ecofriendly Systems	Hitachi Appliances, Inc.	Minato-ku, Tokyo
	Hitachi Consumer Marketing, Inc.	Minato-ku, Tokyo
	Hitachi Consumer Products (Thailand), Ltd.	Thailand
Others (Logistics and Other services)	Hitachi-LG Data Storage, Inc.	Minato-ku, Tokyo
	Hitachi Life, Ltd.	Hitachi, Ibaraki
	Hitachi Transport System, Ltd.	Koto-ku, Tokyo
	Hitachi Urban Investment, Ltd.	Chiyoda-ku, Tokyo
	Hitachi America, Ltd.	U.S.A.
	Hitachi Asia Ltd.	Singapore
	Hitachi (China), Ltd.	China
	Hitachi Europe Ltd.	U.K.
	Hitachi India Pvt. Ltd.	India
Financial Services	Hitachi Capital Corporation	Minato-ku, Tokyo

- Notes: 1. The total number of consolidated subsidiaries is 995. Although the consolidated subsidiaries include variable interest entities, there is no applicable variable interest entity as of March 31, 2015. Consolidated trust accounts are not included in the number of consolidated subsidiaries.
2. The number of equity-method affiliates is 261. The major equity-method affiliates are MITSUBISHI HITACHI POWER SYSTEMS, LTD. and Mitsubishi-Hitachi Metals Machinery, Inc.
3. The company marked with \* is a holding company; its major operating companies are located in the United States.
4. Hitachi Industry & Control Solutions, Ltd. was formerly known as Hitachi Information & Control Solutions, Ltd., which changed its name in association with the reorganization of the information and control solution business for industrial fields, the security system business and the printed-circuit board manufacturing business of the Group as of April 1, 2014.



## (6) Capital Investment of Hitachi Group

During fiscal 2014, the Hitachi Group carried out capital investment of JPY 848.7 billion, the same level as the preceding fiscal year. Of this, excluding the financial services segment, the amount invested decreased due mainly to the effect of the transfer of the thermal power generating systems business. However, we continued to make investments with a view to strengthening global business development including improvement of production capacity in overseas for railway systems and automobile-related areas.

A breakdown of capital investment by segment is shown below.

(Billions of yen)	
Segment	Amount
Information & Telecommunication Systems	46.1
Power Systems	24.0
Social Infrastructure & Industrial Systems	38.0
Electronic Systems & Equipment	18.9
Construction Machinery	20.5
High Functional Materials & Components	74.6
Automotive Systems	77.4
Smart Life & Ecofriendly Systems	18.4
Others (Logistics and Other services)	51.9
Financial Services	493.1
Subtotal	863.3
Corporate Items & Eliminations	(14.6)
Total	848.7

Note: Capital investment in the Financial Services segment is mainly investment in assets to be leased relating to leasing business.

## (7) Research and Development of Hitachi Group

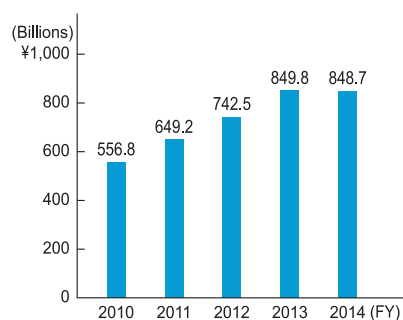
Expenses on research and development during fiscal 2014 amounted to JPY 335.5 billion, with which we focused on the development of technologies for strengthening our social innovation business. Notable achievements included the development of high-precision finger vein authentication technology that enables individuals to have their fingers scanned while walking to accurately authenticate their identity and that is expected to be utilized at security gates of large-scale facilities, etc., as well as the development of technology to quantify the vitality of an organization by gathering and analyzing data on each individual's behavior using wearable terminals in the form of name tags for the purpose of supporting operational improvement and increase in productivity.

A breakdown of R&D expenses by segment is shown below.

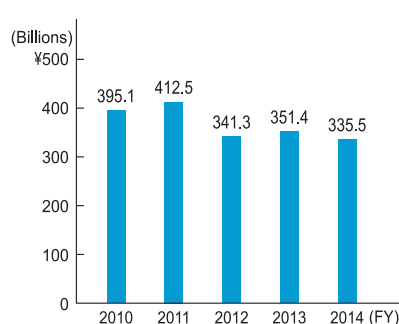
(Billions of yen)	
Segment	Amount
Information & Telecommunication Systems	69.0
Power Systems	11.5
Social Infrastructure & Industrial Systems	32.4
Electronic Systems & Equipment	49.6
Construction Machinery	16.9
High Functional Materials & Components	45.7
Automotive Systems	61.9
Smart Life & Ecofriendly Systems	11.8
Others (Logistics and Other services)	8.0
Financial Services	0.3
Corporate Items	27.8
Total	335.5

## Reference

### Capital Investment Trends



### Research and Development Expenses Trends



## (8) Borrowings and Financing Activity of Hitachi Group

### Major Financing Activities

Hitachi Capital Corporation issued unsecured straight bonds in June, September and December 2014, procuring a total of JPY 100.0 billion to fund the redemption of unsecured straight bonds and short-term debentures.

Hitachi Construction Machinery Co., Ltd. issued unsecured straight bonds in June 2014, procuring JPY 40.0 billion to fund the redemption of unsecured straight bonds and business operations.

### Major Borrowings (As of March 31, 2015)

Name of Company	Creditor	Balance of Borrowings
The Company	Development Bank of Japan Inc.	40.0 billion yen
	Nippon Life Insurance Company	40.0 billion yen
	Meiji Yasuda Life Insurance Company	33.0 billion yen
	Mizuho Bank, Ltd.	30.3 billion yen
	The Dai-ichi Life Insurance Company, Limited	22.0 billion yen
	Mizuho Bank, Ltd.	61.6 billion yen
Hitachi Capital Corporation	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	47.8 billion yen
	Development Bank of Japan Inc.	25.1 billion yen
	Nippon Life Insurance Company	21.3 billion yen

Note: In addition to the figures shown above, the Company owes JPY 120.0 billion of long-term borrowings by means of syndicated loan agreements.

## (9) Challenges Facing Hitachi Group

While the forecast of the world economy still remains uncertain, the Hitachi Group will promote the following measures in order to realize growth as a major global player by expanding our Social Innovation Business under the “2015 Mid-term Management Plan.”

- In order to accelerate the global development of our social innovation business by accurately seizing business opportunities in growth sectors and customer needs by region, we will establish a structure under which overseas regional bases proactively conduct business operations.
- We will establish a system for providing optimal solutions in a timely manner from the Hitachi Group's wide range of products and services in response to challenges faced by customers by

strengthening our sales, planning and engineering functions for customers.

- We will continuously strive to optimize our business portfolio from the perspective of the growth potential and competitiveness of businesses, by carrying out reorganization as necessary, including partnerships with other companies, withdrawals and disposal by sale.
- We will secure funds for the growth of the Hitachi Group and establish a robust management base while continuing to work on increasing profitability through cost structure reform and strengthening our cash-generating capabilities.
- By strengthening research and development that realizes solutions based on the challenges faced by customers at R&D bases in Japan and overseas, we will further reinforce the role of R&D in bolstering the Hitachi Group's profitability.
- We will improve the environment where the diverse human resources, including female and foreign employees, demonstrate their utmost performance, as well as foster a corporate culture that encourages our employees to act independently and continue growing.
- By providing our customers with high-quality and safe products and services, we will further gain the reliability in the Hitachi Group from society, and increase the value of the Hitachi brand.
- We will intensify our focus on “Basics and Ethics” worldwide based on a firm commitment to eliminate misconduct within the Hitachi Group, and continuously strive to contribute to the environment and the communities.



# (10) Five-year Summary of Assets and Results of Operation of Hitachi Group

## Consolidated Basis

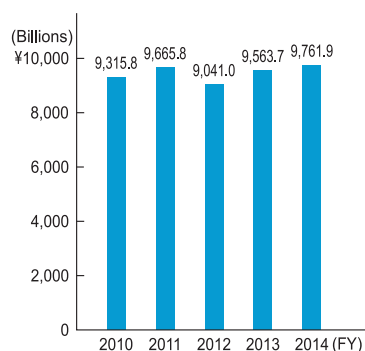
(Billions of yen)

Fiscal Year	2010	2011	2012	2013	2014
Revenues	9,315.8	9,665.8	9,041.0	9,563.7	9,761.9
Operating Income	444.5	412.2	422.0	538.2	600.4
EBIT	443.8	573.2	358.0	585.6	551.0
Income Before Income Taxes	432.2	557.7	344.5	573.6	535.6
Net Income Attributable to Hitachi, Ltd. Stockholders	238.8	347.1	175.3	264.9	241.3
Total Assets	9,185.6	9,418.5	9,809.2	11,016.8	12,395.3

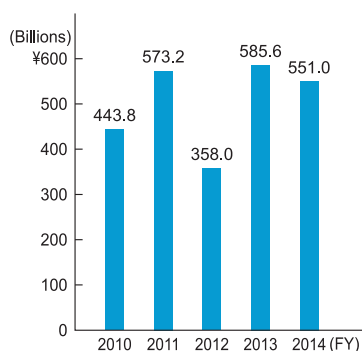
- Notes:
1. The consolidated figures shown above have been prepared in conformity with accounting principles generally accepted in the United States, while operating income has been prepared in conformity with accounting principles generally accepted in Japan.
  2. Restructuring charges etc. are included as part of other income or other deductions in conformity with accounting principles generally accepted in Japan, while they are included as part of operating income under accounting principles generally accepted in the United States.
  3. EBIT (earnings before interest and taxes) is presented as income before income taxes less interest income plus interest charges.
  4. In accordance with the Accounting Standards Codification 205-20 "Presentation of Financial Statements – Discontinued Operations" of the U.S. Financial Accounting Standards Board, a portion of the thermal power generation systems business is treated as a discontinued business from fiscal 2014. Accordingly, the business results of the said business are not included in revenues, operating income, EBIT and income before income taxes. Although the figures for fiscal 2013 have also been reclassified, the figures for fiscal 2012 and earlier have not.
  5. In fiscal 2011, despite the impacts of damage from the Great East Japan Earthquake and the floods in Thailand, net income attributable to Hitachi, Ltd. stockholders significantly increased from fiscal 2010 due primarily to gain on sale posted as a result of the transfer of hard disk drive business.
  6. In fiscal 2012, despite an increase in operating income, both revenues and net income decreased from the preceding fiscal year due primarily to the impact from the transfer of hard disk drive business in fiscal 2011.
  7. In fiscal 2013, profit increased from fiscal 2012 due primarily to the effects of structural reforms in addition to the increase in revenues.

## Reference (consolidated)

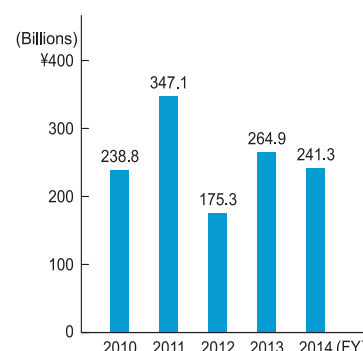
### Revenues



### EBIT



### Net Income Attributable to Hitachi, Ltd. Stockholders



## Unconsolidated Basis

(Billions of yen)

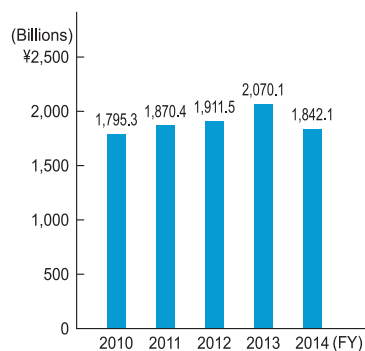
Fiscal Year	2010	2011	2012	2013	2014
Revenues	1,795.3	1,870.4	1,911.5	2,070.1	1,842.1
Operating Income (Loss)	33.1	17.8	34.7	6.0	(3.9)
Ordinary Income (Loss)	127.5	48.9	76.0	17.8	(0.3)
Net Income	64.2	254.5	57.6	57.8	85.2
Total Assets	3,146.3	3,331.5	3,423.4	3,570.0	3,749.3

### Notes:

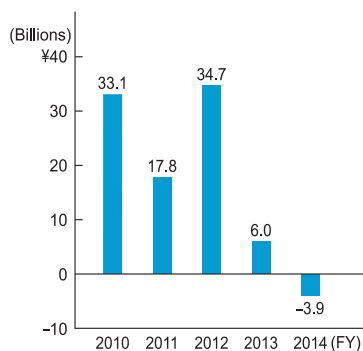
1. In fiscal 2011, net income significantly increased from fiscal 2010 due to the posting of extraordinary gains, including gain on sale of affiliated companies' common stock for selling the shares of a subsidiary engaged in hard disk drives business.
2. In fiscal 2012, both revenues and operating income increased from fiscal 2011 due primarily to the improvement in the power systems business. Net income decreased from fiscal 2011, due to the decrease in extraordinary gains, including gain on sale of affiliated companies' common stock.
3. In fiscal 2013, although operating income decreased from fiscal 2012, net income increased from fiscal 2012 due to the posting of extraordinary gains, including gain on sale of investment in securities.
4. In fiscal 2014, despite recording an operating loss, net income increased from fiscal 2013 due to the posting of extraordinary gains including gains on sale of investments in securities and the decrease in extraordinary losses, including impairment loss on investments in capital of affiliated companies.

## Reference (unconsolidated)

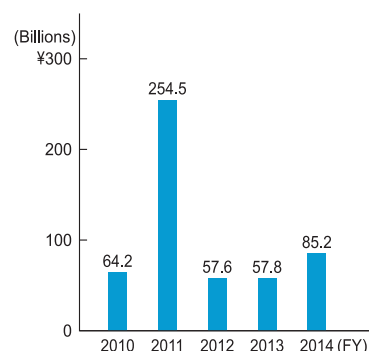
### Revenues



### Operating Income (Loss)



### Net Income



## (11) Directors and Executive Officers

### 1) Directors

#### Name, Position and Responsibilities, etc.

(As of March 31, 2015)

Name	Position	Committee Membership	Other Principal Positions Held
Nobuo Katsumata	Director	Nominating Committee (Chair) Audit Committee Compensation Committee	Senior Corporate Advisor, Marubeni Corporation
Cynthia Carroll	Director	-	Non-Executive Director, BP plc. (UK)**
Sadayuki Sakakibara	Director	Nominating Committee Compensation Committee	Chairman of the Board, Toray Industries, Inc. Director, Nippon Telegraph and Telephone Corporation** Chairman, Japan Business Federation
George Buckley	Director	-	Chairman, Arle Capital Partners Limited (UK) Director, Stanley Black & Decker, Inc. (USA)** Chairman, Smiths Group plc (UK)** Director, PepsiCo, Inc. (USA)**
Harufumi Mochizuki	Director	Compensation Committee (Chair) Nominating Committee Audit Committee	President and Representative Director, Tokyo Small and Medium Business Investment & Consultation Co., Ltd. Corporate Auditor, ITOCHU Corporation**
Philip Yeo	Director	-	Chairman, SPRING Singapore Chairman of the Board, Economic Development Innovations Singapore Pte. Ltd.
*Hiroaki Yoshihara	Director	Audit Committee	Director, Murata Manufacturing Co., Ltd.**
Hiroaki Nakanishi	Director	Nominating Committee	-
Takashi Hatchoji	Director	-	Chairman of the Board, Hitachi America, Ltd.
*Toshiaki Higashihara	Director	Compensation Committee	-
Takashi Miyoshi	Director	Audit Committee (Chair)	Chairman of the Board, Hitachi Capital Corporation Corporate Auditor, Hitachi Koki Co., Ltd.
*Nobuo Mochida	Director	Audit Committee	-

- Notes:
1. The Directors marked with \* were newly elected and assumed their positions at the 145th Annual General Meeting of Shareholders on June 20, 2014.
  2. Mr. Hiroaki Yoshihara, Director (Audit Committee), has considerable knowledge of finance and accounting based on his long experience at KPMG Group with businesses related to accounting, etc. Mr. Takashi Miyoshi, Director (Audit Committee (Chair)), has considerable knowledge of finance and accounting due to his long experience as the General Manager of accounting and finance of the Company as well as Executive Officer responsible for accounting and finance for many years.
  3. Directors, Messrs. Nobuo Katsumata, Sadayuki Sakakibara, George Buckley, Harufumi Mochizuki, Philip Yeo and Hiroaki Yoshihara and Ms. Cynthia Carroll are outside directors who fulfill the qualification requirements as provided for in Article 2, Item 15 of the Companies Act of Japan and have been reported as independent directors to the Japanese stock exchanges where the Company is listed. Of the seven individuals, those with \*\* in the "Other Principal Positions Held" column serve as an outside Director or an outside Corporate Auditor (or equivalent thereof) of the company listed in said column.
  4. The Company has transactions, including the sales of products and services, purchase of products and services, and payment of membership fees, with Marubeni Corporation, Toray Industries, Inc., Nippon Telegraph and Telephone Corporation, Japan Business Federation, ITOCHU Corporation and Murata Manufacturing Co., Ltd. The volume of transactions with each of the companies and corporations is negligible in comparison to the total business volume of the Company and to the total business volume of the corresponding entity.

## Matters Concerning Outside Directors

### (Major Activities of Outside Directors)

Name	Attendance	Participation
Nobuo Katsumata	Board of Directors meetings: 9 out of 9 days Nominating Committee: 6 out of 6 days Audit Committee: 9 out of 9 days Compensation Committee: 7 out of 7 days	Mr. Katsumata stated his opinions and asked questions with respect to overall management of the Group as necessary at the Board and Audit Committee meetings based on his management experience and insight with a global general trading company.
Cynthia Carroll	Board of Directors meetings: 9 out of 9 days	Ms. Carroll stated her opinions and asked questions with respect to overall management of the Group as necessary at the Board meetings based on her management experience and insight with a major global business company.
Sadayuki Sakakibara	Board of Directors meetings: 8 out of 9 days Nominating Committee: 7 out of 7 days Compensation Committee: 6 out of 7 days	Mr. Sakakibara stated his opinions and asked questions with respect to overall management of the Group as necessary at the Board meetings based on his management experience and insight with a major global manufacturer.
George Buckley	Board of Directors meetings: 9 out of 9 days	Mr. Buckley stated his opinions and asked questions with respect to overall management of the Group as necessary at the Board meetings based on his management experience and insight with a major global manufacturer.
Harufumi Mochizuki	Board of Directors meetings: 9 out of 9 days Nominating Committee: 7 out of 7 days Audit Committee: 14 out of 14 days Compensation Committee: 6 out of 6 days	Mr. Mochizuki stated his opinions and asked questions with respect to overall management of the Group as necessary at the Board and Audit Committee meetings based on his rich experience and insight in such areas as public administration.
Philip Yeo	Board of Directors meetings: 9 out of 9 days	Mr. Yeo stated his opinions and asked questions with respect to overall management of the Group as necessary at the Board meetings based on his extensive experience and insight in such areas as public administration.
Hiroaki Yoshihara	Board of Directors meetings: 8 out of 8 days Audit Committee: 9 out of 9 days	Mr. Yoshihara stated his opinions and asked questions with respect to overall management of the Group as necessary at the Board and Audit Committee meetings based on his rich experience and insight in the area of global corporate management and accounting.

### General Intent of Limited Liability Agreement with Outside Directors

The Company has entered into a limited liability agreement stipulated in Article 427, Paragraph 1 of the Companies Act with each of Messrs. Nobuo Katsumata, Sadayuki Sakakibara, George Buckley, Harufumi Mochizuki, Philip Yeo and Hiroaki Yoshihara and Ms. Cynthia Carroll. The general intent of the agreement is to limit the liability of outside Directors to the aggregate amount of each item stipulated under Article 425, Paragraph 1 of the Companies Act.

## 2) Executive Officers

Name, Position and Responsibilities, etc. (As of March 31, 2015)

Name	Position	Responsibilities	Other Principal Positions Held
*Hiroaki Nakanishi	Representative Executive Officer and Chairman & CEO	General management	—
*Toshiaki Higashihara	Representative Executive Officer and President & COO	Overall operations	—
Tatsuro Ishizuka	Representative Executive Officer, Executive Vice President and Executive Officer	Power systems business and infrastructure systems business	—
Shinjiro Iwata	Representative Executive Officer, Executive Vice President and Executive Officer	Cost structure reform and information technology strategies	Director, Hitachi Transport System, Ltd. Director, Benesse Holdings, Inc.
Yutaka Saito	Representative Executive Officer, Executive Vice President and Executive Officer	Information & telecommunication systems business and energy solutions business	Director, Hitachi Kokusai Electric Inc. Director, Hitachi Transport System, Ltd.
Koji Tanaka	Representative Executive Officer, Executive Vice President and Executive Officer	Strengthening of products	Director, Hitachi Metals, Ltd.
Junzo Nakajima	Executive Vice President and Executive Officer	Regional strategies (Asia Pacific)	—
Toyoaki Nakamura	Representative Executive Officer, Executive Vice President and Executive Officer	Finance and corporate pension system	Director, Hitachi High-Technologies Corporation
Masahiro Kitano	Senior Vice President and Executive Officer	Healthcare business	—
Ryuichi Kitayama	Representative Executive Officer, Senior Vice President and Executive Officer	Marketing and sales	—
Toshiaki Kuzuoka	Representative Executive Officer, Senior Vice President and Executive Officer	Corporate communications and CSR, legal matters, government & external relations, risk management and corporate auditing	Director, Hitachi Capital Corporation
Toshikazu Nishino	Senior Vice President and Executive Officer	Management strategies	Director, Hitachi Metals, Ltd.
Masakazu Aoki	Vice President and Executive Officer	Business strategies for industrial products	President and Director, Hitachi Industrial Equipment Systems Co., Ltd.
Toshio Ikemura	Vice President and Executive Officer	Infrastructure systems business (urban planning and development systems business)	—
Hiroto Uozumi	Vice President and Executive Officer	Power systems business (nuclear power systems business)	—
Shinichiro Omori	Vice President and Executive Officer	Supply chain management (procurement)	—
Kaoru Kawano	Vice President and Executive Officer	Infrastructure systems business (sales operations)	—

Name	Position	Responsibilities	Other Principal Positions Held
Yoshifumi Kanda	Vice President and Executive Officer	Marketing and sales, power systems business (sales operations) and energy solutions business (sales operations)	—
Yoshihito Kitamatsu	Vice President and Executive Officer	Finance and corporate pension system	—
Kazuhiro Kurihara	Vice President and Executive Officer	Marketing and sales	—
Kenichi Kokubo	Vice President and Executive Officer	Regional strategies (China)	—
Keiji Kojima	Vice President and Executive Officer	Research & development	—
Kunizo Sakai	Vice President and Executive Officer	Infrastructure systems business	—
Kaichiro Sakuma	Vice President and Executive Officer	Information & telecommunication systems business	President and Director, Hitachi Solutions, Ltd.
Keiichi Shiotsuka	Vice President and Executive Officer	Information & telecommunication systems business (system solutions and services business)	—
Akira Shimizu	Vice President and Executive Officer	Marketing and sales	Director, Hitachi Maxell, Ltd.
Yasuo Tanabe	Vice President and Executive Officer	Government & external relations	—
Yoshitaka Tsuda	Vice President and Executive Officer	Information & telecommunication systems business (sales operations)	—
Hidenobu Nakahata	Vice President and Executive Officer	Human capital	—
Hiroshi Nakayama	Vice President and Executive Officer	Cost structure reform and supply chain management (MONOZUKURI and quality assurance)	—
Katsumi Nagasawa	Vice President and Executive Officer	Power systems business	—
Masaya Watanabe	Vice President and Executive Officer	Information & telecommunication systems business (global service business promotion)	—

Notes: 1. Mr. Masakazu Aoki was newly appointed as Vice President and Executive Officer (Business strategies for industrial products) on October 1, 2014. In addition, cost structure reform has been removed from scope of responsibilities of Mr. Tatsuro Ishizuka, Executive Vice President and Executive Officer, and has been added to the responsibilities of Mr. Shinjiro Iwata, Executive Vice President and Executive Officer, and Mr. Hiroshi Nakayama, Vice President and Executive Officer.

2. The Executive Officers marked with \* concurrently hold the position of Director.



**New Executive Officers** (As of April 1, 2015)

The Company changed its Executive Officers as of April 1, 2015 as follows.

<b>Name</b>	<b>Position</b>	<b>Responsibilities</b>
Hiroaki Nakanishi	Representative Executive Officer and Chairman & CEO	General management
Toshiaki Higashihara	Representative Executive Officer and President & COO	Overall operations and energy solutions business
Shinjiro Iwata	Representative Executive Officer, Executive Vice President and Executive Officer	Cost structure reform and information technology strategies
Ryuichi Kitayama	Representative Executive Officer, Executive Vice President and Executive Officer	Marketing and sales
Yutaka Saito	Representative Executive Officer, Executive Vice President and Executive Officer	Information & telecommunication systems business
Koji Tanaka	Representative Executive Officer, Executive Vice President and Executive Officer	Power & infrastructure systems business
Toyoaki Nakamura	Representative Executive Officer, Executive Vice President and Executive Officer	Finance and corporate pension system
Toshikazu Nishino	Representative Executive Officer, Executive Vice President and Executive Officer	Management strategies
Masahiro Kitano	Senior Vice President and Executive Officer	Information & telecommunication systems business (platform business)
Toshiaki Kuzuoka	Representative Executive Officer, Senior Vice President and Executive Officer	Corporate communications and CSR, legal matters, government & external relations, risk management and corporate auditing
Kunizo Sakai	Senior Vice President and Executive Officer	Infrastructure systems business
Kaichiro Sakuma	Senior Vice President and Executive Officer	Information & telecommunication systems business
*Hiroshi Sato	Senior Vice President and Executive Officer	Infrastructure systems business (urban planning and development systems business)
Keiichi Shiotsuka	Senior Vice President and Executive Officer	Information & telecommunication systems business (system solutions and service business)
Masakazu Aoki	Vice President and Executive Officer	Industrial products business
*Ryuichi Otsuki	Vice President and Executive Officer	Social innovation business promotion
Shinichiro Omori	Vice President and Executive Officer	Supply chain management (procurement)
Kaoru Kawano	Vice President and Executive Officer	Power & infrastructure systems business (sales operations) and energy solutions business (sales operations)

Name	Position	Responsibilities
Kenichi Kokubo	Vice President and Executive Officer	Regional strategies (China)
Keiji Kojima	Vice President and Executive Officer	Research & development
Akira Shimizu	Vice President and Executive Officer	Marketing and sales
Yasuo Tanabe	Vice President and Executive Officer	Government & external relations
Yoshitaka Tsuda	Vice President and Executive Officer	Information & telecommunication systems business (sales operations)
*Alistair Dormer	Vice President and Executive Officer	Infrastructure systems business (rail systems business)
*John Domme	Vice President and Executive Officer	Regional strategies (Americas)
Hideobu Nakahata	Vice President and Executive Officer	Human capital
Hiroshi Nakayama	Vice President and Executive Officer	Cost structure reform and supply chain management (MONOZUKURI and quality assurance)
Katsumi Nagasawa	Vice President and Executive Officer	Power systems business
*Isao Narukawa	Vice President and Executive Officer	Power systems business (sales operations) and energy solutions business (sales operations)
*Mitsuaki Nishiyama	Vice President and Executive Officer	Finance and corporate pension system
Masaya Watanabe	Vice President and Executive Officer	Healthcare business

Note: The Executive Officers marked with \* are newly appointed.

### 3) Compensation for Directors and Executive Officers

#### Policy on the Determination of Compensation of Directors and Executive Officers

##### [Method of Determination of Policy]

The Company's Compensation Committee sets forth the policy on the determination of the amount of compensation, etc. of each Director and Executive Officer pursuant to applicable provisions of the Companies Act concerning companies with the Committee System.

##### [Summary of Policy]

#### (i) Matters relating to both Directors and Executive Officers

Compensation will be commensurate with the ability required of, and the responsibilities to be borne by, the Company's Directors and Executive Officers, taking into consideration compensation packages at other companies.

#### (ii) Matters relating to Directors

Compensation for Directors will consist of a monthly salary and a year-end allowance.

- Monthly salary will be decided by making adjustments to basic salary that reflect full-time or part-time status, committee membership and position, travel from place of residence, etc.
- Year-end allowance will be a pre-determined amount equivalent to about twenty percent of the Director's annual income based on monthly salary, although this amount may be reduced depending on Company performance.

A Director concurrently serving as an Executive Officer will not be paid compensation as a Director.

#### (iii) Matters relating to Executive Officers

Compensation for Executive Officers will consist of a monthly salary and a performance-linked component.

- Monthly salary will be decided by adjusting a basic amount set in accordance with the relevant position to reflect the results of an assessment.
- The performance-linked component will be set within a range equivalent to about forty percent of the Executive Officer's annual income, adjusted based on Company and individual performance.

#### (iv) Miscellaneous

- It was decided at the Compensation Committee meetings held on December 18, 2007 and March 26, 2008 that the compensation structure for Directors and Executive Officers will be re-examined starting with the compensation for fiscal 2008 and that the retirement allowance will be abolished. The payment of retirement allowance to Directors and Executive Officers due to the abolition of the retirement allowance

system will be in an amount determined by the Compensation Committee at the time of the retirement of a relevant Director or Executive Officer.

#### Total Amount of Compensation to and the Number of Directors and Executive Officers in Fiscal 2014

	Number	Amount (Millions of yen)
Directors (Outside Directors)	15 (9)	375 (247)
Executive Officers	29	1,946
Total	44	2,322

- Notes:
1. The number of Directors indicated excludes two Directors who serve concurrently as Executive Officers.
  2. The compensation to Directors includes the monthly salary of five Directors (including two outside Directors), who retired due to expiration of their term of office at the close of the 145th Annual General Meeting of Shareholders held on June 20, 2014.
  3. In addition to the above, there is retirement allowance of JPY 35 million for one Executive Officer who retired as of March 31, 2015.

**(12) Matters Concerning the Company's Stock** (As of March 31, 2015)

- 1) **Authorized** 10,000,000,000 shares
- 2) **Number of Shares per Unit** 1,000 shares
- 3) **10 Largest Shareholders**

Name	Share Ownership	Shareholding Ratio
	Shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	301,833,000	6.25
Japan Trustee Services Bank, Ltd. (Trust Account)	221,101,215	4.58
Hitachi Employees' Shareholding Association	99,966,384	2.07
Nippon Life Insurance Company	93,265,195	1.93
NATS CUMCO	84,223,880	1.74
State Street Bank and Trust Company 505225	78,072,703	1.62
THE BANK OF NEW YORK MELLON SA/NV 10	74,820,713	1.55
The Dai-ichi Life Insurance Company, Limited	71,361,222	1.48
State Street Bank West Client-Treaty 505234	64,907,327	1.34
State Street Bank and Trust Company	58,732,405	1.22

- Notes:
1. NATS CUMCO is the nominee name of the depositary bank, Citibank, N.A., for the aggregate of the Company's American Depositary Receipts (ADRs) holders.
  2. The number of shares held by The Dai-ichi Life Insurance Company, Limited includes its contribution of 6,560,000 shares to the retirement allowance trust (the holder of said shares, as listed in the Shareholders' Register, is "Dai-ichi Life Insurance Account, Retirement Allowance Trust, Mizuho Trust & Banking Co., Ltd.").
  3. Treasury stock (4,886,838 shares) is not included in the calculation of "Shareholding Ratio."

**4) Shareholders Composition**

Class of Shareholders	Number of Shareholders	Share Ownership (Shares)	Percentage of Total (%)
Financial Institution and Securities Firm	408	1,479,129,762	30.60
Individual	374,327	1,088,836,131	22.53
Foreign Investor	1,323	2,172,972,552	44.96
Other	3,502	92,478,374	1.91
Government and Municipality	4	46,568	0.00
<b>Total</b>	<b>379,564</b>	<b>4,833,463,387</b>	<b>100.00</b>

Note: Treasury stock is included in "Other."

### (13) Matters Concerning Accounting Auditor

#### 1) Name of accounting auditor

Ernst & Young ShinNihon LLC

#### 2) Fees to accounting auditor in Fiscal 2014

(Millions of yen)

Category	Amount
Total amount of cash and other financial benefits by the Company and its subsidiaries	2,186
Fees etc. by the Company*	554

Note: The column marked with \* includes fees for audits under applicable Financial Instruments and Exchange Act.

#### 3) Description of non-audit services

The Company commissioned various consulting services to Ernst & Young ShinNihon LLC and paid fees.

#### 4) Subsidiaries whose financial statements are audited by certified public accountants, etc. other than Company's accounting auditors

Of the major Hitachi Group companies (listed in (5) Major Hitachi Group Companies), overseas subsidiaries have certified public accountants ("CPA") or auditing firms other than Ernst & Young ShinNihon LLC audit their financial statements.

#### 5) Removal and non-retention policy on accounting auditors

##### Removal

- (i) In the event an accounting auditor, which is an auditing firm, is ordered by the Prime Minister of Japan to suspend its operation related to the audit of financial statements, in whole or in part, or to dissolve the firm pursuant to Article 34-21, Paragraph 2 of the Certified Public Accountants Act, the accounting auditor shall automatically resign, since said order constitutes a cause for disqualification as accounting auditor provided for in Article 337, Paragraph 3, Item 1 of the Companies Act.
- (ii) In addition to (i) above, in the event the Audit Committee determines that the causes provided for in Articles 340, Paragraph 1, Item 1 or 2 of the Companies Act apply to an accounting auditor, due to such reasons as that it can reasonably be expected that the Prime Minister of Japan shall issue an order to suspend operations, in whole or in part, or to dissolve the firm, the Audit Committee shall determine the contents of the agenda on the removal of the accounting auditor to be submitted to the general meeting of shareholders.

- (iii) In the event significant adverse effects on the audit of financial statements are reasonably expected in the case of (ii) above, the Audit Committee shall remove the accounting auditor by unanimity. Should this occur, the Audit Committee member selected by the Audit Committee shall give a report on the removal of the accounting auditor and the reason therefor at the first general meeting of shareholders to be convened after said removal.

##### Non-retention

- (i) In the event individuals selected by an accounting auditor, which is an auditing firm, from among its employees to perform their duties as accounting auditors are found to fall under any or all of the items under Article 340, Paragraph 1 of the Companies Act or breach the obligation(s) of CPAs provided for in the Certified Public Accountants Act, should said auditing firm fail to select promptly individuals to perform their duties as accounting auditors in the place of the former, the Audit Committee shall determine the contents of the agenda item on the non-retention of the accounting auditor to be submitted to the general meeting of shareholders.
- (ii) In the event it is determined that an adequate performance of duties cannot be ensured with respect to the matters related to the performance of duties by accounting auditors provided for in the Regulations of Companies' Financial Statements, the Audit Committee shall determine the contents of the agenda item on the non-retention of the accounting auditor to be submitted to the general meeting of shareholders.

**(14) Policy on Determination of Distribution of Surplus etc.**

The Company views enhancement of the long-term and overall interests of shareholders as an important management objective.

The industrial sector encompassing energy, information systems, social infrastructure and other primary businesses of the Company is undergoing rapid technological innovation and changes in market structure. This makes vigorous upfront investment in R&D and plant and equipment essential for securing and maintaining market competitiveness and improving profitability. Dividends are therefore decided based on medium-to-long term business plans with an eye to ensuring the availability of internal funds for reinvestment and the stable growth of dividends, with appropriate consideration of a range of factors, including the Company's financial condition, results of operations and dividend payout ratio.

The Company believes that the repurchase of its shares should be undertaken, when necessary, as part of its policy on distribution to shareholders to complement the dividend payout. In addition, the Company will repurchase its own shares in order to flexibly implement a capital strategy, including business restructuring, to maximize shareholder value so far as consistent with the dividend policy. Such action will be taken by the Company after considering its future capital requirement under its business plans, market conditions and other relevant factors.

**(15) Summary of Resolution of Board of Directors on Enhancing Structures and Other Things to Ensure Adequacy of Business Operations (Internal Control System)**

- 1) The following measures shall be taken to ensure the effectiveness of audits by the Audit Committee.
  - i) When necessary, the Board of Directors may appoint one or more director(s), who does not serve concurrently as an executive officer, as a director responsible for assisting with the duties of the Audit Committee. In addition, the Board of Directors' Office (the "Office") shall be established specifically to assist with the duties of each Committee and the Board of Directors.
  - ii) In order to ensure the independence of the Office personnel from Executive Officers and the effect of instructions by the Audit Committee, the Office is staffed with personnel who work only for the Office and are not subject to orders and instructions of Executive Officers, and the Audit

Committee shall be informed in advance of planned transfers of the Office personnel.

- iii) Executive Officers and employees shall report without delay to the members of the Audit Committee significant matters affecting the Company and its subsidiaries, results of internal audits, and the implementation status of reporting under the internal reporting system. It shall be provided for in the company regulation that reporters using the internal reporting system, which applies to the employees of the company and its subsidiaries, shall not receive disadvantageous treatment for reason of having made a report, and the secretariat of the system shall thoroughly administer this provision.
  - iv) The Office shall be in charge of payment for the expenses incurred in connection with the execution of the duties of the Audit Committee members and other administrative duties, and shall promptly process the payment for the expense or debt except in the case where the expense or debt of the claim is clearly found to be unnecessary to the execution of the duties of them.
  - v) Standing Committee member(s) shall be appointed to the Audit Committee, and activity plans of the Audit Committee shall be prepared in coordination with the audit plans of Internal Auditing Office.
- 2) The following measures shall be effective to ensure the adequacy of business operations within the Company and the Hitachi Group.
    - i) Such fundamental policies as the emphasis of the social responsibilities of business enterprises shall be shared with the subsidiaries of the Company.
    - ii) Each subsidiary of the Company shall develop systems to ensure the appropriateness of operations corresponding to its size and other characteristics, basic framework of which is similar to ones employed in the Company. In order to ensure development of such systems in each subsidiary, directors and auditors shall be sent from the Company to its subsidiary, and regular audits shall be conducted for the subsidiary.
    - iii) A reporting system to Directors shall be established to ensure that the execution of duties by Executive Officers of the Company is in compliance with laws, regulations, and the Articles of Incorporation.



- iv) Information pertaining to the execution of duties by Executive Officers of the Company shall be prepared and maintained in accordance with internal rules.
- v) A structure shall be established in which each relevant department shall establish regulations and guidelines, conduct training, prepare and distribute manuals, and carry out other such measures with respect to various risks. Efforts shall be made to identify possible new risks through such things as progress reports on business operations and, should it become necessary to respond to a new risk, an Executive Officer responsible for responding thereto shall be appointed promptly.
- vi) Efficient performance of duties of the Executive Officers of the Company, and Directors and Executive Officers of the subsidiaries shall be ensured through the following business management systems.
  - The Senior Executive Committee shall be established in order to deliberate on and facilitate the formulation of decisions based on due consideration of diverse factors regarding important issues that affect the Company and/or the Hitachi Group.
  - Based on the management policy, medium-term business plans and annual budgets, on which performance management is based, shall be prepared in order to operate business in a planned and efficient manner.
  - Internal audits of the Company and its subsidiaries shall be conducted to monitor and identify the status of their business operations and to facilitate improvements.
  - The Audit Committee shall receive the audit plans of the accounting auditors in advance, and the prior approval of the Audit Committee shall be required with respect to the fees to be paid to the accounting auditors.
  - Documented business processes for matters to be reflected in financial reports shall be executed at the Company and its subsidiaries, and internal and external auditors shall examine said processes in order to ensure the reliability of financial reports.
  - A structure for the adequate and efficient conduct of business operations common to the Hitachi Group companies shall be established.
- vii) Continuous maintenance of a legal and regulatory compliance structure shall be ensured through the following business management systems.
  - Internal audits shall be conducted, and various committees shall be established for legal and regulatory compliance activities. Furthermore, an internal reporting system for employees of the Company and its subsidiaries shall be established and education on legal and regulatory compliance shall be provided.
  - Various policies and rules on compliance with laws shall be established, aiming to ensure that the employees are aware of the internal control systems overall and that the systems are effective.
- viii) A system shall be established, in which the subsidiaries report on important issues and the progress in measures for operations to the Company through the Company's Senior Executive Committee, medium-term business plans and the budget system.
- ix) The policy on transactions within the Hitachi Group is to trade fairly based on market prices.

**(16) Fundamental Policy on the Conduct of Persons Influencing Decision on the Company's Financial and Business Policies**

The Group invests a great deal of business resources in fundamental research and in the development of market-leading products and businesses that will bear fruit in the future, and realizing the benefits from these management policies requires that they be continued for a set period of time. For this purpose, the Company keeps its shareholders and investors well informed of not just the business results for each period but also of the Company's business policies for creating value in the future.

The Company does not deny the significance of the vitalization of business activities and performance that can be brought about through a change in management control, but it recognizes the necessity of determining the impact on company value and the interests of all shareholders of the buying activities and buyout proposals of parties attempting to acquire a large share of stock of the Company or a Group company by duly examining the business description, future business plans, past investment activities, and other necessary aspects of such a party.

There is no party that is currently attempting to acquire a large share of the Company's stocks nor is there a specific threat, neither does the Company intend

to implement specified so-called anti-takeover measures in advance of the appearance of such a party, but the Company does understand that it is one of the natural duties bestowed upon it by the shareholders and investors to continuously monitor the state of trading of the Company's stock and then to immediately take what the Company deems to be the best action in the event of the appearance of a party attempting to purchase a large share of the Company's stock. In particular, together with outside experts, the Company will evaluate the buyout proposal of the party and hold negotiations with the buyer, and if the Company deems that said buyout will not maintain the Company's value and is not in the best interest of the shareholders, then the Company will quickly determine the necessity, content, etc., of specific countermeasures and prepare to implement them. The same response will also be taken in the event a party attempts to acquire a large percentage of the shares of a Group company.

## 2. Consolidated Balance Sheets

	Fiscal 2014 (As of March 31, 2015)	Fiscal 2013 (As of March 31, 2014)
	(Millions of yen)	
<b>(Assets)</b>		
<b>Current assets</b>	<b>6,499,888</b>	<b>5,703,870</b>
Cash and cash equivalents	709,531	558,217
Short-term investments	6,003	9,172
Trade receivables		
Notes	149,226	143,675
Accounts	3,130,290	2,654,260
Investments in leases	272,425	262,953
Current portion of financial assets transferred to consolidated securitization entities	53,466	52,212
Inventories	1,522,475	1,407,055
Prepaid expenses and other current assets	656,472	616,326
<b>Investments and advances, including affiliated companies</b>	<b>1,332,641</b>	<b>1,220,800</b>
<b>Property, plant and equipment</b>	<b>2,564,105</b>	<b>2,342,091</b>
Land	491,635	492,383
Buildings	1,946,470	1,900,779
Machinery and equipment	4,995,533	4,901,505
Construction in progress	123,872	94,972
Less accumulated depreciation	(4,993,405)	(5,047,548)
<b>Intangible assets</b>	<b>964,689</b>	<b>761,481</b>
Goodwill	454,628	339,148
Other intangible assets	510,061	422,333
<b>Financial assets transferred to consolidated securitization entities</b>	<b>188,156</b>	<b>185,818</b>
<b>Other assets</b>	<b>845,900</b>	<b>802,839</b>
<b>Total assets</b>	<b>12,395,379</b>	<b>11,016,899</b>
<b>(Liabilities)</b>		
<b>Current liabilities</b>	<b>4,783,788</b>	<b>4,290,765</b>
Short-term debt	874,733	647,269
Current portion of long-term debt	395,472	464,234
Current portion of non-recourse borrowings of consolidated securitization entities	53,608	49,895
Trade payables		
Notes	20,870	18,926
Accounts	1,408,329	1,331,288
Accrued expenses	1,014,835	937,401
Income taxes	65,882	72,839
Advances received	392,110	298,483
Other current liabilities	557,949	470,430
<b>Long-term debt</b>	<b>1,879,239</b>	<b>1,512,720</b>
<b>Non-recourse borrowings of consolidated securitization entities</b>	<b>151,564</b>	<b>148,931</b>
<b>Retirement and severance benefits</b>	<b>705,537</b>	<b>749,913</b>
<b>Other liabilities</b>	<b>600,938</b>	<b>462,106</b>
<b>Total liabilities</b>	<b>8,121,066</b>	<b>7,164,435</b>
<b>(Equity)</b>		
<b>Total Hitachi, Ltd. stockholders' equity</b>	<b>2,930,309</b>	<b>2,651,241</b>
Common stock	458,790	458,790
Capital surplus	608,687	617,468
Retained earnings	1,773,163	1,587,394
Accumulated other comprehensive income (loss)	93,211	(9,265)
Treasury stock, at cost	(3,542)	(3,146)
<b>Noncontrolling interests</b>	<b>1,344,004</b>	<b>1,201,223</b>
<b>Total equity</b>	<b>4,274,313</b>	<b>3,852,464</b>
<b>Total liabilities and equity</b>	<b>12,395,379</b>	<b>11,016,899</b>

### 3. Consolidated Statements of Operations

	Years ended March 31	
	2015	2014
	(Millions of yen)	
Revenues	9,761,970	9,563,791
Cost of sales	7,087,200	7,030,903
<b>Gross profit</b>	<b>2,674,770</b>	<b>2,532,888</b>
Selling, general and administrative expenses	2,074,291	1,994,600
<b>Operating income</b>	<b>600,479</b>	<b>538,288</b>
Other income	81,314	214,118
Interest income	11,460	14,136
Dividend income	7,518	8,154
Equity in net earnings of affiliated companies	47,133	8,718
Gain on sale of stock of an affiliated company	10,511	-
Other	4,692	183,110
Other deductions	146,181	178,715
Interest charges	26,866	26,107
Expenses related to competition law and others	25,897	76,858
Impairment losses for long-lived assets	41,783	33,796
Restructuring charges	26,680	28,284
Loss on sale of stock of an affiliated company	-	5,915
Other	24,955	7,755
<b>Income from continuing operations, before income taxes</b>	<b>535,612</b>	<b>573,691</b>
Income taxes	120,047	204,152
<b>Income from continuing operations</b>	<b>415,565</b>	<b>369,539</b>
Loss from discontinued operations	52,797	5,509
<b>Net income</b>	<b>362,768</b>	<b>364,030</b>
Less net income attributable to noncontrolling interests	121,467	99,055
<b>Net income attributable to Hitachi, Ltd. stockholders</b>	<b>241,301</b>	<b>264,975</b>

#### 4. Unconsolidated Balance Sheets

	Fiscal 2014 (As of March 31, 2015)	Fiscal 2013 (As of March 31, 2014)
	(Millions of yen)	
<b>(Assets)</b>		
<b>Current assets</b>	<b>1,257,317</b>	<b>1,200,390</b>
Cash	53,899	30,258
Notes receivable	2,080	3,838
Accounts receivable	642,172	618,991
Finished goods	25,004	19,899
Semi-finished goods	24,362	33,477
Raw materials	23,675	39,575
Work in process	89,093	109,543
Advances paid	18,704	11,944
Short-term loan receivables	261,829	254,771
Deferred tax assets	53,814	4,399
Others	109,005	119,145
Allowance for doubtful receivables	(46,326)	(45,454)
<b>Fixed assets</b>	<b>2,492,009</b>	<b>2,369,696</b>
Tangible fixed assets	255,280	281,326
Buildings	119,694	135,471
Structures	6,759	9,545
Machinery	25,878	29,043
Vehicles	82	113
Tools and equipment	53,712	54,594
Land	36,282	37,374
Lease assets	7,026	7,467
Construction in progress	5,844	7,715
Intangible fixed assets	119,727	110,093
Patents	38	38
Software	114,352	105,657
Railway and public utility installation	535	573
Lease assets	185	164
Others	4,614	3,658
Investments and others	2,117,001	1,978,277
Affiliated companies' common stock	1,553,509	1,410,605
Other securities of affiliated companies	-	3
Investments in affiliated companies	33,022	44,384
Investments in securities	335,014	354,399
Long-term loan receivables	168,989	144,700
Others	26,545	24,766
Allowance for doubtful receivables	(80)	(583)
<b>Total assets</b>	<b>3,749,326</b>	<b>3,570,087</b>

	Fiscal 2014 (As of March 31, 2015)	Fiscal 2013 (As of March 31, 2014)
	(Millions of yen)	
<b>(Liabilities)</b>		
<b>Current liabilities</b>	<b>1,647,296</b>	<b>1,592,640</b>
Trade accounts payable	399,369	404,582
Short-term debt	50,335	90,651
Commercial paper	100,000	20,000
Current installments of debentures	50,000	-
Lease liabilities	1,780	2,415
Other accounts payable	127,376	35,419
Accrued expenses	160,517	196,184
Advances received from customers	112,605	106,151
Deposits received	620,887	711,962
Provision for product warranties	2,523	663
Provision for loss on construction contracts	18,410	21,100
Others	3,490	3,509
<b>Noncurrent liabilities</b>	<b>702,144</b>	<b>604,110</b>
Debentures	60,000	110,000
Long-term debt	357,000	292,000
Lease liabilities	5,666	5,808
Accrued pension liability	88,816	77,240
Provision for loss on repurchasing computers	0	23
Provision for retirement benefits for senior executives	512	726
Provision for loss on business of affiliated companies	36,747	7,737
Deferred tax liabilities	80,133	57,065
Asset retirement obligations	3,479	3,293
Others	69,787	50,216
<b>Total liabilities</b>	<b>2,349,441</b>	<b>2,196,750</b>
<b>(Net assets)</b>		
<b>Stockholders' equity</b>	<b>1,295,006</b>	<b>1,265,669</b>
Common stock	458,790	458,790
Capital surplus	449,940	449,937
Capital reserve	176,757	176,757
Others	273,183	273,180
Retained Earnings	389,816	360,087
Others	389,816	360,087
Reserve for advanced depreciation of fixed assets	1,868	3,507
Reserve for investment loss regarding specified business restructuring	89,689	-
Retained earnings carried forward	298,258	356,579
Treasury stock	(3,542)	(3,146)
<b>Valuation and translation adjustments</b>	<b>104,879</b>	<b>107,667</b>
Unrealized holding gains on securities	152,946	146,130
Deferred profit or loss on hedges	(48,067)	(38,463)
<b>Total net assets</b>	<b>1,399,885</b>	<b>1,373,336</b>
<b>Total liabilities and net assets</b>	<b>3,749,326</b>	<b>3,570,087</b>



## 5. Unconsolidated Statements of Operations

	Years ended March 31	
	2015	2014
	(Millions of yen)	
Revenues	1,842,126	2,070,147
Cost of sales	1,408,986	1,602,243
<b>Gross profit on sales</b>	<b>433,140</b>	<b>467,904</b>
Selling, general and administrative expenses	437,065	461,815
<b>Operating income (loss)</b>	<b>(3,925)</b>	<b>6,088</b>
Other income	90,741	112,974
Interest and dividends	84,447	98,953
Others	6,293	14,021
Other deductions	87,116	101,175
Interest	7,646	7,735
Others	79,470	93,440
<b>Ordinary income (loss)</b>	<b>(300)</b>	<b>17,887</b>
Extraordinary gain	69,117	115,079
Gain on sale of investments in securities	50,819	47,608
Gain on sale of real property	18,269	14,746
Gain on sale of affiliated companies' common stock	29	33,314
Gain on extinguishment of tie-in shares	-	19,410
Extraordinary loss	31,656	91,538
Loss on impairment of assets	13,210	969
Impairment loss on investments in capital of affiliated companies	12,332	45,919
Impairment loss on affiliated companies' common stock	4,939	37,201
Impairment loss on investments in securities	1,174	113
Loss on debt forgiveness of affiliated companies	-	7,334
<b>Income before income taxes</b>	<b>37,160</b>	<b>41,429</b>
Income taxes		
Current	(24,064)	(27,989)
Deferred	(24,037)	11,562
<b>Net income</b>	<b>85,262</b>	<b>57,856</b>

## 6. Unconsolidated Statement of Changes in Net Assets (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Stockholders' equity									
	Common stock	Capital surplus			Retained earnings				Treasury stock	Total stockholders' equity
		Capital reserve	Others	Total capital surplus	Others			Total retained earnings		
					Reserve for advanced depreciation of fixed assets	Reserve for investment loss regarding specified business restructuring	Retained earnings (losses) carried forward			
Balance at beginning of year	458,790	176,757	273,180	449,937	3,507	-	356,579	360,087	(3,146)	1,265,669
Change during year										
Reversal of reserve for advanced depreciation of fixed assets					(1,639)		1,639	-		-
Provision of reserve for investment loss regarding specified business restructuring						89,689	(89,689)	-		-
Distribution of surplus							(55,532)	(55,532)		(55,532)
Net income							85,262	85,262		85,262
Acquisition of treasury stock									(421)	(421)
Disposition of treasury stock			2	2					25	28
(Net) Change in items other than stockholders' equity during year										
Total change during year	-	-	2	2	(1,639)	89,689	(58,321)	29,729	(395)	29,336
Balance at end of year	458,790	176,757	273,183	449,940	1,868	89,689	298,258	389,816	(3,542)	1,295,006

	Valuation and translation adjustments			Total net assets
	Unrealized holding gains on securities	Deferred profit or loss on hedges	Total valuation and translation adjustments	
Balance at beginning of year	146,130	(38,463)	107,667	1,373,336
Change during year				
Reversal of reserve for advanced depreciation of fixed assets				-
Provision of reserve for investment loss regarding specified business restructuring				-
Distribution of surplus				(55,532)
Net income				85,262
Acquisition of treasury stock				(421)
Disposition of treasury stock				28
(Net) Change in items other than stockholders' equity during year	6,815	(9,603)	(2,787)	(2,787)
Total change during year	6,815	(9,603)	(2,787)	26,548
Balance at end of year	152,946	(48,067)	104,879	1,399,885

## 7. Transcript of Accounting Auditors' Audit Report on Unconsolidated Financial Statements

### REPORT OF INDEPENDENT AUDITORS

May 12, 2015

Mr. Toshiaki Higashihara, President & COO

Hitachi, Ltd.

Ernst & Young ShinNihon LLC

Koichi Tsuji  
Certified Public Accountant  
Designated and Engagement Partner

Takahiro Saga  
Certified Public Accountant  
Designated and Engagement Partner

Takuya Tanaka  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of operations, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of Hitachi, Ltd. (the "Company") applicable to the 146th fiscal year from April 1, 2014 through March 31, 2015.

#### Management's Responsibility for the Financial Statements and the Related Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of the Company applicable to the 146th fiscal year ended March 31, 2015 in conformity with accounting principles generally accepted in Japan.

#### Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

#### (Note)

This is an English translation of the Japanese language Report of Independent Auditors issued by Ernst & Young ShinNihon LLC in connection with the audit of the unconsolidated financial statements of the company, prepared in Japanese, for the fiscal year ended March 31, 2015. Ernst & Young ShinNihon LLC has not audited the English language version of the unconsolidated financial statements for the above-mentioned year.

## 8. Transcript of Audit Committee's Audit Report on Unconsolidated Financial Statements

### AUDIT REPORT

We, the Audit Committee of the Company, audited the performance by Directors and Executive Officers of their duties during the 146th business term (from April 1, 2014 to March 31, 2015). We hereby report as follows on the method and results thereof:

#### 1. Method of Audit

- 1) We received periodical reports, obtained required explanations, and clarified opinions regarding the state of implementation and operation of the contents of the resolutions of the Board of Directors concerning the matters as listed in Article 416, Paragraph 1, Item 1 (ro) and (ho) of the Companies Act, and the status of the systems (internal control systems) established thereunder.
- 2) In accordance with the audit policy, assignment of audit duties, etc., as determined by the Audit Committee, and in collaboration with the relevant departments, we attended important meetings, received reports or heard from the Directors, Executive Officers, etc. on matters concerning the execution of their duties, requested explanations as necessary, inspected important decision documents, etc., and made investigation into the state of activities and property at the head office and principal business offices of the Company.
- 3) We examined the contents of the fundamental policy on the conduct of persons influencing decision on the Company's financial and business policies set forth in the business report giving due consideration to such things as the circumstances of deliberations by the Board of Directors and others.
- 4) As regards subsidiaries, we sought to communicate and exchange information with the Directors, Executive Officers, Auditors, and others of the subsidiaries, received reports on their business operations, requested explanations as necessary, and visited their Head Offices and principal business offices to conduct interviews and other tasks.
- 5) Further, we monitored and examined whether the Accounting Auditors maintained their independence and performed their auditing duties adequately, as well as received reports from the Accounting Auditors on the performance status of their duties and requested explanations as necessary.
- 6) We also received a notice from the Accounting Auditors to the effect that "structures for ensuring that duties are appropriately performed" (matters stipulated in each item under Article 131 of the Regulations of Companies' Financial Statements) were being developed pursuant to the "Quality Management Standards for Auditing" (Business Accounting Council, October 28, 2005) and requested explanations as necessary.

We examined the business reports, the unconsolidated financial statements (the unconsolidated balance sheet, the unconsolidated statement of operations, the unconsolidated statement of changes in net assets, and the notes to unconsolidated financial statements), and their supplementary schedules for this business term in accordance with the foregoing method.

#### 2. Results of Audit

##### (1) Results of Audit on Business Report etc.

We are of the opinion:

- 1) that the business report and its supplementary schedules fairly present the state of the Company in accordance with the laws, regulations and the Articles of Incorporation;
- 2) that, in connection with the performance by Directors and Executive Officers of their duties, no dishonest act or material fact of violation of laws, regulations or the Articles of Incorporation exists;
- 3) that the contents of the resolution by the Board of Directors concerning internal control systems are appropriate. Further, there is nothing to note with respect to the performance by Directors and Executive Officers of their duties and description of the business report related to said internal control systems;
- 4) that the fundamental policy on the conduct of persons influencing decision on the Company's financial and business policies set forth in the business report are appropriate.

##### (2) Results of Audit on Unconsolidated Financial Statements and Their Supplementary Schedules

We are of the opinion that the method and results of the audit made by the Company's Accounting Auditors, Ernst & Young ShinNihon LLC are appropriate.

May 14, 2015

Audit Committee, Hitachi, Ltd.  
Takashi Miyoshi (Standing)  
Nobuo Mochida (Standing)  
Nobuo Katsumata  
Harufumi Mochizuki  
Hiroaki Yoshihara

Note: Messrs. Nobuo Katsumata, Harufumi Mochizuki and Hiroaki Yoshihara are outside Directors pursuant to Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.

**The 146th Annual General Meeting of Shareholders of Hitachi, Ltd.**  
**Materials Disclosed via the Internet**

**Hitachi, Ltd.**

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2. Notes to Consolidated Financial Statements
3. Consolidated Statements of Comprehensive Income (Supplementary Information)
4. Consolidated Statements of Cash Flows (Supplementary Information)
5. Notes to Unconsolidated Financial Statements
6. Transcript of Accounting Auditors' Audit Report on Consolidated Financial Statements
7. Transcript of Audit Committee's Audit Report on Consolidated Financial Statements

Note: The aforementioned materials are provided to the shareholders for their review by posting on the Company's website pursuant to the provisions of the Articles of Incorporation of the Company and the relevant laws and regulations.

# 1. Consolidated Statement of Equity (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Noncontrolling interests	Total equity
Balance at beginning of year	458,790	617,468	1,587,394	(9,265)	(3,146)	2,651,241	1,201,223	3,852,464
Change in equity								
Increase (decrease) due to equity transactions, etc.		(8,784)		2,073		(6,711)	(9,172)	(15,883)
Net income			241,301			241,301	121,467	362,768
Other comprehensive income				100,403		100,403	61,910	162,313
Dividends to Hitachi, Ltd. stockholders			(55,532)			(55,532)		(55,532)
Dividends to noncontrolling interests							(31,424)	(31,424)
Acquisition of treasury stock					(421)	(421)		(421)
Sales of treasury stock		3			25	28		28
Total change in equity	–	(8,781)	185,769	102,476	(396)	279,068	142,781	421,849
Balance at end of year	458,790	608,687	1,773,163	93,211	(3,542)	2,930,309	1,344,004	4,274,313

## 2. Notes to Consolidated Financial Statements

(Notes on Important Matters for Basis of Presentation of Consolidated Financial Statements)

1. Basis of presentation  
The consolidated financial statements presented herein, under Article 120-2, Paragraph 1 of the Regulations of Companies' Financial Statements, have been prepared in conformity with accounting principles generally accepted in the United States. However, under the above provision, some descriptions and notes required under the accounting principles generally accepted in the United States are omitted.
2. Inventories  
Finished goods, semi-finished goods and work-in-process: Lower of cost or market. Cost is determined by the specific identification method or the moving average method.  
Raw materials: Lower of cost or market. Cost is generally determined by the moving average method.
3. Investments in securities  
The Company adopted the provisions of the Accounting Standards Codification (hereinafter "ASC") 320 "Investments – Debt and Equity Securities" of the U.S. Financial Accounting Standards Board (hereinafter "FASB").  
Held-to-maturity securities: Amortized cost.  
Trading securities: Fair value, with unrealized gains and losses included in earnings. Cost is determined by the moving average method.  
Available-for-sale securities: Fair value, with unrealized gains and losses reported in other comprehensive income. Cost is determined by the moving average method.
4. Depreciation of fixed assets  
Property, plant and equipment: Principally depreciated by the straight-line method.  
Software for internal use: Capitalized and amortized on a straight-line basis over their estimated useful lives.  
Selling, leasing, or otherwise marketing software: Depreciated based on expected gross revenues ratably.
5. Goodwill and other intangible assets  
The Company accounts for goodwill and other intangible assets in accordance with ASC 350 "Intangibles - Goodwill and Other." Goodwill and intangible assets with indefinite useful lives are no longer amortized, but instead are tested for impairment at least annually in accordance with the provisions of the ASC. Intangible assets with finite useful lives are amortized over their respective estimated useful lives and are tested for impairment in accordance with the provisions of ASC 360 "Property, Plant and Equipment" concerning impairment or disposal of long-lived assets.
6. Allowances and Provisions  
Allowance for doubtful receivables      Estimated uncollectible amounts are accounted for based mainly on the current economic conditions, inherent risks, the financial position of the relevant debtor and the past record.  
Retirement and severance benefits      ASC 715 "Compensation – Retirement Benefits" is applied. Unrecognized prior service benefits & cost and actuarial gain or loss, which are posted under "Accumulated other comprehensive income (loss)" are amortized by the straight-line method over the average remaining service years of active employees.
7. Consumption tax is accounted for based on the tax segregated method, under which consumption tax is excluded from presentation of revenues, cost of sales and expenses.

(Notes to Consolidated Balance Sheet)

1. Financial assets transferred to consolidated securitization entities and Non-recourse borrowings of consolidated securitization entities  
The Company has consolidated the special-purpose entities, including trusts, which had been used primarily for the securitization of lease and mortgage loan receivables. As a result, the Company recorded assets transferred to said special-purpose entities as financial assets transferred to consolidated securitization entities; while the Company also separately recorded previously unrecognized liabilities associated with borrowings by the special-purpose entities and the issue of trust beneficiary rights as non-recourse borrowings of consolidated securitization entities. Financial assets transferred to consolidated securitization entities, in effect, will be used exclusively for the repayment of non-recourse borrowings of consolidated securitization entities.
2. Deferred tax assets included in "Other current assets" and "Other assets" are JPY 151,548 million and JPY 72,920 million, respectively. Deferred tax liabilities included in "Other current liabilities" and "Other liabilities" are JPY 5,128 million and JPY 209,042 million, respectively.
3. Accumulated other comprehensive income of JPY 93,211 million includes: gain on foreign currency translation adjustments of JPY 178,319 million, loss on pension liability adjustments of JPY 127,487 million, net unrealized holding gain on available-for-sale securities of JPY 194,623 million and loss on cash flow hedges of JPY 152,244 million.
4. Collateralized assets: Short-term investments of JPY 32 million, accounts receivable of JPY 10,168 million, inventories of JPY 14,849 million, other current assets of JPY 1,596 million, investments and advances of JPY 879 million, land of JPY 2,167 million, buildings of JPY 6,124 million, and machinery and equipment of JPY 13,022 million.  
Secured debts: Short-term debt of JPY 7,092 million, current portion of long-term debt of JPY 5,920 million, accounts payable of JPY 207 million, other current liabilities of JPY 323 million, and long-term debt of JPY 7,543 million.
5. Allowance deducted directly from assets: JPY 41,532 million from current assets, JPY 2,207 million from investments and advances, JPY 19 million from financial assets transferred to consolidated securitization entities, and JPY 13,627 million from other assets.
6. Notes discounted JPY 1,102 million  
Notes endorsed JPY 1,197 million  
Guarantees JPY 365,754 million

(Note to Consolidated Statement of Operations)

Income taxes of JPY 120,047 million includes current tax expense of JPY 143,084 million and deferred tax benefit of JPY 23,037 million.

(Notes to Consolidated Statement of Equity)

1. Class and number of issued shares and treasury stocks at end of year
  - (1) Issued shares Common stock 4,833,463,387 shares
  - (2) Treasury stocks Common stock 4,886,838 shares
2. Cash dividends  
Total amount of cash dividends JPY 55,532 million



(Notes on Financial Instruments)

1. Status of Financial Instruments

The Company and its subsidiaries, in an endeavor to optimize the capital efficiency of their business activities through efficient management of operating funds, include highly liquid short-term investments, which mature within three months of the date of acquisition and pose little risk of fluctuation in value, in "cash equivalents" as immediately available financial resources.

Customer credit risk regarding receivables is managed based mainly on the current economic conditions, inherent risks, the financial position of the relevant customer and the past record.

Short-term investments and investments and loans receivable mainly comprise equity securities, which are managed by constantly tracking the market value in the case of listed stocks and the financial position of the entity subject to investment in the case of unlisted stocks.

Short-term and long-term debts were used mainly to fund business operations and capital expenditures.

As regards derivatives, foreign currency and interest rate risks are managed by constantly measuring and assessing the net exposures thereto, as well as by examining effective hedging relationships. Further, derivatives are not held for investment purposes as a matter of basic policy.

"Subordinated interests retained in securitizations" are partial interests in receivables, which were securitized for the purpose of diversifying the means of procuring capital, retained by the subsidiaries pursuant to the agreement with the assignee of said receivables.

2. Market Value, etc. of Financial Instruments

Information on the estimated fair value of financial instruments held by the Company and its subsidiaries as of March 31, 2015 is as follows:

	Consolidated Balance Sheet Amount (Millions of yen)	Estimated Fair Value (Millions of yen)
Short-term investments	6,003	6,003
Investments and loans receivable	500,955	501,904
Financial assets transferred to consolidated securitization entities	99,277	104,616
Derivatives (assets)	15,419	15,419
Subordinated interests retained in securitizations	71,881	71,881
Long-term debt	2,274,711	2,296,292
Liabilities associated with the consolidation of securitization entities	205,172	206,833
Derivatives (liabilities)	104,072	104,072

The premises and methods for estimating fair values are as follows:

Cash and cash equivalents, trade receivables, short-term debt, trade payables:

The consolidated balance sheet amounts approximate the estimated fair values due to their short maturity.

Short-term investments, investments and loans receivable:

The market value of the relevant available-for-sale security or the market value of an available-for-sale security similar thereto is mainly used as the estimated fair value. On the rare occasion that a key indicator for the measurement of the relevant fair value is not observable, pertinent information provided by financial institutions is verified mainly by the income approach or the market approach for use as the estimated fair value. Since fair value measurement involves excessive cost in the case of unlisted stocks, due to the absence of market values therefore, fair value estimates are not provided for such stocks as a general rule. The consolidated balance sheet amount for such unlisted stocks as of March 31, 2015 was JPY 45,278 million.

As for loans receivable, the present value of future cash flows based on the interest rate applicable to an additional loan of the same form is used as the estimated fair value.

Financial assets transferred to consolidated securitization entities:

In terms of the portion corresponding to the transferred mortgage loan receivable, the present value of future cash flow is used as estimated fair value.

Derivatives:

The market rate of respective derivatives is used as the estimated fair value.

Subordinated interests retained in securitizations:

The present value of future cash flows from subordinated interests retained mainly in securitization of leases subject to relatively long original contracts is used as the estimated fair value.

Long-term debt and liabilities associated with the consolidation of securitization entities:

The market value of the relevant debt or the present value of future cash flows based on the interest rate applicable to an additional debt of the same form is used as the estimated fair value.

(Note on Per Share Information)

Hitachi, Ltd. stockholders' equity per share	JPY 606.87
Net income from continuing operations, attributable to Hitachi, Ltd. stockholders per share	JPY 60.91
Net loss from discontinued operations, attributable to Hitachi, Ltd. stockholders per share	JPY 10.93
Net income attributable to Hitachi, Ltd. stockholders per share	JPY 49.97

### 3. Consolidated Statements of Comprehensive Income (Supplementary Information)

	Years ended March 31	
	2015	2014
	(Millions of yen)	
Net income	362,768	364,030
Other comprehensive income		
Foreign currency translation adjustments	199,712	159,638
Pension liability adjustments	63,699	129,499
Net unrealized holding gain on available-for-sale securities	9,214	127,312
Cash flow hedges	(110,312)	(11,301)
Total other comprehensive income	162,313	405,148
Comprehensive income	525,081	769,178
Less: Comprehensive income attributable to noncontrolling interests	183,377	143,791
Comprehensive income attributable to Hitachi, Ltd. stockholders	341,704	625,387

#### 4. Consolidated Statements of Cash Flows (Supplementary Information)

	Years ended March 31	
	2015	2014
	(Millions of yen)	
<b>1. Cash flows from operating activities</b>		
Net income	362,768	364,030
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	349,614	329,833
Amortization	131,214	125,552
Net gain on sale of investments in securities and other	(70,800)	(45,412)
Increase in receivables	(202,132)	(308,492)
Increase in inventories	(113,505)	(70,700)
Increase (decrease) in payables	(18,957)	54,327
Other	9,146	(9,732)
Net cash provided by operating activities	447,348	439,406
<b>2. Cash flows from investing activities</b>		
Capital expenditures	(365,480)	(385,000)
Purchase of intangible assets	(127,281)	(118,870)
Purchase of tangible assets and software to be leased	(444,516)	(436,499)
Proceeds from disposal of property, plant and equipment	24,454	33,109
Proceeds from disposal of tangible assets and software to be leased	26,010	31,306
Proceeds from sale (purchase) of investments in securities and shares of consolidated subsidiaries resulting in deconsolidation, net	(32,192)	35,259
Collection of investments in leases	314,900	314,921
Other	(6,150)	34,411
Net cash used in investing activities	(610,255)	(491,363)
<b>Free Cash Flows</b>	(162,907)	(51,957)
<b>3. Cash flows from financing activities</b>		
Increase in interest-bearing debt	357,117	135,006
Dividends paid to stockholders	(55,443)	(48,194)
Dividends paid to noncontrolling interests	(31,601)	(25,535)
Other	(19,738)	(28,309)
Net cash provided by financing activities	250,335	32,968
<b>4. Effect of exchange rate changes on cash and cash equivalents</b>	63,886	49,574
<b>5. Net increase in cash and cash equivalents</b>	151,314	30,585
<b>6. Cash and cash equivalents at beginning of year</b>	558,217	527,632
<b>7. Cash and cash equivalents at end of year</b>	709,531	558,217

## 5. Notes to Unconsolidated Financial Statements

### (Notes on Important Accounting Policy)

1. Inventories  
Finished goods, semi-finished goods and work in process: Stated at cost. Cost is determined by the specific identification method or the moving average method. (The figures shown in the Balance Sheet have been calculated in accordance with the write-down approach based on decline in profitability.)  
Raw materials: Stated at cost. Cost is determined by the moving average method. (The figures shown in the Balance Sheet have been calculated in accordance with the write-down approach based on decline in profitability.)
2. Securities  
Affiliated companies' common stock and investments in affiliated companies are stated at cost. Cost is determined by the moving average method.  
Other securities which had readily determinable fair values are stated at fair value. The difference between acquisition cost and carrying cost of other securities is recognized in "Unrealized holding gains on securities." The cost of other securities sold is computed based on the moving average method.  
Other securities which did not have readily determinable fair values are stated at cost determined by the moving average method.
3. Derivatives  
Derivatives are stated at fair value.
4. Depreciation of tangible fixed assets (excluding lease assets)  
Straight-line method.
5. Depreciation of intangible fixed assets (excluding lease assets)  
Selling, leasing, or otherwise marketing software: Depreciated based on expected gross revenues ratably.  
Other intangible fixed assets: Straight-line method.
6. Depreciation of lease assets  
Financial leases other than those that are deemed to transfer the ownership of the leased property to the lessee: Depreciation is calculated by the straight-line method with no residual value, using the lease term as useful life.  
Of the financial leases other than those that are deemed to transfer the ownership of the leased property to the lessee, leases commencing on or before March 31, 2008 are accounted for based on accounting methods applied to ordinary lease transactions.
7. Allowances and Provisions  
Allowance for doubtful receivables:  
Estimated uncollectible amounts are accounted for based on loan loss ratios in the case of general receivables and based on case-by-case examination of collectability in the case of specific receivables including doubtful receivables.  
Provision for product warranties:  
In order to prepare for expenditures related to after-sales product services, estimated in-warranty service costs are accounted for based on past records.  
Provision for loss on construction contracts:  
In order to provide for losses relating to construction contracts and made-to-order software, an estimated loss for subsequent fiscal years is accounted for.  
Accrued pension liability:  
Accrued pension liability is provided for employees' retirement and severance benefits. Such liability is determined based on projected benefit obligation and expected plan assets as of the end of this fiscal year. The projected benefit obligation is determined by attributing the expected retirement and severance benefits to each year by the benefit formula basis.  
Prior service cost is amortized by the straight-line method over the estimated average remaining service years of employees.  
Unrecognized actuarial gain or loss is amortized by the straight-line method over the estimated average remaining service years of employees from the next fiscal year.  
Provision for loss on repurchasing computers:  
Projected loss on previously rented computers being returned is accounted for based on past records.  
Provision for retirement benefits for senior executives:  
In order to provide for the payment of retirement benefits to senior executives, corporate officers, and the like, the Company accounted for the amount of payment required as of the end of this fiscal year according to the stipulations in the Company's internal rules.  
Decisions were made at the Compensation Committee meetings held on December 18, 2007 and March 26, 2008 to abolish the retirement allowance system and to pay the retirement allowance for the applicable period to senior executives, corporate officers, and the like at the time of their retirement, subject to resolutions of the Compensation Committee following decisions on their retirement.  
Provision for loss on business of affiliated companies:  
In order to provide for losses relating to the business of affiliated companies, the amount the Company is expected to bear in excess of the amounts invested in and loaned to for such companies is accounted for.

8. Accounting standard for income and expenses  
Accounting standard for income on construction contracts and made-to-order software:  
Income is accounted for on the percentage of completion basis for progress made by the end of the relevant fiscal year, if said progress is deemed certain to yield results (as a general rule, the estimated percentage of progress is obtained by the cost-to-cost method). Income is accounted for on the completion basis in all other cases.
9. Consumption tax  
Consumption tax is accounted for based on the tax segregated method, under which consumption tax is excluded from presentation of revenues, cost of sales and expenses.
10. Hedge accounting  
Deferral hedge accounting is employed.

## (Notes to Unconsolidated Balance Sheet)

## 1. Collateralized assets

(Millions of yen)

Type of asset	Year-end book value	Description
Affiliated companies' common stock	74	Collaterals for borrowings by affiliated companies
Investments in securities	8	Collaterals for borrowings by investees
Long-term loan receivables	86	Collaterals for borrowings by affiliated companies and investees
Total	168	

## 2. Accumulated depreciation of tangible fixed assets

Buildings	JPY 175,207 million
Structures	JPY 26,662 million
Machinery	JPY 146,734 million
Vehicles	JPY 1,375 million
Tools and equipment	JPY 183,385 million
Lease assets	JPY 9,997 million

## 3. Guarantees

(Millions of yen)

Guarantee	Year-end balance	Description
Agility Trains West Ltd.	35,543	Guarantee for borrowings from financial institutions
Agility Trains East Ltd.	22,582	Guarantee for borrowings from financial institutions
Mitsubishi Hitachi Power Systems Africa (Pty) Ltd.	18,279	Guarantee for collection of trade accounts receivables transferred from the Company's subsidiary to Mitsubishi Hitachi Power Systems Africa (Pty) Ltd.
Hitachi International (Holland) B.V.	13,032	Guarantee for commercial paper
Mitsubishi Hitachi Power Systems Europe GmbH	12,224	Guarantee for collection of trade accounts receivables transferred from the Company's subsidiary to Mitsubishi Hitachi Power Systems Europe GmbH
Hitachi America Capital, Ltd.	12,017	Guarantee for commercial paper
Horizon Nuclear Power Services Ltd.	2,543	Guarantee for rent expenses during the term pursuant to the rental contract on real estate
Kohki Railway Systems, Ltd.	1,600	Joint and several guarantee for East Japan Railway Company ("JR East") pursuant to the "Agreement on License to Execute and Use Patents, etc." between JR East and Kohki Railway Systems
Hitachi Rail Europe Ltd.	1,556	Guarantee for rent expenses during the term pursuant to the rental contract on real estate, etc.
Other	91	Guarantee for borrowings from financial institutions, etc.
Total	119,471	

In addition to the foregoing, the Company has entered into an agreement with each of the following overseas affiliated companies on maintaining their finances in a sound condition, etc., mainly to enhance their credit in order to support their financing activities:

Hitachi America Capital, Ltd., Hitachi International (Holland) B.V., Hitachi International Treasury Ltd., Hitachi (China) Finance Co., Ltd. and Hitachi Power Europe GmbH

4. Short-term receivables from affiliated companies	JPY 567,442 million
Long-term receivables from affiliated companies	JPY 148,954 million
Short-term payables to affiliated companies	JPY 936,418 million
Long-term payables to affiliated companies	JPY 7,125 million

(Notes to Unconsolidated Statement of Operations)

1. Loss on impairment of assets

(1) Summary of the assets or asset groups for which impairment loss was recognized

Classification	Description	Category	Location
Assets to be held and used	Manufacturing facility of transformation station equipment	Buildings, machinery, etc.	Hitachi, Ibaraki
	Asset for data distribution service	Software	Isogo-ku, Yokohama
Idle assets	—	Buildings, etc.	Totsuka-ku, Yokohama
Assets scheduled to be disposed	—	Buildings, etc.	Toyokawa, Aichi
		Machinery, etc.	Tsuchiura, Ibaraki, etc.

(2) Reason to recognize impairment loss

The Company recognized the impairment loss for assets to be held and used since amounts invested in the above assets are expected to be irrecoverable due to decline in their profitability. The Company also recognized the impairment loss for idle assets and assets scheduled to be disposed since amounts invested in the above assets are expected to be irrecoverable due to change in business plans.

(3) Amounts of impairment loss

Buildings	JPY 6,006 million
Structures	JPY 1,737 million
Machinery	JPY 2,376 million
Land	JPY 611 million
Construction in progress	JPY 1,706 million
Other	JPY 771 million
Total	JPY 13,210 million

(4) Method of grouping assets

Although the grouping of assets is principally based on business divisions or places of business, some assets and asset groups are grouped as a separate unit that generates cash flows independently of other asset groups.

(5) Calculation of recoverable amounts

For land included in assets to be held and used, calculation is based on net sales price, which is calculated by deducting the estimated cost of disposal from real estate appraisal value. For other assets to be held and used, idle assets and assets scheduled to be disposed, as these are considered not to be recoverable, their book values were reduced to their memorandum values and these reductions were recorded as loss on impairment of assets.

2. Sales to affiliated companies	JPY 569,477 million
Purchases from affiliated companies	JPY 944,271 million
Non-operating transactions with affiliated companies	JPY 23,624 million

(Note to Unconsolidated Statement of Changes in Net Assets)

Matters related to Class and Number of Treasury Stock

Class	Number of shares			
	At beginning of year	Increase during year	Decrease during year	At end of year
Common stock	4,407,424	515,108	35,694	4,886,838

(Summary of Reason for Change)

The increase during this fiscal year by 515,108 shares is due to the purchase of 514,108 shares from less-than-one unit shareholders at their request and the purchase of 1,000 shares from shareholders opposing the share exchange with Hitachi Medical Corporation, pursuant to Article 797, Paragraph 1 of the Companies Act. The decrease during this fiscal year by 35,694 shares is due to the sale of shares to less-than-one unit shareholders at their request.

(Note on Accounting for Deferred Taxes)

The major causes of deferred tax assets were accrued pension liability and accrued bonuses, and the major causes of deferred tax liabilities was unrealized holding gains on securities and reserve for investment loss regarding specified business restructuring.

(Note on Leased Fixed Assets)

In addition to the capitalized fixed assets, as significant equipment, the Company utilizes power generation equipment under lease arrangements.

## (Note on Transactions with Related Parties)

(Millions of yen)

Attribute	Name of company etc.	% of voting rights held	Relationship with the related parties	Description of transaction	Transaction amount	Classification	Year-end balance
Subsidiary	Hitachi Solutions, Ltd.	Direct: 100.0%	Outsourcing of the Company's information systems and software development *	Information systems and software development, etc. (Note 1)	114,418	Accounts payable	38,941
				Deposit received (Note 2)	17,099	Deposit	56,989
				Interest paid (Note 2)	134		
Subsidiary	Hitachi Appliances, Inc.	Direct: 100.0%	Purchase of Hitachi Appliances' products *	Loan (Note 2)	—	Long-term loan receivables	35,000
				Interest received (Note 2)	129		
				Loan (Note 2)	8,638	Short-term loan receivables	19,441
				Interest received (Note 2)	37		
				Deposit received (Note 2)	—	Deposit	—
				Interest paid (Note 2)	1		
Subsidiary	Hitachi Vehicle Energy, Ltd.	Direct: 100.0%	Sale of the Company's products, etc.	Loan (Note 2)	4,935	Short-term loan receivables	46,725
				Interest received (Note 2)	173		
Subsidiary	Hitachi Transport System, Ltd.	Direct: 53.3% Indirect: 5.7%	Outsourcing of transport and warehousing of the Company's products *	Loan (Note 2)	(10,000)	Long-term loan receivables	20,000
				Interest received (Note 2)	89		
				Loan (Note 2)	10,000	Short-term loan receivables	20,000
				Interest received (Note 2)	37		
				Deposit received (Note 2)	(1,996)	Deposit	10,946
				Interest paid (Note 2)	7		
Subsidiary	Hitachi High-Technologies Corporation	Direct: 51.8%	Sale of the Company's products *	Deposit received (Note 2)	18,328	Deposit	129,039
				Interest paid (Note 2)	244		
Subsidiary	Hitachi Capital Corporation	Direct: 58.5% Indirect: 2.1%	Leasing equipment and devices to the Company, leasing and sale on credit of the Company's products *	Deposit received (Note 2)	(45,421)	Deposit	72,005
				Interest paid (Note 2)	233		
Subsidiary	Hitachi Building Systems Co., Ltd.	Direct: 100.0%	Manufacturing and sale of products developed by the Company *	Deposit received (Note 2)	1,939	Deposit	69,882
				Interest paid (Note 2)	92		
Subsidiary	Hitachi Systems, Ltd.	Direct: 100.0%	Outsourcing of the Company's software development, outsourcing of maintenance of the Company's telecommunications equipment, etc. *	Deposit received (Note 2)	4,811	Deposit	50,767
				Interest paid (Note 2)	116		
Subsidiary	Hitachi Kasei Business Service Co., Ltd.	Indirect: 100.0%	Sale of the Company's products, etc.	Deposit received (Note 2)	(22,151)	Deposit	27,284
				Interest paid (Note 2)	77		



Attribute	Name of company etc.	% of voting rights held	Relationship with the related parties	Description of transaction	Transaction amount	Classification	Year-end balance
Subsidiary	Hitachi Metals, Ltd.	Direct: 53.5% Indirect: 0.5%	Purchase of Hitachi Metals' products *	Loan (Note 2)	—	Short-term loan receivables	—
				Interest received (Note 2)	1		
				Deposit received (Note 2)	(24,572)	Deposit	24,570
				Interest paid (Note 2)	54		
Affiliate	Mitsubishi Hitachi Power Systems Africa (Pty) Ltd.	Indirect: 35.0%	Loans	Loan (Note 3)	38,209	Long-term loan receivables	38,209
				Loan (Note 3)	(6,250)	Short-term loan receivables	8,750

\* The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers at the subsidiary and the affiliate.

Terms of Transactions, Policy on Determining Terms of Transactions, etc.

Notes: 1. The terms related to the development of information systems and software are determined based on negotiations.

2. These are loans or deposits made based on the pooling system wherein the funds of affiliated companies are concentrated at the Company to be loaned to affiliated companies who have financing needs. The interest rates on loans and deposits are determined with due consideration to market interest rates. The transaction amounts indicate the increase or decrease from the balance at the beginning of the fiscal year.

3. The interest rate was determined with due consideration to market interest rates. The transaction amount of the loans indicates the change from the balance at the beginning of the fiscal year.

(Note on Per Share Information)

Net assets per share JPY 289.92

Net income per share JPY 17.66

(Note on Major Subsequent Events)

Succession of subsidiary's business through an absorption-type company split

Effective on April 1, 2015, the Company succeeded the system solutions business in the social infrastructure, financial, and government & public sectors in Hitachi Solutions, Ltd. to optimize its business structure for the growth of its information & telecommunication systems business in accordance with the absorption-type company split agreement which the Company had concluded with Hitachi Solutions, Ltd. on February 10, 2015. This is an absorption-type company split in which Hitachi Solutions, Ltd. is the transferring company and the Company is the successor company.

## 6. Transcript of Accounting Auditors' Audit Report on Consolidated Financial Statements

### REPORT OF INDEPENDENT AUDITORS

May 12, 2015

Mr. Toshiaki Higashihara, President & COO

Hitachi, Ltd.

Ernst & Young ShinNihon LLC

Koichi Tsuji

Certified Public Accountant

Designated and Engagement Partner

Takahiro Saga

Certified Public Accountant

Designated and Engagement Partner

Takuya Tanaka

Certified Public Accountant

Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of operations, the consolidated statement of equity and the notes to the consolidated financial statements of Hitachi, Ltd. (the "Company") applicable to the fiscal year from April 1, 2014 through March 31, 2015.

#### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America with certain disclosure items omitted pursuant to the second sentence of Article 120-2, section 1 of the Ordinance on Accounting of Companies, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America with certain disclosure items omitted pursuant to the second sentence of Article 120-2, section 1 of the Ordinance on Accounting of Companies referred to above present fairly, in all material respects, the financial position and results of operations of the Company and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2015.

#### Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

#### (Note)

This is an English translation of the Japanese language Report of Independent Auditors issued by Ernst & Young ShinNihon LLC in connection with the audit of the consolidated financial statements of the Company, prepared in Japanese, for the fiscal year ended March 31, 2015. Ernst & Young ShinNihon LLC has not audited the English language version of the consolidated financial statements for the above-mentioned year.

## 7. Transcript of Audit Committee's Audit Report on Consolidated Financial Statements

### AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We, the Audit Committee of the Company, audited the consolidated financial statements of the Company (the consolidated balance sheet, the consolidated statement of operations, the consolidated statement of equity, and the notes to consolidated financial statements) during the 146th business term (from April 1, 2014 to March 31, 2015). We hereby report as follows on the method and result thereof:

#### 1. Method of Audit

We received reports from the Executive Officers and others of the Company in accordance with the audit policy, assignment of audit duties, etc., as determined by the Audit Committee, on the consolidated financial statements, and requested explanations as necessary. In addition, we received reports from the Executive Officers and others of its subsidiaries and requested explanations as necessary. Further, we monitored and examined whether the Accounting Auditors maintained their independence and performed their auditing duties adequately, as well as received reports from the Accounting Auditors on the performance status of their duties, and requested explanations as necessary. We also received a notice from the Accounting Auditors to the effect that "structures for ensuring that duties are appropriately performed" (matters stipulated in each item under Article 131 of the Regulations of Companies' Financial Statements) were being developed pursuant to the "Quality Management Standards for Auditing" (Business Accounting Council, October 28, 2005) and requested explanations as necessary.

We examined the consolidated financial statements for this business term in accordance with the foregoing method.

#### 2. Result of Audit

We are of the opinion that the method and result of the audit made by the Company's Accounting Auditors, Ernst & Young ShinNihon LLC, are appropriate.

May 14, 2015

Audit Committee, Hitachi, Ltd.  
Takashi Miyoshi (Standing)  
Nobuo Mochida (Standing)  
Nobuo Katsumata  
Harufumi Mochizuki  
Hiroaki Yoshihara

Note: Messrs. Nobuo Katsumata, Harufumi Mochizuki and Hiroaki Yoshihara are outside Directors pursuant to Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.