

**Outline of Consolidated Financial Results  
for the Third Quarter ended  
December 31, 2013**

February 4, 2014

**Hitachi, Ltd.**

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- 2. Outlook for Fiscal 2013**
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**1. Outline of Consolidated Financial Results for  
the Third Quarter ended December 31, 2013**

# 1-1. Highlights of 3<sup>rd</sup> Quarter (Oct. – Dec.) FY2013 Financial Results

Revenues	<p>2,303.7 billion yen (up 9% / 190.6 billion yen YoY)</p> <ul style="list-style-type: none"> <li>● Higher in the Information &amp; Telecommunication Systems, Electronic Systems &amp; Equipment and Automotive Systems segments, etc.</li> </ul>
Operating income	<p>122.0 billion yen (up 79% / 53.6 billion yen YoY)</p> <ul style="list-style-type: none"> <li>● Increased in the High Functional Materials &amp; Components, Electronic Systems &amp; Equipment, Construction Machinery and Automotive Systems segments, etc.</li> <li>● Achieved highest 3<sup>rd</sup> quarter (Oct. – Dec.) operating income.</li> </ul>
EBIT (Earnings before interest and taxes)*1	<p>169.7 billion yen (up 170% / 106.8 billion yen YoY)</p> <ul style="list-style-type: none"> <li>● Higher YoY due mainly to gains on the sale of investments in securities, and an improvement in equity in net earnings (loss) of affiliated companies.</li> <li>● Achieved highest 3<sup>rd</sup> quarter (Oct. – Dec.) EBIT.</li> </ul>
Net income attributable to Hitachi, Ltd. stockholders	<p>94.5 billion yen (up 367% / 74.2 billion yen YoY)</p> <ul style="list-style-type: none"> <li>● Achieved highest 3<sup>rd</sup> quarter (Oct. – Dec.) net income attributable to Hitachi, Ltd. stockholders.</li> </ul>
Total Hitachi, Ltd. stockholders' equity ratio (Manufacturing, Services and Others)	<p>24.8% (up 1.6 of a point from March 31, 2013)</p>
Core free cash flows*2 (Manufacturing, Services and Others)	<p>Negative 133.2 billion yen (decreased 9.7 billion yen YoY)</p>

\*1 Defined income before income taxes less interest income plus interest charges.

\*2 Operating cash flow plus collection of investments in leases less cash outflows for the purchase of property, plant and equipment, intangible assets, software, and the assets to be leased.

## 1-2. Highlights of 3<sup>rd</sup> Quarter (Apr. – Dec.) FY2013 Financial Results

Revenues	6,774.4 billion yen (up 5% / 305.7 billion yen YoY) <ul style="list-style-type: none"> <li>Higher in the Information &amp; Telecommunication Systems, Social Infrastructure &amp; Industrial Systems and Automotive Systems segments, etc.</li> </ul>
Operating income	295.4 billion yen (up 27% / 63.5 billion yen YoY) <ul style="list-style-type: none"> <li>Increased in the High Functional Materials &amp; Components, Construction Machinery and Automotive Systems segments, etc.</li> </ul>
EBIT (Earnings before interest and taxes)*1	311.7 billion yen (up 67% / 124.7 billion yen YoY) <ul style="list-style-type: none"> <li>Higher YoY due mainly to an improvement in equity in net earnings (loss) of affiliated companies, and gains on the sale of investments in securities.</li> </ul>
Net income attributable to Hitachi, Ltd. stockholders	127.2 billion yen (up 153% / 76.9 billion yen YoY)
Total Hitachi, Ltd. stockholders' equity ratio (Manufacturing, Services and Others)	24.8% (up 1.6 of a point from March 31, 2013)
Core free cash flows*2 (Manufacturing, Services and Others)	Negative 126.8 billion yen (increased 8.1 billion yen YoY)

\*1 Defined income before income taxes less interest income plus interest charges.

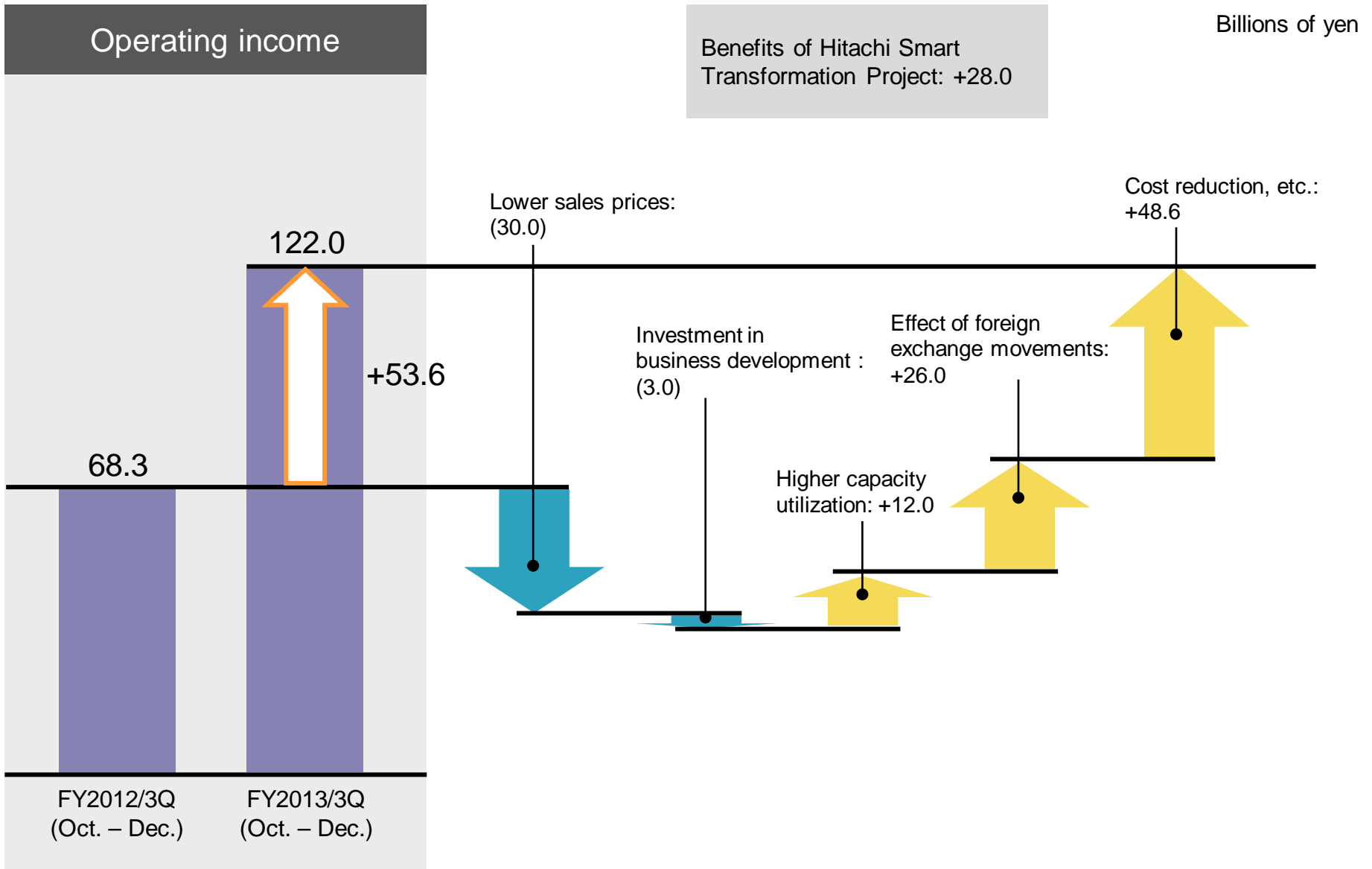
\*2 Operating cash flow plus collection of investments in leases less cash outflows for the purchase of property, plant and equipment, intangible assets, software, and the assets to be leased.

# 1-3. Consolidated Statements of Operations

Billions of yen

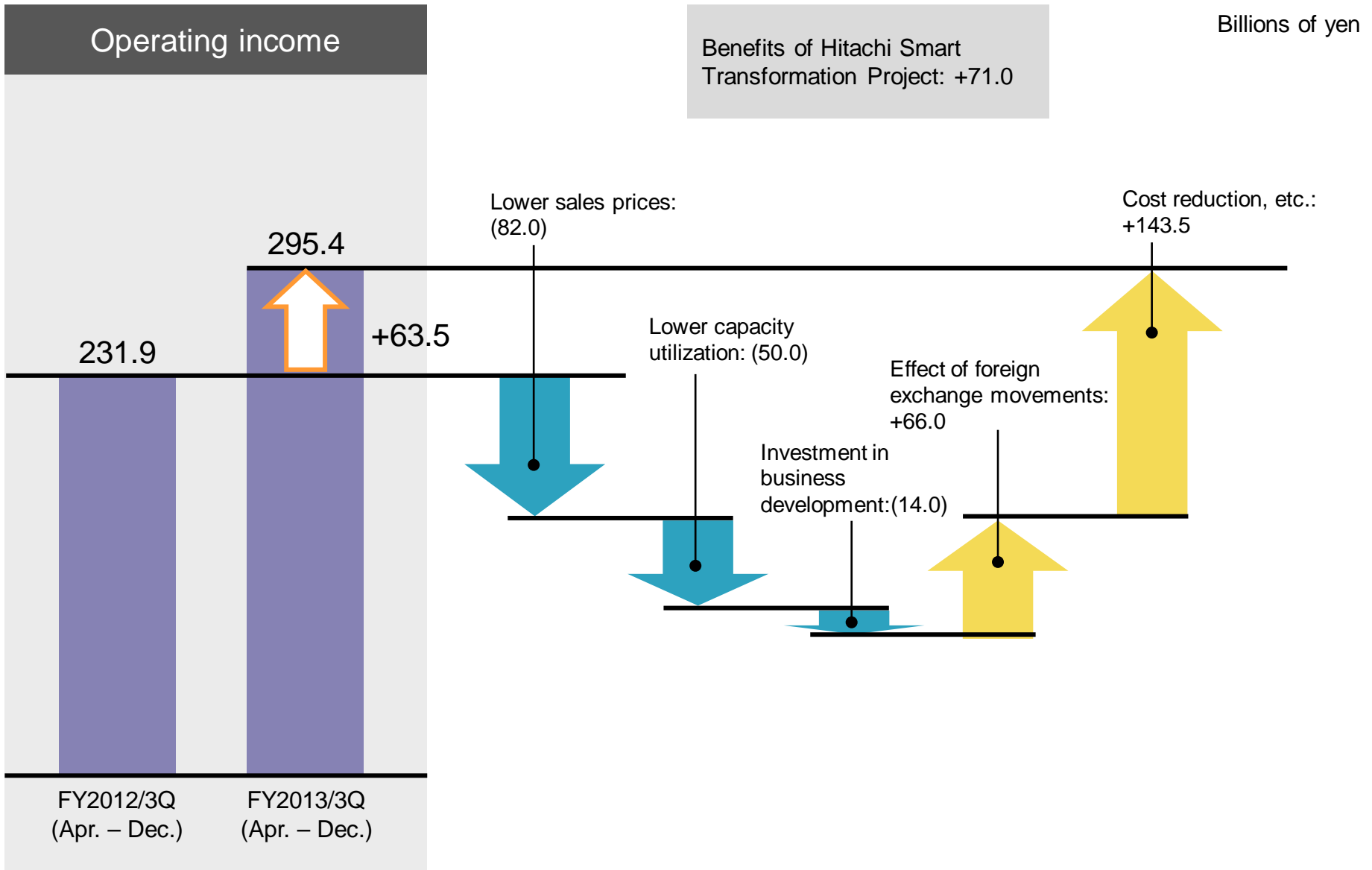
	3Q (Oct. – Dec.)			3Q (Apr. – Dec.)		
	FY2012	FY2013	Year over year	FY2012	FY2013	Year over year
Revenues	2,113.1	2,303.7	+190.6 [109%]	6,468.7	6,774.4	+305.7 [105%]
Operating income	68.3	122.0	+53.6	231.9	295.4	+63.5
EBIT	62.9	169.7	+106.8	187.0	311.7	+124.7
Net other income (deductions)	(8.9)	43.7	+52.6	(56.2)	5.8	+62.0
Income before income taxes	59.4	165.7	+106.3	175.6	301.2	+125.6
Income taxes	(30.5)	(39.9)	(9.4)	(81.2)	(106.1)	(24.8)
Net income	28.8	125.7	+96.9	94.3	195.1	+100.7
Net income attributable to noncontrolling interests	(8.6)	(31.2)	(22.6)	(44.0)	(67.8)	(23.8)
Net income attributable to Hitachi, Ltd. stockholders	20.2	94.5	+74.2	50.3	127.2	+76.9

1-4. 3Q (Oct. – Dec.):  
**Factors for Change in Operating Income (Year over year)**



1-5. 3Q (Apr. – Dec.):  
**Factors for Change in Operating Income (Year over year)**

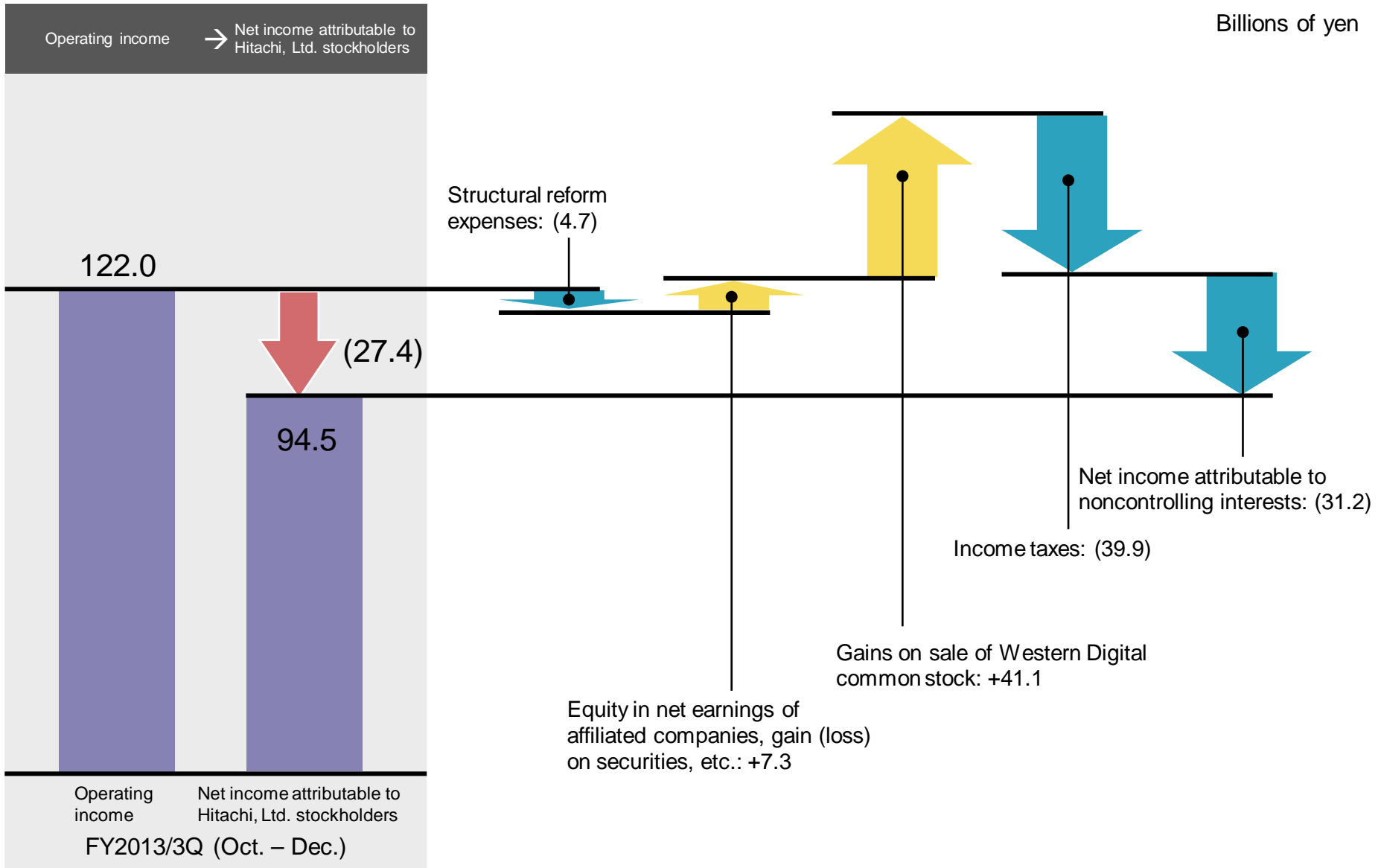
Billions of yen





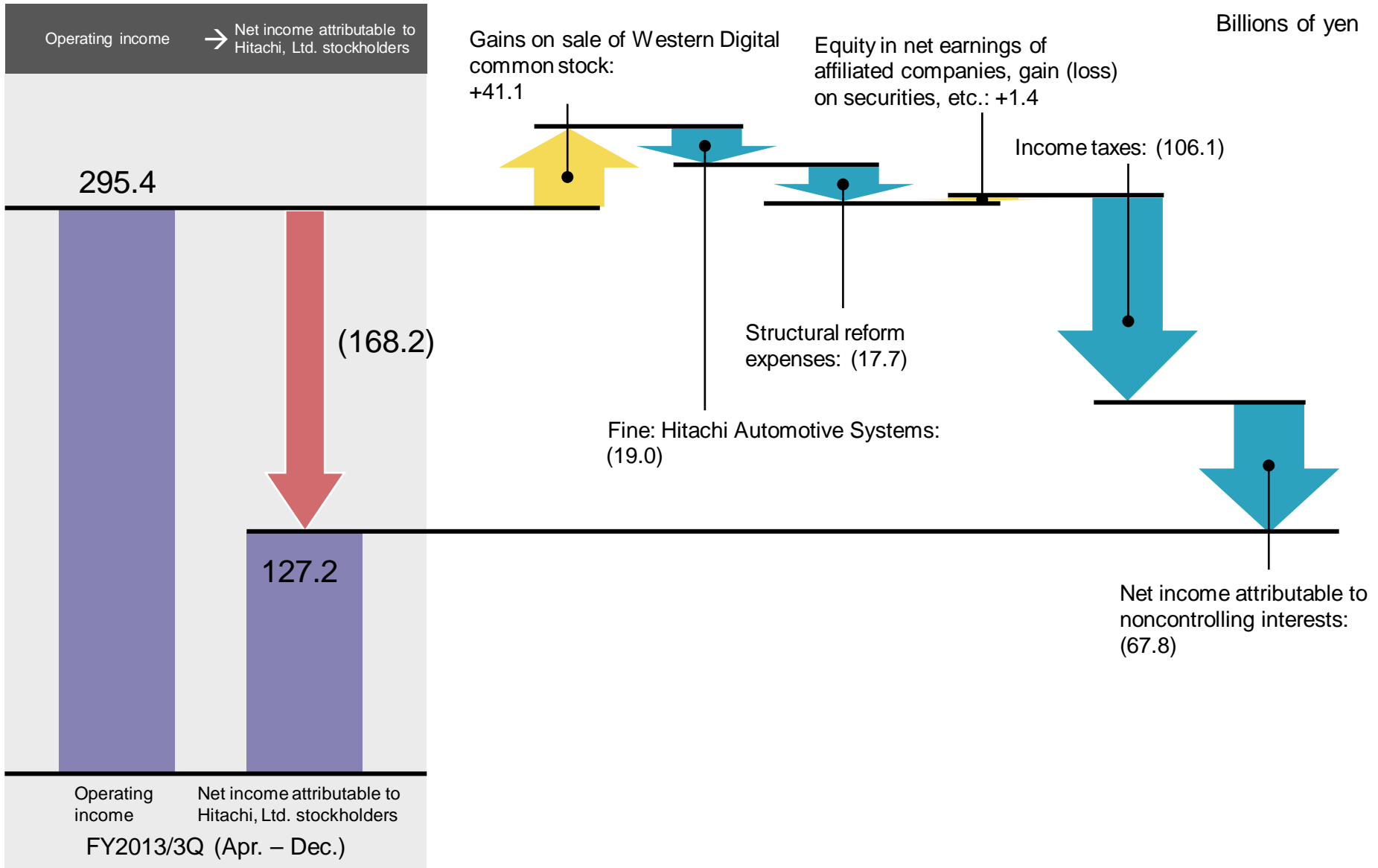
# 3Q (Oct. – Dec.): 1-6. Factors for Change in Net Income Attributable to Hitachi, Ltd. Stockholders

Billions of yen



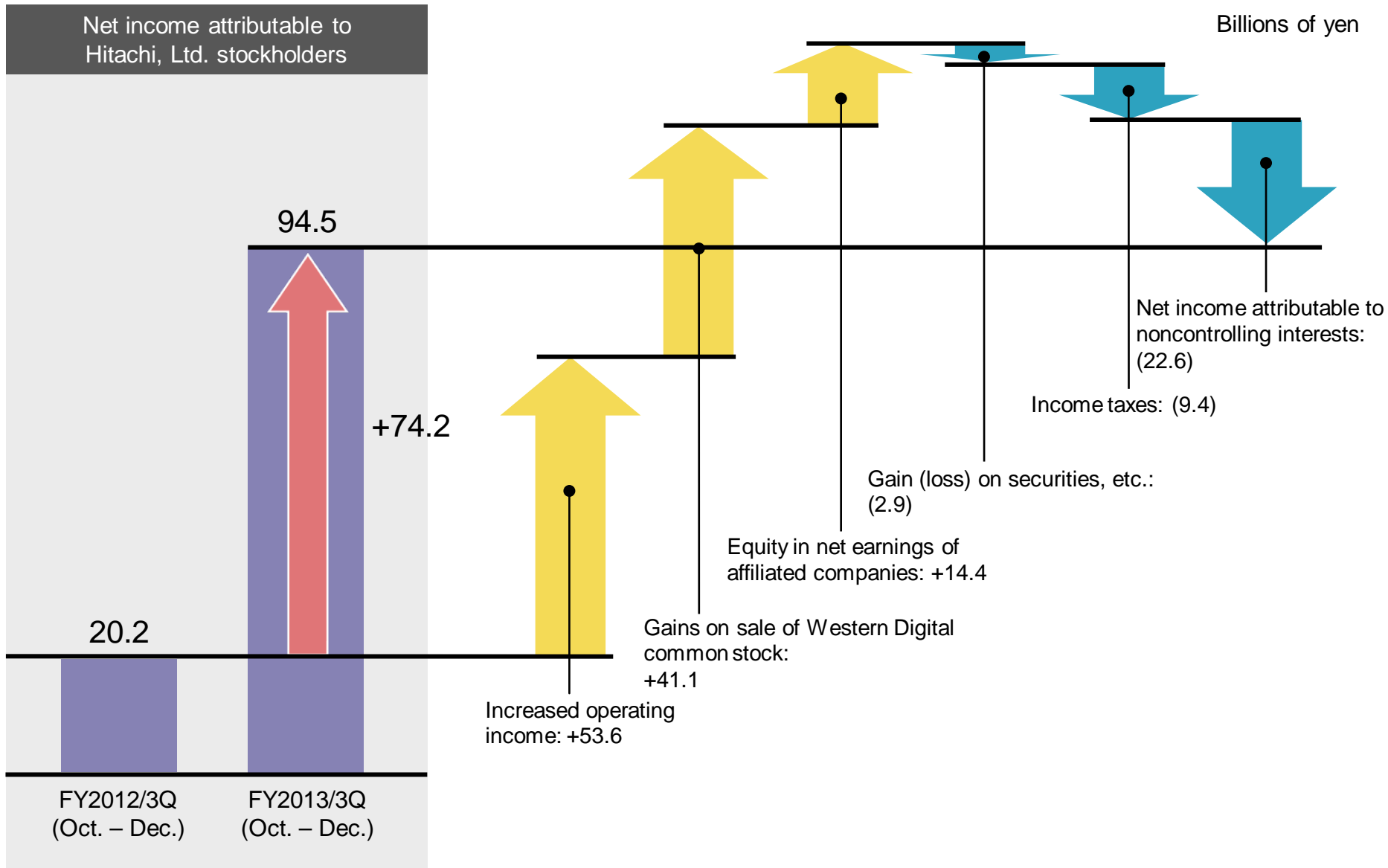
# 3Q (Apr. – Dec.): 1-7. Factors for Change in Net Income Attributable to Hitachi, Ltd. Stockholders

Billions of yen

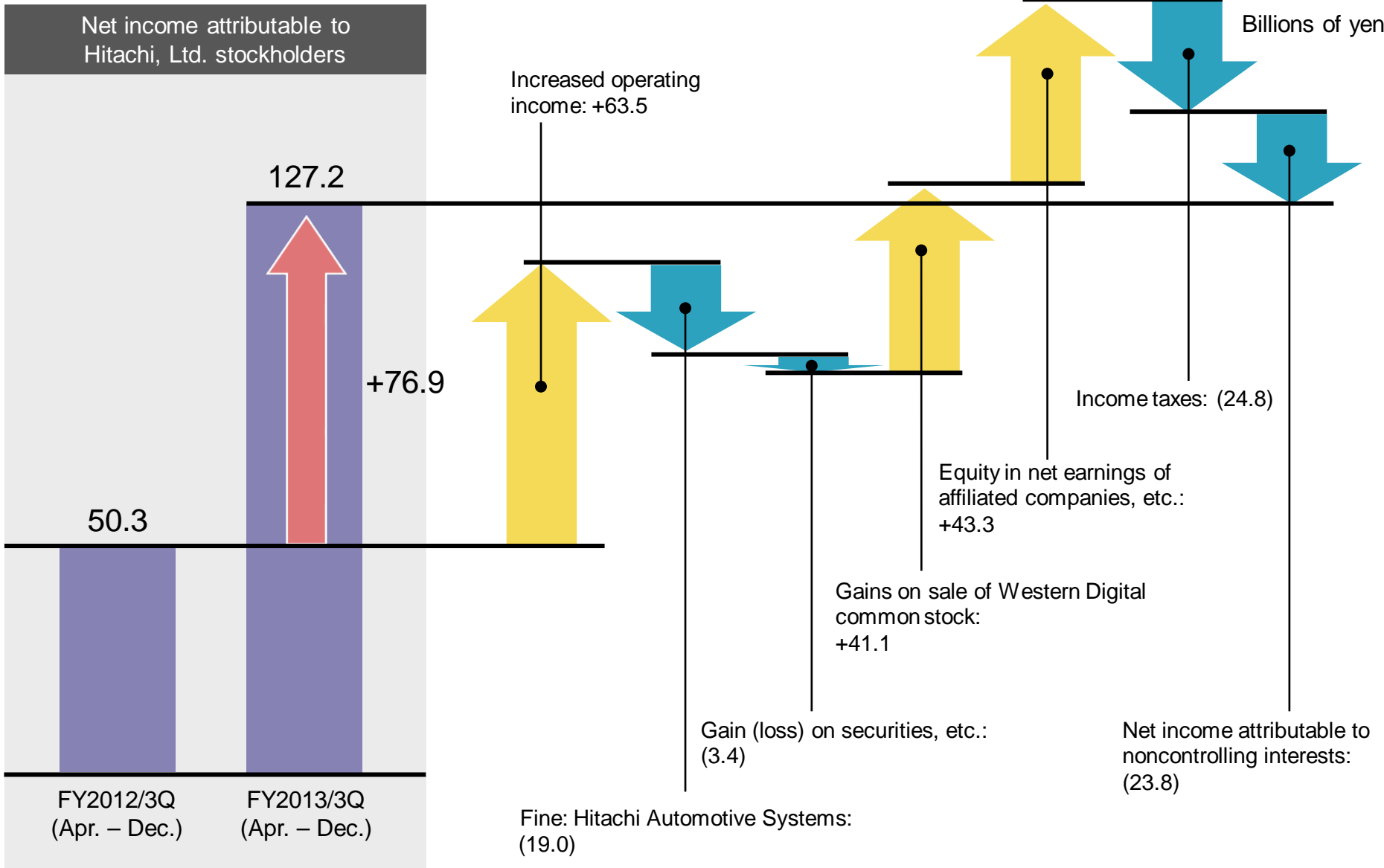


3Q (Oct. – Dec.):

# 1-8. Factors for Change in Net Income Attributable to Hitachi, Ltd. Stockholders (Year over Year)



# 3Q (Apr. – Dec.): 1-9. Factors for Change in Net Income Attributable to Hitachi, Ltd. Stockholders (Year over Year)



# 1-10. Revenues by Market

Billions of yen

	3Q (Oct. – Dec.)					3Q (Apr. – Dec.)				
	FY2012		FY2013		Year over year	FY2012		FY2013		Year over year
		Ratio		Ratio			Ratio		Ratio	
Japan	1,245.4	59%	1,239.0	54%	99%	3,797.1	59%	3,652.1	54%	96%
Outside Japan	867.7	41%	1,064.6	46%	123%	2,671.5	41%	3,122.3	46%	117%
Asia	398.8	19%	489.9	21%	123%	1,245.3	19%	1,484.0	22%	119%
China	197.2	9%	261.8	11%	133%	584.4	9%	756.1	11%	129%
North America	190.9	9%	232.4	10%	122%	578.2	9%	675.8	10%	117%
Europe	153.9	7%	213.1	9%	138%	464.1	7%	568.6	8%	123%
Other Areas	123.9	6%	129.1	6%	104%	383.7	6%	393.7	6%	103%
<b>Total</b>	<b>2,113.1</b>	<b>100%</b>	<b>2,303.7</b>	<b>100%</b>	<b>109%</b>	<b>6,468.7</b>	<b>100%</b>	<b>6,774.4</b>	<b>100%</b>	<b>105%</b>

# 1-11. Summary of Consolidated Balance Sheets

Billions of yen

	As of March 31, 2013 (A)	As of December 31, 2013 (B)	(B) - (A)
Total assets	9,809.2	11,006.5	+1,197.3
Trade receivables and Inventories	3,859.1	4,307.6	+448.4
Total liabilities	6,629.9	7,403.2	+773.2
Interest-bearing debt	2,370.0	3,011.6	+641.5
Total Hitachi, Ltd. stockholders' equity	2,082.5	2,419.9	+337.4
Noncontrolling interests	1,096.7	1,183.3	+86.6
Total Hitachi, Ltd. stockholders' equity ratio	21.2%	22.0%	0.8 points increase
D/E ratio (Including noncontrolling interests)	0.75 times	0.84 times	0.09 points increase

# 1-12. Summary of Consolidated Balance Sheets by Manufacturing, Services and Others and Financial Services

## ■ Summary of Consolidated Balance Sheets (Manufacturing, Services and Others)\*

Billions of yen

	As of March 31, 2013 (A)	As of December 31, 2013 (B)	(B) - (A)
Total assets	8,324.4	9,097.8	+773.4
Trade receivables and Inventories	3,444.7	3,677.6	+232.9
Total liabilities	5,414.7	5,787.3	+372.6
Interest-bearing debt	1,368.8	1,627.6	+258.8
Total Hitachi, Ltd. stockholders' equity	1,932.3	2,254.2	+321.8
Noncontrolling interests	977.3	1,056.2	+78.9
Total Hitachi, Ltd. stockholders' equity ratio	23.2%	24.8%	1.6 points increase
D/E ratio (Including noncontrolling interests)	0.47 times	0.49 times	0.02 points increase

## ■ Summary of Consolidated Balance Sheets (Financial Services)\*

Billions of yen

	As of March 31, 2013 (A)	As of December 31, 2013 (B)	(B) - (A)
Total assets	1,960.9	2,417.5	+456.5
Trade receivables and Inventories	642.3	874.3	+232.0
Total liabilities	1,680.2	2,111.9	+431.7
Interest-bearing debt	1,224.9	1,623.3	+398.4
Total Hitachi, Ltd. stockholders' equity	161.1	177.1	+16.0
Noncontrolling interests	119.6	128.4	+8.8
Total Hitachi, Ltd. stockholders' equity ratio	8.2%	7.3%	0.9 points decrease
D/E ratio (Including noncontrolling interests)	4.36 times	5.31 times	0.95 points increase

\* Figures here represent unaudited information prepared by the Company

# 1-13. Summary of Consolidated Statements of Cash Flows

## ■ Summary of Consolidated Statements of Cash Flows

Billions of yen

	3Q (Oct. – Dec.)			3Q (Apr. – Dec.)		
	FY2012	FY2013	Year over year	FY2012	FY2013	Year over year
Cash flows from operating activities	(17.7)	(65.0)	(47.2)	245.3	138.1	(107.1)
Cash flows from investing activities	(232.8)	(30.8)	+201.9	(453.6)	(276.3)	+177.2
Free cash flows	(250.5)	(95.8)	+154.7	(208.3)	(138.2)	+70.0
Core free cash flows	(153.2)	(198.2)	(45.0)	(149.9)	(296.6)	(146.6)

## ■ Summary of Consolidated Statements of Cash Flows (Manufacturing, Services and Others)\*

Billions of yen

	3Q (Oct. – Dec.)			3Q (Apr. – Dec.)		
	FY2012	FY2013	Year over year	FY2012	FY2013	Year over year
Cash flows from operating activities	(18.4)	(25.1)	(6.7)	210.0	212.9	+2.8
Cash flows from investing activities	(220.3)	(18.0)	+202.2	(379.0)	(226.4)	+152.6
Free cash flows	(238.7)	(43.2)	+195.5	(169.0)	(13.5)	+155.5
Core free cash flows	(123.5)	(133.2)	(9.7)	(134.9)	(126.8)	+8.1

## ■ Summary of Consolidated Statements of Cash Flows (Financial Services)\*

Billions of yen

	3Q (Oct. – Dec.)			3Q (Apr. – Dec.)		
	FY2012	FY2013	Year over year	FY2012	FY2013	Year over year
Cash flows from operating activities	9.6	(32.3)	(42.0)	50.8	(54.1)	(105.0)
Cash flows from investing activities	(22.5)	(11.7)	+10.8	(61.9)	(64.7)	(2.8)
Free cash flows	(12.8)	(44.0)	(31.1)	(11.0)	(118.9)	(107.9)
Core free cash flows	(23.7)	(60.9)	(37.1)	2.8	(160.6)	(163.4)

\* Figures here represent unaudited information prepared by the Company



# 1-14. Consolidated Capital Expenditure, Depreciation and R&D Expenditure

## Consolidated Capital Expenditure (Completion basis, including Leasing Assets)

Billions of yen

	3Q (Oct. – Dec.)			3Q (Apr. – Dec.)		
	FY2012	FY2013	Year over year	FY2012	FY2013	Year over year
Manufacturing, Services and Others	94.3	86.1	91%	292.3	284.2	97%
Financial Services	85.0	109.8	129%	254.9	334.6	131%
Total*	176.6	192.0	109%	541.2	609.4	113%

\* Total figures exclude inter-segment transactions.

## Consolidated Depreciation

Billions of yen

	3Q (Oct. – Dec.)			3Q (Apr. – Dec.)		
	FY2012	FY2013	Year over year	FY2012	FY2013	Year over year
Manufacturing, Services and Others	61.5	66.4	108%	176.5	195.5	111%
Financial Services	14.5	17.4	119%	43.1	49.9	116%
Total	76.0	83.9	110%	219.7	245.5	112%

## Consolidated R&D Expenditure

Billions of yen

	3Q (Oct. – Dec.)			3Q (Apr. – Dec.)		
	FY2012	FY2013	Year over year	FY2012	FY2013	Year over year
Total	82.3	84.0	102%	248.1	259.2	104%

## ■ Composition of Business Group

Business Group	Segment and Subsidiary
Infrastructure Systems Group	Social Infrastructure & Industrial Systems Segment, Electronic Systems & Equipment Segment, Digital Media & Consumer Products Segment
Information & Telecommunication Systems Group	Information & Telecommunication Systems Segment, Hitachi Transport System
Power Systems Group	Power Systems Segment
Construction Machinery Group	Construction Machinery Segment
High Functional Materials & Components Group	High Functional Materials & Components Segment, Hitachi Maxell
Automotive Systems Group	Automotive Systems Segment
Financial Services	Financial Services Segment

Some businesses are not included in the table above.

# 1-16. Revenues, Operating Income and EBIT by Business Group (1)\*

Billions of yen

		3Q (Oct. – Dec.)			1Q – 3Q (Apr. – Dec.)		
		FY2012	FY2013	Year over year	FY2012	FY2013	Year over year
Infrastructure Systems	Revenues	713.5	782.1	110%	2,198.2	2,338.4	106%
	Operating income	11.9	26.4	+14.5	32.4	38.8	+6.3
	EBIT	16.9	32.8	+15.8	35.3	47.5	+12.2
Information & Telecommunication Systems	Revenues	542.7	615.4	113%	1,653.4	1,787.5	108%
	Operating income	20.7	24.2	+3.4	59.5	63.9	+4.3
	EBIT	21.1	25.4	+4.2	55.3	62.6	+7.2
Power Systems	Revenues	205.7	199.3	97%	619.2	575.6	93%
	Operating income	6.5	4.1	(2.3)	14.0	6.3	(7.6)
	EBIT	9.5	7.4	(2.0)	15.4	10.9	(4.4)
Construction Machinery	Revenues	175.9	175.2	100%	546.5	533.3	98%
	Operating income	9.3	17.4	+8.0	32.1	46.8	+14.7
	EBIT	10.0	18.1	+8.0	39.9	44.8	+4.8

\* Figures here represent unaudited information prepared by the Company

# 1-17. Revenues, Operating Income and EBIT by Business Group (2)\*

Billions of yen

		3Q (Oct. – Dec.)			1Q – 3Q (Apr. – Dec.)		
		FY2012	FY2013	Year over year	FY2012	FY2013	Year over year
High Functional Materials & Components	Revenues	369.1	387.9	105%	1,117.6	1,127.4	101%
	Operating income	9.1	27.3	+18.2	49.1	79.0	+29.8
	EBIT	10.2	31.8	+21.5	48.9	84.1	+35.2
Automotive Systems	Revenues	190.9	221.9	116%	592.8	648.7	109%
	Operating income	6.7	11.5	+4.7	25.9	32.3	+6.3
	EBIT	8.9	13.1	+4.1	27.2	15.1	(12.1)
Financial Services	Revenues	80.6	83.3	103%	260.2	247.0	95%
	Operating income	6.1	9.0	+2.9	19.8	25.1	+5.2
	EBIT	6.8	9.0	+2.1	22.4	26.4	+4.0
Total	Revenues	2,113.1	2,303.7	109%	6,468.7	6,774.4	105%
	Operating income	68.3	122.0	+53.6	231.9	295.4	+63.5
	EBIT	62.9	169.7	+106.8	187.0	311.7	+124.7

\* Figures here represent unaudited information prepared by the Company

# 1-18. Revenues, Operating Income and EBIT by Business Segment (1)

Billions of yen

		3Q (Oct. – Dec.)			1Q – 3Q (Apr. – Dec.)		
		FY2012	FY2013	Year over year	FY2012	FY2013	Year over year
Information & Telecommunication Systems	Revenues	409.4	452.4	111%	1,242.3	1,337.2	108%
	Operating income	15.9	17.7	+1.8	43.1	49.1	+6.0
	EBIT	16.1	18.7	+2.5	38.5	47.7	+9.1
Power Systems	Revenues	205.7	199.3	97%	619.2	575.6	93%
	Operating income	6.5	4.1	(2.3)	14.0	6.3	(7.6)
	EBIT	9.5	7.4	(2.0)	15.4	10.9	(4.4)
Social Infrastructure & Industrial Systems	Revenues	296.9	313.6	106%	842.2	910.9	108%
	Operating income	11.3	9.6	(1.6)	14.5	12.2	(2.2)
	EBIT	13.2	12.2	(1.0)	16.5	18.6	+2.1
Electronic Systems & Equipment	Revenues	218.4	252.4	116%	728.9	752.3	103%
	Operating income	0.5	13.4	+12.8	20.3	24.0	+3.7
	EBIT	1.7	15.1	+13.3	18.8	24.4	+5.5
Construction Machinery	Revenues	175.9	175.2	100%	546.5	533.3	98%
	Operating income	9.3	17.4	+8.0	32.1	46.8	+14.7
	EBIT	10.0	18.1	+8.0	39.9	44.8	+4.8
High Functional Materials & Components	Revenues	331.9	346.8	104%	1,006.2	1,016.4	101%
	Operating income	8.0	23.9	+15.9	46.2	73.2	+27.0
	EBIT	8.8	26.8	+18.0	46.4	76.0	+29.6

# 1-19. Revenues, Operating Income and EBIT by Business Segment (2)

Billions of yen

		3Q (Oct. – Dec.)			1Q – 3Q (Apr. – Dec.)		
		FY2012	FY2013	Year over year	FY2012	FY2013	Year over year
Automotive Systems	Revenues	190.9	221.9	116%	592.8	648.7	109%
	Operating income	6.7	11.5	+4.7	25.9	32.3	+6.3
	EBIT	8.9	13.1	+4.1	27.2	15.1	(12.1)
Digital Media & Consumer Products	Revenues	198.1	216.0	109%	626.9	675.1	108%
	Operating income	0.0	3.4	+3.3	(2.3)	2.5	+4.8
	EBIT	1.8	5.3	+3.5	(0.2)	4.2	+4.4
Others (Logistics and Other services)*	Revenues	266.4	325.1	122%	823.1	900.1	109%
	Operating income	8.8	14.1	+5.3	29.6	32.7	+3.1
	EBIT	9.9	16.4	+6.5	31.3	38.9	+7.6
Financial Services	Revenues	80.6	83.3	103%	260.2	247.0	95%
	Operating income	6.1	9.0	+2.9	19.8	25.1	+5.2
	EBIT	6.8	9.0	+2.1	22.4	26.4	+4.0
Corporate items & Eliminations	Revenues	(261.5)	(282.8)	-	(820.3)	(822.6)	-
	Operating income	(5.0)	(2.6)	+2.4	(11.5)	(9.3)	+2.2
	EBIT	(24.2)	27.2	+51.5	(69.5)	4.3	+73.8
Total	Revenues	2,113.1	2,303.7	109%	6,468.7	6,774.4	105%
	Operating income	68.3	122.0	+53.6	231.9	295.4	+63.5
	EBIT	62.9	169.7	+106.8	187.0	311.7	+124.7

\* On April 1, 2013, the former "Others" was renamed "Others (Logistics and Other services)."

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## 2. Outlook for Fiscal 2013

## ■ Business Environment

- **Japan** : Improvement forecast amid increasing individual consumption
- **U.S.** : Individual consumption and housing investment are recovering, and economic growth is expected to accelerate from the spring of 2014
- **Europe** : Persistent government finance and employment problems
- **China and India** : Economic growth is expected to slow
- **Thailand and Indonesia** : Increasing uncertainty about the situation

## ■ Summary of the FY2013 Forecast

[Projections for the fourth quarter of FY2013 assume an exchange rate of 98 yen to the U.S. dollar and 130 yen to the euro.]

Billions of yen

	Previous forecast* (A)	Revised forecast (B)	(B) – (A)
Revenues	9,200.0	9,400.0	+200.0 [102%]
Operating income	500.0	510.0	+10.0
EBIT	440.0	460.0	+20.0
Net income attributable to Hitachi, Ltd. stockholders	210.0	215.0	+5.0

\* Previous forecast announced on October 29, 2013



## 2-2. Outlook for FY2013 (2)

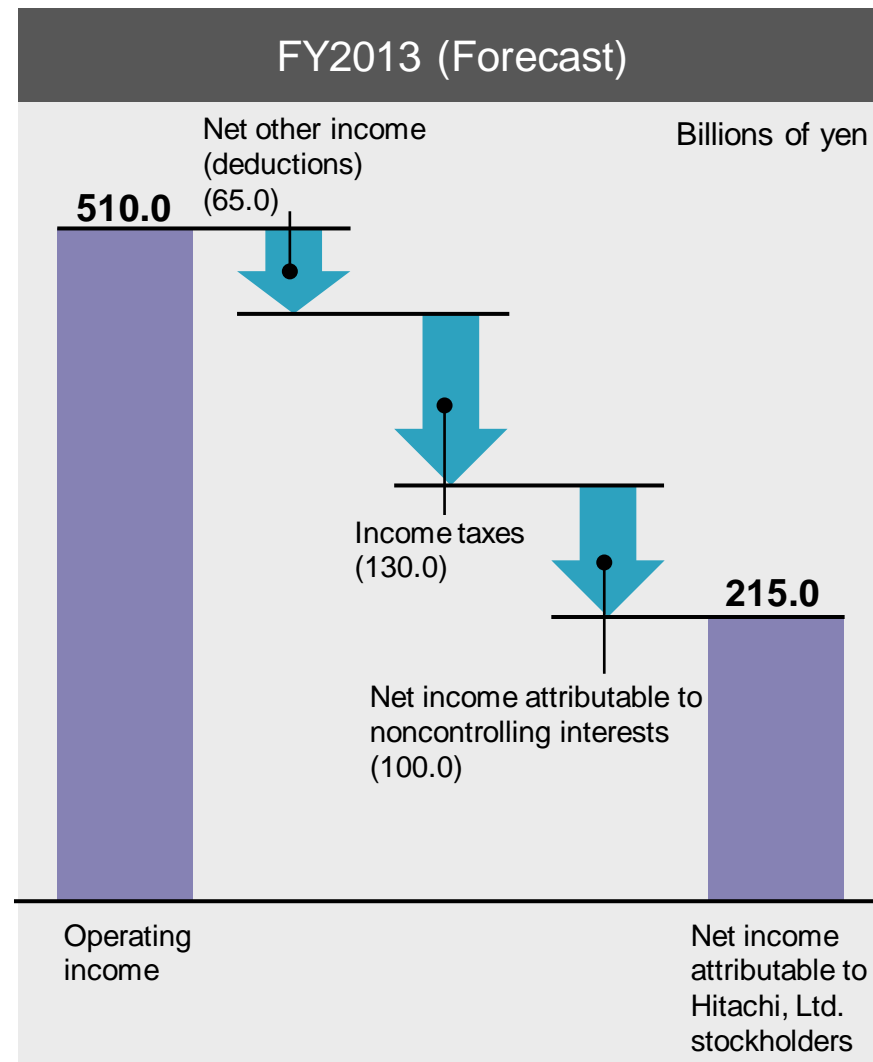
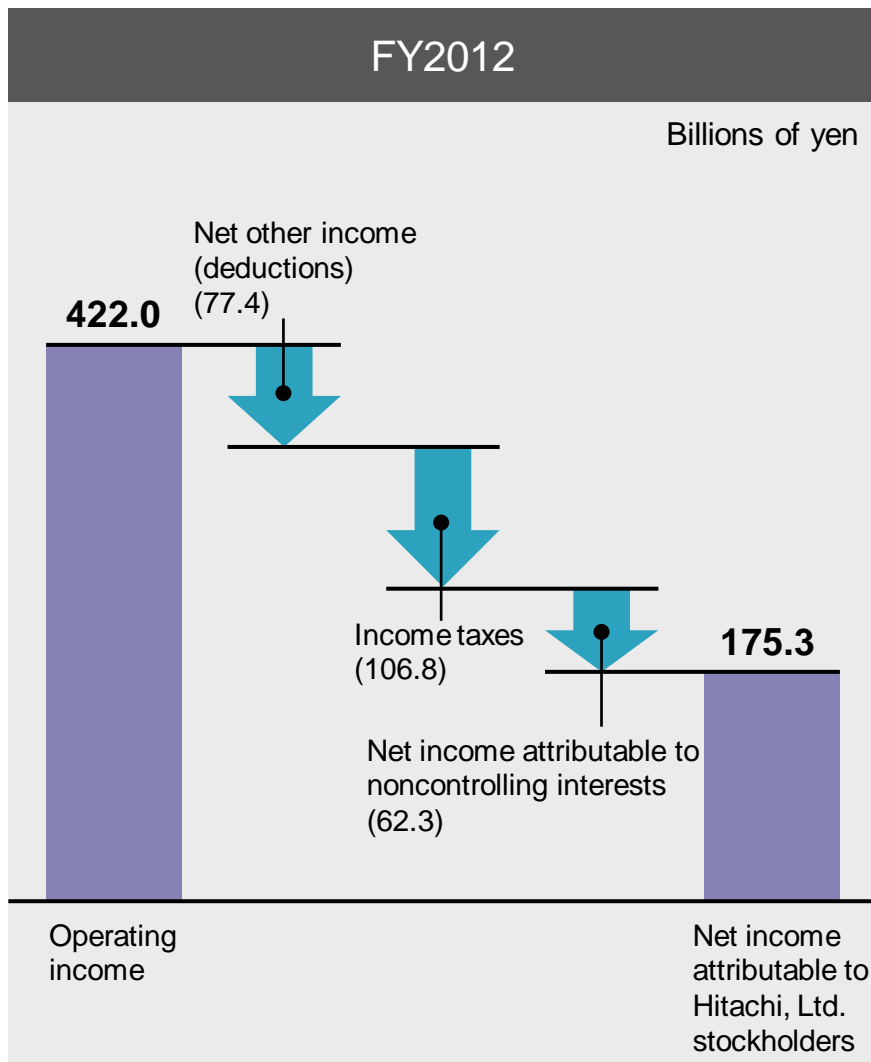
[Projections for the fourth quarter of FY2013 assume an exchange rate of 98 yen to the U.S. dollar and 130 yen to the euro.]

Billions of yen

	FY2012	FY2013 (Forecast)	Year over year	Previous forecast* comparison
Revenues	9,041.0	9,400.0	+358.9 [104%]	+200.0 [102%]
Operating income	422.0	510.0	+87.9	+10.0
EBIT	358.0	460.0	+101.9	+20.0
Net other income (deductions)	(77.4)	(65.0)	+12.4	+10.0
Income before income taxes	344.5	445.0	+100.4	+20.0
Income taxes	(106.8)	(130.0)	(23.1)	(10.0)
Net income	237.7	315.0	+77.2	+10.0
Net income attributable to noncontrolling interests	(62.3)	(100.0)	(37.6)	(5.0)
Net income attributable to Hitachi, Ltd. stockholders	175.3	215.0	+39.6	+5.0

\* Previous forecast announced on October 29, 2013

## 2-3. Factors of Net Income Attributable to Hitachi, Ltd. Stockholders



## 2-4. Outlook for FY2013: Revenues, Operating income and EBIT by Business Group (1)\*1

Billions of yen

		FY2012	FY2013 (Forecast)	Year over year	Previous forecast*2 comparison
Infrastructure Systems	Revenues	3,146.6	3,420.0	109%	101%
	Operating income	84.2	113.0	+28.7	+2.0
	EBIT	94.9	109.0	+14.0	+2.0
Information & Telecommunication Systems	Revenues	2,338.4	2,490.0	106%	101%
	Operating income	126.2	143.0	+16.7	±0.0
	EBIT	125.5	132.0	+6.4	±0.0
Power Systems	Revenues	904.6	780.0	86%	104%
	Operating income	29.9	15.0	(14.9)	±0.0
	EBIT	30.0	14.0	(16.0)	±0.0
Construction Machinery	Revenues	756.0	800.0	106%	100%
	Operating income	54.6	82.0	+27.3	±0.0
	EBIT	58.1	78.0	+19.8	±0.0

\*1 Figures here represent unaudited information prepared by the Company

\*2 Previous forecast announced on October 29, 2013

## 2-5. Outlook for FY2013: Revenues, Operating income and EBIT by Business Group (2)\*1

Billions of yen

		FY2012	FY2013 (Forecast)	Year over year	Previous forecast*2 comparison
High Functional Materials & Components	Revenues	1,475.9	14,900	101%	100%
	Operating income	61.4	103.0	+41.5	(2.0)
	EBIT	52.6	100.0	+47.3	(3.0)
Automotive Systems	Revenues	806.8	860.0	107%	102%
	Operating income	35.4	43.0	+7.5	+1.0
	EBIT	36.4	24.0	(12.4)	+1.0
Financial Services	Revenues	340.2	320.0	94%	100%
	Operating income	29.2	31.0	+1.7	±0.0
	EBIT	29.4	33.0	+3.5	±0.0
Total	Revenues	9,041.0	9,400.0	104%	102%
	Operating income	422.0	510.0	+87.9	+10.0
	EBIT	358.0	460.0	+101.9	+20.0

\*1 Figures here represent unaudited information prepared by the Company

\*2 Previous forecast announced on October 29, 2013

## 2-6. Outlook for FY2013: Revenues, Operating income and EBIT by Business Segment (1)

Billions of yen

		FY2012	FY2013 (Forecast)	Year over year	Previous forecast* comparison
Information & Telecommunication Systems	Revenues	1,786.5	1,890.0	106%	102%
	Operating income	104.6	120.0	+15.3	±0.0
	EBIT	104.2	110.0	+5.7	±0.0
Power Systems	Revenues	904.6	780.0	86%	104%
	Operating income	29.9	15.0	(14.9)	±0.0
	EBIT	30.0	14.0	(16.0)	±0.0
Social Infrastructure & Industrial Systems	Revenues	1,313.8	1,450.0	110%	101%
	Operating income	60.2	61.0	+0.7	±0.0
	EBIT	63.3	62.0	(1.3)	±0.0
Electronic Systems & Equipment	Revenues	1,014.3	1,110.0	109%	100%
	Operating income	29.3	52.0	+22.6	+2.0
	EBIT	32.4	50.0	+17.5	+2.0
Construction Machinery	Revenues	756.0	800.0	106%	100%
	Operating income	54.6	82.0	+27.3	±0.0
	EBIT	58.1	78.0	+19.8	±0.0
High Functional Materials & Components	Revenues	1,336.4	1,340.0	100%	100%
	Operating income	58.4	96.0	+37.5	(2.0)
	EBIT	50.7	92.0	+41.2	(3.0)

\* Previous forecast announced on October 29, 2013

## 2-7. Outlook for FY2013: Revenues, Operating income and EBIT by Business Segment (2)

Billions of yen

		FY2012	FY2013 (Forecast)	Year over year	Previous forecast*1 comparison
Automotive Systems	Revenues	806.8	860.0	107%	102%
	Operating income	35.4	43.0	+7.5	+1.0
	EBIT	36.4	24.0	(12.4)	+1.0
Digital Media & Consumer Products	Revenues	818.5	860.0	105%	101%
	Operating income	(5.3)	0.0	+5.3	±0.0
	EBIT	(0.9)	(3.0)	(2.0)	±0.0
Others (Logistics and Other services)*2	Revenues	1,111.0	1,200.0	108%	102%
	Operating income	40.1	45.0	+4.8	±0.0
	EBIT	33.5	45.0	+11.4	±0.0
Financial Services	Revenues	340.2	320.0	94%	100%
	Operating income	29.2	31.0	+1.7	±0.0
	EBIT	29.4	33.0	+3.5	±0.0
Corporate items & Eliminations	Revenues	(1,147.5)	(1,210.0)	-	-
	Operating income	(14.7)	(35.0)	(20.2)	+9.0
	EBIT	(79.3)	(45.0)	+34.3	+20.0
Total	Revenues	9,041.0	9,400.0	104%	102%
	Operating income	422.0	510.0	+87.9	+10.0
	EBIT	358.0	460.0	+101.9	+20.0

\*1 Previous forecast announced on October 29, 2013

\*2 On April 1, 2013, the former "Others" was renamed "Others (Logistics and Other services)."

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### **3. Toward Achieving “2015 Mid-term Management Plan”**

### Make steady progress with cost cutting by accelerating transformation on a Group and global basis

#### Production Costs

- Promote global SCM reforms
  - Completed SCM reforms at 3 business entities. Expanding application to another 14 entities.
  - Presently conducting trials of a shared PSI\*1 system for mass production-type businesses (Plan to begin full-fledged operations in FY2014)
  - Introduce cross docking\*2 (Already begun trials in Europe, and making preparations for trials in Asia)
- Expanded application of modular design
  - A dedicated team is doing the rounds of business sites and offering consultation

#### Direct Materials Costs

- Expand centralized purchasing globally [Targeting a 34% centralized purchasing ratio in FY2013] (E.g. Centralization of electronic components suppliers in China)
- Promote localization by utilizing global corporate procurement bases (E.g. Strengthen training of local staff)
- Strengthen engineered sourcing capabilities
  - Switch to other types of materials (E.g. Copper wire → Aluminum wire)
  - Skillfully use overseas local materials (E.g. Provide solutions from Hitachi China Materials Technology Innovation Center to Hitachi Group companies)
  - Presently increasing the number of procurement engineers

#### Indirect Costs

- A dedicated team is promoting global logistics reforms
  - Putting in place a highly efficient Hitachi Group global logistics scheme (E.g. Improving logistics efficiency with shared warehouses)
- Step up global development of shared services (BPO\*3: Launched in Europe and making preparations in North America)
- Promoting standardization of indirect operation processes (E.g. Integrate related divisions, implement standardization measures)
- Pushing ahead with headquarters reforms

\*1 PSI: Production Sales Inventory

\*2 Cross docking: a distribution method for sorting and shipping products that are received without managing as inventory

\*3 BPO: Business Process Outsourcing



### 1. Global Expansion of the Social Innovation Business

- Acquire Prizm Payment Services Pvt Ltd., which provides payment services to Indian financial institutions (Planned to complete acquisition in February 2014)
- Commenced a proof of concept project of a mine fleet management system utilizing cloud services with Canadian company Wenco International Mining Systems Ltd. (January 2014)
- U.K. subsidiary Horizon Nuclear Power signed a co-operation agreement for an infrastructure guarantee scheme with HM Treasury of the U.K. for the Wylfa Newydd nuclear power station construction project (December 2013)
- Signed an MOU to start exclusive negotiations on supplying a proton beam therapy system to hospital No. 63 in Moscow, Russia (December 2013)
- Received a comprehensive order for engineering, procurement and construction plus operation and maintenance of a large-scale water desalination plant in Basrah, Iraq (December 2013)
- On-board ETCS (European Train Control System) solution was certified and productized as the first Japanese company (December 2013)
- Adoption of stereo camera for next-generation EyeSight advanced driving assist system by Fuji Heavy Industries Ltd. (October 2013)

## 2. Strengthening Global Management System and Financial Base

- Strengthen solutions provision capabilities and global competitiveness by establishing the Healthcare Group and the Healthcare Company (Plan to establish in April 2014)
- Reorganize Infrastructure Systems business (Planned for April 2014)
  - Strengthen total solutions capabilities through organizational restructuring by business domain
- Restructure elevator and escalator business in Japan (Planned for April 2014)
  - The Urban Planning and Development Systems Company will focus on global corporate functions and development oversight functions
- Agreed to collaborate with Johnson Controls, Inc. in the field of Building Solutions (January 2014)
- Sold a portion of Western Digital Corporation common stock (November 2013)
- Initiated headquarters reforms to promote global Hitachi Group growth (October 2013)

## 3. Group Structural Reforms

- Announced plans to make Hitachi Medical Corporation a wholly-owned subsidiary (Planned for April 2014)
- Announced plans to strengthen global competitiveness and expand business in the thermal power generation systems business by establishing Mitsubishi Hitachi Power Systems Ltd. (February 2014)
- Concluded a non-binding memorandum of understanding with Johnson Controls, Inc. of the U.S. regarding establishment of an air-conditioning systems joint venture (Plan to establish in 2014)

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this document.

Factors that could cause actual results to differ materially from those projected or implied in any “forward-looking statement” and from historical trends include, but are not limited to:

- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors Hitachi serves, including, without limitation, the information, electronics, automotive, construction and financial sectors;
- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated, particularly against the U.S. dollar and the euro;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities, declines in which may require Hitachi to write down equity securities that it holds;
- the potential for significant losses on Hitachi’s investments in equity method affiliates;
- increased commoditization of information technology products and digital media-related products and intensifying price competition for such products, particularly in the Digital Media & Consumer Products segment;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technologies on a timely and cost-effective basis and to achieve market acceptance for such products;
- rapid technological innovation;
- the possibility of cost fluctuations during the lifetime of, or cancellation of, long-term contracts for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- fluctuations in product demand and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in product demand, exchange rates and/or price of raw materials or shortages of materials, parts and components;
- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- uncertainty as to the success of cost reduction measures;
- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to the success of alliances upon which Hitachi depends, some of which Hitachi may not control, with other corporations in the design and development of certain key products;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property rights, particularly those related to electronics and data processing technologies;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity method affiliates have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- the possibility of disruption of Hitachi’s operations by earthquakes, tsunamis or other natural disasters;
- uncertainty as to Hitachi’s ability to maintain the integrity of its information systems, as well as Hitachi’s ability to protect its confidential information or that of its customers;
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its significant employee benefit-related costs; and
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel.

The factors listed above are not all-inclusive and are in addition to other factors contained in other materials published by Hitachi.

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