1. Qualitative Information Concerning Consolidated Business Results
(1) Summary of Fiscal 2015 Consolidated Business Results

	Year ended March 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	10,034.3	3%	88,799
Adjusted operating income	634.8	(6.4)	5,618
EBIT	531.0	(3.0)	4,699
Income from continuing operations, before income taxes	517.0	(1.9)	4,576
Income from continuing operations	351.8	(45.0)	3,114
Loss from discontinued operations	(57.0)	(3.5)	(505)
Net income	294.7	(48.6)	2,608
Net income attributable to Hitachi, Ltd. stockholders	172.1	(45.3)	1,523

During fiscal 2015, the year ended March 31, 2016, the global economy remained largely flat. The U.S. economy continued to recover, supported by improvements in consumer spending and housing investment, and the European economy also returned to a recovery path, with support from quantitative easing. However, in the second half of fiscal 2015, exports and capital expenditures in these economies showed signs of slowing amid increasing economic uncertainty around the world. In China, economic growth continued to decelerate due to excessive production capacity and housing stock, and emerging countries also experienced sluggish growth due to the impact of low crude oil and resource prices. Meanwhile, the Japanese economy saw a slower pace of recovery, principally reflecting a stronger yen and the economic slowdown in China and emerging countries.

Hitachi's consolidated revenues for fiscal 2015 increased 3% year over year, to 10,034.3 billion yen. The increase resulted mainly from higher revenues in the following segments: the Social Infrastructure & Industrial Systems Segment, which acquired the Signalling and Rolling Stock operations of Finmeccanica S.p.A. in November 2015; the Information & Telecommunication Systems Segment, which saw a steady performance in its systems solutions business for the financial sector; and the Automotive Systems Segment, which saw growth driven by the North American market.

Adjusted operating income decreased 6.4 billion yen year over year, to 634.8 billion yen, despite revenue growth. The decrease was due mainly to a sharp decline in profitability in the Construction Machinery Segment reflecting the economic slowdown in China.

EBIT decreased 3.0 billion yen year over year, to 531.0 billion yen. This decrease was due mainly to lower adjusted operating income and higher structural reform expenses recognized mainly in the Information & Telecommunications Systems Segment and the Construction Machinery Segment, which offset the recording of a gain on the sale of the company's equity interest in Hitachi Tool Engineering, Ltd. by Hitachi Metals, Ltd. in the High Functional Materials & Components Segment, a gain on the sale of shares of UniCarriers Holdings Corporation by Hitachi Construction Machinery Co., Ltd. in the Construction Machinery Segment, and a gain that resulted from the reorganization of the air-conditioning business in the Smart Life & Ecofriendly Systems Segment.

Income from continuing operations, before income taxes, decreased 1.9 billion yen year over year to 517.0 billion yen. After deducting corporate income taxes of 165.2 billion yen, Hitachi posted net income from continuing operations of 351.8 billion yen, down 45.0 billion yen year over year. Net income after deducting a loss from discontinued operations of 57.0 billion yen was 294.7 billion yen, down 48.6 billion yen year over year. After deducting net income attributable to non-controlling interests of 122.5 billion yen, Hitachi posted net income attributable to Hitachi, Ltd. stockholders of 172.1 billion yen, a decrease of 45.3 billion yen year over year.

(2) Revenues, Adjusted Operating Income and EBIT by Segment

Results by segment were as follows:

[Information & Telecommunication Systems]

	Year ended March 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	2,109.3	4%	18,667
Adjusted operating income	141.3	+6.1	1,251
EBIT	109.1	+3.0	966

For fiscal 2015, the segment recorded revenues of 2,109.3 billion yen, an increase of 4% year over year, mainly reflecting a strong performance in the system solutions business, which is centered in financial systems, and an increase in revenues in the storage solutions business due to foreign exchange movements.

Adjusted operating income was 141.3 billion yen, an increase of 6.1 billion yen year over year, mainly reflecting a strong performance in the system solutions business, despite lower earnings in the IT platform business in the telecommunications & network areas, resulting mainly from reductions in capital investment by Japanese telecommunications carriers as well as a decline in demand for high-end storage in North America.

EBIT increased 3.0 billion yen year over year to 109.1 billion yen, due mainly to higher adjusted operating income, despite the recognition of structural reform expenses centered on the IT platform business.

[Social Infrastructure & Industrial Systems]

	Year ended March 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	2,333.1	13%	20,647
Adjusted operating income	81.3	(7.5)	720
EBIT	29.1	(81.2)	258

For fiscal 2015, segment revenues were 2,333.1 billion yen, up 13% year over year. This increase was due mainly to a solid performance by the power systems business and the elevator and escalator business, in addition to a significant increase in revenues from the rail systems business, which was attributable to the acquisition of the Signalling and Rolling Stock operations of Finmeccanica S.p.A. of Italy.

Adjusted operating income was 81.3 billion yen, a decrease of 7.5 billion yen year over year, mainly reflecting an increase in project losses in the Middle East in the infrastructure systems business. This was despite higher earnings in areas such as the rail systems business, the power systems business and the elevator and escalator business in line with the increased revenues.

EBIT decreased 81.2 billion yen year over year to 29.1 billion yen. This decrease was due mainly to the decline in adjusted operating income, the absence of a one-off gain associated with the integration of the steel plants businesses of Mitsubishi-Hitachi Metals Machinery, Inc. and Siemens AG recognized during the previous fiscal year, and recognizing of structural reform expenses and exchange loss.

Note: Effective on April 1, 2015, the "Power Systems" became part of the "Social Infrastructure & Industrial Systems." Figures for each segment, including figures for the previous fiscal year, reflect the changed segmentation.

[Electronic Systems & Equipment]

	Year ended March 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	1,127.6	0%	9,979
Adjusted operating income	67.0	(5.5)	593
EBIT	64.3	+0.5	570

For fiscal 2015, segment revenues were 1,127.6 billion yen, unchanged from the previous year. Higher revenue at Hitachi High-Technologies Corporation, which recorded firm sales of electron microscopes and clinical analyzers, and at Hitachi Koki Co., Ltd., which posted growth in the sale of power tools in North America, was offset by lower revenue at Hitachi Kokusai Electric Inc., which was affected by the end of special demand related the recovery from Great East Japan Earthquake in Japan.

Adjusted operating income was 67.0 billion yen, a year over year decrease of 5.5 billion yen. This decrease mainly reflected lower earnings at Hitachi Kokusai Electric Inc., which experienced lower revenue, and at Hitachi Koki Co., Ltd., attributable to the negative impact of exchange rates and the slowdown in emerging and resource-producing countries. This was despite higher earnings in the healthcare business, reflecting the effect of business restructuring.

EBIT increased 0.5 billion yen year over year to 64.3 billion yen, despite the decreased adjusted operating income. This increase was due mainly to higher earnings at Hitachi High-Technologies Corporation, which is temporarily recording a gain in line with a shift to a defined contribution pension system.

[Construction Machinery]

	Year ended March 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	758.3	(7%)	6,711
Adjusted operating income	22.6	(37.2)	200
EBIT	25.8	(34.7)	229

For fiscal 2015, segment revenues decreased 7% year over year to 758.3 billion yen, mainly reflecting sluggish market conditions in Asia, including China, as well as Oceania and Russia-CIS.

Adjusted operating income was 22.6 billion yen, a decrease of 37.2 billion yen year over year. The decrease was due mainly to a higher ratio of low-margin compact models in the product lines, exhaust emission regulations in Japan and a change in the model mix of products for China, and to the disposal of inventories due to the long-term stagnation of the market, as well as lower revenues.

EBIT was 25.8 billion yen, a year over year decrease of 34.7 billion yen. This mainly reflected the cost related to business restructuring as well as the decline in adjusted operating income, despite the recording of a gain on the sale of shares of UniCarriers Holdings Corporation.

[High Functional Materials & Components]

	Year ended March 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	1,564.0	2%	13,841
Adjusted operating income	125.9	+5.0	1,115
EBIT	153.5	+29.6	1,359

For fiscal 2015, segment revenues increased 2% year over year to 1,564.0 billion yen. This result mainly reflected firm sales of automotive parts, in addition to the acquisition of Waupaca Foundry Holdings, Inc., a major U.S. iron casting company, by Hitachi Metals, Ltd. and the consolidation of CSB Battery Co., Ltd. as a subsidiary of Hitachi Chemical Company, Ltd. This was despite the slowdown of the Chinese market and the impact of weaker demand for electronics-related products.

Adjusted operating income increased 5.0 billion yen year over year to 125.9 billion yen, mainly reflecting the increase in revenues and benefits achieved from business restructuring.

EBIT was 153.5 billion yen, up 29.6 billion yen year over year, due mainly to gains recognized on the sale of equity interest in Hitachi Tool Engineering, Ltd. by Hitachi Metals, Ltd., as well as an increase in adjusted operating income.

[Automotive Systems]

	Year ended March 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	1,001.1	7%	8,860
Adjusted operating income	61.9	+14.4	548
EBIT	53.9	+18.9	477

For fiscal 2015, the segment recorded revenues of 1,001.1 billion yen, up 7% year over year, due mainly to sales growth in the North American and Chinese markets.

Adjusted operating income was 61.9 billion yen, up 14.4 billion yen year over year, due mainly to the increase in revenues.

EBIT was 53.9 billion yen, up 18.9 yen year over year. This was mainly the result of the increase in adjusted operating income and a reduction in expenses related to competition law and exchange loss.

[Smart Life & Ecofriendly Systems]

	Year ended March 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	681.0	(10%)	6,027
Adjusted operating income	23.8	(4.5)	211
EBIT	41.9	+7.4	371

For fiscal 2015, segment revenues decreased 10% year over year to 681.0 billion yen. This decrease mainly reflects the impact of the reorganization of the air-conditioning business, which involved the establishment of a joint venture with Johnson Controls Inc., a corporation headquartered in the U.S.

Adjusted operating income was 23.8 billion yen, down 4.5 billion yen year over year. This decrease mainly reflects the decline in revenues in line with the reorganization of the air-conditioning business.

EBIT increased 7.4 billion yen year over year to 41.9 billion yen, despite the decrease in adjusted operating income. This increase was due mainly to income recognized as result of the reorganization of the air-conditioning business.

[Others (Logistics and Other Services)]

	Year ended March 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	1,252.7	(2%)	11,086
Adjusted operating income	52.5	+10.6	465
EBIT	40.6	(10.4)	359

For fiscal 2015, segment revenues were 1,252.7 billion yen, down 2% year over year, due mainly to a decrease in revenues from the optical disk drive business attributable to the impact of reduced demand.

Adjusted operating income was 52.5 billion yen, an increase of 10.6 billion yen year over year. This was mainly due to improved profitability in the Third Party Logistics business of Hitachi Transport System, Ltd.

EBIT decreased 10.4 billion yen year over year to 40.6 billion yen, despite the increase in adjusted operating income. This decrease was due mainly to structural reform expenses recognized in the optical disk drive business.

[Financial Services]

	Year ended March 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	365.3	3%	3,233
Adjusted operating income	45.2	+6.2	400
EBIT	46.6	+11.2	413

For fiscal 2015, segment revenues increased 3% year over year to 365.3 billion yen. This result mainly reflected increased revenues in overseas business due mainly to strong business expansion in the Americas and the positive impact of exchange rates, in addition to a firm performance in domestic business.

Adjusted operating income increased 6.2 billion yen year over year to 45.2 billion yen, mainly reflecting the higher revenues and the benefits of business restructuring.

EBIT increased 11.2 billion yen year over year to 46.6 billion yen, due mainly to the increase in adjusted operating income as well as the absence of structural reform expenses recognized the previous fiscal year.

(3) Revenues by Market

	Year ended March 31, 2016		
	Yen (billions)	Year over year change	U.S. Dollars (millions)
Japan	5,231.5	0%	46,297
Outside Japan	4,802.7	5%	42,502
Asia	2,112.3	(3%)	18,693
North America	1,280.3	20%	11,330
Europe	951.1	13%	8,417
Other Areas	459.0	(2%)	4,062

For fiscal 2015, revenues in Japan were 5,231.5 billion yen, flat from the previous year. This was due mainly to lower sales in the High Functional Materials & Components Segment and the Automotive Systems Segment, despite higher revenues in the Social Infrastructure & Industrial Systems Segment, the Information & Telecommunication Systems Segment, and other segments.

Overseas revenues increased 5% year over year to 4,802.7 billion yen. In addition to the yen's depreciation, this result mainly reflects increased revenues in the Social Infrastructure & Industrial Systems Segment, which acquired the Signalling and Rolling Stock operations of Finmeccanica S.p.A., the High Functional Materials & Components Segment, which acquired Waupaca Foundry Holdings, Inc., the Automotive Systems Segment, the Information & Telecommunication Systems Segment, and other segments. This was despite decreased revenues in the Smart Life & Ecofriendly Systems Segment, which reorganized the air-conditioning business, and the Construction Machinery Segment, which was negatively affected by weak demand in China and resource-producing countries.

As a result, the ratio of overseas revenues to consolidated revenues was 48%, 1 point higher than last year.

(4) Capital Expenditures, Depreciation and R&D Expenditures

	Year ended March 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Capital expenditures [Manufacturing, Services and Others]	394.8	+28.7	3,495
Depreciation [Manufacturing, Services and Others]	289.3	+14.7	2,561
R&D expenditures	333.7	(1.0)	2,953

Note: From fiscal 2015, capital expenditures including figures for the previous fiscal year are stated exclusive of investment in lease assets classified as a finance lease, which was previously included in capital expenditures.

For fiscal 2015, capital expenditures in Manufacturing, Services and Others were 394.8 billion yen, up 28.7 billion yen year over year, due mainly to continued investments made to strengthen the expansion of the Social Innovation Business globally.

Depreciation in Manufacturing, Services and Others increased 14.7 billion yen year over year to 289.3 billion yen.

Capital expenditures including Financial Services were 528.5 billion yen, while depreciation was 366.5 billion yen.

R&D expenditures were 333.7 billion yen, mostly unchanged from last year. This result reflects the promotion of investments in research and development to strengthen the Social Innovation Business as well as careful selection of development projects.

(5) Outlook for Fiscal 2016

	Year ending March 31, 2017		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	9,000.0	(10%)	79,646
Adjusted operating income	540.0	(94.8)	4,779
EBIT	450.0	(81.0)	3,982
Income from continuing operations, before income taxes	430.0	(87.0)	3,805
Income from continuing operations	300.0	(51.8)	2,655
Loss from discontinued operations	(5.0)	+52.0	(44)
Net income	295.0	+0.2	2,611
Net income attributable to Hitachi, Ltd. stockholders	200.0	+27.8	1,770

Regarding the business environment surrounding Hitachi, the global economic outlook remains uncertain. The U.S. economy is predicted to continue its gradual rebound based on improved employment and income levels, and the European economy is also likely to stay on a recovery path, with support from quantitative easing. However, the global economy, including Japan, is expected to be negatively impacted by China's excessive production capacity and rising real estate inventories as well as the economic slowdown in resource- and oil-producing countries.

In this environment, the Hitachi Group is working to achieve growth in the global market centered on the Social Innovation Business. At the same time, the Hitachi Group will implement ongoing business restructuring and promote reforms to strengthen its business base by reviewing its business portfolio. In doing so, the Hitachi Group aims to achieve continued growth.

Hitachi is forecasting the results shown above for fiscal 2016, the year ending March 31, 2017.

Projections for fiscal 2016 assume an exchange rate of 110 yen to the U.S. dollar and 120 yen to the euro.

2. Financial Position

(1) Financial Position

	As of March 31, 2016		
	Yen (billions)	Change from March 31, 2015 (billion yen)	U.S. Dollars (millions)
Total assets	12,551.0	+117.2	111,071
Total liabilities	8,425.4	+288.0	74,561
Interest-bearing debt	3,604.4	+47.0	31,898
Total Hitachi, Ltd. stockholders' equity	2,735.0	(207.2)	24,204
Non-controlling interests	1,390.4	+36.4	12,305
Total Hitachi, Ltd. stockholders' equity ratio	21.8%	1.9 points decrease	-
D/E ratio (including non-controlling interests)	0.87 times	0.04 points increase	-

[Manufacturing, Services and Others]

	As of March 31, 2016		
	Yen (billions)	Change from March 31, 2015 (billion yen)	U.S. dollars (millions)
Total assets	9,917.9	(66.5)	87,769
Total liabilities	6,133.5	+121.0	54,279
Interest-bearing debt	1,515.0	(112.6)	13,408
Total Hitachi, Ltd. stockholders' equity	2,540.8	(219.5)	22,485
Non-controlling interests	1,243.5	+31.9	11,004
Cash Conversion Cycle	71.6 days	10.2 days decrease	-
Total Hitachi, Ltd. stockholders' equity ratio	25.6%	2.0 points decrease	-
D/E ratio (including non-controlling interests)	0.40 times	0.01 points decrease	-

Total assets in Manufacturing, Services and Others as of March 31, 2016 decreased 66.5 billion yen from March 31, 2015, to 9,917.9 billion yen due mainly to the curtailment of inventories. This was despite the acquisition of the Signalling and Rolling Stock operations of Finmeccanica S.p.A. of Italy and the acquisition of Pentaho Corporation, based in the U.S., which is developing Big Data analysis software. Interest-bearing debt in Manufacturing, Services and Others decreased 112.6 billion yen from March 31, 2015, to 1,515.0 billion yen. As of March 31, 2016, total Hitachi, Ltd. stockholders' equity in Manufacturing, Services and others decreased 219.5 billion yen from March 31, 2015, to 2,540.8 billion yen, due to a

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decrease in accumulated other comprehensive income associated with the appreciation of the yen and falling market interest rates. As a result, the total Hitachi, Ltd. stockholders' equity ratio was 25.6% and the debt-to-equity ratio, including non-controlling interests, was 0.40 times. The Cash Conversion Cycle in Manufacturing, Services and Others improved 10.2 days from March 31, 2015 to 71.6 days. This was mainly the result of decreasing inventories and early collection of trade receivables, despite the impact of business reorganization.

[Financial Services]

	As of March 31, 2016		
	Yen (billions)	Change from March 31, 2015 (billion yen)	U.S. dollars (millions)
Total assets	3,091.4	+137.8	27,358
Total liabilities	2,744.4	+127.6	24,287
Interest-bearing debt	2,339.5	+200.8	20,704
Total Hitachi, Ltd. stockholders' equity	201.3	+6.0	1,782
Non-controlling interests	145.7	+4.2	1,290
Total Hitachi, Ltd. stockholders' equity ratio	6.5%	0.1 points decrease	-
D/E ratio (including non-controlling interests)	6.74 times	0.39 points increase	-

Total assets in Financial Services as of March 31, 2016 increased 137.8 billion yen from March 31, 2015 to 3,091.4 billion yen. This mainly reflected increases in trade receivables and lease receivables in line with business expansion, primarily overseas. Interest-bearing debt in Financial Services increased 200.8 billion yen from March 31, 2015 to 2,339.5 billion yen, due mainly to an increase in demand for funds in line with business expansion. As of March 31, 2016, total Hitachi, Ltd. stockholders' equity in Financial Services increased 6.0 billion yen from March 31, 2015 to 201.3 billion yen. As a result, the total Hitachi, Ltd. stockholders' equity ratio in Financial Services was 6.5%, and the debt-to-equity ratio, including non-controlling interests, was 6.74 times.

(2) Cash Flows

	Year ended March 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Cash flows from operating activities	812.2	+360.4	7,188
Cash flows from investing activities	(730.7)	(118.2)	(6,467)
Free cash flows	81.4	+242.1	721
Core free cash flows	113.3	+289.8	1,003
Cash flows from financing activities	(26.4)	(259.6)	(234)

Note: "Core free cash flows" are operating cash flows plus collection of investments in leases less cash outflows for the purchase of property, plants and equipment, intangible assets, software, and the assets to be leased.

Cash Flows [Manufacturing, Services and Others]

	Year ended March 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Cash flows from operating activities	843.1	+256.6	7,461
Cash flows from investing activities	(518.7)	(69.5)	(4,591)
Free cash flows	324.4	+187.1	2,871
Core free cash flows	363.5	+225.4	3,217
Cash flows from financing activities	(262.7)	(193.5)	(2,325)

For fiscal 2015, operating activities in Manufacturing, Services and Others provided net cash of 843.1 billion yen, 256.6 billion yen more than in the previous fiscal year. This increase mainly reflected the progress made collecting trade receivables and decreasing inventories. Investing activities in Manufacturing, Services and others used net cash of 518.7 billion yen, 69.5 billion yen more than the previous fiscal year. This increase mainly reflected the acquisition of the Signalling and Rolling Stock operations of Finmeccanica S.p.A. of Italy and the acquisition of Pentaho Corporation. Free cash flows in Manufacturing, Services and Others, the sum of cash flow from operating and investing activities, were positive 324.4 billion yen, an increase of 187.1 billion yen year over year. Core free cash flows in Manufacturing, Services and Others were positive 363.5 billion yen, 225.4 billion yen more than in the previous fiscal year. Financing activities in Manufacturing, Services and Others used net cash of 262.7 billion yen, 193.5 billion yen more than in the previous fiscal year, reflecting progress made with the repayment of corporate bonds and loans payable.

[Financial Services]

	Year ended March 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Cash flows from operating activities	(7.4)	+78.4	(66)
Cash flows from investing activities	(218.8)	(27.4)	(1,936)
Free cash flows	(226.2)	+51.0	(2,003)
Core free cash flows	(264.8)	+27.2	(2,344)
Cash flows from financing activities	265.4	+28.6	2,349

For fiscal 2015, operating activities in Financial Services used net cash of 7.4 billion yen, a spending decrease of 78.4 billion yen year over year. Investing activities in Financial Services used net cash of 218.8 billion yen, 27.4 billion yen more than in the previous fiscal year. This mainly reflected the acquisition of assets related primarily to the environment and renewable energy. Free cash flows in Financial Services, the sum of cash flows from operating activities and investing activities, were negative 226.2 billion yen, a spending decrease of 51.0 billion yen year over year. Core free cash flows in Financial Services were negative 264.8 billion yen, a spending decrease of 27.2 billion yen. Financing activities provided net cash of 265.4 billion yen, 28.6 billion yen more than in the previous fiscal year.

As a result, operating activities for the fiscal year provided net cash of 812.2 billion yen, 360.4 billion yen more than in the previous fiscal year. Investing activities used net cash of 730.7 billion yen, 118.2 billion yen more than in the previous fiscal year. Free cash flows were positive 81.4 billion yen, an improvement of 242.1 billion yen compared with the previous fiscal year. Core free cash flows were positive 113.3 billion yen, an improvement of 289.8 billion yen year over year. Financing activities used net cash of 26.4 billion yen, a deterioration of 259.6 billion yen compared with the previous fiscal year.

The net result was a decrease of 2.3 billion yen in cash and cash equivalents to 699.3 billion yen as of March 31, 2016.

3. Basic Policy on the Distribution of Earnings and Fiscal 2015 and 2016 Dividends

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

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

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

Based on the above policies, Hitachi plans to pay an annual dividend of 12.0 yen per share for fiscal 2015. Dividends for fiscal 2016 have yet to be determined.

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;
- 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;
- 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;
- credit conditions of Hitachi's customers and suppliers;
- 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;
- increased commoditization of and intensifying price competition for products;
- 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 acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- 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 associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- the potential for significant losses on Hitachi's investments in equity-method associates and joint ventures;
- the possibility of disruption of Hitachi's operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- 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.

4. Management Policy

(1) Basic Management Policy

Amid intensifying competition in global markets, the Hitachi Group has been expanding its business through development of Hitachi and its related companies (subsidiaries and affiliated companies). Hitachi aims to achieve further development by delivering competitive products and services, thus creating higher value for customers. By taking full advantage of the diverse resources of the Hitachi Group, while at the same time reviewing and restructuring businesses, Hitachi aims to bolster its competitiveness and achieve growth in global markets. This process will be consistent with Hitachi's basic management policy, which is to increase shareholder value by meeting the expectations of customers, shareholders, employees and other stakeholders.

(2) Medium- and Long-term Management Strategy

By fully capitalizing on the business base it has built over the years, the Hitachi Group aims to achieve sustainable growth through global expansion of the Social Innovation Business to provide solutions driven by collaborative creation with customers in a range of areas, including Power / Energy, Industry / Distribution / Water, Urban Development, and Finance / Government & Public / Healthcare. At the same time, the Hitachi Group will work to establish an even more solid management base by pushing ahead with ongoing business portfolio reforms and cost structure reforms.

(3) Challenges Facing Hitachi Group

While the forecast of the world economy still remains uncertain, the Hitachi Group will promote the following measures in order to realize growth as a partner that resolves issues facing customers in an era where all "things" are connected to the Internet.

- In order to respond to issues facing customers with optimal solutions, we will establish a structure for providing customized services tailored to customers' characteristics while utilizing the Hitachi Group's advanced IT, control technologies and excellent products as a common platform of the entire Group.
- We will ensure to seize business opportunities in growth sectors by providing optimal services and products under localized leadership according to customer needs and the business environment which vary by region and country.
- We will continuously strive to optimize our business portfolio from the perspective of the growth potential, profitability and competitiveness of businesses, by carrying out reorganization, including partnerships with other companies, withdrawals and disposal by sale.
- In order to secure the necessary funds for the growth of the Hitachi Group, we will strengthen our cash-generating capabilities through cost structure reforms, including reduction of fixed costs, and selective investment in focused fields.

- By strengthening research and development to share issues with customers and create new solutions together, we will further reinforce the role of R&D in bolstering the Hitachi Group's profitability.
- We will improve the environment where the diverse human resources, including female and foreign employees, demonstrate their utmost performance, as well as foster a corporate culture that encourages our employees to act independently and continue growing.
- By providing our customers with high-quality and safe products and services, we will further gain the reliability in the Hitachi Group from society, and increase the value of the Hitachi brand.
- We will ensure compliance with laws and international social standards and dedication to corporate ethics based on a firm commitment to prevent the occurrence of misconduct within the Hitachi Group, and continuously strive to contribute to the environment and the communities.

5. Basic Stance on Accounting Standard Selection

Hitachi, Ltd. applied International Financial Reporting Standards (IFRS), starting with the consolidated financial statements in its annual securities report for fiscal 2014, the year ended March 31, 2015. IFRS was applied in response to globalization, with the primary goal of building a uniform standard for evaluating operating results, standardizing operations, and improving management efficiency of the Hitachi Group.