

# Annual Report 2013

Year ended March 31, 2013

S O C I A L   I N N O V A T I O N  
I T ' S   O U R   F U T U R E





**SOCIAL INNOVATION**  
**IT'S OUR FUTURE**



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### Cautionary Statement

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

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

- economic conditions, including consumer spending and plant and equipment investment in Hitachi's major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors Hitachi serves, 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.



Hiroaki Nakanishi

President

Since the Abe administration came to power in Japan last year, expectations have grown stronger for the economy to expand as the government implements well-structured policies to steer the economy in a new direction toward growth. In the United States, the economy has also been recovering, albeit slowly. On the other hand, given mixed signals of the global economy during fiscal 2012, the world wide situation is a little more complicated—the sovereign debt crisis continues to linger in Europe, economic growth is decelerating in China, and economic expansion has slowed in emerging countries due in part to a decline in exports. Amid this economic environment, Hitachi managed to complete the goals of its 2012 Mid-term Management Plan, thanks to the strong support of our shareholders and customers. Despite the complex economic situation and surmounting the challenges of the Great East Japan Earthquake and several other natural disasters over the past three years, Hitachi has pushed ahead with business development and reforms on various fronts, which has led to the steady generation of net income. Looking back, the central aim of the 2012 Mid-term Management Plan was to recover from the operational crisis. We believe Hitachi was largely successful in achieving this aim, and I would like to sincerely thank our shareholders, our customers, as well as our other stakeholders for their support and understanding during this difficult period.

In light of this successful recovery, Hitachi is now moving away from recovery mode to focus our management resources on the development of new growth. Our 2015 Mid-term Management Plan, which we unveiled in May 2013, lays out our strategies to spur new growth, including advancement of the Social Innovation Business and promotion of global business development. Approaching business with a “customer-first” perspective lies at the very heart of our Management Plan. Under this approach, we listen carefully to our customers and identify their precise needs and concerns. We then create innovative solutions tailored

especially to address these needs and concerns. Hitachi takes this approach to business all over the globe, and it is a key factor in helping us to achieve sustainable growth. In advancing this strategy, we must strengthen our global sales and engineering capabilities. It is also crucial that we hire and nurture personnel from a wide variety of backgrounds, as human capital is a key to improving our competitiveness. Towards this end, we have created a common global standard for evaluating personnel of the Hitachi Group companies, in addition to developing programs to train and nurture our employees. We are applying these measures to the Hitachi Group companies around the world.

One more important driver of growth in our Social Innovation Business is the expansion of services. In the course of creating innovative solutions for our customers, we often discover various issues concerning the development of management strategies that go beyond the mere maintenance and operation of equipment and systems. To address these issues, we make much use of Hitachi's advanced information technologies (IT), including cloud computing, and our control technologies. A prime example of this is the utilization of "Big Data"—the vast volumes of data arising from equipment and systems linked together and controlled over networks, which is collected, analyzed and utilized in the creation of further services. By applying such cutting-edge IT and control technologies, Hitachi is creating new services which help to solve the business management concerns of our customers.

Through such business efforts, in fiscal 2015 we aim to achieve consolidated revenues of ¥10 trillion, EBIT (earnings before interest and taxes) and operating income ratios of over 7%, and expect the net income attributable to Hitachi, Ltd. stockholders to be over ¥350 billion. These numbers represent the goals of the 2015 Mid-term Management Plan, the minimum figures needed for Hitachi to achieve growth in the global market. We aim to improve our profit levels, financial resilience and invest actively, keeping in mind stable shareholder returns, thereby achieving a level of growth that meets the expectations of our shareholders.

As for corporate governance, we have made steady efforts to further enhance openness and diversity. In this respect, regarding the constitution of our Board of Directors, we are pleased to say that outside Directors now account for the majority, which has strengthened corporate governance from the perspective of our shareholders and other stakeholders in the markets. In 2012, Hitachi appointed two non-Japanese outside Directors, and in June of this year, we welcomed Ms. Cynthia Carroll as a new outside Director. Of the 14 members of the Board of Directors, eight are now outside Directors and four are non-Japanese. These diverse members deliberate matters concerning business execution and management direction for the Hitachi Group, considering all issues from a global standpoint, and offering opinions that are not restricted by the conventions of Hitachi or the business culture of Japan.

In May 2013, we formulated the Hitachi's Vision, which sets forth our ideals for the future of the Hitachi Group. The heart of the Vision is this:

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

In other words, Hitachi is striving to deliver solutions that answer the challenges of society and fulfill the needs of our customers. We are doing this by enhancing the competitiveness of our products and systems, fully harnessing our global talent, experience and knowledge and expanding our range of services through the application of state-of-the-art IT and advanced control technologies, such as those utilizing cloud computing and Big Data.

To help facilitate our efforts towards achieving our goals, we kindly request the continued support and understanding of our shareholders.

July 2013



Hiroaki Nakanishi  
President

# Serving the World with Our Social Innovation Business

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## **Results of 2012 Mid-term Management Plan and Outline of 2015 Mid-term Management Plan**

In May 2013, Hitachi unveiled its 2015 Mid-term Management Plan, which aims to achieve growth and Hitachi's transformation. In this special feature, we review the accomplishments made during the 2012 Mid-term Management Plan and discuss the initiatives under way at Hitachi to attain the management targets for fiscal 2015.

## 1. Results of the 2012 Mid-term Management Plan

In May 2010, Hitachi formulated the 2012 Mid-term Management Plan, and has implemented a variety of measures to achieve its objectives of "Growth Driven by the Social Innovation Business" and a "Solid Financial Base."

Since then, Hitachi has been constantly transforming its business portfolio to attain "Growth Driven by the Social Innovation Business." For example, in March 2012, Hitachi divested its hard disk drive (HDD) and small and medium-sized display businesses, which were exposed to market price volatility. In December 2012, Hitachi also decided to lower its stake in Renesas Electronics Corporation, its joint venture in the semiconductor business, via a share issue through third-party allotment.

In a bid to reinforce core businesses, we aggressively pursued tie-ups with business partners and M&A. In the information and telecommunication systems field, our solutions business offers efficient storage, search, analytical and utilization services for the Big Data market, which is projected to grow worldwide. In a move to enhance the global presence of this business, we welcomed as new members of the Hitachi Group a network storage company in the United States and a consulting company in the United Kingdom that is strong in the social infrastructure field including energy, mining and railways in September 2011 and January 2013, respectively. In the power systems field, Hitachi acquired a nuclear energy company in the United Kingdom in November 2012, and dissolved a joint venture in the transmission and distribution business, absorbing some of its operations in April 2012 in a move to reinforce the transmission and distribution business, an area that is

expected to see considerable demand going forward. In the thermal power generation systems business, Hitachi agreed to establish a joint venture with Mitsubishi Heavy Industries, Ltd. in January 2014 with the aim of turning it into a world-leading business.

For the purpose of accelerating global development of the Social Innovation Business, Hitachi switched to a six-region system for its global management structure with bases in North America, Europe, China, Asia, India and Japan that are responsible for planning and implementing management strategies as well as forging alliances within their region. Hitachi also created the post of Chief Executive Officer for Asia Pacific in April 2012, in view of the region's prospects for economic growth. Moreover, Hitachi has been proactively developing markets in emerging countries, such as establishing a branch office in Myanmar in November 2012.

In April 2012, in order to more quickly focus on growth areas, Hitachi reorganized into five groups comprising the Information & Telecommunication Systems Group, Infrastructure Systems Group, Power Systems Group, Construction Machinery Group, and High Functional Materials & Components Group. By categorizing our broad range of products and systems by business according to the customers' point of view, this reorganization has brought clarity and has also helped to optimize our business operations. Through these efforts, we aim to enhance our overall responsiveness as "One Hitachi" and thus maximize the value that we provide to customers.

During the three years of the plan, Hitachi focused on winning orders to expand the Social Innovation Business in addition to these reforms. Hitachi successfully acquired orders for major infrastructure projects overseas. In July 2012, Hitachi received a comprehensive order for the production, servicing and maintenance of 596 rail carriages over a 27.5-year period for the Intercity Express Programme (IEP) in the United Kingdom, and received an order for 280 additional carriages in July 2013. In January 2013, Hitachi signed a deal to supply water for 30 years from a seawater desalination project in the Dahej region of Gujarat, India. In the same month, the Company also received an order from a national oil company, Saudi Arabian Oil Company for the EPC (engineering, procurement and construction) of utility facilities for a major oil refinery. Through these and other projects, Hitachi is steadily advancing its global development.

In addition, the Company concentrated business resources on reinforcing the Social Innovation Business. During the three-year period from fiscal 2010 to fiscal 2012, the Social Innovation Business accounted for approximately ¥1.5 trillion, or 70%, of all capital expenditures (excluding the Financial Services segment) and around ¥1.1 trillion, or 60%, of total R&D expenditure (excluding the Financial Services segment).

With the aim of achieving a "Solid Financial Base," in April 2011 we launched the Hitachi Smart Transformation Project to reform the cost structure. In addition to reducing basic costs, this project aims to create a cost structure that ensures global competitiveness through sweeping reviews of work methods and defining where we want the Group to be.

More specifically, deep-reaching cost structure reforms were implemented in the three areas of manufacturing costs, direct material costs and indirect costs. In terms of manufacturing costs, we are consolidating 28 printed circuit board manufacturing bases in Japan into five bases, and are

advancing initiatives across the Group to globalize the total value chain, from sales to design and manufacturing. To reduce direct material costs, we have strengthened our global procurement structure from 15 production bases to 25, including new bases in São Paulo and Johannesburg. We have reduced indirect costs by making logistics operations within the Group more efficient and reducing Group-wide indirect costs such as those of communications, travel and consumables. We are also promoting shared services for back-office functions, accelerating these initiatives globally, beginning in India and Asia.

In August 2012 Hitachi established the Smart Transformation Project Initiatives Division, with mainly Executive Officers serving as project leaders to further speed up its initiatives.

As a result, costs were cut by about ¥35.0 billion in fiscal 2011 and, even more substantially, by about ¥75.0 billion in fiscal 2012.

Hitachi has been stepping up its global efforts to foster and deploy human capital that will be the engines of change. The Company has already created a database of its global human capital, and finished a unified global grading system as a set of evaluation standards for human capital in management and higher-ranking positions. This system allows Group employees worldwide to build borderless careers on the basis of appropriate evaluations. Furthermore, we have globally expanded the Hitachi Group training program for senior management.

## Overview of the 2012 Mid-term Management Plan

The table below shows Hitachi's financial targets and results for the past three years under the 2012 Mid-term Management Plan.

	FY2010	FY2011	FY2012	FY2012 Targets*1
Revenues	¥9,315.8 billion	¥9,665.8 billion	¥9,041.0 billion	¥10 trillion
Operating income ratio	4.8%	4.3%	4.7%	Over 5%
Net income attributable to Hitachi, Ltd. stockholders	¥238.8 billion	¥347.1 billion	¥175.3 billion	Consistently generate at least ¥200 billion
D/E ratio*2 (Manufacturing, services & others)	1.03 times (0.68 times)	0.86 times (0.56 times)	0.75 times (0.47 times)	0.8 times or below
Total Hitachi, Ltd. stockholders' equity ratio (Manufacturing, services & others)	15.7% (17.0%)	18.8% (20.5%)	21.2% (23.2%)	20%
Exchange rate	86 yen/U.S. dollar 113 yen/euro	79 yen/U.S. dollar 109 yen/euro	83 yen/U.S. dollar 107 yen/euro	80 yen/U.S. dollar 110 yen/euro

\*1 As of June 9, 2011 (revised to reflect HDD business transfer), assumed exchange rates

\*2 Including noncontrolling interests, and also including liabilities associated with the consolidation of securitized entities



In fiscal 2012, the final fiscal year of the plan, revenues totaled ¥9,041.0 billion, a decline of 6% compared with the previous fiscal year owing in part to the transfer of the hard disk drive business in the previous fiscal year. Although the operating income ratio, at 4.7%, fell short of our 5% target, operating income rose 2% year on year to ¥422.0 billion. Despite the transfer of the hard disk drive business in fiscal 2011, this increase was attributable to the disappearance of additional expenses incurred in fiscal 2011 for overseas thermal power generation systems in the Power Systems segment, and progress made with the Hitachi Smart Transformation Project. Income before income taxes and net income attributable to Hitachi, Ltd. stockholders fell 38% to ¥344.5 billion and 49% to ¥175.3 billion, respectively, which reflected the recording of substantial gains on the sale of marketable securities in the previous fiscal year. We achieved our targets with regard to financial position; the D/E ratio\* improved 0.11 points from the end of the previous fiscal year to 0.75 times, and the total Hitachi, Ltd. stockholders' equity ratio was 21.2%, an improvement of 2.4 percentage points from the end of fiscal 2011. Annual cash dividends were ¥10 per share, an increase of ¥2 per share from the previous fiscal year, in overall consideration of the Company's financial condition and profit levels.

\* Interest-bearing debt / [noncontrolling interests + total Hitachi, Ltd. stockholders' equity]

## 2. 2015 Mid-term Management Plan

### ■ Creation of Hitachi's Vision

The business environment surrounding the Hitachi Group has become more globalized on various fronts—politically, economically and culturally—with deepening connections to the world economy and society. Emerging countries have become a driving force in global economic expansion, but have also seen a crop of new challenges emerge amid changes in their social fabric. For instance, emerging countries in Asia are behind in modernizing their social infrastructure, including their power systems, water systems and transportation systems, as a consequence of rapid urbanization and population growth. Industrialized countries, meanwhile, are dealing with a variety of challenges, such as electricity shortages, aging social infrastructure and low birthrates amid a growing elderly population. These problems are waiting to be solved as society aims for sustainable development. Demand has been increasing for social infrastructure that enables comfortable lifestyles with safety and security. The world needs systems that efficiently manage and control energy for households, offices, buildings, factories and communities; technologies that stabilize power grids to facilitate the introduction of renewable energy such as wind and solar power; and systems that not only make water safe to use, but optimize water recycling with IT to protect the environment and ecosystems by efficiently managing limited water resources.

The Mission of the Hitachi Group is to “contribute to society through the development of superior, original technology and products.” We believe it is our duty to contribute directly to solving the problems and needs of society by providing sophisticated social infrastructure using IT, through the Social Innovation Business. To this end, we formulated the following Vision as a fresh expression of what the Hitachi Group aims to become in the future.

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

The 2015 Mid-term Management Plan that we created and announced in May 2013 is a compilation of specific growth strategies designed to realize the Vision.

## Overview of the 2015 Mid-term Management Plan

Under the 2015 Mid-term Management Plan, we define the Social Innovation Business as a business that identifies issues from the perspective of society and customers, and then generates innovations to solve these issues with solutions that combine products, services and highly sophisticated IT as “One Hitachi.” While focusing on the three management concepts of “Innovation,” “Global” and “Transformation,” Hitachi is shifting itself toward an approach that not only increases the competitiveness of individual products and systems, but also recognizes and takes ownership of the issues facing its customers in order to provide optimal solutions. We therefore aim to enhance our sales capabilities worldwide, expand our engineering functions and augment our services across a broad range of fields.

First, to enhance our sales capabilities worldwide, we established the Social Innovation Business Project Division in April 2012 as a global marketing organization. Through this division, Hitachi has stepped up marketing activities to focus particularly on proposing solutions to clients in the energy, natural resource and infrastructure fields that have become more prominent on the world market. A variety of collaborative initiatives have begun to emerge to create solutions that combine the products and IT expertise of the Hitachi Group, by applying its cutting-edge IT to identify, visualize, share and solve the management issues and operational problems faced by these clients.

With the aim of providing highly tailored solutions based on this approach to problem-solving, Hitachi has been upgrading and expanding engineering functions to better enable the creation of solutions for the problems we are taking ownership of alongside our customers. Hitachi strategically employs, fosters and optimally allocates human capital, building teams of experts attuned to financial arrangements, and local cultures, business customs and regulations as well as supply chain structures. As necessary, Hitachi partners with local companies and engages in M&A while working exhaustively to strengthen its front-end engineering capabilities.

By expanding its service platform using cloud computing and other cutting-edge IT resources as well as the control technologies it has developed, Hitachi is accelerating initiatives for creating

innovations alongside its customers. Through the analysis and evaluation of Big Data gathered and stored from sensors that monitor the operations of equipment and systems, Hitachi is able to transform this data into knowledge that is useful in making management decisions and improving operations. Hitachi is responding to the needs of its customers by broadening the scope of its services business from conventional maintenance services for products and systems to outsourcing and operations services as well as management support services. By expanding services which make maximum use of the strengths of advanced IT and Hitachi's control technologies, Hitachi will work to solve customers' issues.

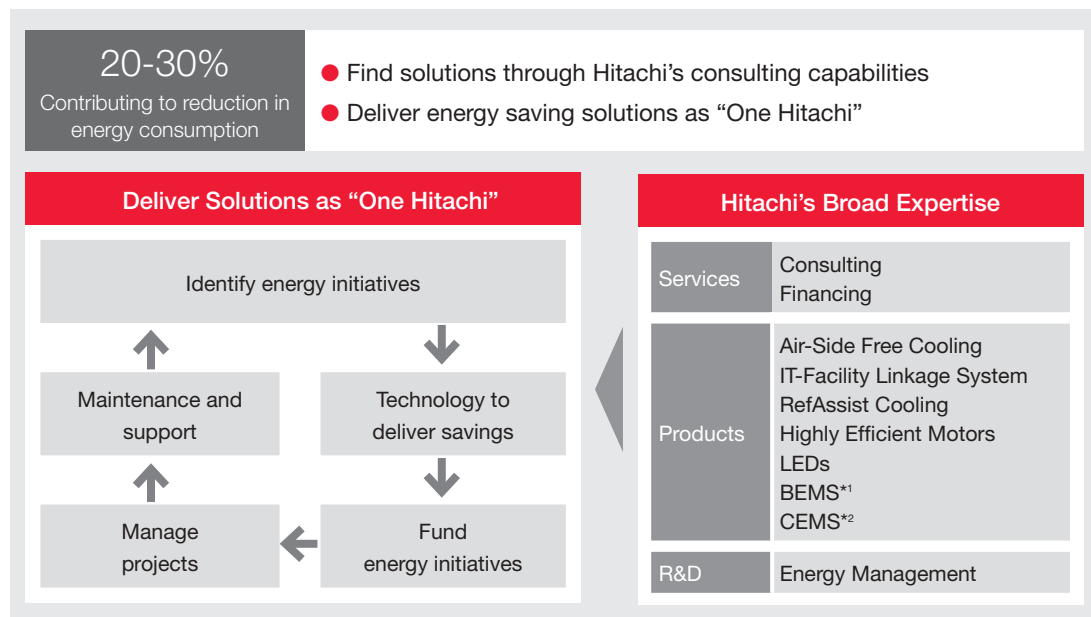
These kinds of initiatives are already in motion. For example, Hitachi is providing infrastructure companies with solutions to help them reduce energy costs across multiple locations in North America. One customer, which had been paying several hundred million dollars a year in electricity charges, saved 20-30% on their electricity bills after Hitachi installed highly energy-efficient equipment and optimized operations. Under the business model arranged with these customers, Hitachi receives payments for a portion of these energy savings. This is a prime example of solutions for our customers' management issues that Hitachi can provide as "One Hitachi," by bringing together its financial services subsidiary to provide equipment leases and lighten the capital investment requirements of its customers.

In fiscal 2015, Hitachi plans to increase the ratio of service revenues to over 40% (from 30% in fiscal 2012), by building on the momentum of these initiatives around the world.

## ■ Solutions Examples

### Energy Cost Saving Solution "Energy Saving as a Service"

#### With North American Infrastructure and Industrial Customers



\*1 Building Energy Management System

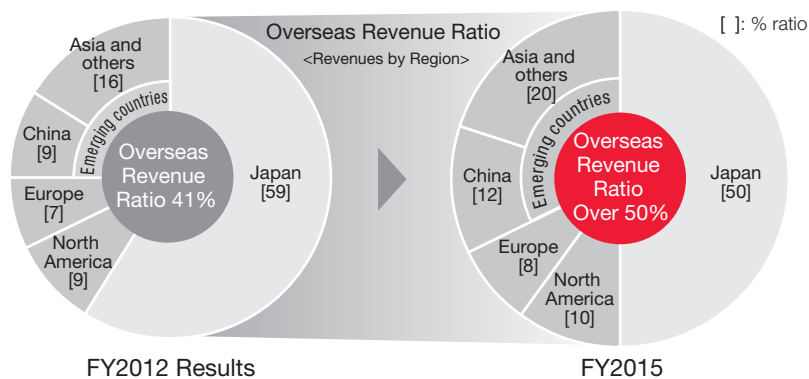
\*2 Community Energy Management System

In research and development, Hitachi globally promotes open innovation with its customers via collaboration with local partners and R&D bases located nearby to assist in solving their problems. Recently, Hitachi has set up research centers specializing in rail systems in Europe, materials technology in China, and Big Data in the United States. These research centers are a driving force in the global development of the Social Innovation Business.

Through these measures, Hitachi aims to accelerate the global development of the Social Innovation Business and increase the overseas revenue ratio from 41% to over 50% within three years.

**FY2015 Target:**

Overseas Revenue Ratio 41% → Over 50%



**Transformation**

To promote strong growth in the Social Innovation Business, Hitachi is building momentum for a comprehensive transformation of the entire Hitachi Group through efforts to improve the efficiency of global operations, deploy global human capital and reform the cost structure. By reinforcing the business structure, Hitachi aims to strengthen its ability to propose solutions around the world.

**Improving Efficiency in Global Operations**

The globalization of the world economy has made it essential that companies respond swiftly to market changes. In fiscal 2012, Hitachi was not always able to respond quickly to sudden changes in global markets, such as in electronics-related fields for example. Learning from this experience, Hitachi is working to unify global information on its procurement, manufacturing and sales activities; visualize this information; and use it to predict market trends. Essentially, Hitachi is rebuilding its supply chain management (SCM) to realize greater efficiencies in management and enable a swifter response to market trends. The Company is also leveraging its financial know-how to improve its balance sheet, such as by reducing working capital.

## ■ Deploying Global Human Capital

Using Hitachi's global database of human capital and a worldwide grading system built to function as a common standard for employee evaluations, we are optimizing our allocation of global business leaders and enhancing our front-end engineering team. At the same time, we are also energetically engaging in employee rotation and carrying out human capital development programs. Through these efforts, we are building an organization that can win among global competition. In the storage solutions business and some other operations, Hitachi has already assigned non-Japanese people to top management positions, and will continue to proactively encourage foreigners to participate in management and promote diversity in human capital on a global basis.

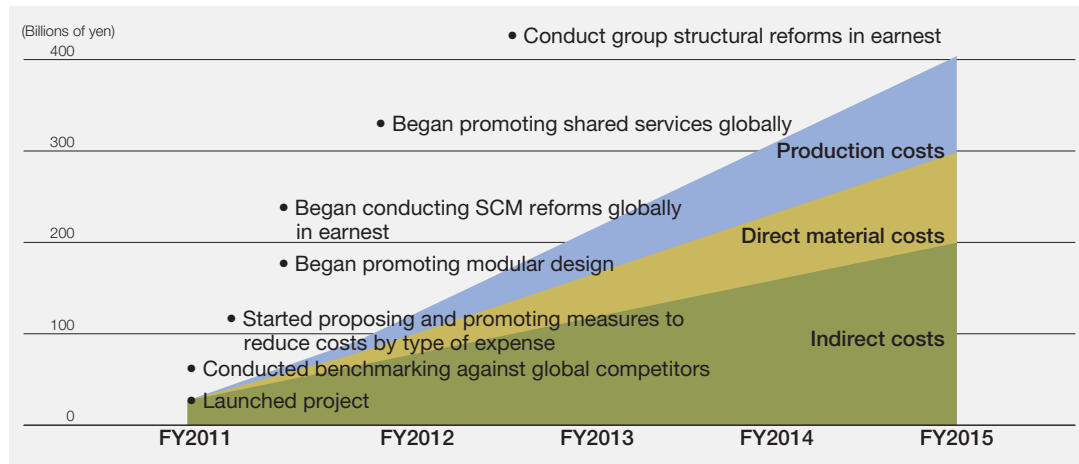
In fiscal 2012, Hitachi added more outside Directors, who now constitute a majority of the Board of Directors, in order to reflect a more diverse range of opinions in management. In fiscal 2013, the Board welcomed Ms. Cynthia Carroll as a new outside Director. Of the 14 members of the Board of Directors, eight are outside Directors. The number of non-Japanese Directors was increased from three to four, and the number of women was increased from one to two. At meetings of the Board of Directors, members deliberate frankly about the direction of management from a global viewpoint, and their collective knowledge and wisdom is reflected in management.

## ■ Hitachi Smart Transformation Project

The Hitachi Smart Transformation Project, a cost structure reform project that began in fiscal 2011, is gearing up to enter its second phase and make deeper cuts to costs. In addition to accelerating efforts centered on cost structure reform in various fields, we are stepping up group structure reforms by reviewing functions and roles within our organization and eliminating redundant functions in a bid to create a simpler structure that can win on the global stage.

Hitachi has identified three cost categories. Namely, we are reducing production costs by reforming global SCM through the use of cloud computing, and promoting modular design to reduce the number of parts and shorten manufacturing processes. To reduce direct material costs, we are strengthening our overseas procurement and engineering capabilities while promoting the localization of quality assurance and R&D functions. We are also expanding aggregate purchasing, taking advantage of the merits of scale of the Hitachi Group. To lower indirect costs, we are expanding globally shared services through the standardization and outsourcing of indirect work such as finance and human capital. Furthermore, we are advancing consolidation of offices not only in Japan, but also in India, Asia, and around the globe to accelerate cost structure transformation in all areas.

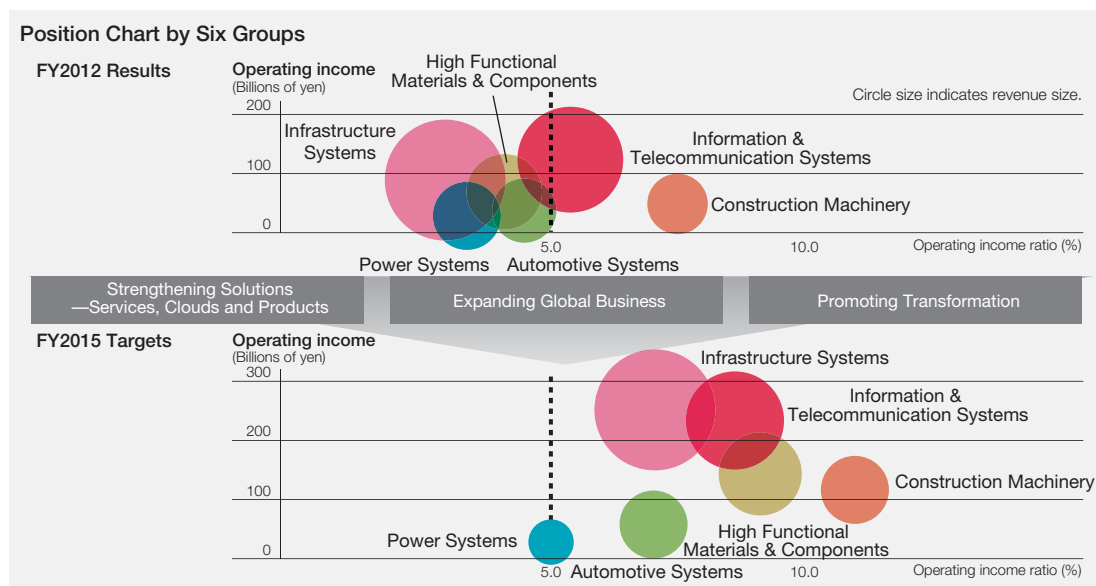
Through these initiatives, Hitachi plans to reduce costs by a total of ¥290 billion from fiscal 2013 to fiscal 2015 and by a grand total of ¥400 billion over the five-year period starting in fiscal 2011.



## ■ Six-Group Structure Boosts Effectiveness of Management Structure

In April 2012, Hitachi reorganized its management structure to focus on the markets of five groups in order to reinforce its overall responsiveness from the standpoint of its customers and more quickly focus on growth areas. In April 2013, Hitachi added the Automotive Systems Group, creating the current six-group system. In the Infrastructure Systems Group, Hitachi Plant Technologies, Ltd. was absorbed by Hitachi, Ltd. in April 2013 in order to increase the Group's ability to provide global solutions to clients.

The following graph shows target revenues and operating income ratios for the six groups in fiscal 2015. Hitachi aims to accelerate decision-making and optimize the business portfolio of each group to secure a position in which they can win among global competition. Going forward, Hitachi will operate according to a management structure centered on the six groups.



## Management Targets of the 2015 Mid-term Management Plan

The management targets we have set for fiscal 2015 are as follows.

	FY2015 Targets*1	Average of FY2010-2012
Revenues	¥10 trillion	¥9,340.9 billion
EBIT*2 (Operating income) ratio	Over 7% (Over 7%)	4.9% (4.6%)
Net income attributable to Hitachi, Ltd. stockholders	Over ¥350 billion	¥253.7 billion
Net income attributable to Hitachi, Ltd. stockholders per share	Over ¥70	¥55
Manufacturing, services & others Total Hitachi, Ltd. stockholders' equity ratio	Over 30%	23.2% (As of March 31, 2013)
Overseas revenue ratio	41% in FY2012 → over 50% in FY2015	
Service revenue ratio*3	30% in FY2012 → over 40% in FY2015	

\*1 Assumed exchange rate: ¥90 to the U.S. dollar and ¥115 to the euro

\*2 EBIT: Earnings before interest and taxes

\*3 Including revenues of systems solutions

For fiscal 2015, Hitachi aims to achieve consolidated revenues of ¥10 trillion, an EBIT (earnings before interest and taxes) ratio and an operating income ratio of 7% or higher. Hitachi defined these numerical targets as the minimum goals to reach in order to achieve growth in the global market.

Hitachi has newly disclosed targets for EBIT and earnings per share (EPS). EBIT is a financial performance indicator that adds such items as equity-method gains and losses as well as gains and losses on marketable securities to operating income. Hitachi uses EBIT to reflect equity-method gains and losses, such as joint ventures established to strengthen global operations, in evaluating its structural reforms. These items are not captured in operating income. Hitachi also uses EPS as a key financial indicator of corporate value.

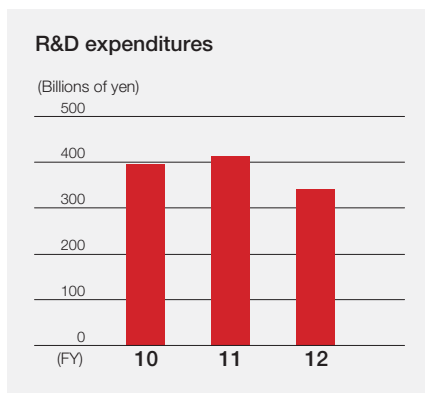
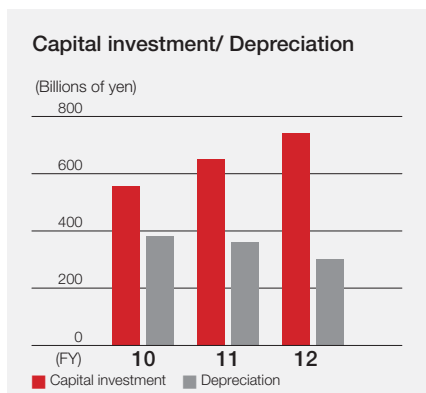
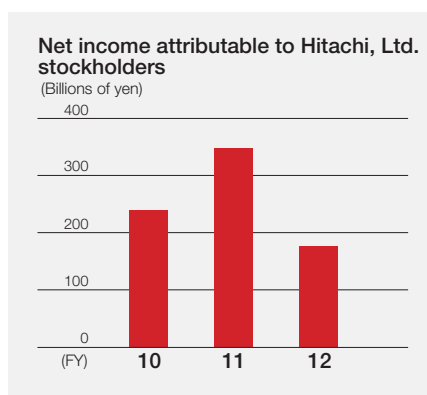
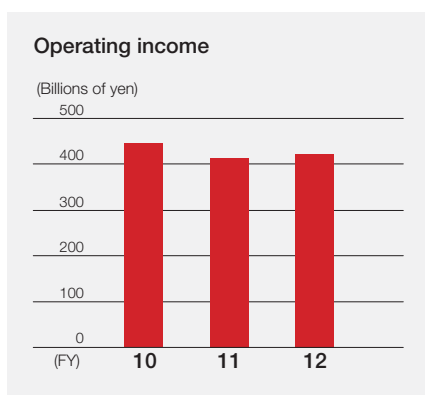
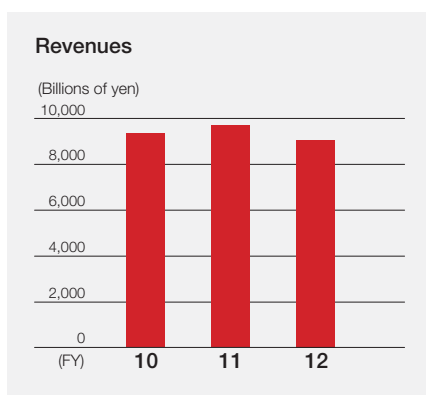
The Hitachi Group is making all-out efforts to achieve the targets of the 2015 Mid-term Management Plan through the steady execution of the measures described in this report. We seek further growth as we transform into a Hitachi that inspires the world through the Social Innovation Business and aim to increase Hitachi's corporate value.

# Financial Highlights

Hitachi, Ltd. and Subsidiaries  
Years ended March 31, 2013, 2012 and 2011

	Millions of yen		
	2013	2012	2011
For the year:			
Revenues . . . . .	<b>¥9,041,071</b>	¥9,665,883	¥9,315,807
Operating income . . . . .	<b>422,028</b>	412,280	444,508
Net income attributable to Hitachi, Ltd. stockholders . . . . .	<b>175,326</b>	347,179	238,869
Cash dividends declared . . . . .	<b>47,690</b>	36,727	36,133
Capital investment (Property, plant and equipment) . . . . .	<b>742,537</b>	649,234	556,873
Depreciation (Property, plant and equipment) . . . . .	<b>300,664</b>	360,358	382,732
R&D expenditures . . . . .	<b>341,310</b>	412,514	395,180
At year-end:			
Total assets . . . . .	<b>9,809,230</b>	9,418,526	9,185,629
Total Hitachi, Ltd. stockholders' equity . . . . .	<b>2,082,560</b>	1,771,782	1,439,865
D/E ratio (including noncontrolling interests) (times) . . . . .	<b>0.75</b>	0.86	1.03
Total Hitachi, Ltd. stockholders' equity ratio (%) . . . . .	<b>21.2</b>	18.8	15.7
Number of employees . . . . .	<b>326,240</b>	323,540	361,745

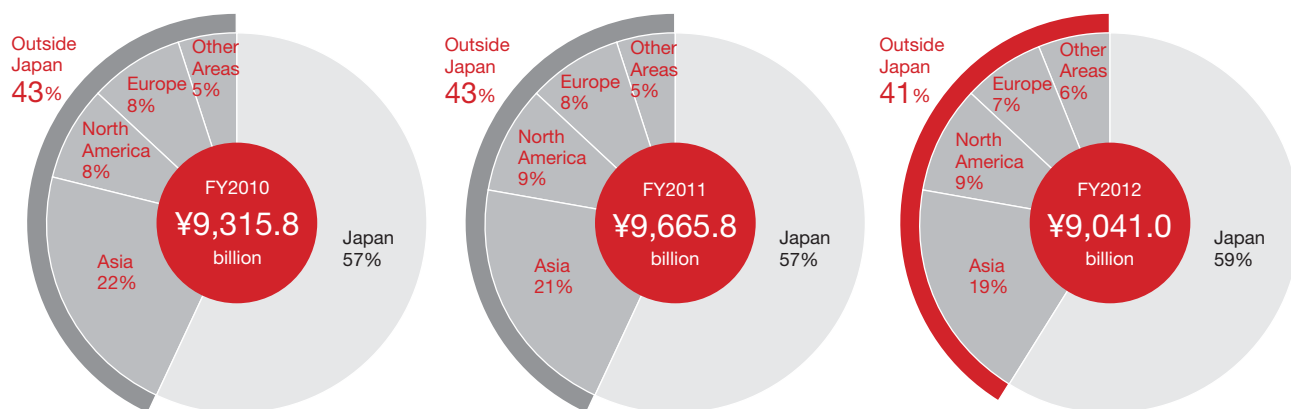
	Yen		
Per share data:			
Net income attributable to Hitachi, Ltd. stockholders:			
Basic . . . . .	<b>¥ 37.28</b>	¥ 76.81	¥ 52.89
Diluted . . . . .	<b>36.29</b>	71.86	49.38
Cash dividends declared . . . . .	<b>10.0</b>	8.0	8.0
Total Hitachi, Ltd. stockholders' equity . . . . .	<b>431.13</b>	382.26	318.73





## Revenues by Geographic Area

		Millions of yen		
		2013	2012	2011
<b>Japan</b>	<b>Revenues</b> . . . . .	<b>¥5,355,119</b>	¥5,534,462	¥5,269,259
	Percentage of total revenues (%) . . . . .	<b>59</b>	57	57
<b>Outside Japan</b>	<b>Asia</b> . . . . .	<b>1,711,141</b>	2,000,989	2,073,756
	Percentage of total revenues (%) . . . . .	<b>19</b>	21	22
	<b>North America</b> . . . . .	<b>804,057</b>	869,014	781,139
	Percentage of total revenues (%) . . . . .	<b>9</b>	9	8
	<b>Europe</b> . . . . .	<b>636,840</b>	761,125	760,011
	Percentage of total revenues (%) . . . . .	<b>7</b>	8	8
	<b>Other Areas</b> . . . . .	<b>533,914</b>	500,293	431,642
	Percentage of total revenues (%) . . . . .	<b>6</b>	5	5
	<b>Subtotal</b> . . . . .	<b>3,685,952</b>	4,131,421	4,046,548
	Percentage of total revenues (%) . . . . .	<b>41</b>	43	43
	<b>Total</b> . . . . .	<b>¥9,041,071</b>	¥9,665,883	¥9,315,807



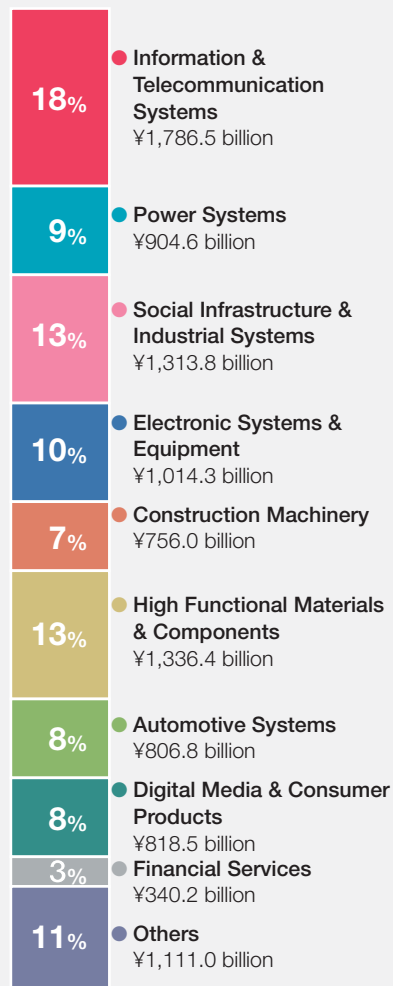
- Notes: 1. In order to be consistent with financial reporting principles and practices generally accepted in Japan, operating income is presented as total revenues less costs of sales and selling, general and administrative expenses. The Company believes that this is useful to investors in comparing the Company's financial results with those of other Japanese companies. Under accounting principles generally accepted in the United States of America, restructuring charges, net gain or loss on sales and disposal of rental assets and other property and impairment losses for long-lived assets are included as part of operating income.
2. Revenues, segment profit, capital investment, depreciation and assets include "Eliminations and Corporate items." R&D expenditures includes Corporate items. Number of employees includes Corporate items.
3. The number of employees excludes temporary employees.

# Segment Information

## Revenues by Segment

Year ended March 31, 2013

¥9,041.0 billion



### Eliminations and Corporate Items

¥(1,147.5) billion

\* Effective from April 1, 2012, the Company eliminated the Components & Devices segment. Figures, which were previously included in the Components & Devices segment, have retroactively been included in the Others segment.

## Information & Telecommunication Systems



Hitachi Virtual Storage Platform



Data center (Okayama No.3 Center)

- Systems Integration
- Outsourcing Services
- Software
- Disk Array Systems
- Servers
- Mainframes
- Telecommunications Equipment
- ATMs

## Power Systems



Ultra-Supercritical Coal-fired Thermal Power Plant



Gas Turbine

- Thermal Power Generation Systems
- Nuclear Power Generation Systems
- Transmission and Distribution Systems
- Wind Power Generation Systems
- Solar Power Generation Systems

## High Functional Materials & Components



Hitachi Metals' NEOMAX<sup>®</sup>  
Neodymium-based Sintered Magnets

- Wires and Cables
- Copper Products
- Semiconductor and Display-Related Materials
- Circuit Boards and Materials
- Specialty Steels
- Magnetic Materials and Components
- High Grade Casting Components and Materials

## Automotive Systems



Hitachi Automotive Systems'  
Electrically-driven Intelligent Brake

- Engine Management Systems
- Electric Powertrain Systems
- Drive Control Systems
- Car Information Systems

## Social Infrastructure & Industrial Systems



Wastewater recycling plant (Dubai, UAE)



Standard Elevator "Urban Ace"

- Industrial Machinery and Plants
- Elevators
- Escalators
- Rail Systems

## Electronic Systems & Equipment



Hitachi Kokusai Electric's Similar Face Searching System



Hitachi Koki's Cordless Impact Driver

- Semiconductor and LCD Manufacturing Equipment
- Test and Measurement Equipment
- Medical Electronics Equipment
- Power Tools
- Electronic Parts Manufacturing Systems

## Construction Machinery



Hitachi Construction Machinery's Double-arm Working Machine

- Hydraulic Excavators
- Wheel Loaders
- Mining Equipment

## Digital Media & Consumer Products



Hitachi Air Conditioning Products  
Brazil's Variable Refrigerant Flow Air Conditioner  
"SET FREE ECO FLEX HE"

- Air-Conditioning Equipment
- Room Air Conditioners
- Refrigerators
- Washing Machines
- Optical Disk Drives
- LCD Projectors
- Flat-Panel TVs

## Financial Services



Hitachi Capital's Hitachi Corporate Card

- Leasing
- Loan Guarantees

## Others



Prismatic Lithium-ion Rechargeable Batteries  
for Consumer Applications

- Logistics
- Information Storage Media
- Batteries
- Property Management

To Our Shareholders

Special Feature

Financial Highlights

Segment Information

Research and Development/  
Intellectual Property

Management Structure

Financial Section/  
Corporate Data

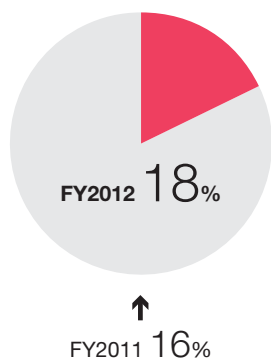


# Information & Telecommunication Systems

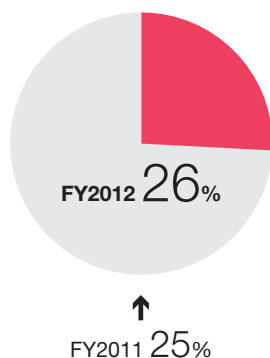
Segment revenues increased 1% year over year to ¥1,786.5 billion. This increase was due primarily to steady sales in the services business in Japan as well as storage solutions in overseas markets.

Segment profit increased 3% year over year to ¥104.6 billion, largely due to the increase in earnings resulting from the upswing in storage solution revenues.

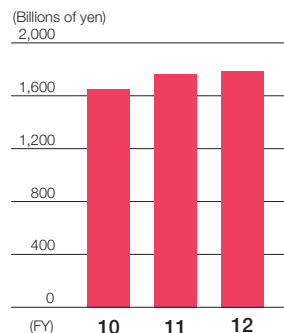
Share of Revenues



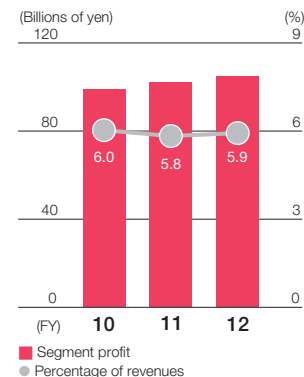
Overseas Revenue Ratio



Revenues



Segment Profit/ Percentage of Revenues



## ● Software and Services

Software and services sales were essentially unchanged from the level recorded in the previous fiscal year.

In specific terms, software sales decreased year over year due to the downturn in software sales to financial institutions in Japan as well as overseas storage management software. Services sales were on par with the previous fiscal year due to solid sales of such services as overseas storage services and system integration services in Japan.

From an earnings perspective, profit fell below the level reported in the previous fiscal year. While sales were unchanged from year to year, this decline was largely attributable to deterioration in service profitability for certain projects.

In fiscal 2012, Hitachi took positive steps toward bolstering its financial IT solutions and consulting businesses. Among a host of measures, the Company acquired eBworx Berhad, a Malaysia-based financial IT solutions company, PRIZIM Inc., a leading U.S.-based environmental sustainability consulting firm, and Celerant Consulting Investments Limited, a U.K.-based business operations consulting company.

## ● Hardware

Hardware sales increased slightly year over year. Despite a decline in such areas as domestic telecommunications due to the drop in demand, sales edged up mainly because of growth in ATMs and storage systems targeting overseas markets.

Profits were up year over year owing primarily to the increase in sales as well as successful efforts to curtail costs and the favorable flow-on effects of the weak yen.

	(Millions of yen)		
	FY2012	FY2011	FY2010
Revenues .....	¥1,786,587	¥1,764,247	¥1,652,040
Segment profit .....	104,689	101,732	98,641
Capital investment (Property, plant and equipment) .....	52,671	50,678	29,646
Depreciation (Property, plant and equipment) .....	32,633	33,248	35,535
R&D expenditure .....	81,242	87,999	79,531
Assets .....	1,420,971	1,345,392	1,289,099
Number of employees .....	73,483	73,334	70,853

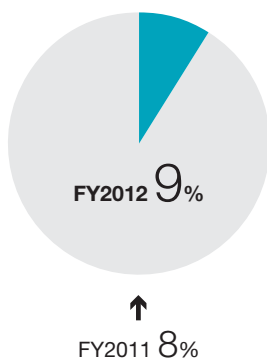


# Power Systems

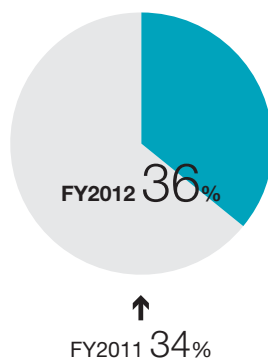
Segment revenues climbed 9% year over year to ¥904.6 billion. The increase was due primarily to the acquisition of part of the transmission and distribution business of Japan AE Power Systems Corporation and an upswing in sales of thermal power generation systems.

From an earnings perspective, this segment enjoyed a positive turnaround of ¥63.8 billion resulting in a segment profit of ¥29.9 billion. This substantial turnaround largely reflected the absence of additional costs related to thermal power generation systems in overseas markets attributable to difficulties with certain boiler materials incurred in the previous fiscal year.

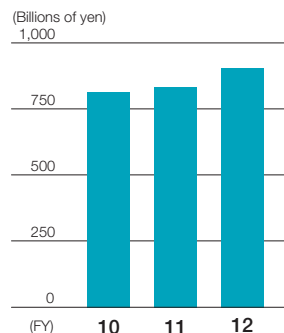
Share of Revenues



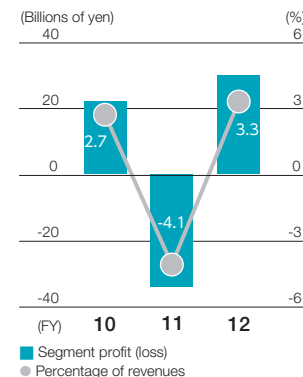
Overseas Revenue Ratio



Revenues



Segment Profit (Loss)/ Percentage of Revenues



## ● Thermal Power Generation Systems

Sales were up compared with the previous fiscal year on the back of robust trends in thermal power projects in Japan and overseas.

On the earnings front, this segment returned to the black reflecting the absence of additional costs related to thermal power generation systems in overseas markets attributable to difficulties with certain boiler materials incurred in the previous fiscal year.

In fiscal 2012, the Company agreed to establish a joint-venture company with Mitsubishi Heavy Industries, Ltd. in January 2014 with the aim of developing a business platform that is capable of excelling on the world stage.

## ● Nuclear Power Generation Systems

Sales were essentially unchanged from the previous fiscal year thanks largely to the focus on measures at the Fukushima Daiichi Nuclear Power Station operated by Tokyo

Electric Power Company, Incorporated (TEPCO) as well as safety and preventive maintenance for other nuclear power stations.

Taking into consideration the absence of expenditure for measures with respect to turbine damage at a nuclear power station in Japan undertaken during the previous fiscal year, this segment recorded a return to the black.

In fiscal 2012, Hitachi acquired Horizon Nuclear Power Limited, a U.K.-based nuclear power company.

## ● Others

Sales in this category exceeded the level recorded in the previous fiscal year owing mainly to the acquisition of part of the transmission and distribution business of Japan AE Power Systems Corporation in April 2012 and solid sales in renewable energy-related businesses.

The others category returned to the black during the fiscal year under review thanks largely to the positive effects of measures aimed at enhancing profitability.

	(Millions of yen)		
	FY2012	FY2011	FY2010
Revenues .....	¥ 904,696	¥832,408	¥813,207
Segment profit (loss).....	29,911	(33,986)	22,022
Capital investment (Property, plant and equipment).....	24,911	27,356	10,570
Depreciation (Property, plant and equipment).....	16,989	17,111	17,848
R&D expenditure .....	19,768	16,549	16,401
Assets .....	1,055,688	955,809	919,676
Number of employees .....	18,971	17,235	16,852



Britain's Fastest

Rebecca Adlington

Javelin

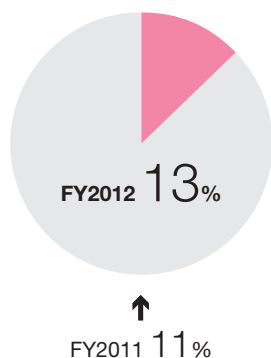


# Social Infrastructure & Industrial Systems

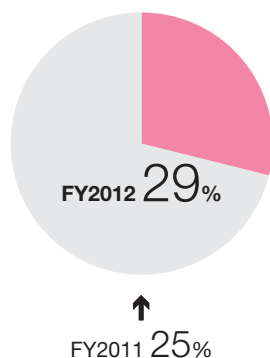
Segment revenues increased 9% year over year to ¥1,313.8 billion, benefitting from robust elevator and escalator business in China, as well as higher sales of industrial-use electrical equipment in overseas markets.

Segment profit climbed 22% year over year to ¥60.2 billion, owing primarily to the improvement in elevator and escalator business sales as well as progress in the promotion of cost reduction measures.

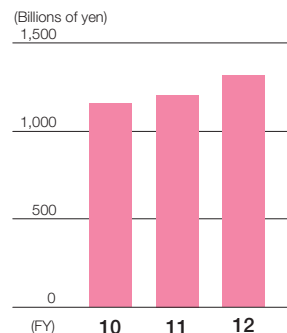
Share of Revenues



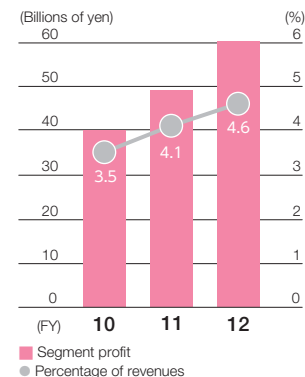
Overseas Revenue Ratio



Revenues



Segment Profit/ Percentage of Revenues



## ● Rail Systems

Sales in this category surpassed the level recorded in the previous fiscal year due mainly to such factors as higher volume of transport management & control systems in Japan.

Profits were essentially unchanged year over year as the decline in electrical components in China was offset by the increase in the volume of transport management & control systems in Japan.

Marking another milestone, successful steps were taken to officially execute an agreement with the Department for Transport of the United Kingdom for the Intercity Express Programme (IEP) in fiscal 2012.

## ● Social Infrastructure & Industrial Systems

Sales of the Infrastructure Systems Company were up year over year. Despite a drop in social systems-related projects, this increase was largely attributable to an upswing in control system projects for overseas steel plants in the industrial systems business.

Hitachi incurred a loss in this category due to a variety of factors including the downturn in social systems business sales and deterioration in profits in the industrial systems business.

Sales of Hitachi Plant Technologies, Ltd.\* climbed above the level recorded in the previous fiscal year. This largely reflected increases in industrial equipment as well as industrial plant-related projects.

In contrast, profits declined year over year. While every effort was made to reduce costs, this decline largely reflected the absence of the highly profitable projects of the previous fiscal year.

Sales of Hitachi Industrial Equipment Systems Co., Ltd. were unchanged compared with the previous fiscal year as increases in such products as distribution transformers were offset by decreases in other product sales including compact fans in China and inverters in Europe.

Profits were up year over year thanks largely to such factors as successful cost cutting measures and the favorable impact of fluctuations in foreign currency exchange rates.

In fiscal 2012, the Company signed a Water Purchase Agreement concerning water supply volume, price, and other details with Dahej SEZ Ltd., the management company of the Dahej Special Economic Zone in India.

\* Hitachi Plant Technologies, Ltd. was absorbed and merged into Hitachi, Ltd. effective April 1, 2013.

## ● Urban Planning and Development Systems

Sales increased compared with fiscal 2011 due mainly to strong sales of elevators and escalators in China.

Earnings also improved year over year largely on the back of higher sales and successful efforts to reduce costs.

	(Millions of yen)		
	FY2012	FY2011	FY2010
Revenues .....	¥1,313,847	¥1,204,975	¥1,156,936
Segment profit .....	60,203	49,181	39,952
Capital investment (Property, plant and equipment) .....	32,657	24,249	17,980
Depreciation (Property, plant and equipment) .....	19,170	20,533	21,067
R&D expenditure .....	24,680	22,579	21,508
Assets .....	1,180,267	1,091,740	1,033,110
Number of employees .....	44,028	41,136	39,240

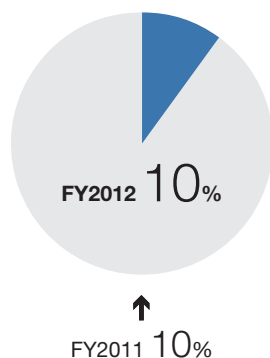


# Electronic Systems & Equipment

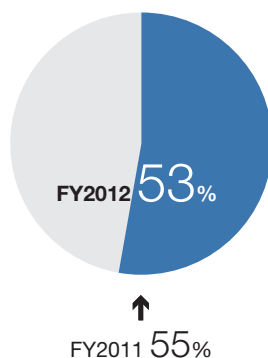
Segment revenues decreased 8% year over year to ¥1,014.3 billion due mainly to the declines in sales of semiconductor manufacturing and medical-related equipment.

Segment profit fell 41% year over year to ¥29.3 billion owing primarily to the drop in sales as well as the loss incurred at Hitachi Medical Corporation following a revision of the company's business plan.

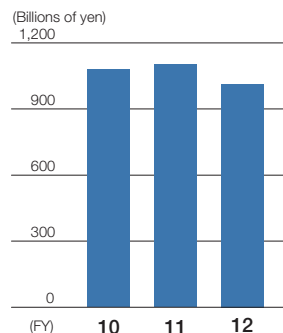
Share of Revenues



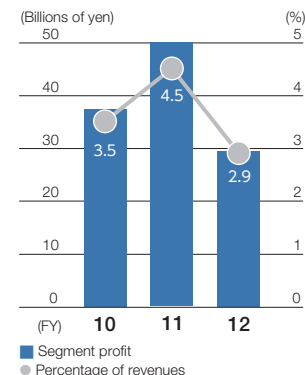
Overseas Revenue Ratio



Revenues



Segment Profit/ Percentage of Revenues



## ● Hitachi High-Technologies Corporation

Sales decreased compared with the previous fiscal year. This was largely attributable to the drop in trading division sales of mobile phones and clinical analyzers.

Earnings were similarly down year over year due mainly to the decline in sales.

## ● Hitachi Medical Corporation

Sales were lower than the level recorded in the previous fiscal year due to the impact of the change in accounting settlement date of a sales subsidiary in Europe implemented in fiscal 2011 and the decline of general analysis system and magnetic resonance imaging (MRI) system sales.

From a profit perspective, earnings declined year over year. In addition to the drop in sales, this was primarily due to losses incurred following the revision of business plans.

## ● Hitachi Kokusai Electric Inc.

Sales decreased year over year. Despite solid results in disaster-preventive radio systems as well as surveillance camera systems, this negative result was largely attributable to the drop in sales of semiconductor manufacturing equipment reflecting the impact of constrained capital investment by semiconductor manufacturers.

Buffeted by this downturn in sales, earnings also declined compared with the previous fiscal year.

## ● Hitachi Koki Co., Ltd.

Sales were essentially unchanged from the previous fiscal year as the slump in sales in Europe was offset by such positive trends as a recovery in housing investment in Japan and North America as well as solid sales in other regions including Asia.

Earnings were also on par with the previous fiscal year. While activities were negatively affected by movements in foreign currency exchange rates, results were buoyed by increased sales in Japan, where profitability is high, and expanded sales of high-value-added products.

	(Millions of yen)		
	FY2012	FY2011	FY2010
Revenues .....	¥1,014,312	¥1,101,784	¥1,079,355
Segment profit .....	29,382	49,995	37,284
Capital investment (Property, plant and equipment) .....	19,817	22,397	13,332
Depreciation (Property, plant and equipment) .....	10,257	11,884	13,267
R&D expenditure .....	43,424	47,316	45,137
Assets .....	903,399	903,283	867,741
Number of employees .....	26,011	25,878	25,597

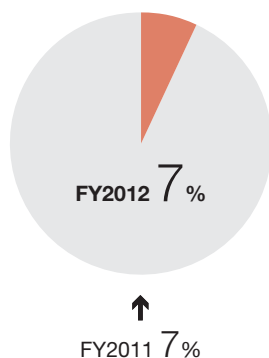


# Construction Machinery

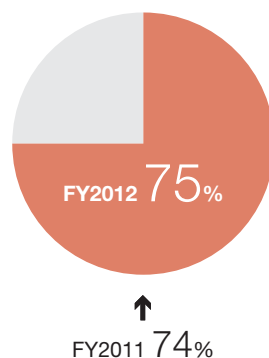
Segment revenues declined 5% compared with the previous fiscal year to ¥756.0 billion. In addition to the downturn in demand for hydraulic excavators in China, which continued to experience a slump in its rate of economic growth, this decline was largely attributable to the sale of all shares of TCM Corporation.

On the earnings front, profit fell 13% year over year to ¥54.6 billion. This largely reflected the downturn in sales in China as well as the drop in mining machinery sales in Asia.

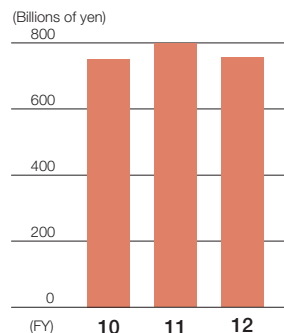
Share of Revenues



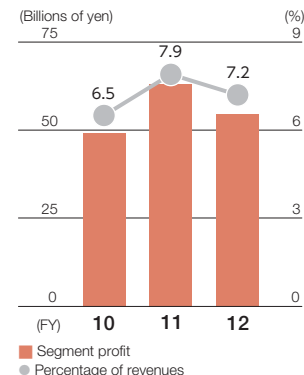
Overseas Revenue Ratio



Revenues



Segment Profit/ Percentage of Revenues



## ● Hitachi Construction Machinery Co., Ltd.

In the fiscal year under review, the company confronted a mixed operating environment. On the one hand, results were buoyed by an upswing in demand from the leasing and energy-related industries in the U.S. On the other hand, the company's performance was negatively impacted by the continued slump and downturn in the rate of economic growth in China, which placed downward pressure on sales. Moreover, sales in the industrial vehicle business declined owing to the sale of all shares of TCM Corporation in August

2012. As a result, and in overall terms, sales of Hitachi Construction Machinery decreased compared with the previous fiscal year,

Due mainly to the drop in sales, as well as the slowdown in demand for coal from the middle of fiscal 2012, which resulted in a downturn in the machinery industry for coal mines in such countries as Indonesia and Australia, profit declined year over year.

	(Millions of yen)		
	FY2012	FY2011	FY2010
Revenues .....	¥ 756,067	¥ 798,785	¥ 751,387
Segment profit.....	54,627	63,129	49,192
Capital investment (Property, plant and equipment).....	67,665	65,070	36,557
Depreciation (Property, plant and equipment).....	31,533	35,041	35,236
R&D expenditure .....	17,202	16,471	15,888
Assets .....	1,154,275	1,140,332	1,000,793
Number of employees .....	19,163	20,571	19,218

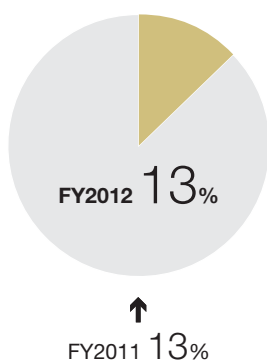


# High Functional Materials & Components

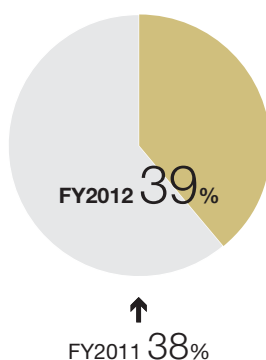
Segment revenues decreased 7% year over year to ¥1,336.4 billion. This was mainly due to the withdrawal from unprofitable businesses by Hitachi Cable, Ltd. in line with the company's business structure reforms, and the downturn in demand for electronics-related products.

Segment profit contracted 24% year over year to ¥58.4 billion. This was largely attributable to the write-offs of inventories associated with the decrease in raw material prices by Hitachi Metals, Ltd.

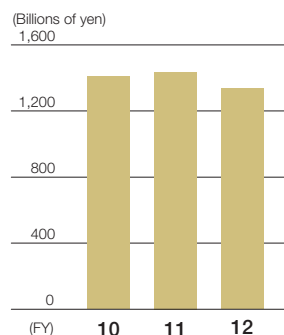
Share of Revenues



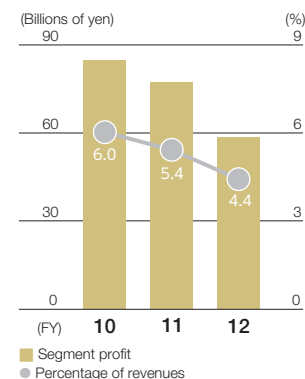
Overseas Revenue Ratio



Revenues



Segment Profit/ Percentage of Revenues



## ● Hitachi Metals, Ltd.

Sales decreased compared with the previous fiscal year. Despite solid sales of automotive-related products in North America and infrastructure-related products, this decrease was largely attributable to the slump in demand for electronics-related products and the downturn in sales of machine tool-related products.

Earnings declined year over year due mainly to the drop in sales and the impact of the write-offs of inventories to reflect the decline in raw material costs.

## ● Hitachi Cable, Ltd.

Sales deteriorated compared with fiscal 2011. While activities in the information network business grew, results were negatively impacted by the downturn in demand for electronics- and semiconductor-related products, the drop in copper prices (a principal raw material for wires and cables as well as copper products), the withdrawal from unprofitable businesses in line with business structure reforms, and

the absence of any effects from steps to unify the accounting settlement periods of overseas consolidated subsidiaries undertaken during the previous fiscal year.

From a profit perspective, the company endeavored to reduce costs by implementing business structure reforms. This more than offset the decline in sales resulting in higher earnings compared with fiscal 2011.

## ● Hitachi Chemical Co., Ltd.

Sales contracted slightly year over year. Despite the upswing in sales of semiconductor die bonding films for smart phones and tablet PCs as well as anisotropic conductive films for displays, this slight downturn was largely attributable to the decline in demand for electronics-related products and automotive-related products in China.

Earnings fell compared with the previous fiscal year. This was mainly due to the drop in sales.

\* Effective July 1, 2013, Hitachi Metals, Ltd. and Hitachi Cable, Ltd. merged with Hitachi Metals, Ltd. as the surviving company.

	(Millions of yen)		
	FY2012	FY2011	FY2010
Revenues .....	¥1,336,441	¥1,437,186	¥1,408,153
Segment profit .....	58,418	77,007	84,506
Capital investment (Property, plant and equipment).....	82,204	67,849	60,727
Depreciation (Property, plant and equipment).....	56,822	62,885	68,817
R&D expenditure .....	43,428	46,106	46,736
Assets .....	1,286,077	1,285,970	1,267,001
Number of employees .....	44,665	47,468	48,745



Visualization of image recognition processing

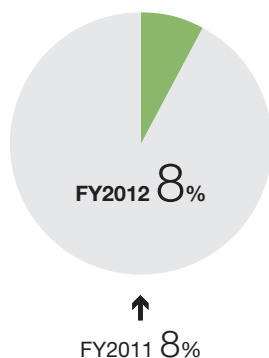


# Automotive Systems

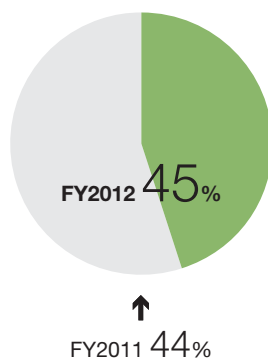
Segment revenues edged down 1% year over year to ¥806.8 billion. This decrease was primarily due to a drop in production by Japanese automobile manufacturers in China.

Segment profit also declined 4% compared with the previous fiscal year to ¥35.4 billion owing to a deterioration in capacity utilization and a change in the accounting settlement periods of certain subsidiaries in fiscal 2011.

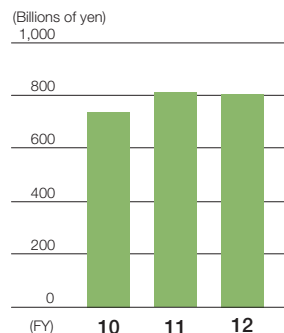
Share of Revenues



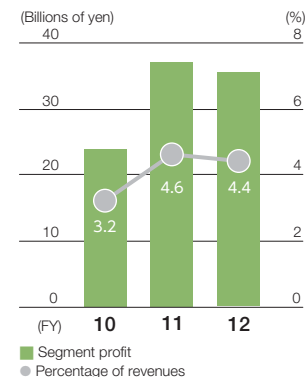
Overseas Revenue Ratio



Revenues



Segment Profit/ Percentage of Revenues



In the fiscal year under review, segment sales were essentially unchanged compared with the previous fiscal year. The impact of the drop in production by Japanese automobile manufacturers in China and a change in the accounting settlement periods of certain subsidiaries in fiscal 2011 was offset by the positive effects of recovery following the Great East Japan Earthquake.

On the earnings front, profit was down year over year. This largely reflected deterioration in capacity utilization and a change in the accounting settlement periods of certain subsidiaries in fiscal 2011.



## Hitachi Automotive Systems, Ltd.'s Stereo Camera

Utilizing image processing technology, in-vehicle stereo cameras recognize the outside information ahead of the vehicles. They detect other vehicles, pedestrians, objects, and traffic lanes with a high degree of precision to help ensure a higher level of safety through the prevention of collisions using braking control. (Delivery to Fuji Heavy Industries Ltd.)

	(Millions of yen)		
	FY2012	FY2011	FY2010
Revenues .....	¥806,847	¥811,583	¥737,901
Segment profit .....	35,423	37,049	23,791
Capital investment (Property, plant and equipment).....	51,726	38,356	18,429
Depreciation (Property, plant and equipment).....	21,073	25,811	27,491
R&D expenditure .....	58,382	52,827	46,476
Assets .....	540,080	516,123	452,359
Number of employees .....	28,996	28,125	25,891

# HITACHI

-Side Series



ECO THERMO-SENSOR

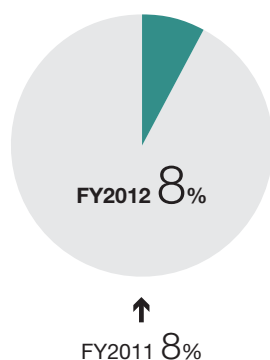


# Digital Media & Consumer Products

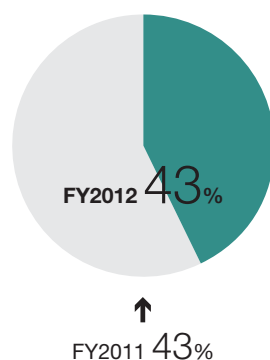
Segment revenues decreased 5% year over year to ¥818.5 billion. While sales of home appliances were firm, this decrease was primarily due to the drop in flat-panel TVs reflecting a change in business strategies and the negative impact of falling optical disk drive-related product sales prices.

From a profit perspective, the segment incurred a loss of ¥5.3 billion. This was, however, an improvement of ¥5.5 billion compared with the previous fiscal year. This improvement was largely due to the positive effects of structural reforms in the flat-panel TV business and the recovery in operations from the flooding in Thailand that occurred in fiscal 2011.

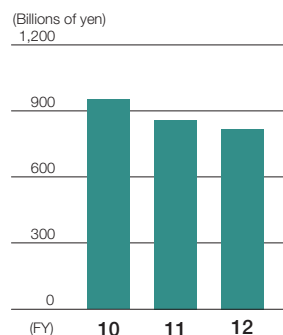
Share of Revenues



Overseas Revenue Ratio



Revenues



Segment Profit (Loss)/ Percentage of Revenues



## ● Digital Media

Sales fell substantially compared with the previous fiscal year owing mainly to the drop in flat-panel TVs following a change in business strategies as well as the effects of falling optical disk drive-related product demand coupled with declining sales prices.

Profits improved year over year mainly on the back of structural reforms in the flat-panel TV business.

## ● Comprehensive Air Conditioning and Home Appliances

Sales were up compared with the previous fiscal year. In addition to robust trends in home appliances including refrigerators in Japan, this positive result was also largely attributable to solid sales of air-conditioning equipment reflecting growing energy conservation concerns.

Overseas, performance in this segment was up year over year thanks largely to growth mainly in refrigerators, which were no longer affected by the flooding in Thailand that occurred in the previous fiscal year, as well as other home appliances.

From a profit perspective, earnings increased compared with the previous fiscal year. This was primarily due to the upswing in profits both in refrigerators as operations recovered from the flooding in Thailand and in air-conditioning equipment.

	(Millions of yen)		
	FY2012	FY2011	FY2010
Revenues .....	¥818,522	¥858,845	¥951,596
Segment profit (loss) .....	(5,355)	(10,947)	14,949
Capital investment (Property, plant and equipment) .....	21,951	20,465	14,729
Depreciation (Property, plant and equipment) .....	18,904	19,012	20,373
R&D expenditure .....	20,823	23,698	23,807
Assets .....	470,924	444,931	434,397
Number of employees .....	25,016	25,042	26,253

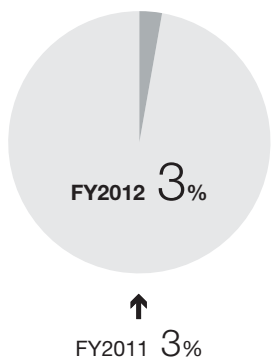
# Financial Services

Segment revenues decreased 4% year over year to ¥340.2 billion. Despite healthy overseas trends, this decrease was largely the result of a drop in revenues from the finance services business for corporate customers in Japan.

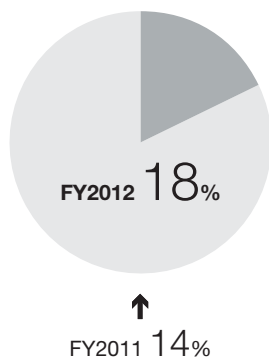
In similar fashion, segment profit declined 3% compared with the previous fiscal year to ¥29.2 billion. This downturn mainly reflected the drop in revenues.



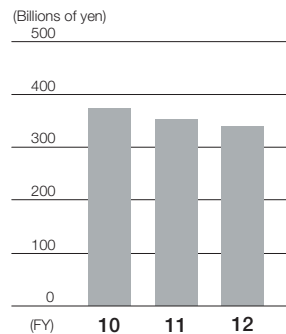
Share of Revenues



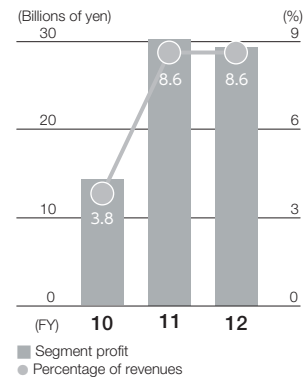
Overseas Revenue Ratio



Revenues



Segment Profit/ Percentage of Revenues



## ● Hitachi Capital Corporation

Revenues declined compared with the previous fiscal year. Although results were buoyed by healthy overseas trends in such areas as consumer finance and instant personal loans in the U.K., medical-related equipment leasing in China, and automobile finance in the Asia region including Malaysia and Indonesia, this downturn was mainly the result of a drop in

revenues from the finance services business for corporate customers in Japan as well as a review of the handling of consumer housing loans.

From a profit perspective, earnings were robust overseas and mainly in Asia. The company's performance, however, was down year over year due to the drop in revenues in Japan.

	(Millions of yen)		
	FY2012	FY2011	FY2010
Revenues .....	¥ 340,294	¥ 353,204	¥ 372,981
Segment profit.....	29,290	30,222	14,255
Capital investment (Property, plant and equipment).....	345,076	256,294	282,503
Depreciation (Property, plant and equipment).....	57,824	58,137	58,842
R&D expenditure .....	166	308	212
Assets .....	1,960,979	1,950,672	1,937,643
Number of employees .....	4,209	4,060	3,220

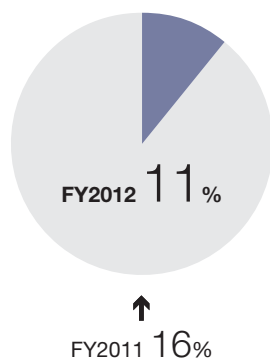
# Others

For the fiscal year under review, segment revenues fell 35% compared with the previous fiscal year to ¥1,111.0 billion. This was mainly due to the sale of the hard disk drive (HDD) business in fiscal 2011.

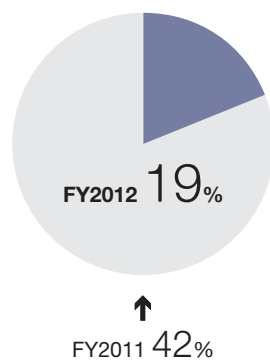
Segment profit dropped 45% year over year to ¥40.1 billion. Again, this largely resulted from the sale of the HDD business.



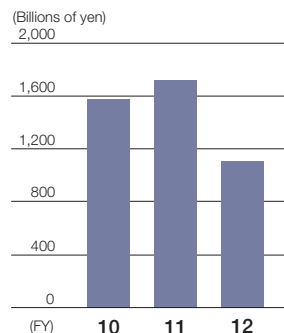
Share of Revenues



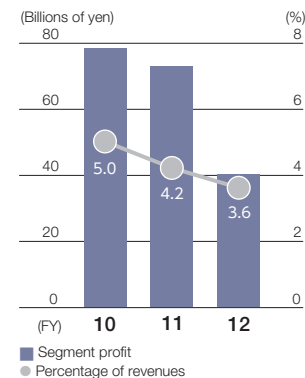
Overseas Revenue Ratio



Revenues



Segment Profit/  
Percentage of Revenues



## ● Hitachi Transport System, Ltd.

Revenues decreased compared with the previous fiscal year. Despite solid trends in new third-party logistics solutions contracts, this downturn was largely attributable to the decline in volume requirements by the automotive and other industries in Japan, as well as the slowdown in the global economy which resulted in lower forwarding volume needs.

Earnings also decreased year over year. Despite efforts to enhance operating throughput and reduce overhead expenses, this decrease was primarily due to the drop in revenues.

\* Effective from April 1, 2012, the Company eliminated the Components & Devices segment. Figures which were previously included in the Components & Devices segment, have retroactively been included in the Others segment.

	(Millions of yen)		
	FY2012	FY2011	FY2010
Revenues .....	¥1,111,022	¥1,719,753	¥1,575,698
Segment profit .....	40,162	72,721	78,365
Capital investment (Property, plant and equipment).....	46,020	85,425	89,470
Depreciation (Property, plant and equipment).....	32,030	74,026	80,270
R&D expenditure .....	6,969	74,644	77,855
Assets .....	1,705,152	1,671,850	1,935,977
Number of employees .....	38,491	37,471	82,630

## Research and Development

To drive the global growth of the Social Innovation Business, Hitachi is closely linking its research and development with the markets where it competes. While building stronger local links, Hitachi's global R&D framework is designed to connect

diverse experiences, backgrounds and ideas as the source of creativity to transform Hitachi into a company that leads the world in technological innovation.

### R&D Policy

- Enhancing regional research contributing to overseas business expansion
- Development of No. 1 technology for prioritized business areas
- Cost structure reform
- Open innovation
  - Strengthen proposals for solutions & new products through collaboration with global partners
  - Participation in national projects & pursuit of government/industry/academia collaborations in frontier research

### Strengthening the Global R&D Framework

R&D at Hitachi is conducted by the Research & Development Group, a corporate R&D entity, as well as in the product development divisions of the in-house companies of Hitachi, Ltd. and Hitachi Group companies (some Hitachi Group companies have their own research laboratories). Hitachi positions its three domestic corporate laboratories and Design Division as its core technological development bases, while also working to strengthen its global R&D framework.

Concretely, the Group aims to first increase its number of overseas R&D personnel from approximately 280 at the end of fiscal 2012 to 400 in fiscal 2015 and actively promote

leaders from local human capital to accelerate locally based R&D. In the six regions of the United States, Europe, China, Asia, India and now Brazil, Hitachi has established bases to manage and implement local R&D. Furthermore, these bases have established research centers to promote R&D that leverages regional characteristics. In October 2012, the European Rail Research Centre was established in the United Kingdom. April 2013 saw the establishment of the Hitachi China Materials Technology Innovation Center in China and the Big Data Research Laboratory in the United States. And in June 2013, the R&D Division of Hitachi Brazil Ltd. was opened.

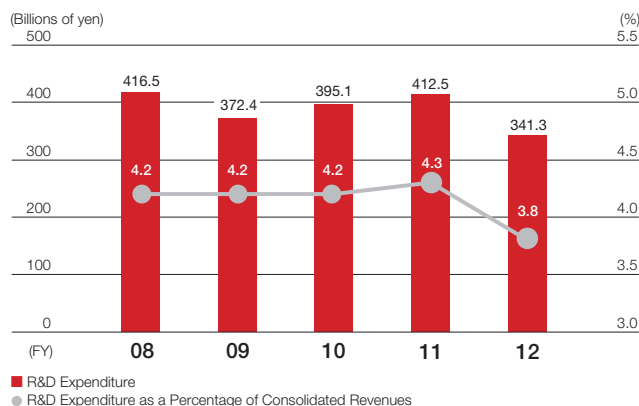
### R&D Investment and Investment Efficiency

Although Hitachi made R&D investments aimed at strengthening the Social Innovation Business in fiscal 2012, due in part to the sale of the HDD business, R&D expenditures were 17% lower than in the previous fiscal year at ¥341.3 billion, representing 3.8% of fiscal 2012 consolidated revenues. At the corporate Research & Development Group, approximately 30% of investment was devoted to advanced

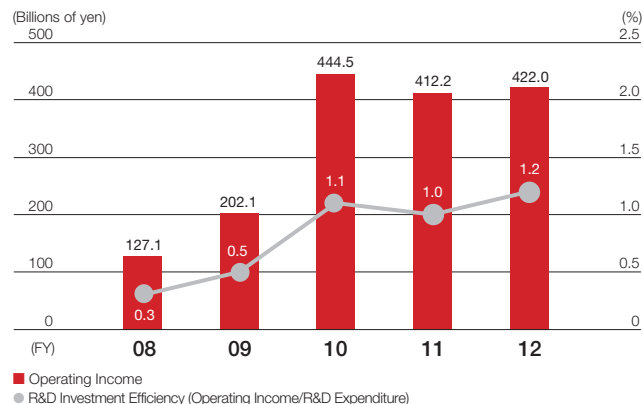
and platform research, with 89% of this aimed at next-next-generation businesses in the Social Innovation Business area.

In order to closely evaluate the efficiency of its R&D, Hitachi is monitoring the ratio of operating income to R&D expenditure as a key performance indicator, with the aim of maintaining a ratio of 1 or higher. This figure has been greater than 1 since fiscal 2010.

#### R&D Expenditure and R&D Expenditure as a Percentage of Consolidated Revenues



#### Operating Income and R&D Investment Efficiency



# Intellectual Property

Intellectual property (IP) is a key element of Hitachi's business strategy. With the vision of "constructing an IP organization to survive global competition," Hitachi is promoting the

globalization of IP activities while contributing to the Social Innovation Business by building and utilizing an IP portfolio.

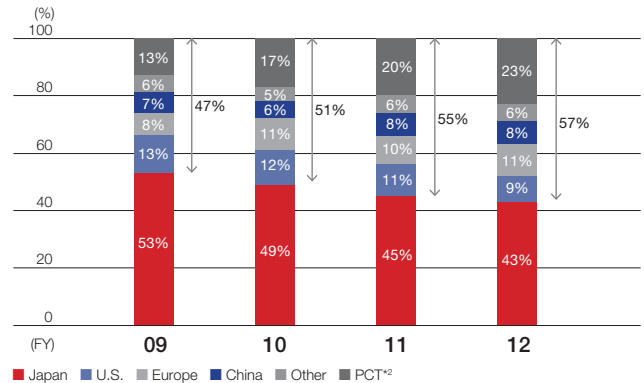
## Globalization of IP Activity

In order to build a global patent portfolio, Hitachi had targeted a ratio of overseas patent applications to total applications of 55% by fiscal 2012. In fiscal 2012, the Company achieved a ratio of 57% surpassing its established target. This achievement is based on efforts to utilize international patent applications under the Patent Cooperation Treaty (PCT) for effectively acquiring patents in overseas countries. PCT patent applications ensure that a single application has the legal effect of patent filing in Treaty member countries. The ratio of PCT applications to total applications increased to 23% in fiscal 2012.

Hitachi received the Top 100 Global Innovators Award from U.S.-based Thomson Reuters. Based on an analysis of IP data held by Thomson Reuters, this award recognizes the leading 100 global companies and institutions for their outstanding contributions to innovation. Hitachi, in particular, was highly evaluated for the number and influence of its patents.

Moreover, aligning with its expanding overseas R&D network, in order to strengthen the Group's global IP capabilities, Hitachi established a new IP office in Shanghai, China in October 2012 and Munich, Germany in April 2013, while adding an IP staff member to our existing San Francisco office.

## Trends in the Ratio of Overseas Patent Applications\*1 to Total Applications by Region

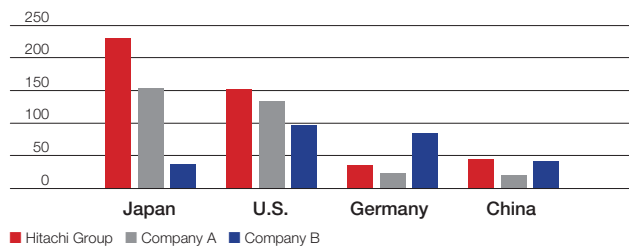


\*1 The ratio of overseas patent applications to total applications: The number of overseas patent applications / The number of patent applications worldwide  
 \*2 The number of PCT patent applications is counted based on the number of countries where Hitachi plans to acquire patents by using PCT patent applications.

## IP Portfolio Supporting the Hitachi Group's Business

In an effort to support its business, Hitachi is building an IP portfolio that extends across countries where its products are produced, as well as its products and services are provided. For example, Hitachi maintains the top global market share of a particular air flow sensor, an automotive part for which the Company holds the largest number of patents in Japan and the U.S. among competitors. Currently the Company has a policy to increase patent applications in Germany and China.

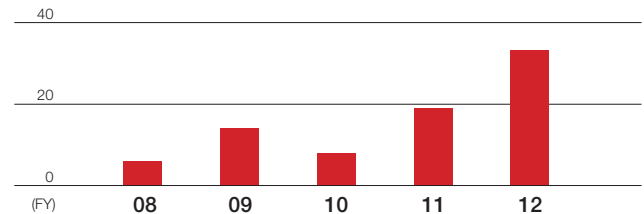
### Air Flow Sensor: The Number of Patents Held by Company\*3



\*3 Source: Hitachi (Patent information service, Shareresearch)

In the area of railway cars, Hitachi took steps to increase the number of patent applications in Europe around 2009 when the Company acquired preferred bidder status in connection with the Intercity Express Programme (IEP) in the U.K. The number of patent applications has again increased substantially following formal execution contracts in 2012.

### Railway Cars: The Number of Hitachi Patent Applications in Europe\*4



\*4 Total number of patent and design applications in Europe and PCT patent applications

## Strengthening International Standardization Activities

Hitachi is actively engaging in international standardization activities. For example, in the area of smart cities, Hitachi contributed to Japanese secretariat position in the newly established subcommittee, TC268 SC1 "Smart Urban Infrastructure Metrics," in the International Organization for Standardization (ISO), and provided the Chairperson.

In addition, for Electrical Energy Storage System (EES), Hitachi also contributed to Japanese secretariat position on the Technical Committee of the International Electrotechnical Commission (IEC).

## CSR Management

Hitachi believes that corporate social responsibility (CSR) is an inseparable component of management. In addition to engaging in ethical corporate activities, the Hitachi Group as

a whole is committed to creating both social and economic value while contributing to the development of a sustainable society through its products and services.

### Integrating CSR into Management

The Hitachi Group's approach to CSR entails efforts aimed at bringing its vision to fruition.

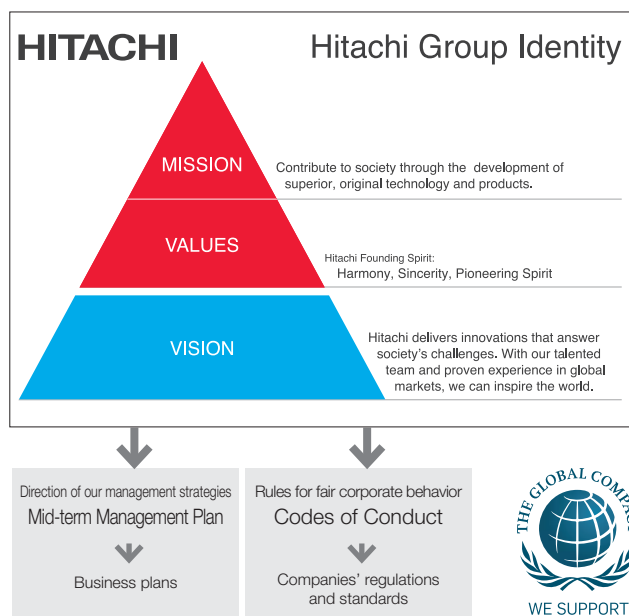
#### Hitachi's Vision

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

Our Mid-term Management Plan provides a set of guidelines aimed at realizing our Vision. In carrying out this plan, each and every employee of the Group adheres strictly to the statutory and regulatory requirements of each country and engages in business activities based on the highest ethical values in line with the Hitachi Group Codes of Conduct, which is commonly shared throughout the Group worldwide.

Hitachi signed the United Nations Global Compact in 2009. In 2010, we put in place the Hitachi Group Codes of Conduct. Closely aligned to international principles, criteria, and rules including ISO 26000, we have translated these Codes of Conduct into 19 languages and have worked diligently to ensure Group-wide compliance as a part of efforts to strengthen our management platform. To complement the Codes of Conduct, the Group adopted and announced the "Hitachi Group Human Rights Policy" in line with the United Nations Guiding Principles on Business and Human Rights. By issuing this Hitachi Group Human Rights Policy, we have declared our commitment to business activities that take into consideration respect for human rights.

In addition, the Hitachi Group promotes dialog with stakeholders worldwide. These efforts are aimed at gaining an understanding of the diverse values held by external parties. Feeding back details of the needs uncovered through discussions with stakeholders into our business activities, we strive to become a truly global enterprise that pursues the creation of sustainable management and a sustainable society.



### Promoting Activities under the Five-Year CSR Roadmap

Guided by its Five-Year CSR Roadmap, a medium-term CSR plan formulated in fiscal 2010, Hitachi aims to take a leadership role in resolving global issues. To this end, we are further strengthening our Group-wide management platform, undertaking a quantitative assessment of our CSR activities, and enhancing transparency of our business activities.

For a fourth consecutive year, we were selected as a component of the Dow Jones Sustainability World Index (DJSI World), a leading global socially responsible investment fund index, providing external recognition for our activities.



#### The Five-Year CSR Roadmap

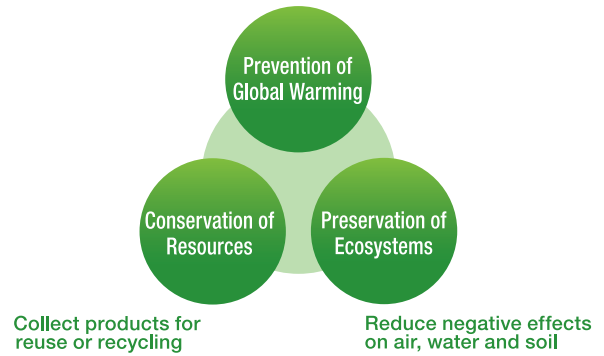




## Hitachi's Environmental Vision

We have drawn up the Environmental Vision which describes the aim of our environmental management as “achieving a sustainable society” to reduce the environmental burden. We are committed to the prevention of global warming, the conservation of resources, and the preservation of ecosystems as the three pillars of our vision, and our goal is to achieve a more sustainable society by promoting global production that reduces the environmental burden of a product throughout its life cycle.

Reduce CO<sub>2</sub> emissions in energy production  
Enhance energy efficiency of our products



## Towards a Sustainable Society

### Long-Term Plan Environmental Vision 2025

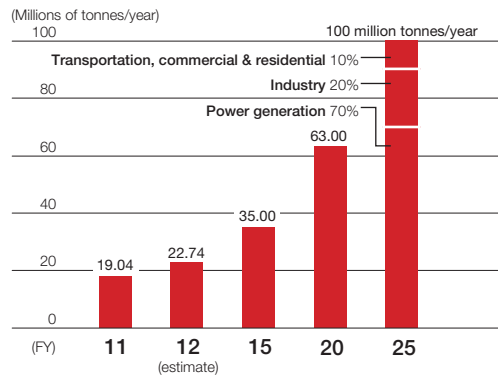
Hitachi has set forth its Environmental Vision 2025 as a long-term plan for business activities in order to contribute to the prevention of global warming. With fiscal 2005 as the base year, we have set the goal of reducing CO<sub>2</sub> emissions by 100 million tonnes by 2025 through our products and services. To this end, we are pursuing greater environmental efficiency in products and moving ahead with design and development to make all Hitachi products environmentally conscious “Eco-Products.”\*1

In fiscal 2012, our contribution to CO<sub>2</sub> reduction was 22.74 million tonnes. A wide range of products and services including high-efficiency thermal power plants, inverters,

energy-saving information systems, as well as parts and materials used in energy-saving products contributed to the reduction in emissions. In addition, the number of Eco-Products, for which the Group controls or influences environmental impacts, increased to over 11,000 in fiscal 2012 with the Eco-Products sales ratio reaching 84%, topping our goal of 81%.

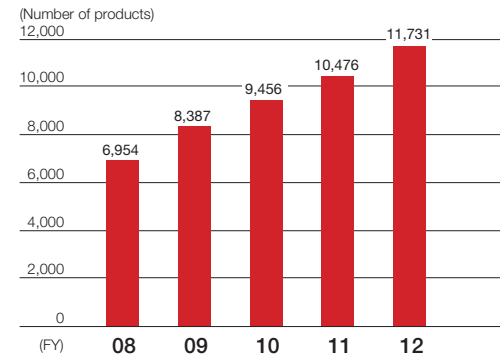
\*1 Eco-Products are internally qualified products evaluated against eight criteria, including mass and volume reduction, recyclability, energy savings and environmental protection, stipulated in Hitachi's unique Assessment for Design for Environment (DFE).

Contributions to CO<sub>2</sub> Emission Reduction  
(Base: FY2005)<sup>2</sup>



<sup>2</sup> CO<sub>2</sub> emission coefficients used in Hitachi's contributions to CO<sub>2</sub> emission reduction are based on the 2010 figures in the IEA's *CO<sub>2</sub> Emissions from Fuel Combustion Highlights* (2012 Edition).

Expanding Eco-Products



### Reducing Environmental Burden in Business Activities

Under its Environmental Action Plan, the Hitachi Group has set specific targets for reducing greenhouse gas emissions, waste, chemical substance emissions, and water use as a part of efforts to reduce the environmental load of its global business activities. In order to further unify its management and environmental activities, the Hitachi Group has also revised the term of its Environmental Action Plan from five to three years to coincide with the 2015 Mid-term Management Plan, which ends in fiscal 2015.

Under the Eco-Factory & Office Select program, a certification system for facilities that show a high level of environmental consciousness as well as outstanding results, 11 new facilities were certified together with the 15 facilities that were recertified. This result reflects the progress made by individual factories and offices to promote the efficient use of

energy through the introduction of highly efficient equipment, the installation of solar power generation systems, and other efforts to utilize renewable sources of energy.

In fiscal 2012, particular emphasis was placed on reducing energy consumption. In this regard, Hitachi took steps to visualize energy consumption at each of its major operating sites in Japan. By allowing employees to see with their own eyes the level of energy consumption on an hourly basis, successful steps have been taken to enhance awareness toward the efficient use of energy. As a result, peak energy consumption has been cut by up to 164,000 kW compared with maximum levels recorded in fiscal 2010. Looking ahead, the Hitachi Group as a whole will continue to promote the efficient use of energy.

## Corporate Governance

Hitachi, Ltd. and its 8 listed subsidiaries have adopted the Committee System under the Companies Act of Japan (the "Companies Act"). By demarcating responsibilities for management oversight and those for the execution of business operations, Hitachi is working to create a framework for quick business operation, while making management highly transparent by having outside Directors on the Board of Directors.

### Board of Directors

The Board of Directors approves basic management policy for the Hitachi Group and supervises the execution of the duties of Executive Officers and Directors in order to sustainably enhance corporate value and the shareholders' common interests. The basic management policy includes medium-term management plan and annual budget compilation. The Board of Directors focuses on strategic issues related to the basic management policy as well as other items to be resolved that are provided in laws, regulations, the Articles of Incorporation and Board of Directors Regulations. As of June 21, 2013, the Board of Directors was made up of 14 Directors and one concurrently serves as an Executive Officer. The Chairman of the Board does not concurrently serve as an Executive Officer. Hitachi aims to reinforce the supervisory function of the Board of Directors with 8 outside Directors, consisting of a majority of outside Directors including non-Japanese Directors, reflecting their global and diverse viewpoints. Furthermore, Hitachi formulated and published Corporate Governance Guidelines outlining the framework of corporate governance, such as the function and composition of the Board of Directors, qualifications for outside Directors, and criteria for assessing the independence of outside Directors.

Corporate Governance Guidelines of Hitachi, Ltd.

**WEB** <http://www.hitachi.com/IR-e/corporate/governance/guidelines.html>

Within the Board of Directors, there are three statutory committees of the Nominating Committee, the Audit Committee and the Compensation Committee with outside Directors accounting for the majority of members of each

### Executive Officers

Executive Officers decide on matters delegated to them by the Board of Directors and execute the Company's business affairs within the scope of assignments determined by the

### Senior Executive Committee

The Senior Executive Committee is a council to ensure that President deliberately decides on important managerial matters, which may affect the Company or the Hitachi Group business, through discussing them from diverse viewpoints.

### Director and Executive Officer Compensation

The compensation is commensurate with the ability required of, and the responsibilities to be borne by Directors and Executive Officers, taking into consideration compensation packages at other companies. The compensation for Directors consists of

Some of Hitachi's Directors and Executive Officers serve concurrently as Directors and committee members at group companies. In addition, Hitachi is strengthening integrated management of the Group, improving management oversight of group companies and executing business strategies formulated to enable the Hitachi Group to demonstrate its collective strengths. The goal is higher corporate value.

committee. The Board of Directors meetings were held 10 days during the fiscal year ended March 31, 2013, and the attendance rate of Directors at those meetings was 98%. In order to assist with the duties of the Board of Directors and each Committee, full-time staff who are not subject to orders and instructions of Executive Officers are assigned.

#### (1) Nominating Committee

The Nominating Committee has the authority to determine particular proposals submitted to the general meeting of shareholders for the election and dismissal of Directors, and consists of four Directors, three of whom are outside Directors. The Nominating Committee was held 5 days during the fiscal year ended March 31, 2013.

#### (2) Audit Committee

The Audit Committee has the authority to audit the execution of duties of Directors and Executive Officers and to determine on proposals submitted to the general meeting of shareholders for the election and dismissal of accounting auditors, and consists of five Directors, including three outside Directors and one standing Audit Committee member. The Audit Committee met on 12 days during the fiscal year ended March 31, 2013.

#### (3) Compensation Committee

The Compensation Committee has the authority to determine remuneration policies for Directors and Executive Officers and remuneration for individuals based on them. The Compensation Committee consists of four Directors, three of whom are outside Directors. The Compensation Committee met on 4 days during the fiscal year ended March 31, 2013.

Board of Directors. As of June 21, 2013, Hitachi has 31 Executive Officers.

It consists of 12 members as of June 21, 2013: the President, 5 Executive Vice Presidents and Executive Officers, and 6 Senior Vice Presidents and Executive Officers.

a monthly salary and a year-end allowance. The monthly salary is decided by making adjustments to basic salary that reflect full-time or part-time status, committee membership and position, travel from residence, etc. The year-end allowance is

a pre-determined amount equivalent to about 20% of the Director's annual income based on the monthly salary, although this amount may be reduced depending on the Company's performance. Directors concurrently serving as Executive Officers are not paid compensation as Directors.

The compensation for Executive Officers consists of a monthly salary and a performance-linked bonus. The monthly salary is decided by adjusting a basic amount set in accordance with the relevant position to reflect the results of an assessment. The

performance-linked bonus is set within a range equivalent to about 30% of the Executive Officer's annual income, adjusted based on Company and individual performance.

The compensation structure for Directors and Executive Officers was re-examined starting with the compensation for the fiscal year ended March 31, 2009 and the retirement allowance was abolished.

Compensation for Directors and Executive Officers for the year ended March 31, 2013 is as follows:

### Compensation for Directors and Executive Officers

Category	Total amount of compensation, etc. (Millions of yen)	Total amount of each type (Millions of yen)		Number of persons
		Monthly salary	Year-end allowance and performance-linked component	
Directors (excluding outside Directors)	181	161	19	8
Outside Directors	154	142	11	7
Executive Officers	1,689	1,130	559	27
Total	2,025	1,434	590	42

Notes: 1. The number of Directors indicated excludes the one Director who concurrently serves as an Executive Officer.

2. The amount of compensation to Directors includes the monthly salary of the three Directors, who retired due to expiration of their term of office at the close of the 143rd Ordinary General Meeting of Shareholders held on June 22, 2012.

In addition, Executive Officers whose compensation from the Company and its subsidiaries is not less than ¥100 million and the amount of their compensation are as follows:

Name	Company	Category	Total amount of compensation, etc. (Millions of yen)	Total amount of each type (Millions of yen)	
				Monthly salary	Year-end allowance and performance-linked component
Hiroaki Nakanishi	Hitachi, Ltd.	Executive Officer <sup>1</sup>	173	122	51
Kazuhiro Mori <sup>2</sup>	Hitachi (China), Ltd. (Consolidated subsidiary) <sup>3</sup>	Director	116	90	26

<sup>1</sup>1. Although concurrently serving as Director, Mr. Hiroaki Nakanishi does not receive compensation as Director.

<sup>2</sup>2. Although he concurrently served as Executive Officer of the Company for the fiscal year ended March 31, 2013, Mr. Kazuhiro Mori did not receive compensation as Executive Officer of the Company.

<sup>3</sup>3. The compensation paid in Chinese yuan is converted into yen by average exchange rate for each quarter of the fiscal year ended March 31, 2013.

### Risk Management and Internal Audits

Regarding risk management, each responsible division implements countermeasures, such as the formulation of rules and guidelines. Furthermore, internal audits are conducted to monitor and assess the status of business

operations for improvements, including efficiency in the execution of day-to-day operations and legal compliance. Moreover, to ensure strict legal compliance, Hitachi has various committees and whistle-blower systems.

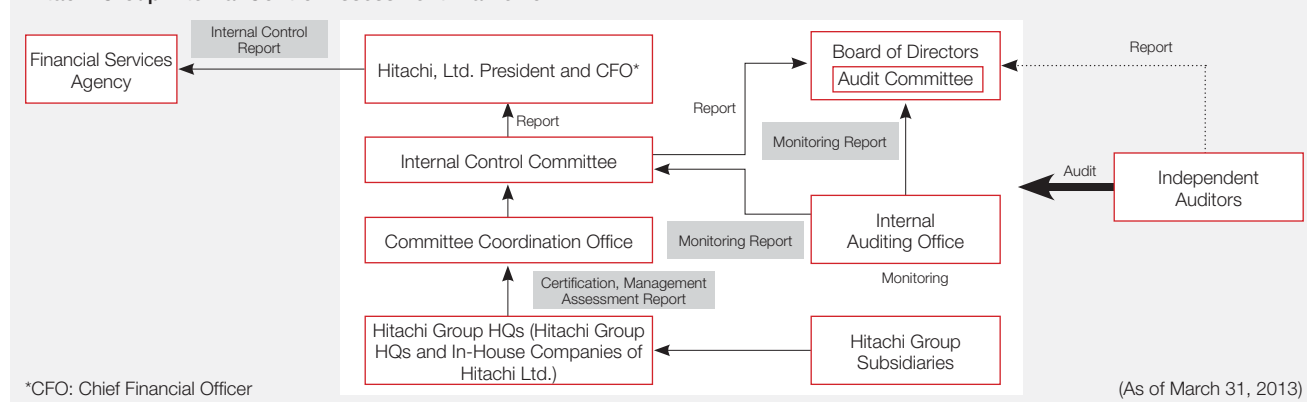
### Internal Control over Financial Reporting

Hitachi, Ltd. and listed Group companies establish, maintain and evaluate internal control over financial reporting, and then report the results on a consolidated basis.

The Group is committed to complying with all laws and regulations. Further, Hitachi recognizes that it is an important

social responsibility to establish and maintain the systems that ensure appropriate financial reporting. Accordingly, Hitachi will continue to enhance the transparency and credibility of its business operations.

### Hitachi Group Internal Control Assessment Framework



# Board of Directors

(As of June 21, 2013)



## Chairman of the Board

**Takashi Kawamura**

## Outside Directors

**Yoshie Ota**

**Nobuo Katsumata** Senior Corporate Advisor, Marubeni Corporation

**Cynthia Carroll** Non-Executive Director, BP plc. (UK)

**Sadayuki Sakakibara** Chairman of the Board and Representative Member of the Board, Toray Industries, Inc.

**George Buckley** Chairman, Arle Capital Partners Limited (UK)

**Harufumi Mochizuki** President and Representative Director, Tokyo Small and Medium Business Investment & Consultation Co., Ltd.

**Tohru Motobayashi** Attorney at law, Partner, Ihara and Motobayashi

**Philip Yeo** Chairman, SPRING Singapore

## Directors

**Michijiro Kikawa** Chairman of the Board, Hitachi Construction Machinery Co., Ltd.

**Stephen Gomersall** Chairman of the Board, Hitachi Europe Ltd.

**Hiroaki Nakanishi\*** President

**Takashi Hatchoji** Chairman of the Board, Hitachi America, Ltd.

**Takashi Miyoshi**

(Notes)

Directors are listed by position and in Japanese alphabetical order within each grouping.

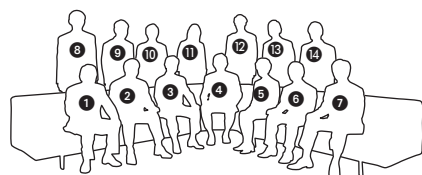
\* Denotes director who serves concurrently as an executive officer.

Each committee is composed of the following members (Chair underlined)

Nominating Committee: Takashi Kawamura, Yoshie Ota, Sadayuki Sakakibara, Harufumi Mochizuki

Audit Committee: Takashi Miyoshi, Yoshie Ota, Harufumi Mochizuki, Tohru Motobayashi, Michijiro Kikawa

Compensation Committee: Hiroaki Nakanishi, Nobuo Katsumata, Sadayuki Sakakibara, Tohru Motobayashi



- ① Nobuo Katsumata    ② George Buckley
- ③ Hiroaki Nakanishi    ④ Takashi Kawamura
- ⑤ Yoshie Ota    ⑥ Tohru Motobayashi
- ⑦ Harufumi Mochizuki    ⑧ Takashi Miyoshi
- ⑨ Michijiro Kikawa    ⑩ Philip Yeo    ⑪ Cynthia Carroll
- ⑫ Stephen Gomersall    ⑬ Takashi Hatchoji
- ⑭ Sadayuki Sakakibara

# Executive Officers

(As of June 21, 2013)



## President

**Hiroaki Nakanishi\*** Overall management

## Executive Vice Presidents and Executive Officers

**Shigeru Azuhata\*** Research & development, environmental strategies and medical systems business

**Shinjiro Iwata\*** Information & telecommunication systems business and information technology

**Koji Tanaka\*** Power systems business and infrastructure systems business

**Junzo Nakajima** Hitachi group global business (Asia Pacific)

**Toyoaki Nakamura\*** Management strategies, finance, corporate pension system and consumer business

**Nobuo Mochida\*** High functional materials & components, quality assurance, production engineering and automotive systems business

## Senior Vice Presidents and Executive Officers

**Tatsuro Ishizuka** Cost structure reform, power systems business and business incubation

**Toshiaki Kuzuoka** Human capital, legal and corporate communications, government & external relations, corporate brand and corporate auditing

**Yutaka Saito** Information & telecommunication systems business

**Masahide Tanigaki\*** Sales operations, Hitachi group global business and corporate export regulation

**Toshikazu Nishino** Management strategies

**Toshiaki Higashihara** Infrastructure systems business and medical systems business

## Vice Presidents and Executive Officers

**Toshio Ikemura** Infrastructure systems business (urban planning and development systems business)

**Hirotou Uozumi** Power systems business (nuclear power systems business)

**Shinichiro Omori** Procurement

**Kaoru Kawano** Infrastructure systems business (sales operations)

**Yoshifumi Kanda** Sales operations and power systems business (sales operations)

**Yoshihito Kitamatsu** Finance and corporate pension system

**Ryuichi Kitayama** Hitachi group global business (China)

**Kazuhiro Kurihara** Sales operations (market strategies) and medical systems business

**Keiji Kojima** Research & development

**Kunizo Sakai** Infrastructure systems business (plant systems business)

**Keiichi Shiotsuka** Information & telecommunication systems business (services business)

**Akira Shimizu** Hitachi group global business

**Yasuo Tanabe** Government & external relations

**Hiroshi Nakayama** Infrastructure systems business (transportation systems business)

**Yasuo Fujitani** Power systems business (thermal power systems business)

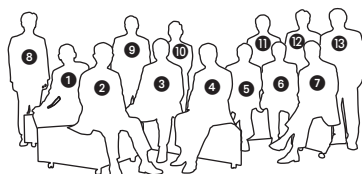
**Naoki Mitarai** Human capital

**Yoshihiko Mogami** Information & telecommunication systems business

**Masaya Watanabe** Information & telecommunication systems business

(Notes)

Executives are listed by position and in Japanese alphabetical order within each grouping.  
\* Denotes directors who are representative executive officers.



- ① Shigeru Azuhata    ② Koji Tanaka
- ③ Toyoaki Nakamura    ④ Hiroaki Nakanishi
- ⑤ Junzo Nakajima    ⑥ Nobuo Mochida
- ⑦ Shinjiro Iwata    ⑧ Yutaka Saito    ⑨ Tatsuro Ishizuka
- ⑩ Toshiaki Kuzuoka    ⑪ Toshikazu Nishino
- ⑫ Masahide Tanigaki    ⑬ Toshiaki Higashihara

To Our Shareholders

Special Feature

Financial Highlights

Segment Information

Research and Development/  
Intellectual Property

Management Structure

Financial Section/  
Corporate Data

# Financial Section

## Five-Year Summary

Hitachi, Ltd. and Subsidiaries

	Millions of yen				
	2013	2012	2011	2010	2009
For the year:					
Revenues . . . . .	<b>¥9,041,071</b>	¥9,665,883	¥9,315,807	¥8,968,546	¥10,000,369
Operating income (note) . . . . .	<b>422,028</b>	412,280	444,508	202,159	127,146
Net income (loss) attributable to Hitachi, Ltd. stockholders . . . . .	<b>175,326</b>	347,179	238,869	(106,961)	(787,337)
Cash dividends declared . . . . .	<b>47,690</b>	36,727	36,133	—	9,971
Capital investment (Property, plant and equipment). . . . .	<b>742,537</b>	649,234	556,873	546,326	788,466
Depreciation (Property, plant and equipment). . . . .	<b>300,664</b>	360,358	382,732	441,697	478,759
R&D expenditures . . . . .	<b>341,310</b>	412,514	395,180	372,470	416,517
At year-end:					
Total assets . . . . .	<b>9,809,230</b>	9,418,526	9,185,629	8,964,464	9,403,709
Net property, plant and equipment . . . . .	<b>2,279,964</b>	2,025,538	2,111,270	2,219,804	2,393,946
Total Hitachi, Ltd. stockholders' equity . . .	<b>2,082,560</b>	1,771,782	1,439,865	1,284,658	1,049,951
				Yen	
Per share information:					
Net income (loss) attributable to Hitachi, Ltd. stockholders:					
Basic . . . . .	<b>¥ 37.28</b>	¥ 76.81	¥ 52.89	¥ (29.20)	¥(236.86)
Diluted . . . . .	<b>36.29</b>	71.86	49.38	(29.20)	(236.87)
Cash dividends declared . . . . .	<b>10.0</b>	8.0	8.0	—	3.0
Total Hitachi, Ltd. stockholders' equity . . .	<b>431.13</b>	382.26	318.73	287.13	315.86
Number of employees . . . . .	<b>326,240</b>	323,540	361,745	359,746	361,796

Note: In order to be consistent with financial reporting principles and practices generally accepted in Japan, operating income is presented as total revenues less cost of sales and selling, general administrative expenses. The Company believes that this is useful to investors in comparing the Company's financial results with those of other Japanese companies. Under accounting principles generally accepted in the United States of America, restructuring charges, net gain or loss on sales and disposal of rental assets and other property and impairment losses for long-lived assets are included as part of operating income.

The restructuring charges mainly represent special termination benefits incurred with the reorganization of our business structures, and as the result of the Company and its subsidiaries reviewing and reshaping the business portfolio.

The Company has changed the number of employees to exclude temporary employees starting from the year ended March 31, 2010. The figure for the year ended March 31, 2009 has been restated to reflect the current year presentation.

## Operating and Financial Review

### Operating Results

#### The Year Ended March 31, 2013 Compared with the Year Ended March 31, 2012

##### Summary

Years ended March 31,	Millions of yen		Percent change
	2013	2012	
Total revenues . . . . .	<b>¥9,041,071</b>	¥9,665,883	-6%
Income before income taxes . . . . .	<b>344,537</b>	557,730	-38%
Net income . . . . .	<b>237,721</b>	412,808	-42%
Net income attributable to Hitachi, Ltd. stockholders . . . . .	<b>175,326</b>	347,179	-49%

In the year ended March 31, 2013, total revenues decreased 6% compared with the year ended March 31, 2012. Income before income taxes for the year ended March 31, 2013 decreased ¥213.1 billion to ¥344.5 billion, as compared with the year ended March 31, 2012, due primarily to the significant net gain on securities recorded in the year ended March 31, 2012. In the year ended March 31, 2013, net income attributable to Hitachi, Ltd. stockholders was ¥175.3 billion, a decrease of ¥171.8 billion compared with the year ended March 31, 2012.

### Analysis of Statement of Operations

Total revenues decreased 6% to ¥9,041.0 billion compared with the year ended March 31, 2012. This was primarily due to the significant decrease in revenues in the Others segment owing to the impact of the sale of the HDD business in the year ended March 31, 2012. This decrease was partially offset by increased revenues in the Power Systems segment due mainly to the acquisition of part of the transmission and distribution business of Japan AE Power Systems Corporation, and also in the Social Infrastructure & Industrial Systems segment due mainly to the strong performance of the elevator and escalator business in China. Our overseas revenues decreased 11% to ¥3,685.9 billion in the year ended March 31, 2013, compared with the year ended March 31, 2012, due primarily to the sale of the HDD business.

Cost of sales was ¥6,743.9 billion, a decrease of 7% compared with the year ended March 31, 2012. The ratio of cost of sales to total revenues was 75%, approximately the same as in the year ended March 31, 2012.

Selling, general and administrative expenses decreased 5% to ¥1,875.0 billion compared with the year ended March 31, 2012. The ratio of selling, general and administrative expenses to total revenues increased 1% to 21% compared with the year ended March 31, 2012.

Impairment losses for long-lived assets decreased ¥8.6 billion to a total of ¥23.2 billion, as compared with the year ended March 31, 2012.

Restructuring charges increased ¥7.4 billion to ¥30.4 billion, as compared with the year ended March 31, 2012.

Interest income increased ¥0.5 billion to ¥13.2 billion, as compared with the year ended March 31, 2012.

Dividend income increased ¥0.8 billion to ¥6.4 billion, as compared with the year ended March 31, 2012.

Other income decreased ¥202.6 billion to ¥26.2 billion as compared with the year ended March 31, 2012. This decrease was due primarily to a decrease in the net gain on securities and the net gain on sale and disposal of rental assets and other property, as compared with the year ended March 31, 2012. Net gain on securities decreased ¥192.4 billion to ¥17.2 billion due primarily to the sale of shares of subsidiaries in conjunction with the sale of the HDD business and the small and medium-sized LCD panel business in the year ended March 31, 2012. Net loss on sale and disposal of rental assets and other property was ¥1.8 billion in the year ended March 31, 2012, compared with the net gain of ¥19.1 billion in the year ended March 31, 2012.

Interest charges decreased ¥1.4 billion to ¥26.7 billion, as compared with the year ended March 31, 2012.

Other deductions decreased ¥0.5 billion to ¥2.4 billion, as compared with the year ended March 31, 2012.

Equity in net loss of affiliated companies increased ¥24.8 billion to ¥40.4 billion compared with the year ended March 31, 2012. This was due primarily to an increase in the loss

resulting from our interest in Renesas Electronics Corporation, our equity-method affiliate in the semiconductor industry.

As a result of the foregoing, income before income taxes decreased ¥213.1 billion to ¥344.5 billion, as compared with the year ended March 31, 2012.

Income taxes decreased ¥38.1 billion to ¥106.8 billion, as compared with the year ended March 31, 2012 due to the decrease in income before income taxes.

Net income decreased ¥175.0 billion to ¥237.7 billion, as compared with the year ended March 31, 2012.

Net income attributable to noncontrolling interests decreased ¥3.2 billion to ¥62.3 billion, as compared with the year ended March 31, 2012.

As a result of the foregoing, net income attributable to Hitachi, Ltd. stockholders decreased ¥171.8 billion to ¥175.3 billion, as compared with the year ended March 31, 2012.

For details of performance by segment, please see “Segment Information” on pages 16 to 35.

## Revenues by Geographic Area

Years ended March 31,	Millions of yen		Percent change
	2013	2012	
Japan . . . . .	<b>¥5,355,119</b>	¥5,534,462	-3%
Outside Japan	<b>3,685,952</b>	4,131,421	-11%
Asia . . . . .	<b>1,711,141</b>	2,000,989	-14%
North America . . . . .	<b>804,057</b>	869,014	-7%
Europe . . . . .	<b>636,840</b>	761,125	-16%
Other Areas . . . . .	<b>533,914</b>	500,293	7%
Total . . . . .	<b>¥9,041,071</b>	¥9,665,883	-6%

### Japan

Revenues in Japan in the year ended March 31, 2013 were ¥5,355.1 billion, a 3% decrease compared with the year ended March 31, 2012. The decrease was due primarily to decreased revenues in the High Functional Materials &

Components segment owing to lower demand in the electronics field, and decreased revenues in the Others segment owing to the sale of the HDD business in the year ended March 31, 2012. The decrease was partially offset by increased revenues in the Power Systems and Social Infrastructure & Industrial Systems segments.

### Asia

Revenues in Asia in the year ended March 31, 2013 were ¥1,711.1 billion, a 14% decrease compared with the year ended March 31, 2012. The decrease was due primarily to decreased revenues in the Construction Machinery segment owing to lower demand in China for hydraulic excavators, and the significant decrease in revenues in the Others segment owing to the sale of the HDD business in the year ended March 31, 2012. The decrease was partially offset by increased revenues in the Social Infrastructure & Industrial Systems segment as a result of strong performance in elevators and escalators, and industrial machinery, and increased revenues in the Information & Telecommunication Systems segment.

### North America

Revenues in North America in the year ended March 31, 2013 were ¥804.0 billion, a 7% decrease compared with the year ended March 31, 2012. The decrease was due primarily to decreased revenues in the Electronic Systems & Equipment segment, in particular at Hitachi High-Technologies Corporation, and the significant decrease in revenues in the Others segment owing to the sale of the HDD business in the year ended March 31, 2012. This decrease was partially offset by increased revenues in the Construction Machinery segment reflecting higher demand in the leasing industry and increased revenues in the Power Systems segment.



## Europe

Revenues in Europe in the year ended March 31, 2013 were ¥636.8 billion, a 16% decrease compared with the year ended March 31, 2012. The decrease was due primarily to decreased revenues in the Electronic Systems & Equipment segment owing to lower revenues at Hitachi High-Technologies Corporation and Hitachi Medical Corporation, and the significant decline in revenues in the Others segment owing to the sale of the HDD business in the year ended March 31, 2012. This decrease was partially offset by increased revenues in the Power Systems and Social Infrastructure & Industrial Systems segments.

## Other Areas

Revenues in other areas in the year ended March 31, 2013 increased 7% to ¥533.9 billion, due primarily to increased revenues in the Power Systems and Social Infrastructure & Industrial Systems segments, as well as higher revenues in the Construction Machinery segment as a result of higher sales from mining machinery mainly in Australia and Africa.

## Liquidity and Capital Resources

Our management considers maintaining an appropriate level of liquidity and securing adequate funds for current and future business operations to be important financial objectives. Through efficient management of working capital and selective investment in new plants and equipment, we are working to optimize the efficiency of capital utilization throughout our business operations. We endeavor to improve our group cash management by centralizing such management among us and our overseas financial subsidiaries. Our internal sources of funds include cash flows generated by operating activities and cash on hand. Our management also considers short-term investments to be an immediately available source of funds. In addition, we raise funds both in the capital markets and from Japanese

and international commercial banks in response to our capital requirements. Our management's policy is to finance capital expenditures primarily by internally generated funds and to a lesser extent by funds raised through the issuance of debt and equity securities in domestic and foreign capital markets. In order to flexibly access funding, we maintain our shelf registration with the maximum outstanding balance of ¥300.0 billion.

We maintain commitment line agreements with a number of domestic banks under which we may borrow in order to ensure efficient access to necessary funds. These commitment line agreements generally provide for a one-year term, renewable upon mutual agreement between us and each of the lending banks, as well as another commitment line agreement with a contract term of three years and two months ending in July 2016. These committed credit arrangements are, in general, subject to financial and other covenants and conditions both prior to and after drawdown, the most restrictive of which require maintenance of minimum issuer rating or long-term debt ratings from Rating and Investment Information, Inc. (R&I) of BBB-. As of March 31, 2013, our unused commitment lines totaled ¥515.8 billion, including these of ¥400.0 billion which the Company maintained.

We receive debt ratings from Moody's Japan K.K. (Moody's), Standard & Poor's Rating Japan (S&P), as well as R&I. Our debt ratings (long-term/short-term) were: A3/P-2 by Moody's; BBB+/A-2 by S&P and A+/a-1 by R&I as of March 31, 2013. Subsequently after the year ended March 31, 2013, our long-term credit rating with S&P was upgraded to A- on August 2, 2013. With our current ratings, we believe that our access to the global capital markets will remain sufficient for our financing needs. We seek to improve our credit ratings in order to ensure financial flexibility for liquidity and capital management, and to continue to maintain access to sufficient funding resources through the capital markets.

## Cash Flows

Summarized cash flows from operating, investing and financing activities for the years ended March 31, 2013 and 2012 are shown below.

Years ended March 31,	Millions of yen	
	2013	2012
Net cash provided by operating activities . . . . .	<b>¥583,508</b>	¥447,155
Net cash used in investing activities . . . . .	<b>(553,457)</b>	(195,584)
Net cash used in financing activities . . . . .	<b>(180,445)</b>	(167,838)
Effect of exchange rate changes on cash and cash equivalents . . . . .	<b>58,449</b>	(18,966)
Net increase (decrease) in cash and cash equivalents . . . . .	<b>(91,945)</b>	64,767
Cash and cash equivalents at beginning of year . . . . .	<b>619,577</b>	554,810
Cash and cash equivalents at end of year . . . . .	<b>¥527,632</b>	¥619,577

### Cash Flows from Operating Activities

Net income amounted to ¥237.7 billion in the year ended March 31, 2013, a decrease of ¥175.0 billion compared to the year ended March 31, 2012, due mainly to a decrease in net gain on securities. In the year ended March 31, 2012, an increase of ¥259.2 billion in trade receivables was recorded due primarily to the effects of delay in shipment of products and customers' acceptance inspection caused by the Great East Japan Earthquake, whereas in the year ended March 31, 2013, a decrease of ¥71.7 billion was recorded due to collection of receivables proceeded. A decrease of ¥7.8 billion in inventories was recorded in the year ended March 31, 2013, whereas an increase of ¥162.5 billion had been recorded in the year ended March 31, 2012 due to the same effect. Compared with the increase in payables of ¥119.1 billion in the year ended March 31, 2012, a decrease of ¥187.6 billion was recorded in the year ended March 31, 2013. As a result, the net cash provided by operating activities in the year ended March 31, 2013 increased by ¥136.3 billion to ¥583.5 billion.

### Cash Flows from Investing Activities

A net sum of ¥488.3 billion in the year ended March 31, 2013 was recorded as investment related to property, plant and equipment, where the collection of investments in leases, the proceeds from disposal of property, plant and equipment and the proceeds from disposal of tangible assets and software to be leased were subtracted from the amount of the capital expenditures, the purchase of intangible assets and the purchase of tangible assets and software to be leased, an increase of ¥85.0 billion from the year ended March 31, 2012. In addition, purchase of investments in securities and shares of newly consolidated subsidiaries increased by ¥20.3 billion and amounted to ¥171.7 billion, mainly as a result of stock acquisition of Horizon Nuclear Power Limited. Proceeds from sale of investments in securities and shares of consolidated subsidiaries resulting in deconsolidation decreased by ¥250.4 billion and amounted to ¥80.6 billion owing to share transfer of Viviti Technologies Ltd. in the year ended March 31, 2012, despite the sale of shares of TCM Corporation in the year ended March 31, 2013. As a result, net cash used in investing activities in the year ended March 31, 2013 was ¥553.4 billion, an increase of ¥357.8 billion from the year ended March 31, 2012.

### Cash Flows from Financing Activities

Net increase in short-term debt in the year ended March 31, 2013 was ¥74.6 billion due primarily to the issuance of commercial paper in response to increased working capital, an increase of ¥4.5 billion compared with the year ended March 31, 2012. A net sum of ¥156.5 billion was recorded as payments related to long-term debt, where the proceeds from long-term debt were subtracted from the payments on long-term debt, an increase of ¥0.6 billion from the year ended March 31, 2012. A sum of ¥46.5 billion was paid in dividends in the year ended March 31, 2013, an increase of ¥19.5 billion compared with the year ended March 31, 2012.

As a result, net cash used in financing activities in the year ended March 31, 2013 was ¥180.4 billion, an increase of ¥12.6 billion from the year ended March 31, 2012.

As a result of the above items, in the year ended March 31, 2013, cash and cash equivalents decreased ¥91.9 billion from the year ended March 31, 2012 to ¥527.6 billion. Free cash flows, the sum of cash flows from operating and investing activities, represented an inflow of ¥30.0 billion in the year ended March 31, 2013, a decrease of ¥221.5 billion compared with the year ended March 31, 2012.

### Assets, Liabilities and Equity

As of March 31, 2013, total assets amounted to ¥9,809.2 billion, an increase of ¥390.7 billion from March 31, 2012. The increase was due primarily to an increase in property, plant and equipment as a result of the stock acquisition of Horizon Nuclear Power Limited and an increase in trade accounts receivables as a result of increased revenues. Total cash and cash equivalents and short-term investments as of March 31, 2013 amounted to ¥538.0 billion, a decrease of ¥93.0 billion from the level as of March 31, 2012.

As of March 31, 2013, total interest-bearing debt, which represents the sum of short-term debt, long-term debt and non-recourse borrowings of consolidated securitization entities, amounted to ¥2,370.0 billion, a decrease of ¥26.3 billion from March 31, 2012. This decrease was due primarily to the decrease of nonrecourse borrowings of consolidated securitization entities owing to the collection of receivables transferred to securitization entities. As of March 31, 2013, short-term debt, consisting mainly of borrowings from banks and commercial paper, amounted to ¥673.8 billion, an increase of ¥142.4 billion from March 31, 2012, due primarily to the issuance of commercial paper in response to increased working capital. As of March 31, 2013, long-term debt (excluding current portion), consisting mainly of debentures,

debentures with stock acquisition rights, medium-term notes and loans principally from banks and insurance companies, amounted to ¥1,306.7 billion, an increase of ¥57.8 billion from March 31, 2012, due primarily to the issuance of straight bonds by Hitachi Capital Corporation, despite a part of long-term debt becoming current liability and conversion of the Company's bonds with stock acquisition rights into stocks.

As of March 31, 2013, total Hitachi, Ltd. stockholders' equity amounted to ¥2,082.5 billion, an increase of ¥310.7 billion from March 31, 2012. The increase was due primarily to the reporting of net income attributable to Hitachi, Ltd. stockholders and the conversion of the Company's bonds with stock acquisition rights into stocks. As a result, the ratio of total Hitachi, Ltd. stockholders' equity to total assets as of March 31, 2013 was 21.2% compared with 18.8% as of March 31, 2012.

As of March 31, 2013, noncontrolling interests amounted to ¥1,096.7 billion, an increase of ¥94.5 billion from March 31, 2012.

The ratio of interest-bearing debt to total equity (the sum of total Hitachi, Ltd. stockholders' equity and noncontrolling interests) decreased to 0.75, compared with 0.86 as of March 31, 2012. This was due to the decrease in interest-bearing debt as well as the increase in Hitachi Ltd. stockholders' equity as a result of the recording of net income attributable to Hitachi, Ltd. stockholders, as stated above.

## Consolidated Balance Sheets

Hitachi, Ltd. and Subsidiaries  
March 31, 2013 and 2012

	Millions of yen	
<b>Assets</b>	2013	2012
Current assets:		
Cash and cash equivalents . . . . .	¥ 527,632	¥ 619,577
Short-term investments . . . . .	10,444	11,562
Trade receivables:		
Notes . . . . .	110,316	117,951
Accounts . . . . .	2,311,460	2,225,519
Net trade receivables . . . . .	2,421,776	2,343,470
Investments in leases . . . . .	270,899	235,744
Current portion of financial assets transferred to consolidated securitization entities . . . . .	23,365	86,071
Inventories . . . . .	1,437,399	1,413,252
Prepaid expenses and other current assets . . . . .	498,623	452,510
Total current assets . . . . .	5,190,138	5,162,186
Investments and advances, including affiliated companies . . . . .	781,984	744,493
Property, plant and equipment:		
Land . . . . .	518,313	464,093
Buildings . . . . .	1,942,634	1,847,292
Machinery and equipment . . . . .	5,207,010	5,109,865
Construction in progress . . . . .	115,340	90,687
	7,783,297	7,511,937
Less accumulated depreciation . . . . .	5,503,333	5,486,399
Net property, plant and equipment . . . . .	2,279,964	2,025,538
Intangible assets:		
Goodwill . . . . .	290,387	214,707
Other intangible assets . . . . .	415,009	395,255
Total intangible assets . . . . .	705,396	609,962
Financial assets transferred to consolidated securitization entities . . . . .	131,379	205,411
Other assets . . . . .	720,369	670,936
Total assets . . . . .	¥9,809,230	¥9,418,526

Liabilities and Equity	Millions of yen	
	2013	2012
Current liabilities:		
Short-term debt . . . . .	¥ 673,850	¥ 531,446
Current portion of long-term debt . . . . .	260,185	384,110
Current portion of non-recourse borrowings of consolidated securitization entities . . . . .	26,399	97,004
Trade payables:		
Notes . . . . .	15,462	24,025
Accounts . . . . .	1,219,402	1,301,759
Accrued expenses . . . . .	924,591	896,096
Income taxes . . . . .	56,278	75,217
Advances received . . . . .	359,795	362,895
Other current liabilities . . . . .	428,179	438,321
Total current liabilities . . . . .	3,964,141	4,110,873
Long-term debt . . . . .	1,306,747	1,248,851
Non-recourse borrowings of consolidated securitization entities . . . . .	102,898	135,043
Retirement and severance benefits . . . . .	913,211	890,977
Other liabilities . . . . .	342,946	258,787
Total liabilities . . . . .	6,629,943	6,644,531
Commitments and contingencies		
Equity:		
Common stock		
4,833,463,387 and 4,637,785,317 shares issued as of March 31, 2013 and 2012, respectively . . . . .	458,790	427,775
Capital surplus . . . . .	622,946	600,243
Legal reserve and retained earnings . . . . .	1,370,723	1,242,110
Accumulated other comprehensive loss . . . . .	(368,334)	(496,896)
Treasury stock, at cost . . . . .	(1,565)	(1,450)
Total Hitachi, Ltd. stockholders' equity . . . . .	2,082,560	1,771,782
Noncontrolling interests . . . . .	1,096,727	1,002,213
Total equity . . . . .	3,179,287	2,773,995
Total liabilities and equity . . . . .	¥9,809,230	¥9,418,526

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## Consolidated Statements of Operations

Hitachi, Ltd. and Subsidiaries  
Years ended March 31, 2013, 2012 and 2011

	Millions of yen		
	2013	2012	2011
Revenues:			
Product sales . . . . .	¥7,829,413	¥8,528,292	¥8,376,287
Financial and other services . . . . .	1,211,658	1,137,591	939,520
Total revenues . . . . .	9,041,071	9,665,883	9,315,807
Cost of sales:			
Product sales . . . . .	(5,859,912)	(6,447,009)	(6,292,555)
Financial and other services . . . . .	(884,079)	(831,962)	(674,878)
Total cost of sales . . . . .	(6,743,991)	(7,278,971)	(6,967,433)
Selling, general and administrative expenses . . . . .	(1,875,052)	(1,974,632)	(1,903,866)
Impairment losses for long-lived assets. . . . .	(23,209)	(31,841)	(35,170)
Restructuring charges . . . . .	(30,498)	(23,097)	(5,757)
Interest income . . . . .	13,229	12,653	13,267
Dividend income . . . . .	6,415	5,551	4,240
Other income . . . . .	26,220	228,906	69,730
Interest charges . . . . .	(26,707)	(28,141)	(24,878)
Other deductions . . . . .	(2,494)	(3,010)	(13,597)
Equity in net loss of affiliated companies . . . . .	(40,447)	(15,571)	(20,142)
Income before income taxes . . . . .	344,537	557,730	432,201
Income taxes . . . . .	(106,816)	(144,922)	(129,075)
Net income . . . . .	237,721	412,808	303,126
Less net income attributable to noncontrolling interests . . . . .	62,395	65,629	64,257
Net income attributable to Hitachi, Ltd. stockholders . . . . .	¥ 175,326	¥ 347,179	¥ 238,869
			Yen
Net income attributable to Hitachi, Ltd. stockholders per share:			
Basic . . . . .	¥37.28	¥76.81	¥52.89
Diluted . . . . .	36.29	71.86	49.38

## Consolidated Statements of Comprehensive Income

Hitachi, Ltd. and Subsidiaries  
Years ended March 31, 2013, 2012 and 2011

	Millions of yen		
	2013	2012	2011
Net income . . . . .	¥237,721	¥412,808	¥303,126
Other comprehensive income (loss) arising during the year			
Foreign currency translation adjustments . . . . .	181,814	23,462	(87,379)
Pension liability adjustments . . . . .	(12,040)	(44,149)	16,076
Net unrealized holding gain (loss) on available-for-sale securities . . . . .	41,386	2,962	(5,352)
Cash flow hedges . . . . .	(28,201)	(2,502)	1,988
Total other comprehensive income (loss) arising during the year . . . . .	182,959	(20,227)	(74,667)
Comprehensive income . . . . .	420,680	392,581	228,459
Less comprehensive income attributable to noncontrolling interests . . . . .	117,490	49,446	47,427
Comprehensive income attributable to Hitachi, Ltd. stockholders . . . . .	¥303,190	¥343,135	¥181,032

## Consolidated Statements of Equity

Hitachi, Ltd. and Subsidiaries  
Years ended March 31, 2013, 2012 and 2011

	Millions of yen		
	2013	2012	2011
<b>Common stock:</b>			
Balance at beginning of year . . . . .	¥ 427,775	¥ 409,129	¥ 408,810
Change in common stock:			
Conversion of convertible bonds . . . . .	31,015	18,646	319
Total change in common stock . . . . .	31,015	18,646	319
Balance at end of year . . . . .	¥ 458,790	¥ 427,775	¥ 409,129
<b>Capital surplus:</b>			
Balance at beginning of year . . . . .	¥ 600,243	¥ 603,133	¥ 620,577
Change in capital surplus:			
Conversion of convertible bonds . . . . .	31,015	18,646	319
Equity transactions and other . . . . .	(8,307)	(21,527)	(8,229)
Sales of treasury stock . . . . .	(5)	(9)	(9,534)
Total change in capital surplus . . . . .	22,703	(2,890)	(17,444)
Balance at end of year . . . . .	¥ 622,946	¥ 600,243	¥ 603,133
<b>Legal reserve and retained earnings:</b>			
Balance at beginning of year . . . . .	¥1,242,110	¥ 922,036	¥ 713,479
Change in legal reserve and retained earnings:			
Effect on retained earnings due to consolidation of securitization entities upon initial adoption of the amended provisions of ASC* 810 . . . . .	—	—	(7,732)
Net income . . . . .	175,326	347,179	238,869
Dividends to Hitachi, Ltd. stockholders . . . . .	(46,713)	(27,105)	(22,580)
Total change in legal reserve and retained earnings . . . . .	128,613	320,074	208,557
Balance at end of year . . . . .	¥1,370,723	¥1,242,110	¥ 922,036
<b>Accumulated other comprehensive loss:</b>			
Balance at beginning of year . . . . .	¥ (496,896)	¥ (493,062)	¥(432,057)
Change in accumulated other comprehensive loss:			
Effect on accumulated other comprehensive loss due to consolidation of securitization entities upon initial adoption of the amended provisions of ASC 810 . . . . .	—	—	(2,977)
Equity transactions and other . . . . .	698	210	(191)
Other comprehensive income (loss), net of reclassification adjustments . . . . .	127,864	(4,044)	(57,837)
Total change in accumulated other comprehensive loss . . . . .	128,562	(3,834)	(61,005)
Balance at end of year . . . . .	¥ (368,334)	¥ (496,896)	¥(493,062)
<b>Treasury stock, at cost:</b>			
Balance at beginning of year . . . . .	¥ (1,450)	¥ (1,371)	¥ (26,151)
Change in treasury stock, at cost:			
Acquisition of treasury stock . . . . .	(162)	(126)	(183)
Sales of treasury stock . . . . .	47	47	24,963
Total change in treasury stock, at cost . . . . .	(115)	(79)	24,780
Balance at end of year . . . . .	¥ (1,565)	¥ (1,450)	¥ (1,371)

\* ASC: Accounting Standards Codification

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	Millions of yen		
	2013	2012	2011
<b>Total Hitachi, Ltd. stockholders' equity:</b>			
Balance at beginning of year . . . . .	<b>¥1,771,782</b>	¥1,439,865	¥1,284,658
Change in total Hitachi, Ltd. stockholders' equity:			
Effect on retained earnings due to consolidation of securitization entities upon initial adoption of the amended provisions of ASC 810 . . . . .	—	—	(7,732)
Effect on accumulated other comprehensive loss due to consolidation of securitization entities upon initial adoption of the amended provisions of ASC 810 . . . . .	—	—	(2,977)
Conversion of convertible bonds . . . . .	<b>62,030</b>	37,292	638
Equity transactions and other . . . . .	<b>(7,609)</b>	(21,317)	(8,420)
Net income . . . . .	<b>175,326</b>	347,179	238,869
Other comprehensive income (loss), net of reclassification adjustments . . . . .	<b>127,864</b>	(4,044)	(57,837)
Dividends to Hitachi, Ltd. stockholders . . . . .	<b>(46,713)</b>	(27,105)	(22,580)
Acquisition of treasury stock . . . . .	<b>(162)</b>	(126)	(183)
Sales of treasury stock . . . . .	<b>42</b>	38	15,429
Total change in total Hitachi, Ltd. stockholders' equity . . . . .	<b>310,778</b>	331,917	155,207
Balance at end of year . . . . .	<b>¥2,082,560</b>	¥1,771,782	¥1,439,865
<b>Noncontrolling interests:</b>			
Balance at beginning of year . . . . .	<b>¥1,002,213</b>	¥1,001,524	¥ 983,187
Change in noncontrolling interests:			
Effect on retained earnings due to consolidation of securitization entities upon initial adoption of the amended provisions of ASC 810 . . . . .	—	—	(5,225)
Effect on accumulated other comprehensive loss due to consolidation of securitization entities upon initial adoption of the amended provisions of ASC 810 . . . . .	—	—	(1,985)
Equity transactions and other . . . . .	<b>1,186</b>	(26,464)	(1,696)
Net income . . . . .	<b>62,395</b>	65,629	64,257
Other comprehensive income (loss), net of reclassification adjustments . . . . .	<b>55,095</b>	(16,183)	(16,830)
Dividends to noncontrolling interests . . . . .	<b>(24,162)</b>	(22,293)	(20,184)
Total change in noncontrolling interests . . . . .	<b>94,514</b>	689	18,337
Balance at end of year . . . . .	<b>¥1,096,727</b>	¥1,002,213	¥1,001,524
<b>Total equity:</b>			
Balance at beginning of year . . . . .	<b>¥2,773,995</b>	¥2,441,389	¥2,267,845
Change in total equity:			
Effect on retained earnings due to consolidation of securitization entities upon initial adoption of the amended provisions of ASC 810 . . . . .	—	—	(12,957)
Effect on accumulated other comprehensive loss due to consolidation of securitization entities upon initial adoption of the amended provisions of ASC 810 . . . . .	—	—	(4,962)
Conversion of convertible bonds . . . . .	<b>62,030</b>	37,292	638
Equity transactions and other . . . . .	<b>(6,423)</b>	(47,781)	(10,116)
Net income . . . . .	<b>237,721</b>	412,808	303,126
Other comprehensive income (loss), net of reclassification adjustments . . . . .	<b>182,959</b>	(20,227)	(74,667)
Dividends to Hitachi, Ltd. stockholders . . . . .	<b>(46,713)</b>	(27,105)	(22,580)
Dividends to noncontrolling interests . . . . .	<b>(24,162)</b>	(22,293)	(20,184)
Acquisition of treasury stock . . . . .	<b>(162)</b>	(126)	(183)
Sales of treasury stock . . . . .	<b>42</b>	38	15,429
Total change in total equity . . . . .	<b>405,292</b>	332,606	173,544
Balance at end of year . . . . .	<b>¥3,179,287</b>	¥2,773,995	¥2,441,389



## Consolidated Statements of Cash Flows

Hitachi, Ltd. and Subsidiaries  
Years ended March 31, 2013, 2012 and 2011

	Millions of yen		
	2013	2012	2011
<b>Cash flows from operating activities:</b>			
Net income . . . . .	¥237,721	¥412,808	¥303,126
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation . . . . .	300,664	360,358	382,732
Amortization . . . . .	117,355	119,308	115,037
Impairment losses for long-lived assets . . . . .	23,209	31,841	35,170
Deferred income taxes . . . . .	2,394	21,509	3,952
Equity in net loss of affiliated companies . . . . .	40,447	15,571	20,142
Gain on sale of investments in securities and other . . . . .	(24,047)	(228,115)	(72,987)
Impairment of investments in securities . . . . .	4,762	15,096	11,407
(Gain) loss on disposal of rental assets and other property . . . . .	3,119	(18,627)	4,387
(Increase) decrease in receivables . . . . .	71,777	(259,211)	121,606
(Increase) decrease in inventories . . . . .	7,860	(162,594)	(171,275)
(Increase) decrease in prepaid expenses and other current assets . . . . .	(3,442)	987	1,964
Increase (decrease) in payables . . . . .	(187,651)	119,177	47,512
Increase (decrease) in accrued expenses and retirement and severance benefits . . . . .	8,177	(18,430)	22,871
Increase (decrease) in accrued income taxes . . . . .	(25,697)	7,103	3,066
Decrease in other liabilities . . . . .	(22,215)	(13,812)	(26,118)
Net change in lease receivables related to the Company's and its subsidiaries' products . . . . .	12,051	27,012	19,523
Other . . . . .	17,024	17,174	19,439
Net cash provided by operating activities . . . . .	<b>583,508</b>	<b>447,155</b>	<b>841,554</b>
<b>Cash flows from investing activities:</b>			
Capital expenditures . . . . .	(381,731)	(337,502)	(254,460)
Purchase of intangible assets . . . . .	(105,842)	(106,042)	(95,500)
Purchase of tangible assets and software to be leased . . . . .	(335,640)	(269,350)	(268,446)
Proceeds from disposal of property, plant and equipment . . . . .	28,556	47,697	27,427
Proceeds from disposal of tangible assets and software to be leased . . . . .	20,944	17,447	19,866
Collection of investments in leases . . . . .	285,407	244,446	286,356
Purchase of investments in securities and shares of newly consolidated subsidiaries . . . . .	(171,721)	(151,413)	(122,555)
Proceeds from sale of investments in securities and shares of consolidated subsidiaries resulting in deconsolidation . . . . .	80,602	331,007	147,941
Refund of deposit received for sale of investment in affiliated company . . . . .	—	—	(43,550)
Other . . . . .	25,968	28,126	42,575
Net cash used in investing activities . . . . .	<b>(553,457)</b>	<b>(195,584)</b>	<b>(260,346)</b>
<b>Cash flows from financing activities:</b>			
Increase in short-term debt, net . . . . .	74,630	70,105	75,535
Proceeds from long-term debt . . . . .	352,840	388,991	179,324
Payments on long-term debt . . . . .	(509,356)	(544,841)	(790,328)
Proceeds from sale of common stock by subsidiaries . . . . .	2,523	736	415
Dividends paid to Hitachi, Ltd. stockholders . . . . .	(46,564)	(27,018)	(22,466)
Dividends paid to noncontrolling interests . . . . .	(25,827)	(22,206)	(19,575)
Acquisition of common stock for treasury . . . . .	(162)	(126)	(183)
Proceeds from sales of treasury stock . . . . .	25	38	52
Purchase of shares of consolidated subsidiaries from noncontrolling interest holders . . . . .	(28,191)	(39,230)	(3,043)
Proceeds from sale of shares of consolidated subsidiaries to noncontrolling interest holders . . . . .	102	6,188	229
Other . . . . .	(465)	(475)	(4,136)
Net cash used in financing activities . . . . .	<b>(180,445)</b>	<b>(167,838)</b>	<b>(584,176)</b>
Effect of consolidation of securitization entities upon initial adoption of the amended provisions of ASC 810 . . . . .	—	—	12,030
Effect of exchange rate changes on cash and cash equivalents . . . . .	58,449	(18,966)	(31,836)
Net increase (decrease) in cash and cash equivalents . . . . .	<b>(91,945)</b>	<b>64,767</b>	<b>(22,774)</b>
Cash and cash equivalents at beginning of year . . . . .	<b>619,577</b>	<b>554,810</b>	<b>577,584</b>
Cash and cash equivalents at end of year . . . . .	<b>¥527,632</b>	<b>¥619,577</b>	<b>¥554,810</b>

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## Consolidated Balance Sheets by Manufacturing, Services & Others and Financial Services

Hitachi, Ltd. and Subsidiaries  
March 31, 2013 and 2012

Billions of yen

	As of March 31, 2013			As of March 31, 2012		
	Manufacturing, Services & Others	Financial Services	Total*	Manufacturing, Services & Others	Financial Services	Total*
<b>Assets</b>						
Current assets:						
Cash and cash equivalents . . . . .	¥ 500.7	¥ 141.7	¥ 527.6	¥ 589.0	¥ 142.0	¥ 619.5
Trade receivables. . . . .	2,007.2	642.3	2,421.7	1,999.5	593.5	2,343.4
Investments in leases . . . . .	84.4	203.0	270.8	86.6	169.6	235.7
Current portion of financial assets transferred to consolidated securitization entities. . . . .	5.1	18.1	23.3	5.6	80.3	86.0
Inventories. . . . .	1,437.4	0.0	1,437.3	1,413.2	0.0	1,413.2
Others. . . . .	499.7	50.7	509.0	499.0	37.3	464.0
Total current assets . . . . .	4,534.7	1,056.0	5,190.1	4,593.2	1,023.1	5,162.1
Investments and advances . . . . .	720.6	112.3	781.9	685.4	92.0	744.4
Property, plant and equipment . . . . .	2,074.7	206.3	2,279.9	1,828.4	198.4	2,025.5
Financial assets transferred to consolidated securitization entities. . . . .	—	131.3	131.3	—	205.4	205.4
Other assets . . . . .	994.2	454.8	1,425.7	887.6	431.6	1,280.8
Total Assets . . . . .	¥8,324.4	¥1,960.9	¥9,809.2	¥7,994.7	¥1,950.6	¥9,418.5
<b>Liabilities and Equity</b>						
Current liabilities:						
Short-term debt and current portion of long-term debt . . . . .	¥ 690.9	¥ 407.9	¥ 934.0	¥ 615.2	¥ 491.6	¥ 915.5
Current portion of non-recourse borrowings of consolidated securitization entities. . . . .	5.1	21.2	26.3	5.6	91.3	97.0
Trade payables . . . . .	1,181.6	256.2	1,234.8	1,284.0	269.9	1,325.7
Others. . . . .	1,659.8	142.1	1,768.8	1,671.1	138.1	1,772.5
Total current liabilities. . . . .	3,537.6	827.5	3,964.1	3,576.1	991.1	4,110.8
Long-term debt. . . . .	672.7	692.8	1,306.7	801.9	501.9	1,248.8
Non-recourse borrowings of consolidated securitization entities. . . . .	—	102.8	102.8	—	135.0	135.0
Other noncurrent liabilities. . . . .	1,204.3	56.9	1,256.1	1,089.4	65.6	1,149.7
Total Liabilities . . . . .	5,414.7	1,680.2	6,629.9	5,467.6	1,693.8	6,644.5
Total Hitachi, Ltd. stockholders' equity . . . . .	1,932.3	161.1	2,082.5	1,635.8	146.6	1,771.7
Noncontrolling interests . . . . .	977.3	119.6	1,096.7	891.3	110.2	1,002.2
Total Equity . . . . .	2,909.7	280.7	3,179.2	2,527.1	256.8	2,773.9
Total Liabilities and Equity . . . . .	¥8,324.4	¥1,960.9	¥9,809.2	¥7,994.7	¥1,950.6	¥9,418.5
Interest-bearing debt . . . . .	¥1,368.8	¥1,224.9	¥2,370.0	¥1,422.8	¥1,220.0	¥2,396.4
D/E ratio (including noncontrolling interests) (times). . . . .	0.47	4.36	0.75	0.56	4.75	0.86
Total Hitachi, Ltd. stockholders' equity ratio (%) . . . . .	23.2	8.2	21.2	20.5	7.5	18.8

\* Total figures exclude inter-segment transactions.

## Consolidated Statements of Operations by Manufacturing, Services & Others and Financial Services

Hitachi, Ltd. and Subsidiaries  
March 31, 2013 and 2012

	As of March 31, 2013			As of March 31, 2012		
	Manufacturing, Services & Others	Financial Services	Total*	Manufacturing, Services & Others	Financial Services	Total*
Revenues . . . . .	<b>¥8,839.6</b>	<b>¥340.2</b>	<b>¥9,041.0</b>	¥9,457.4	¥353.2	¥9,665.8
Operating income. . . . .	<b>393.9</b>	<b>29.2</b>	<b>422.0</b>	383.8	30.2	412.2
Income before income taxes . . . . .	<b>317.9</b>	<b>28.7</b>	<b>344.5</b>	529.0	29.6	557.7
Net income attributable to Hitachi, Ltd. stockholders . . . . .	<b>164.9</b>	<b>12.7</b>	<b>175.3</b>	341.0	7.7	347.1

\* Total figures exclude inter-segment transactions.

## Consolidated Statements of Cash Flows by Manufacturing, Services & Others and Financial Services

Hitachi, Ltd. and Subsidiaries  
March 31, 2013 and 2012

	As of March 31, 2013			As of March 31, 2012		
	Manufacturing, Services & Others	Financial Services	Total*	Manufacturing, Services & Others	Financial Services	Total*
Cash flows from operating activities . . . . .	<b>¥503.4</b>	<b>¥105.2</b>	<b>¥583.5</b>	¥442.7	¥ 17.8	¥447.1
Cash flows from investing activities . . . . .	<b>(478.4)</b>	<b>(63.0)</b>	<b>(553.4)</b>	(229.6)	14.4	(195.5)
Cash flows from financing activities . . . . .	<b>(170.1)</b>	<b>(44.4)</b>	<b>(180.4)</b>	(138.6)	0.7	(167.8)
Effect of exchange rate changes on cash and cash equivalents. . . . .	<b>56.7</b>	<b>1.8</b>	<b>58.4</b>	(19.1)	0.1	(18.9)
Net increase (decrease) in cash and cash equivalents. . . . .	<b>(88.3)</b>	<b>(0.3)</b>	<b>(91.9)</b>	55.4	33.2	64.7
Cash and cash equivalents at beginning of year . . . .	<b>589.0</b>	<b>142.0</b>	<b>619.5</b>	533.6	108.8	554.8
Cash and cash equivalents at end of year . . . . .	<b>¥500.7</b>	<b>¥141.7</b>	<b>¥527.6</b>	¥589.0	¥142.0	¥619.5

\* Total figures exclude inter-segment transactions.

Note: Consolidated Financial Statements by Manufacturing, Services & Others and Financial Services represent unaudited financial information prepared by the Company for the purpose of this supplementary information.

### Role of the Financial Services Segment

Hitachi's Manufacturing, Services & Others segments and its Financial Services segment are each clearly positioned and managed as distinct businesses with different characteristics. The Manufacturing, Services & Others segments work in coordination with the Financial Services segment to expand the Social Innovation Business.

Increasing the financing receivables owned by Hitachi Capital Corporation, which constitutes the Financial Services segment, is the basis for growth in the financing business and regarded as investment to generate higher returns on equity. Credit rating agencies typically permit a higher level of interest-bearing debt and D/E ratio for financial services companies than for manufacturing and service companies. The credit ratings of Hitachi, Ltd. are assigned by credit rating agencies on the basis of key financial indicators that exclude Hitachi's financial services business.

## Corporate Data

(As of March 31, 2013)

### Corporate Name

Hitachi, Ltd. (Kabushiki Kaisha Hitachi Seisakusho)

### URL

<http://www.hitachi.com/>

### Principal Office

6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-8280, Japan

### Founded

1910 (Incorporated in 1920)

### Number of Employees

326,240

### Number of Shares Issued

Common Stock: 4,833,463,387 shares

### Number of Shareholders

394,689

### Administrator of Shareholders' Register

Tokyo Securities Transfer Agent Co., Ltd.

Nippon Building 4th Floor, 6-2, Otemachi 2-chome, Chiyoda-ku, Tokyo, 100-0004, Japan

### Stock Exchange Listings

Tokyo, Osaka\*, Nagoya

\* The cash equity market at Osaka stock exchange was integrated into Tokyo stock exchange on July 16, 2013.

### Independent Registered Public Accounting Firm

Ernst & Young ShinNihon LLC

### Investor Relations Contacts

#### *JAPAN*

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