

Hitachi's History of Transformation

(Fiscal 2004 – Fiscal 2013)

Recovery from management crisis and on to a new growth stage.

In fiscal 2013, Hitachi achieved new record highs in operating income and EBIT (earnings before interest and taxes).

However, for a company such as Hitachi that aims to be a leader in global markets, we are still just at the starting line.

Going forward, Hitachi will accurately track changes in society, accelerate the process of transformation to achieve new growth, and strive to increase corporate value.

Transformation of Business Portfolio

Fiscal 2004 – Fiscal 2005

Strengthening Initiatives

- Established joint venture with OMRON Corporation in the ATM business
- Merged with automotive systems equity method company TOKICO and subsidiary Hitachi Unisia Automotive through absorption-type mergers
- Established joint venture with NEC Corporation in backbone router/switch business
- Acquired plasma display business and related patents from Fujitsu Limited

Rebuilding Initiatives

- Established joint venture with Casio Computer Co., Ltd. in mobile phone business
- Transferred printer business to Ricoh Company, Ltd.

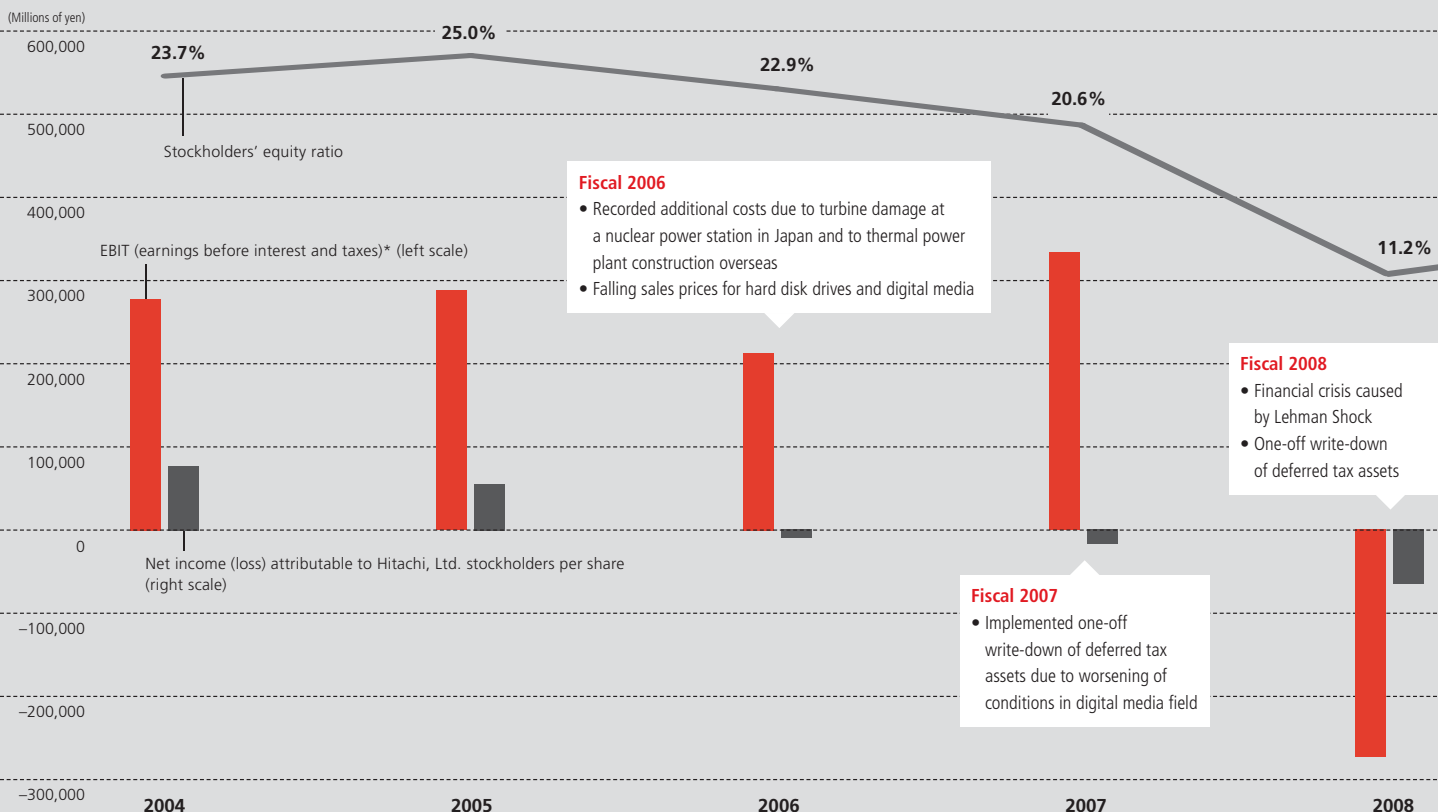
Fiscal 2006 – Fiscal 2008

Strengthening Initiatives

- Made Clarion a consolidated subsidiary
- Established joint venture with GE, of the United States, in nuclear power generation systems business
- Made Hitachi Kokusai Electric a consolidated subsidiary
- Made Hitachi Koki a consolidated subsidiary

Rebuilding Initiatives

- Sold precision small motor business to Nidec Corporation
- Withdrew from consumer PC business
- Transferred semiconductor manufacturing subsidiary in Singapore to a semiconductor foundry



* EBIT is presented as income before income taxes less interest income plus interest charges.

Fiscal 2009 – Fiscal 2012

Strengthening Initiatives

- Made five listed companies* wholly owned consolidated subsidiaries
* Hitachi Information Systems; Hitachi Software Engineering; Hitachi Systems & Services; Hitachi Plant Technologies; and Hitachi Maxell
- Established joint venture in the hydroelectric power generation business with Mitsubishi Electric Corporation and Mitsubishi Heavy Industries, Ltd.
- Acquired BlueArc, a network storage solution business in the United States
- Dissolved joint venture in the transmission and distribution business
- Acquired a nuclear energy company in the United Kingdom

Rebuilding Initiatives

- Integrated Renesas Technology, an equity method company in the semiconductor business, with NEC Electronics
- Transferred business in large LCD panels for TVs to Panasonic Corporation
- Transferred plasma display panel plant to Solar Frontier K.K.
- Transferred hard disk drive business to Western Digital Corporation, of the United States
- Integrated small and medium-sized LCD business with Japan Display Inc.
- Stopped in-house production of flat-panel TVs

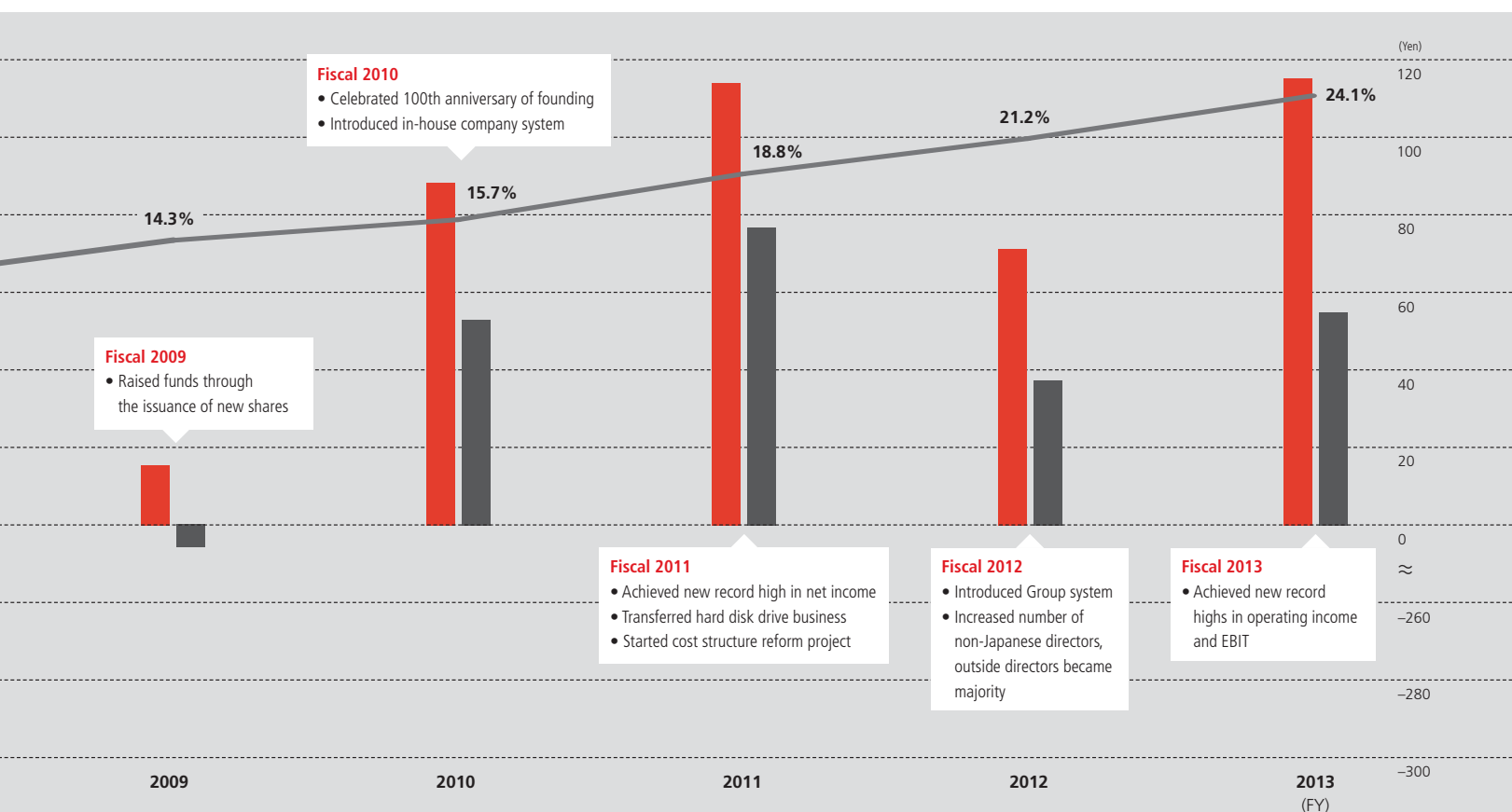
Fiscal 2013

Strengthening Initiatives

- Hitachi Metals and Hitachi Cable were merged
- Established joint venture with Mitsubishi Heavy Industries, Ltd. in thermal power generation systems business
- Made Hitachi Medical a wholly owned subsidiary
- Absorbed Hitachi Plant Technologies

Rebuilding Initiatives

- Transferred printed circuit board production equipment business to an investment fund
- Relisted Hitachi Maxell shares



2015 Mid-term Management Plan – Achieving Growth and Hitachi’s Transformation

Recovering from the Management Crisis

Results under 2012 Mid-term Management Plan

(Fiscal 2010 – Fiscal 2012)

Revenues

3-year average

¥9,340.9 billion

EBIT ratio (operating income ratio)

3-year average

4.9% (4.6%)

Net income attributable to Hitachi, Ltd. stockholders

3-year average

¥253.7 billion

Net income attributable to Hitachi, Ltd. stockholders per share

3-year average

¥55

Total Hitachi, Ltd. stockholders’ equity ratio (manufacturing, services & others)

Fiscal 2012

23.2%

Management Focus

INNOVATION

Strengthen service businesses that maximize the utilization of IT and bring about innovation

- Grow the Social Innovation Business by working with customers to identify their challenges and by providing innovative solutions
- Strengthen and expand services businesses by providing solutions for customers’ issues and product services

GLOBAL

Deliver innovation to customers and society globally

- Enhance engineering teams to strengthen solutions-provision system and accelerate global business initiatives
- Sales growth in North America and China in addition to Asia
- Globalization of management and use of global resources in R&D

TRANSFORMATION

Transform to deliver innovation by standardized and speedy operation

- Advancing the Hitachi Smart Transformation Project, a cost structure reform project (reevaluating operations to strengthen competitiveness and generate cash)
- Leverage global talent to lead businesses

Hitachi's Vision

Hitachi delivers innovations
that answer society's challenges.
With our talented team and proven experience
in global markets, we can inspire the world.

Society's Challenges

- Securing water resources, energy and food
- Replacement of aging infrastructure systems
- Reduction of CO₂ emissions
- Improving transportation systems
- Responding to lower birthrate and aging
- Promoting material recycling

Macro trends

- The shale gas revolution is making the energy-supply portfolio change and oil and gas prices are fluctuating
- Japanese market:
 - Finance sector: Increased IT investment
 - Public sector: National resilience
 - Power sector: Deregulation and separation of generation from transmission and distribution
- Conventional markets such as healthcare, agriculture, etc., are growing by employing innovation
- Shift from "concentration, ownership, and consumption" to "distribution, sharing, and recycling"—a trend that is accelerating

Cases of Service Business

Water business solutions

Addressing global demand for water through intelligent water systems using recycled water and IT



U.K. rail

Resolving issues by increasing rolling stock operating ratio and implementing measures for aging rail cars



Elevator and escalator business

Product services supporting the entire product life cycle, such as operation and maintenance.



Global Strategy

Hitachi has reconfirmed the position of China and North America as priority regions and is now aiming for further growth.

Europe

- Railways
- Nuclear power
- Healthcare

FY2013: ¥812.1 billion
 FY2015: ¥860.0 billion
 [5.9%]

China

- Buildings
- Governments
- Construction
- Finance
- Healthcare

FY2013: ¥1,073.6 billion
 FY2015: ¥1,220.0 billion
 [13.6%]

Asia

- Energy
- Water
- Buildings
- Railways
- Manufacturing
- Automobiles

FY2013: ¥989.9 billion
 FY2015: ¥1,290.0 billion
 [30.3%]

North America

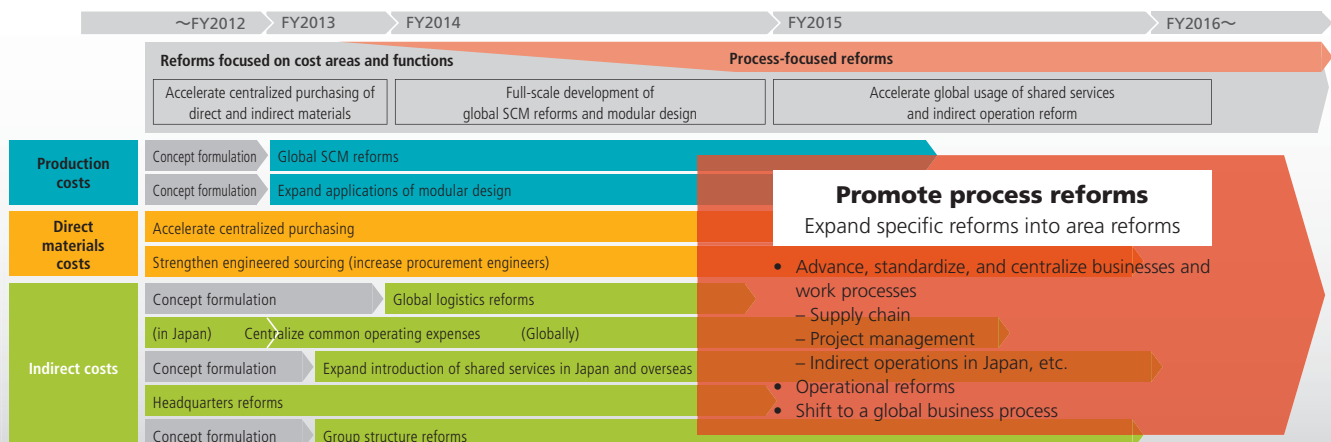
- Automobiles
- Finance
- Oil and gas
- Power
- Healthcare

FY2013: ¥910.2 billion
 FY2015: ¥1,000.0 billion
 [9.9%]

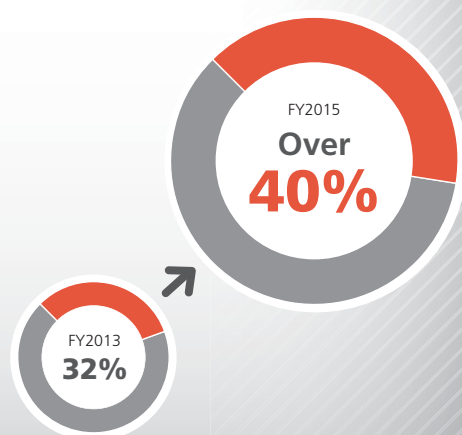
[growth rate]

Cost Structure Reform

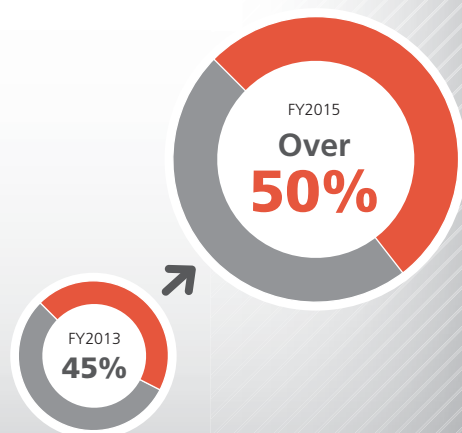
Hitachi Smart Transformation Project: Shift to an enterprise that generates cash to achieve growth



Service revenue ratio

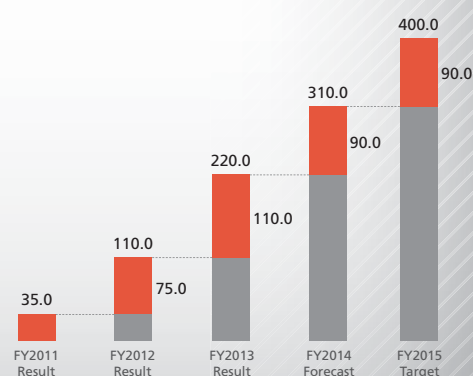


Overseas revenue ratio



Cost reduction benefits

■ Single year (Billions of yen) ■ Cumulative (Billions of yen)



Target Performance

Revenues

Fiscal 2015 Target

¥10 trillion

Fiscal 2013 Result

¥9,616.2 billion

EBIT ratio (operating income ratio)

Fiscal 2015 Target

Over 7% (Over 7%)

Fiscal 2013 Result

6.0% (5.5%)

Net income attributable to Hitachi, Ltd. stockholders

Fiscal 2015 Target

Over ¥350.0 billion

Fiscal 2013 Result

¥264.9 billion

Net income attributable to Hitachi, Ltd. stockholders per share

Fiscal 2015 Target

Over ¥70

Fiscal 2013 Result

¥54.86

Hitachi, Ltd. stockholders' equity ratio (manufacturing, services & others)

Fiscal 2015 Target

Over 30%

Fiscal 2013 Result

27.4%