Business Segment Highlights

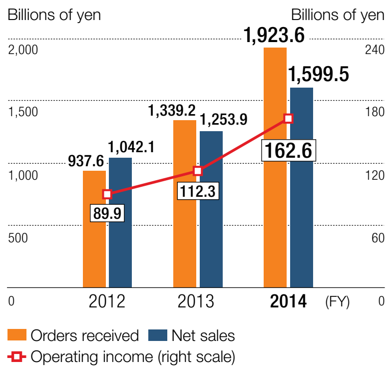
Main Businesses

Orders Received / Net Sales / Operating Income

Energy & Environment

Providing optimal solutions toward the creation and improvement of social infrastructure in the energy and environmental areas

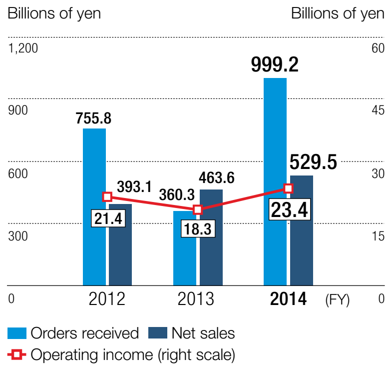
- Thermal Power Systems
- Nuclear Energy Systems
- Chemical Plant & Infrastructure
- Renewable Energy
- Marine Machinery & Engines



Commercial Aviation & Transportation Systems

Supplying advanced transportation systems and services for land, sea, and air applications

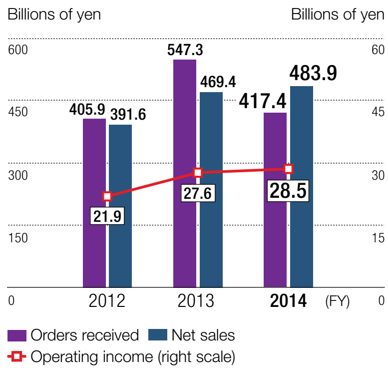
- Shipbuilding & Ocean Development
- Land Transportation Systems
- Commercial Aircraft



Integrated Defense & Space Systems

Providing integrated defense systems encompassing land, sea, air, and space applications as well as space-related equipment and services

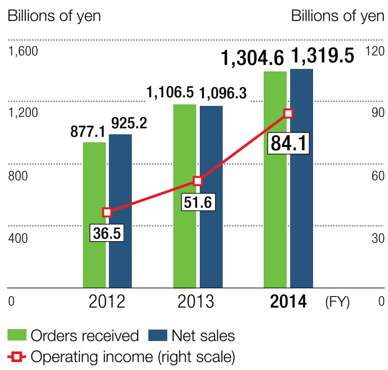
- Defense
- Space



Machinery, Equipment & Infrastructure

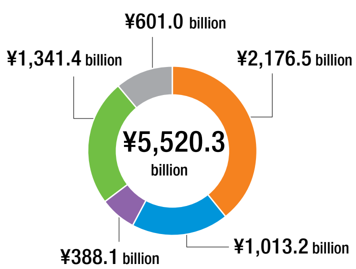
Providing highly efficient products and services to support key industries

- Engines
- Automotive Parts
- Air-Conditioning & Refrigeration
- Compressors
- Metals Machinery
- Material Handling Equipment
- Environmental Systems
- Other Businesses



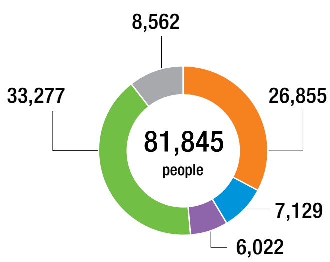
Total Assets

As of March 31, 2015



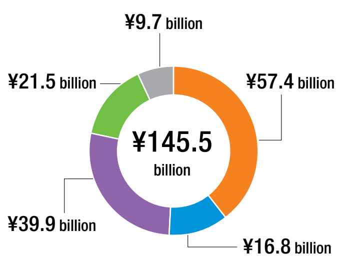
Number of Employees

As of March 31, 2015



R&D Expenditures

FY2014



Energy & Environment | Commercial Aviation & Transportation Systems | Integrated Defense & Space Systems | Machinery, Equipment & Infrastructure | Others, eliminations or corporate

* Includes ¥68.0 billion in expenses related to R&D under contract

Overview of Fiscal 2014 and a Review of the 2012 Medium-Term Business Plan

Consolidated orders received expanded significantly year on year, to ¥1,923.6 billion, centered on an increase in orders for larger and industrial thermal power plants, due in part to the effects of integrating the thermal power generation business with that of Hitachi, Ltd. Consolidated net sales in this domain rose to ¥1,599.5 billion, reflecting the integration of the thermal power generation business. Operating income also grew significantly, to ¥162.6 billion, thanks to a rise in after-sales services and the enhanced profitability of chemical plants.

During the period of the 2012 Medium-Term Business Plan, the transition to a domain-based system prompted personnel transfers and business consolidations. In addition, we integrated our thermal power plant systems business and took part in M&A activity, acquiring Pratt & Whitney® Power Systems. By concentrating on these strengths and eliciting synergies, we accelerated global development and withdrew from unprofitable businesses. As a result, orders for the year stood at approximately 2.0 times the level for fiscal 2012, with net sales at around 1.5 times the fiscal 2012 level and operating income increasing to approximately 1.8 times.

Large-scale orders such as the Doha Metro, as well as an increase in MRJ and commercial ship orders, gave a major boost to consolidated orders received, which amounted to ¥999.2 billion. Consolidated net sales rose, to ¥529.5 billion, mainly reflecting higher sales of commercial aircraft. Despite an increase in research and development expenses for the MRJ, consolidated operating income increased, to ¥23.4 billion, mainly attributable to higher sales and the effects of yen depreciation.

As called for in the 2012 Medium-Term Business Plan, we reinforced the commercial aviation business and put these operations onto a growth trajectory. The transportation systems business expanded as we received major overseas orders. At the same time, we concentrated on developing and preparing our manufacturing systems for the MRJ. We embarked on structural reforms in the commercial ships business and began restructuring the cruise ships business. We also worked to achieve domain synergies through collaboration among the private sector, public sector, and academia, as well as in financing and technological developments, by integrating business domains involving land, sea, and air and promoting unified management. Accordingly, consolidated orders received and net sales amounted to around 1.3 times their fiscal 2012 levels, with operating income growing to 1.1 times.

Consolidated orders received were down from the previous fiscal year, to ¥417.4 billion, stemming from a drop in orders for defense aircraft, naval ships, and in other categories that had recorded large-scale orders in the preceding year. Consolidated net sales rose to ¥483.9 billion, reflecting increased sales in the space systems business, especially from launches of the H-IIA launch vehicle, which were more numerous in fiscal 2014 than in previous fiscal years. Consolidated operating income consequently grew, to ¥28.5 billion.

In line with the 2012 Medium-Term Business Plan, in the defense business we concentrated on developing products and services that leveraged synergies in the fields of land, sea, and air. In space systems, we achieved 26 consecutive successful liftoffs of H-IIA/H-IIB launch vehicles. Taking advantage of our high reliability and quality in this area, we moved forward on the marketing of commercial satellite launch export services and succeeded in attracting new overseas orders from two companies. We also embarked on the development, as prime contractor, of the New National Flagship Launch Vehicle (H3). On a consolidated basis, compared with fiscal 2012 levels orders received were up slightly, net sales rose to approximately 1.2 times, and operating income was up to around 1.3 times.

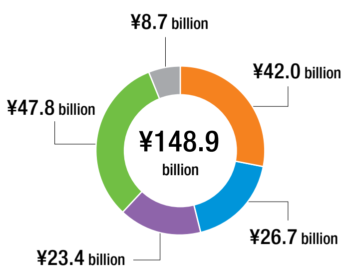
Consolidated orders received increased due to the effects of the integration of our forklift truck operations with Nippon Yusoki Co., Ltd., and our metals machinery business with Siemens AG, as well as to higher orders for turbochargers and air conditioners for Europe and China. These factors and the impact of a change in fiscal years at overseas Group companies* boosted consolidated orders received, to ¥1,304.6 billion. Consolidated net sales rose, to ¥1,319.5 billion, owing in part to increased sales of turbochargers, air conditioners, and forklift trucks. Thanks to the improved profitability of the compressor business, consolidated operating income surged year on year, to ¥84.1 billion.

In the transition to a domain system under the 2012 Medium-Term Business Plan, we consolidated business headquarters and reduced the number of SBUs as we worked to create an optimal system of operations that took advantage of the SBUs' individual strengths. In addition, we reinforced such shared functions as cross-divisional organizations, including production and procurement, within the domain and improved profitability. On the operational front, we expanded overseas sales of turbochargers and air-conditioning equipment. As a result, performance was up on a consolidated basis compared with fiscal 2012 levels, with orders received up around 1.5 times, net sales up approximately 1.4 times, and operating income up a substantial 2.3 times.

* Certain overseas Group companies have changed their fiscal year-end from December 31 to March 31. These companies' results for fiscal 2014 are therefore reported for a 15-month period.

Capital Investment

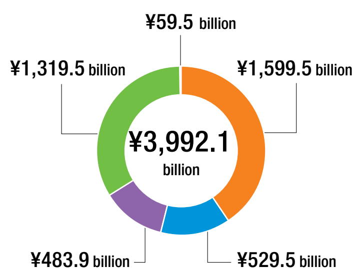
FY2014



* Based on reported figures for property, plant and equipment

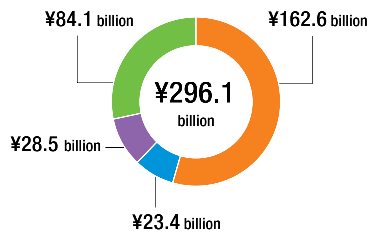
Net Sales

FY2014



Operating Income

FY2014



* Others, eliminations or corporate: ¥–2.8 billion