[Translation]

Quarterly Report

(The Second Quarter of 146th Business Term)
From July 1, 2014 to September 30, 2014

6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Hitachi, Ltd.

[Cover]

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[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

This is an English translation of the Quarterly Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors' NETwork ("EDINET") pursuant to the Financial Instruments and Exchange Act of Japan.

The translation of the Confirmation Letter for the original Quarterly Report are included at the end of this document.

Unless the context indicates otherwise, the term "Company" refers to Hitachi, Ltd. and the term "Hitachi" refers to the Company and its consolidated subsidiaries.

Unless otherwise stated, in this document, where we present information in millions or hundreds of millions of yen, we have truncated amounts of less than one million or one hundred million, as the case may be. Accordingly, the total of figures presented in columns or otherwise may not equal the total of the individual items. We have rounded all percentages to the nearest percent, one-tenth of one percent or one-hundredth of one percent, as the case may be.

References in this document to the "Financial Instruments and Exchange Act" are to the Financial Instruments and Exchange Act of Japan and other laws and regulations amending and/or supplementing the Financial Instruments and Exchange Act of Japan.

Contents

Part I Information on the Company

I. Overview of the Company

1. Key Financial Data

Consolidated financial data, etc.

(Millions of yen, unless otherwise stated)

	Six months ended September 30, 2013	Six months ended September 30, 2014	Year ended March 31, 2014
Revenues	4,470,686 [2,387,748]	4,496,773 [2,360,409]	9,616,202
Income before income taxes	135,557	209,506	568,182
Net income attributable to Hitachi, Ltd. stockholders	32,766 [21,971]	91,540 [62,667]	264,975
Comprehensive income	254,073	214,536	769,178
Total Hitachi, Ltd. Stockholders' equity	2,250,268	2,759,770	2,651,241
Total equity	3,397,888	4,025,037	3,852,464
Total assets	10,467,271	11,375,186	11,016,899
Net income attributable to Hitachi, Ltd. stockholders per share, Basic (yen)	6.78 [4.55]	18.96 [12.98]	54.86
Net income attributable to Hitachi, Ltd. stockholders per share, Diluted (yen)	6.78	18.94	54.85
Total Hitachi, Ltd. stockholders' equity ratio (%)	21.5	24.3	24.1
Cash flows from operating activities	203,152	167,132	439,406
Cash flows from investing activities	(245,531)	(264,358)	(491,363)
Cash flows from financing activities	143,516	164,604	32,968
Cash and cash equivalents at end of period	648,860	640,346	558,217

(Notes)
1. Our consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States.
2. Revenues do not include the consumption tax, etc.
3. The figures of "Revenues," "Net income attributable to Hitachi, Ltd. stockholders" and "Net income attributable to Hitachi, Ltd. stockholders per share, Basic" in square bracket are those in the three months ended September 30, 2013 and 2014, respectively.

2. Description of Business

The Company's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States, and affiliates are disclosed based on the definitions of those accounting principles. The same applies to "II. Business Overview."

There was no material change in principal businesses of Hitachi during the six months ended September 30, 2014. The Hitachi Group is comprised of the Company and 953 consolidated subsidiaries and 224 equity-method affiliates. Although the consolidated subsidiaries include variable interest entities, there is no applicable variable interest entity as of September 30, 2014. Consolidated trust accounts are not included in the number of consolidated subsidiaries.

Changes of businesses in each segment and major consolidated subsidiaries during the six months ended September 30, 2014 were as follows. Effective from April 1, 2014, a company, which was previously included in the Information & Telecommunication Systems segment, has been included in the Social Infrastructure & Industrial Systems segment, and some companies, which were previously included in the Digital Media & Consumer Products segment, have been included in the Others (Logistics and Other services) segment. As a result, the Company changed the name of the "Digital Media & Consumer Products" segment to the "Smart Life & Ecofriendly Systems" segment.

Segment	Positioning of principal affiliated companies	
	Manufacturing	Sales and services
Social Infrastructure & Industrial Systems		[Consolidated subsidiaries] (Changed its name and reclassified its segment) Hitachi Industry & Control Solutions, Ltd. (Note 1)
Others (Logistics and Other services) (Reclassified its segment) Optical Disk Drives (Note 2)	[Consolidated subsidiaries] (Reclassified its segment) Hitachi-LG Data Storage, Inc. (Note 2)	

(Note) 1. Hitachi Information & Control Solutions, Ltd. changed its name to Hitachi Industry & Control Solutions, Ltd. and reclassified its segment from the Information & Telecommunication Systems segment into the Social Infrastructure & Industrial Systems segment in association with the reorganization of the information and control solution business for industrial fields, the security system business and the printed-circuit board manufacturing business of the Group as of April 1, 2014.

2. Effective from April 1, 2014, Hitachi-LG Data Storage, Inc. and its major products, optical disk drives, which were previously included in the Digital Media & Consumer Products segment, have been reclassified their segment into the Others (Logistics and Other services) segment.

II. Business Overview

1. Risk Factors

There was no new risk factor recognized during the six months ended September 30, 2014.

There were no material changes in the risk factors stated in the Annual Securities Report for the 145th business term pursuant to the Financial Instruments and Exchange Act of Japan.

2. Material Agreements, etc.

As Licensor

The material contract terminated during the three months ended September 30, 2014 is as follows.

Licensor	Licensee	Country	Item under contract	Contract description	Contract period
Hitachi Metals, Ltd. (Consolidated subsidiary)	MCP Canada Limited Partnership	Canada	Rare earth magnets	License of patents (Note)	From August 10, 2007 to the expiration of the patents under contracts

(Note) A lump-sum payment had been received, and royalties are received in installments until the end of the contract period.

The contracts in the table below are no longer considered material since the term of basic patents under the contracts expired during the three months ended September 30, 2014.

Licensor	Licensee	Country	Item under contract	Contract description	Contract period
Hitachi Metals, Ltd. (Consolidated subsidiary)	Beijing Zhong Ke San Huan High-Tech Co., Ltd.	China	Rare earth magnets	License of patents (Note)	From March 8, 2013 to the expiration of the patents under contracts
Hitachi Metals, Ltd. (Consolidated subsidiary)	Ningbo Yunsheng Co., Ltd.	China	Rare earth magnets	License of patents (Note)	From April 26, 2013 to the expiration of the patents under contracts

(Note) A lump-sum payment has been received, and a certain percentage of sales of the item is received as royalties.

3. Analyses of Consolidated Financial Condition, Operating Results and Cash Flows
(1) Outline of Business Results

The Company has adopted earnings before interest and taxes (“EBIT”), which is presented as income before income taxes less interest income plus interest charges, as the measurement for the consolidated operating results.

Effective from April 1, 2014, a company, which was previously included in the Information & Telecommunication Systems segment, has been included in the Social Infrastructure & Industrial Systems segment, and some companies, which were previously included in the Digital Media & Consumer Products segment, have been included in the Others (Logistics and Other services) segment. As a result, the Company changed the name of the “Digital Media & Consumer Products” segment to the “Smart Life & Ecofriendly Systems” segment. Figures for each segment, including figures for the six months ended September 30, 2014 and for the six months ended September 30, 2013, reflect the new segmentation.

Results of Operations

During the six months ended September 30, 2014, the U.S. economy showed signs of recovery: improving employment and income levels, and an ongoing recovery in consumer spending and the housing investment. However, there were prolonged financial troubles and economic slowdowns in Europe, and signs of slowing economic growth in China.

The Japanese economy has gradually improved, mainly due to the government’s implementation of national growth strategies, improvement in employment conditions and a rebound in corporate capital expenditures, despite sluggish personal consumption as the effect of consumption tax hike or unseasonable weather.

Under these conditions, total revenues increased 1% to ¥4,496.7 billion, as compared with the six months ended September 30, 2013, due mainly to higher revenues in the following segments: the Information & Telecommunication Systems segment, where system solutions business performed solidly; the Social Infrastructure & Industrial Systems segment, which was underpinned by a strong performance by the elevator and escalator business in China; and the Electronic Systems & Equipment segment, mainly attributable to higher revenues at Hitachi High-Technologies Corporation. This increase was partially offset by decreased revenues in the Power Systems segment owing to the effects of the integration of the thermal power generation systems business into MITSUBISHI HITACHI POWER SYSTEMS, LTD., an equity-method affiliate.

Cost of sales decreased 1% to ¥3,280.1 billion, as compared with the six months ended September 30, 2013, and the ratio of cost of sales to total revenues decreased to 73%, compared with 74% in the six months ended September 30, 2013.

Selling, general and administrative expenses increased 1% to ¥1,002.5 billion, as compared with the six months ended September 30, 2013, and their ratio to revenues was 22%, which was the same level as in the six months ended September 30, 2013.

Expenses related to competition law decreased ¥11.3 billion to ¥7.7 billion, as compared with the six months ended September 30, 2013.

Impairment losses for long-lived assets were ¥1.8 billion, almost the same as the six months ended September 30, 2013.

Restructuring charges decreased ¥8.7 billion to ¥2.4 billion, as compared with the six months ended September 30, 2013.

Interest income decreased ¥1.3 billion to ¥5.0 billion, as compared with the six months ended September 30, 2013.

Dividend income decreased ¥0.1 billion to ¥4.6 billion, as compared with the six months ended September 30, 2013.

Other income increased ¥6.4 billion to ¥10.2 billion, as compared with the six months ended September 30, 2013. This was due mainly to the posting of gain on securities and increased exchange gain.

Interest charges were ¥12.8 billion, almost the same as the six months ended September 30, 2013.

Other deductions increased ¥8.4 billion to ¥12.1 billion, as compared with the six months ended September 30, 2013. This was due mainly to increased loss on sale and disposal of rental assets and other property.

Equity in net earning of affiliated companies increased ¥11.0 billion to ¥12.5 billion, as compared with the six months ended September 30, 2013. This was due mainly to the effects of the integration of the thermal power generation systems business into MITSUBISHI HITACHI POWER SYSTEMS, LTD., an equity-method affiliate.

As a result of the foregoing, income before income taxes increased 55% to ¥209.5 billion, as compared with the six months ended September 30, 2013. EBIT increased 53% to ¥217.3 billion, as compared with the six months ended September 30, 2013.

Income taxes amounted to ¥64.6 billion, a decrease of ¥1.5 billion compared with the six months ended September 30, 2013.

Net income increased 109% to ¥144.8 billion, as compared with the six months ended September 30, 2013.

Net income attributable to noncontrolling interests amounted to ¥53.2 billion, an increase of ¥16.6 billion compared with the six months ended September 30, 2013.

As a result of the foregoing, net income attributable to Hitachi, Ltd. stockholders increased 179% to ¥91.5 billion, as compared with the six months ended September 30, 2013.

Operations by Segment

The following is an overview of Hitachi's results of operations by segment. Revenues for each segment include intersegment transactions. The Company has adopted EBIT as the measurement of segment profitability. Operating income or loss stated in this section is presented as total revenues less total cost of sales and selling, general and administrative expenses in order to be consistent with financial reporting principles and practices generally accepted in Japan.

(Information & Telecommunication Systems)

Revenues increased 7% to ¥934.9 billion, as compared with the six months ended September 30, 2013, due mainly to solid performances by system solutions business, centered on public systems and financial systems, and storage solutions business. This increase was also attributable to the positive impact of the consolidation of Prizm Payment Services Pvt Ltd. in India and the establishment of Hitachi Systems Power Services, Ltd., both of which were implemented in March 2014.

Segment profit increased 23% to ¥35.3 billion, as compared with the six months ended September 30, 2013, due mainly to increased operating income mainly resulting from higher revenues and reduced effect of unprofitable system solutions projects.

(Power Systems)

Revenues decreased 45% to ¥205.1 billion, as compared with the six months ended September 30, 2013, due mainly to the effect of the transfer of the thermal power generation systems business. This decrease was partially offset by higher revenues in power transmission & distribution systems.

Segment loss worsened ¥27.4 billion to ¥23.9 billion, as compared with the six months ended September 30, 2013, due mainly to lower revenues and recording operating loss owing to the additional costs for some projects.

(Social Infrastructure & Industrial Systems)

Revenues increased 6% to ¥659.7 billion, as compared with the six months ended September 30, 2013, due mainly to higher sales in the infrastructure systems business and railway systems business in the U.K., as well as a solid performance by the elevator and escalator business in China.

Segment profit increased 203% to ¥20.2 billion, as compared with the six months ended September 30, 2013, due mainly to increased operating income mainly resulting from higher revenues and reduced effect of unprofitable infrastructure projects.

(Electronic Systems & Equipment)

Revenues increased 6% to ¥528.8 billion, as compared with the six months ended September 30, 2013, due mainly to higher sales of semiconductor manufacturing equipments and medical analysis equipments at Hitachi High-Technologies Corporation and higher sales of semiconductor manufacturing equipments at Hitachi Kokusai Electric Inc.

Segment profit increased 180% to ¥26.0 billion, as compared with the six months ended September 30, 2013, due mainly to increased operating income mainly resulting from higher revenues.

(Construction Machinery)

Revenues increased 4% to ¥373.2 billion, as compared with the six months ended September 30, 2013, due mainly to the positive impact of foreign exchange movements and higher sales of hydraulic excavators and other items primarily in Europe, North America, Oceania and Africa, despite sluggish demand in Asia, including China.

Segment profit decreased 3% to ¥25.9 billion, as compared with the six months ended September 30, 2013, due mainly to decreased operating income owing to lower sales in China, despite the absence of the foreign exchange loss recorded in the six months ended September 30, 2013.

(High Functional Materials & Components)

Revenues increased 3% to ¥688.6 bullion, as compared with the six months ended September 30, 2013, due mainly to solid performances by automobile products primarily in North America and China and certain electronics-related materials.

Segment profit increased 27% to ¥62.6 billion, as compared with the six months ended September 30, 2013, due mainly to the posting of gain on securities and exchange gain, as well as increased operating income mainly resulting from higher revenues.

(Automotive Systems)

Revenues increased 5% to ¥446.2 billion, as compared with the six months ended September 30, 2013, due mainly to robust demand in overseas automobile markets, such as North America and China.

Segment profit increased 878% to ¥19.6 billion, as compared with the six months ended September 30, 2013, due mainly to increased operating income, mainly resulting from higher revenues and associated improvement in capacity utilization, and the absence of the expenses related to competition law of ¥19.0 billion recorded at Hitachi Automotive Systems, Ltd. in the six months ended September 30, 2013.

(Smart Life & Ecofriendly Systems)

Revenues increased 4% to ¥388.3 billion, as compared with the six months ended September 30, 2013, due mainly to higher sales in overseas markets, particularly for air-conditioning business.

Segment profit increased 101% to ¥17.8 billion, as compared with the six months ended September 30, 2013, due mainly to increased operating income mainly resulting from higher revenues and the effect of new product launches.

(Others (Logistics and Other services))

Revenues decreased 11% to ¥593.8 billion, as compared with the six months ended September 30, 2013, due mainly to the conversion of Hitachi Maxell, Ltd., which had been a consolidated subsidiary, into an equity-method affiliate, despite higher revenues at Hitachi Transport System, Ltd.

Segment profit increased 19% to ¥14.8 billion, as compared with the six months ended September 30, 2013, due mainly to increased operating income chiefly resulting from a decrease in expenses related to business restructuring, despite lower revenues.

(Financial Services)

Revenues increased 11% to ¥181.8 billion, as compared with the six months ended September 30, 2013, due mainly to a strong performance in overseas business, particularly in Europe.

Segment profit increased 15% to ¥20.0 billion, as compared with the six months ended September 30, 2013, due mainly to increased operating income chiefly resulting from higher revenues in the overseas business and lower credit costs.

Revenues by Market

Revenues in Japan were ¥2,401.8 billion, which was the same level as in the six months ended September 30, 2013, due mainly to higher revenues in the Information & Telecommunication Systems and the Electronic Systems & Equipment segments, despite lower revenues in the Power Systems segment owing to the effect of the transfer of the thermal power generation systems business.

Overseas revenues were ¥2,094.9 billion, an increase of 2% compared with the six months ended September 30, 2013, due mainly to higher revenues in Europe mainly in the Electronic Systems & Equipment segment, particularly at Hitachi High-Technologies Corporation, and the Social Infrastructure & Industrial Systems segment mainly resulting from higher sales in railway system business in the U.K. This increase was also because of higher revenues in China mainly in the elevator and escalator business, and North America mainly in the Information & Telecommunication Systems and the Automotive Systems segments.

As a result, the ratio of overseas revenues to total revenues was 47%, compared with 46% in the six months ended September 30, 2013.

(2) Summary of Financial Condition, etc.

Liquidity and Capital Resources

During the six months ended September 30, 2014, there were no major changes in the Company's policies of maintaining liquidity and ensuring funds, efforts for improvement in fund management efficiency, and ideas regarding funding sources and fundraising.

Cash Flows

(Cash flows from operating activities)

Net income amounted to ¥144.8 billion in the six months ended September 30, 2014, a ¥75.4 billion increase compared with the six months ended September 30, 2013. Increase in inventories in the six months ended September 30, 2014 was ¥146.2 billion, a ¥3.7 billion increase compared with the six months ended September 30, 2013. Decrease in payables in the six months ended September 30, 2014 was ¥77.6 billion, a ¥4.3 billion increase compared with the six months ended September 30, 2013. Decrease in receivables in the six months ended September 30, 2014 was ¥118.9 billion, a ¥52.5 billion decrease compared with the six months ended September 30, 2013, due mainly to an increase in accounts receivable, primarily overseas in the Financial Services segment. Accrued income taxes decreased ¥20.2 billion in the six months ended September 30, 2014, compared with an increase of ¥3.7 billion in the six months ended September 30, 2013. This is primarily because consolidated subsidiaries paid accrued income taxes. Decrease in other current liabilities in the six months ended September 30, 2014 was ¥42.0 billion, a ¥39.1 billion increase compared with the six months ended September 30, 2013, due mainly to payment of account payables. As a result of the foregoing, cash flows from operating activities recorded net cash inflow of ¥167.1 billion in the six months ended September 30, 2014, a decrease of ¥36.0 billion compared with the six months ended September 30, 2013.

(Cash flows from investing activities)

A net sum of ¥255.4 billion in the six months ended September 30, 2014 was recorded as investments mainly 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. This net sum decreased by ¥19.6 billion compared with the six months ended September 30, 2013. Purchase of investments in securities and shares of newly consolidated subsidiaries in the six months ended September 30, 2014 was ¥22.7 billion, a ¥14.1 billion increase compared with the six months ended September 30, 2013, due mainly to acquisition of companies in the Financial Services segment. Other in the six months ended September 30, 2014 was net cash outflow of ¥1.4 billion, compared with the inflow of ¥28.9 billion in the six months ended September 30, 2013, due mainly to an increase in loans. As a result of the foregoing, cash flows from investing activities recorded net cash outflow of ¥264.3 billion in the six months ended September 30, 2014, an increase of ¥18.8 billion compared with the six months ended September 30, 2013.

(Cash flows from financing activities)

Net increase in short-term debt was ¥83.6 billion in the six months ended September 30, 2014, a ¥68.9 billion increase compared with the six months ended September 30, 2013. A net sum of ¥130.8 billion in the six months ended September 30, 2014 was recorded as proceeds related to long-term debt, where the payments on long-term debt were subtracted from the proceeds from long-term debt. This net inflow decreased by ¥31.8 billion compared with the six months ended September 30, 2013. As a result of the foregoing, cash flows from financing activities recorded net cash inflow of ¥164.6 billion in the six months ended September 30, 2014, an increase of ¥21.0 billion compared with the six months ended September 30, 2013.

As a result of the foregoing, cash and cash equivalents as of September 30, 2014 was ¥640.3 billion, an increase of ¥82.1 billion from March 31, 2014. Free cash flows, the sum of cash flows from operating and investing activities, were an outflow of ¥97.2 billion in the six months ended September 30, 2014, an increase of ¥54.8 billion compared with the six months ended September 30, 2013.

Assets, Liabilities and Equity

Total assets as of September 30, 2014 were ¥11,375.1 billion, an increase of ¥358.2 billion from March 31, 2014. This was due mainly to an increase in inventories owing to seasonal factors, an increase in the value of assets denominated in foreign currency due to the depreciation of yen, an increase in the value of marketable securities in line with higher stock market prices, and increases in trade receivables and lease receivables in line with business expansion primarily overseas in the Financial Services segment.

Total interest-bearing debt as of September 30, 2014, which is the sum of short-term debt, long-term debt and non-recourse borrowings of consolidated securitization entities, was ¥3,108.1 billion, a ¥285.0 billion increase from March 31, 2014. This was due mainly to an increase in long-term debt to meet funding demand for growth in the Social Innovation Business and higher demand for funds in line with business expansion in the Financial Services segment.

Total Hitachi, Ltd. stockholders' equity as of September 30, 2014 increased by ¥108.5 billion from March 31, 2014, to ¥2,759.7 billion, due mainly to posting of net income attributable to Hitachi, Ltd. stockholders. The ratio of stockholders' equity to total assets was 24.3%, compared with 24.1% as of March 31, 2014.

Noncontrolling interests as of September 30, 2014 increased by ¥64.0 billion from March 31, 2014, to ¥1,265.2 billion.

The ratio of the interest-bearing debt to the total equity (the sum of total Hitachi, Ltd. stockholders' equity and noncontrolling interests) increased to 0.77, compared with 0.73 as of March 31, 2014.

(3) Challenges Facing Hitachi Group

1) Business and Financial Condition

There was no material change in Hitachi's business strategy during the six months ended September 30, 2014.

2) Fundamental Policy on the Conduct of Persons Influencing Decision on the Company's Financial and Business Policies

The Group invests a great deal of business resources in fundamental research and in the development of market-leading products and businesses that will bear fruit in the future, and realizing the benefits from these management policies requires that they be continued for a set period of time. For this purpose, the Company keeps its shareholders and investors well informed of not just the business results for each period but also of the Company's business policies for creating value in the future.

The Company does not deny the significance of the vitalization of business activities and performance that can be brought about through a change in management control, but it recognizes the necessity of determining the impact on company value and the interests of all shareholders of the buying activities and buyout proposals of parties attempting to acquire a large share of stock of the Company or a Group company by duly examining the business description, future business plans, past investment activities, and other necessary aspects of such a party.

There is no party that is currently attempting to acquire a large share of the Company's stocks nor is there a specific threat, neither does the Company intend to implement specified so-called anti-takeover measures in advance of the appearance of such a party, but the Company does understand that it is one of the natural duties bestowed upon it by the shareholders and investors to continuously monitor the state of trading of the Company's stock and then to immediately take what the Company deems to be the best action in the event of the appearance of a party attempting to purchase a large share of the Company's stock. In particular, together with outside experts, the Company will evaluate the buyout proposal of the party and hold negotiations with the buyer, and if the Company deems that said buyout will not maintain the Company's value and is not in the best interest of the shareholders, then the Company will quickly determine the necessity, content, etc., of specific countermeasures and prepare to implement them. The same response will also be taken in the event a party attempts to acquire a large percentage of the shares of a Group company.

(4) Research and Development

There was no material changes in the research and development of the Hitachi Group (the Company and consolidated subsidiaries) stated in the Annual Securities Report for the 145th business term pursuant to the Financial Instruments and Exchange Act of Japan. The Hitachi Group’s R&D expenditures in the six months ended September 30, 2014 were ¥164.9 billion, 3.7% of revenues. A breakdown of R&D expenditures by segment is shown below.

(Billions of yen)

Segment	Six months ended September 30, 2014
Information & Telecommunication Systems	36.2
Power Systems	5.7
Social Infrastructure & Industrial Systems	13.5
Electronic Systems & Equipment	24.7
Construction Machinery	8.3
High Functional Materials & Components	22.6
Automotive Systems	30.3
Smart Life & Ecofriendly Systems	6.2
Others (Logistics and Other services)	3.8
Financial Services	0.1
Corporate	13.0
Total	164.9

(5) Property, Plants and Equipment

The major property, plants and equipment materially changed during the six months ended September 30, 2014 are as follows. This was due mainly to the absorption-type company split in which the Company transferred its elevator and escalator business in Japan to Hitachi Building Systems Co., Ltd. on April 1, 2014.

The Company

(As of September 30, 2014)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)						Number of employees
			Buildings	Machinery and equipment	Land [Area in thousands of m^2]	Lease assets	Others	Total	
Urban Planning and Development Systems Company (Hitachinaka, Ibaraki)	Social Infrastructure & Industrial Systems	R&D facilities for elevators and escalators	4,688	412	43 [476]	-	89	5,234	250

(6) Plans for Capital Investment, Disposals of Property, Plants and Equipment, etc.

The Hitachi Group (the Company and consolidated subsidiaries) engages in diverse operations in Japan and overseas, and has not decided on specific plans to newly install or expand each of facilities as of the end of the consolidated fiscal year and each quarter of the consolidated fiscal year. For this reason, it discloses amounts of capital investment by segment.

The amount of capital investment for the fiscal year ending March 31, 2015 (new installation and expansions, based on the amount recorded as tangible fixed assets) which was planned as of March 31, 2014, was revised as of September 30, 2014 as follows.

(Billions of yen)

Segment	Year ending March 31, 2015 (Previous Forecast)	Year ending March 31, 2015 (Revised Forecast)
Information & Telecommunication Systems	50.0	49.0
Power Systems	27.0	29.0
Social Infrastructure & Industrial Systems	44.0	44.0
Electronic Systems & Equipment	26.0	25.0
Construction Machinery	35.0	31.0
High Functional Materials & Components	86.0	78.0
Automotive Systems	68.0	70.0
Smart Life & Ecofriendly Systems	19.0	20.0
Others (Logistics and Other services)	60.0	58.0
Financial Services	470.0	480.0
Subtotal	885.0	884.0
Eliminations & Corporate Items	(15.0)	(14.0)
Total	870.0	870.0

(Notes) 1. The figures in the above table include the amount of the fixed assets leased under non-transferable finance lease transactions.
2. These planned investments are expected to be mostly financed with the Hitachi Group's own capital.
3. There are no plans to dispose or sell principal facilities, with the exception of disposing and selling facilities due to routine upgrading.

(7) Forward-Looking Statements

Certain statements found in "3. Analyses of Consolidated Financial Condition, Operating Results and Cash Flows" and other descriptions in this report 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 report.

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;
- 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;

- 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 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 potential for significant losses on Hitachi's investments in equity-method affiliates;
- 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 elsewhere in this report and in other materials published by Hitachi.

III. Information on the Company

1. Information on the Company's Stock, etc.

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued (shares)
Common stock	10,000,000,000
Total	10,000,000,000

2) Issued shares

Class	Number of shares issued as of the end of second quarter of fiscal year (shares) (September 30, 2014)	Number of shares issued as of the filing date (shares) (November 12, 2014)	Stock exchange on which the Company is listed	Description
Common stock	4,833,463,387	4,833,463,387	Tokyo, Nagoya	The number of shares per one unit of shares is 1,000 shares.
Total	4,833,463,387	4,833,463,387	—	—

(2) Information on the stock acquisition rights, etc.

Not applicable.

(3) Information on moving strike convertible bonds, etc.

Not applicable.

(4) Information on shareholder right plans

Not applicable.

(5) Changes in the total number of issued shares and the amount of common stock and other

Date	Change in the total number of issued shares (shares)	Balance of the total number of issued shares (shares)	Change in common stock (Millions of yen)	Balance of common stock (Millions of yen)	Change in capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
From July 1, 2014 to September 30, 2014	—	4,833,463,387	—	458,790	—	176,757

(6) Major shareholders

(As of September 30, 2014)

Name	Address	Share Ownership (shares)	Ownership percentage to the total number of issued shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	332,112,000	6.87
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	250,875,800	5.19
Hitachi Employees' Shareholding Association	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	103,607,384	2.14
NATS CUMCO (Standing proxy: Mizuho Bank, Ltd.)	C/O Citibank New York, 111 Wall Street, New York NY, U.S.A. (16-13, Tsukishima 4-chome, Chuo-ku, Tokyo)	94,897,180	1.96
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	93,265,610	1.93
THE BANK OF NEW YORK MELLON SA/NV 10 (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	Rue Montoyerstraat 46, 1000 Brussels, Belgium (7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo)	73,219,260	1.51
State Street Bank and Trust Company 505225 (Standing proxy: Mizuho Bank, Ltd.)	P.O. Box 351 Boston, Massachusetts 02101 U.S.A. (16-13, Tsukishima 4-chome, Chuo-ku, Tokyo)	73,142,266	1.51
The Dai-Ichi Life Insurance Company, Limited	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	71,361,222	1.48
State Street Bank West Client-Treaty (Standing proxy: Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (16-13, Tsukishima 4-chome, Chuo-ku, Tokyo)	60,445,327	1.25
Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension (Standing proxy: Mizuho Bank, Ltd.)	One Boston Place Boston, MA 02108 (16-13, Tsukishima 4-chome, Chuo-ku, Tokyo)	55,112,980	1.14
Total	—	1,208,039,029	24.99

(Notes)
1. NATS CUMCO is the nominee name of the depositary bank, Citibank, N.A., for the aggregate of the Company's American Depositary Receipts (ADRs) holders.
2. The number of shares held by The Dai-Ichi Life Insurance Company, Limited includes its contribution of 6,560,000 shares to the retirement allowance trust (the holder of said shares, as listed in the Shareholders' Register, is "Dai-Ichi Life Insurance Account, Retirement Allowance Trust, Mizuho Trust & Banking Co., Ltd.").
3. The Company has received copies of reports on substantial shareholdings under the Financial Instruments and Exchange Act. However, the information in the report is not described in the above table since the Company does not confirm the actual status of shareholdings as of the end of September 30, 2014. The major contents of the report are as follows.

Holders	Mitsubishi UFJ Trust and Banking Corporation and three other persons
Date on which the duty to file report	May 23, 2011
Number of shares	237,294,613 shares
Ownership percentage to the total number of issued shares	5.24 %

Holders	BlackRock Japan Co. Ltd and nine other persons
Date on which the duty to file report	March 31, 2014
Number of shares	255,857,172 shares
Ownership percentage to the total number of issued shares	5.29%

Holders	Sumitomo Mitsui Trust Bank, Limited and two other persons
Date on which the duty to file report	July 31, 2014
Number of shares	244,372,374 shares
Ownership percentage to the total number of issued shares	5.06%

(7) Information on voting rights

1) Issued shares

(As of September 30, 2014)

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting right	—	—	—
Shares with restricted voting right (treasury stock, etc.)	—	—	—
Shares with restricted voting right (others)	—	—	—
Shares with full voting right (treasury stock, etc.)	Common stock 4,791,000	—	—
Shares with full voting right (others)	Common stock 4,804,831,000	4,804,831	—
Shares less than one unit	Common stock 23,841,387	—	—
Number of issued shares	4,833,463,387	—	—
Total number of voting rights	—	4,804,831	—

(Note) The "Shares with full voting right (others)" column includes 26,000 shares registered in the name of Japan Securities Depository Center, Incorporated (account for managing stocks whose shareholders have not transferred titles) and 26 voting rights for those shares.

2) Treasury stock, etc.

(As of September 30, 2014)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
Hitachi, Ltd.	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	4,620,000	—	4,620,000	0.10
Aoyama Special Steel Co., Ltd.	9-11, Shinkawa 2-chome, Chuo-ku, Tokyo	10,000	—	10,000	0.00
ISHII DENKOSHA Co., Ltd.	1-11, Oroshishinmachi 3-chome, Higashi-ku, Niigata-shi, Niigata	1,000	—	1,000	0.00
SAITA KOUGYOU CO., LTD.	5-3, Takinogawa 5-chome, Kita-ku, Tokyo	88,000	—	88,000	0.00
NIKKO SHOKAI CO., LTD.	9-5, Minami-Shinagawa 4-chome, Shinagawa-ku, Tokyo	5,000	—	5,000	0.00
Nitto Jidosha Kiki K.K.	3268, Nagaoka, Ibarakimachi, Higashiibaraki-gun, Ibaraki	52,000	—	52,000	0.00
Mizuho Co., Inc.	4-1, Koishikawa 5-chome, Bunkyo-ku, Tokyo	15,000	—	15,000	0.00
Total	—	4,791,000	—	4,791,000	0.10

2. Change in Senior Management

There was no change in senior management from the filing date of the Annual Securities Report for the 145th business term pursuant to the Financial Instruments and Exchange Act of Japan to September 30, 2014.

IV. Financial Information

Refer to the consolidated financial statements incorporated in this Quarterly Report.

Part II Information on Guarantors, etc. for the Company

Not applicable.

CONSOLIDATED BALANCE SHEETS
Hitachi, Ltd. and Subsidiaries
September 30, 2014 and March 31, 2014

Assets	September 30, 2014 (Millions of yen)	March 31, 2014 (Millions of yen)
Current assets:		
Cash and cash equivalents (note 6)	640,346	558,217
Short-term investments (note 3)	7,402	9,172
Trade receivables:		
Notes (notes 4, 6, 13 and 21)	137,115	143,675
Accounts (notes 4, 6 and 21)	2,635,062	2,654,260
Investments in leases (notes 6 and 21)	281,694	262,953
Current portion of financial assets transferred to consolidated securitization entities (notes 6 and 21)	49,653	52,212
Inventories (note 5)	1,545,506	1,407,055
Prepaid expenses and other current assets	647,330	616,326
Total current assets	5,944,108	5,703,870
Investments and advances, including affiliated companies (note 3)	1,218,805	1,220,800
Property, plant and equipment:		
Land	494,192	492,383
Buildings	1,903,111	1,900,779
Machinery and equipment	4,911,193	4,901,505
Construction in progress	109,684	94,972
	7,418,180	7,389,639
Less accumulated depreciation	5,002,818	5,047,548
Net property, plant and equipment	2,415,362	2,342,091
Intangible assets (note 7):		
Goodwill	342,319	339,148
Other intangible assets	457,016	422,333
Total intangible assets	799,335	761,481
Financial assets transferred to consolidated securitization entities (notes 6 and 21)	181,059	185,818
Other assets (note 21)	816,517	802,839
Total assets	11,375,186	11,016,899

See accompanying notes to consolidated financial statements.

Liabilities and Equity	Millions of yen September 30, 2014	March 31, 2014
Current liabilities:		
Short-term debt	762,589	647,269
Current portion of long-term debt	371,570	464,234
Current portion of non-recourse borrowings of consolidated securitization entities (note 6)	48,743	49,895
Trade payables:		
Notes	14,330	18,926
Accounts	1,285,185	1,331,288
Accrued expenses (note 13)	919,595	937,401
Income taxes	26,910	72,839
Advances received	310,839	298,483
Other current liabilities	464,344	470,430
Total current liabilities	4,204,105	4,290,765
Long-term debt	1,779,480	1,512,720
Non-recourse borrowings of consolidated securitization entities (note 6)	145,720	148,931
Retirement and severance benefits	720,638	749,913
Other liabilities	500,206	462,106
Total liabilities	7,350,149	7,164,435
Commitments and contingencies (note 13)		
Equity (note 12):		
Common stock (note 9)	458,790	458,790
Capital surplus	615,133	617,468
Retained earnings (note 11)	1,652,375	1,587,394
Accumulated other comprehensive income (loss)	36,781	(9,265)
Treasury stock, at cost (note 10)	(3,309)	(3,146)
Total Hitachi, Ltd. stockholders' equity	2,759,770	2,651,241
Noncontrolling interests	1,265,267	1,201,223
Total equity	4,025,037	3,852,464
Total liabilities and equity	11,375,186	11,016,899

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS
AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Hitachi, Ltd. and Subsidiaries
Six months ended September 30, 2014 and 2013

Consolidated Statements of Operations

	Millions of yen	
	2014	2013
Revenues	4,496,773	4,470,686
Cost of sales	(3,280,160)	(3,302,303)
Selling, general and administrative expenses	(1,002,589)	(994,902)
Expenses related to competition law (note 14)	(7,723)	(19,061)
Impairment losses for long-lived assets	(1,816)	(1,819)
Restructuring charges (note 15)	(2,446)	(11,176)
Interest income	5,019	6,359
Dividend income	4,657	4,837
Other income (note 16)	10,273	3,814
Interest charges	(12,886)	(12,816)
Loss on sale of stock of an affiliated company	-	(5,915)
Other deductions (note 16)	(12,169)	(3,684)
Equity in net earning of affiliated companies	12,573	1,537
Income before income taxes	209,506	135,557
Income taxes	(64,675)	(66,192)
Net income	144,831	69,365
Less net income attributable to noncontrolling interests	53,291	36,599
Net income attributable to Hitachi, Ltd. stockholders	91,540	32,766
Net income attributable to Hitachi, Ltd. stockholders per share (note 17):		Yen
Basic	18.96	6.78
Diluted	18.94	6.78

Consolidated Statements of Comprehensive Income

	Millions of yen	
	2014	2013
Net income	144,831	69,365
Other comprehensive income arising during the period (note 12):		
Foreign currency translation adjustments	57,233	68,949
Pension liability adjustments	29,809	31,699
Net unrealized holding gain on available-for-sale securities	29,253	83,731
Cash flow hedges	(46,590)	329
Total other comprehensive income arising during the period	69,705	184,708
Comprehensive income	214,536	254,073
Less comprehensive income attributable to noncontrolling interests	76,962	55,331
Comprehensive income attributable to Hitachi, Ltd. stockholders	137,574	198,742

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS
AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Hitachi, Ltd. and Subsidiaries
Three months ended September 30, 2014 and 2013

Consolidated Statements of Operations

	Millions of yen	
	2014	2013
Revenues	2,360,409	2,387,748
Cost of sales	(1,716,880)	(1,765,229)
Selling, general and administrative expenses	(509,687)	(504,523)
Expenses related to competition law (note 14)	(7,723)	(19,061)
Impairment losses for long-lived assets	(1,587)	(1,571)
Restructuring charges (note 15)	(1,647)	(8,116)
Interest income	2,451	3,186
Dividend income	1,207	1,080
Other income (note 16)	9,575	-
Interest charges	(6,493)	(6,497)
Loss on sale of stock of an affiliated company	-	(5,915)
Other deductions (note 16)	(10,722)	(2,513)
Equity in net earning of affiliated companies	9,246	1,569
Income before income taxes	128,149	80,158
Income taxes	(35,401)	(33,426)
Net income	92,748	46,732
Less net income attributable to noncontrolling interests	30,081	24,761
Net income attributable to Hitachi, Ltd. stockholders	62,667	21,971
Net income attributable to Hitachi, Ltd. stockholders per share (note 17):		Yen
Basic	12.98	4.55
Diluted	12.97	4.54

Consolidated Statements of Comprehensive Income

	Millions of yen	
	2014	2013
Net income	92,748	46,732
Other comprehensive income arising during the period (note 12):		
Foreign currency translation adjustments	80,713	9,273
Pension liability adjustments	14,173	17,700
Net unrealized holding gain on available-for-sale securities	28,303	49,166
Cash flow hedges	(33,242)	(5,513)
Total other comprehensive income arising during the period	89,947	70,626
Comprehensive income	182,695	117,358
Less comprehensive income attributable to noncontrolling interests	56,576	28,507
Comprehensive income attributable to Hitachi, Ltd. stockholders	126,119	88,851

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Hitachi, Ltd. and Subsidiaries

Six months ended September 30, 2014 and 2013

	Millions of yen	
	2014	2013
Cash flows from operating activities:		
Net income	144,831	69,365
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	163,525	161,641
Amortization	61,438	58,268
Impairment losses for long-lived assets	1,816	1,819
Equity in net earning of affiliated companies	(12,573)	(1,537)
Gain on sale of investments in securities and other	(3,645)	(528)
Impairment of investments in securities	507	1,449
(Gain) loss on disposal of rental assets and other property	9,524	(223)
Decrease in receivables	118,958	171,551
Increase in inventories	(146,227)	(142,510)
Increase in prepaid expenses and other current assets	0	(23,197)
Decrease in payables	(77,670)	(73,324)
Decrease in accrued expenses and retirement and severance benefits	(39,833)	(34,600)
Increase (decrease) in accrued income taxes	(20,202)	3,726
Decrease in other current liabilities	(42,024)	(2,853)
Net change in lease receivables related to the Company's and its subsidiaries' products	(1,357)	3,960
Other	10,064	10,145
Net cash provided by operating activities	167,132	203,152
Cash flows from investing activities:		
Capital expenditures	(170,405)	(188,587)
Purchase of intangible assets	(59,453)	(58,466)
Purchase of tangible assets and software to be leased	(204,018)	(211,110)
Proceeds from disposal of property, plant and equipment	10,174	12,894
Proceeds from disposal of tangible assets and software to be leased	17,395	13,457
Collection of investments in leases	150,868	156,675
Purchase of investments in securities and shares of newly consolidated subsidiaries	(22,766)	(8,651)
Proceeds from sale of investments in securities and shares of consolidated subsidiaries resulting in deconsolidation	15,320	9,340
Other	(1,473)	28,917
Net cash used in investing activities	(264,358)	(245,531)
Cash flows from financing activities:		
Increase in short-term debt, net	83,663	14,677
Proceeds from long-term debt	436,933	390,419
Payments on long-term debt	(306,067)	(227,748)
Proceeds from sale of common stock by subsidiaries	1,128	5,241
Dividends paid to Hitachi, Ltd. stockholders	(26,508)	(24,086)
Dividends paid to noncontrolling interests	(19,496)	(13,103)
Acquisition of common stock for treasury	(181)	(161)
Proceeds from sales of treasury stock	19	12
Purchase of shares of consolidated subsidiaries from noncontrolling interest holders	(5,152)	(1,617)
Proceeds from sale of shares of consolidated subsidiaries to noncontrolling interest holders	339	-
Other	(74)	(118)
Net cash provided by financing activities	164,604	143,516
Effect of exchange rate changes on cash and cash equivalents	14,751	20,091
Net increase in cash and cash equivalents	82,129	121,228
Cash and cash equivalents at beginning of period	558,217	527,632
Cash and cash equivalents at end of period	640,346	648,860

See accompanying notes to consolidated financial statements.

HITACHI, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2014

(1) Nature of Operations

Hitachi, Ltd. (the Company) is a Japanese corporation, whose principal office is located in Japan. The Company's and its subsidiaries' businesses are global and diverse, and include manufacturing and services such as information and telecommunication systems, power systems, social infrastructure and industrial systems, electronic systems and equipment, construction machinery, high functional materials and components, automotive systems, smart life and ecofriendly systems and others including logistics and other services, as well as financial services.

(2) Basis of Presentation and Summary of Significant Accounting Policies

(a) Basis of Presentation

The Company and its domestic subsidiaries maintain their books of account in accordance with the financial accounting standards of Japan, and its foreign subsidiaries in accordance with mainly those of the countries of their domicile.

The consolidated financial statements presented herein have been prepared to reflect the adjustments which are necessary to conform to accounting principles generally accepted in the United States of America. Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements. Actual results could differ from those estimates.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of the Company, its majority-owned subsidiaries and all variable interest entities (VIEs) for which the Company or any of its consolidated entities is the primary beneficiary. The definition of a VIE is included in Accounting Standards Codification (ASC) 810, "Consolidation." This guidance addresses how a business enterprise should evaluate whether it has a controlling financial interest in an entity through means other than voting rights and accordingly should consolidate the entity. The consolidated financial statements include accounts of certain subsidiaries whose closing dates differ from September 30 by 93 days or less to either comply with local statutory requirements or facilitate timely reporting. There have been no significant transactions, which would materially affect the Company's financial position and results of operations, with such subsidiaries during the period from their closing dates to September 30. Intercompany accounts and significant intercompany transactions have been eliminated in consolidation.

Investments in corporate joint ventures and affiliated companies, where the Company has the ability to exercise significant influence over operational and financial policies generally by holding 20 - 50% ownership, are accounted for under the equity method. Investments where the Company does not have significant influence are accounted for under the cost method.

(c) Income Taxes

The Company computes interim income tax provisions by applying an estimated annual effective tax rate, which is reasonably determined considering the factors that will affect the tax rate including non-taxable transactions, tax credits and valuation allowances, to income before income taxes in accordance with the provisions for interim reporting included in ASC 740, "Income Taxes." The effect of a change in judgment about the realization of deferred tax assets in future years is recognized in the interim period in which the change occurs.

(d) Subsequent Events

The Company has evaluated up to November 12, 2014, the date on which its consolidated financial statements were available to be issued in accordance with the provisions of ASC 855, "Subsequent Events."

(3) Investments in Securities and Affiliated Companies

Short-term investments as of September 30, 2014 and March 31, 2014 are as follows:

	Millions of yen	
	September 30, 2014	March 31, 2014
Investments in securities:		
Available-for-sale securities		
Government debt securities	4,502	5,701
Corporate debt securities	2,700	3,300
Other securities	-	171
Held-to-maturity securities	200	-
	7,402	9,172

Investments and advances, including affiliated companies as of September 30, 2014 and March 31, 2014 are as follows:

	Millions of yen	
	September 30, 2014	March 31, 2014
Investments in securities:		
Available-for-sale securities		
Equity securities	451,662	405,214
Government debt securities	1,561	1,555
Corporate debt securities	5,818	5,839
Other securities	12,417	11,247
Held-to-maturity securities	59	359
Cost-method investments	44,511	44,461
Investments in affiliated companies	572,625	608,687
Advances and other	130,152	143,438
	1,218,805	1,220,800

The following tables are summaries of the amortized cost basis, gross unrealized holding gains, gross unrealized holding losses and aggregate fair value of available-for-sale securities by the consolidated balance sheet classifications as of September 30, 2014 and March 31, 2014.

	Millions of yen			
	September 30, 2014			
	Amortized cost basis	Gross gains	Gross losses	Aggregate fair value
Short-term investments:				
Government debt securities	4,502	-	-	4,502
Corporate debt securities	2,491	209	-	2,700
	6,993	209	-	7,202
Investments and advances:				
Equity securities	136,241	315,652	231	451,662
Government debt securities	1,537	24	-	1,561
Corporate debt securities	5,738	87	7	5,818
Other securities	12,072	345	-	12,417
	155,588	316,108	238	471,458
	162,581	316,317	238	478,660

	Millions of yen			
	March 31, 2014			
	Amortized cost basis	Gross gains	Gross losses	Aggregate fair value
Short-term investments:				
Government debt securities	5,701	-	-	5,701
Corporate debt securities	3,304	3	7	3,300
Other securities	169	2	-	171
	9,174	5	7	9,172
Investments and advances:				
Equity securities	136,021	269,940	747	405,214
Government debt securities	1,532	23	-	1,555
Corporate debt securities	5,532	307	-	5,839
Other securities	10,387	860	-	11,247
	153,472	271,130	747	423,855
	162,646	271,135	754	433,027

The following tables are summaries of gross unrealized holding losses on available-for-sale securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of September 30, 2014 and March 31, 2014.

	Millions of yen			
	September 30, 2014			
	Less than 12 months		12 months or longer	
	Aggregate fair value	Gross losses	Aggregate fair value	Gross losses
Investments and advances:				
Equity securities	682	34	1,393	197
Corporate debt securities	244	7	-	-
	926	41	1,393	197

	Millions of yen			
	March 31, 2014			
	Less than 12 months		12 months or longer	
	Aggregate fair value	Gross losses	Aggregate fair value	Gross losses
Short-term investments:				
Corporate debt securities	1,593	7	-	-
Investments and advances:				
Equity securities	2,265	424	1,912	323
	3,858	431	1,912	323

Equity securities consist primarily of stocks issued by Japanese and the U.S.A. listed companies. Government debt securities consist primarily of Japan treasury bonds. Corporate debt securities consist primarily of structured bonds. Other securities consist primarily of investment funds.

The following table represents the purchases, proceeds from the sale, gross realized gains on the sale, and gross realized losses on the sale of available-for-sale securities for the six months ended September 30, 2014 and 2013.

	Millions of yen	
	Six months ended September 30, 2014	Six months ended September 30, 2013
Purchases	660	2,886
Proceeds from the sale	2,458	5,251
Gross realized gains on the sale	1,427	1,103
Gross realized losses on the sale	2	2

The following table represents the purchases, proceeds from the sale, gross realized gains on the sale, and gross realized losses on the sale of available-for-sale securities for the three months ended September 30, 2014 and 2013.

	Millions of yen	
	Three months ended September 30, 2014	Three months ended September 30, 2013
Purchases	347	1,267
Proceeds from the sale	1,395	4,092
Gross realized gains on the sale	620	738
Gross realized losses on the sale	2	2

The contractual maturities of debt securities and other securities classified as investments and advances in the consolidated balance sheet as of September 30, 2014 are as follows:

	Millions of yen		
	Held-to-maturity	Available-for-sale	Total
Due within five years	59	5,485	5,544
Due after five years through ten years	-	1,991	1,991
Due after ten years	-	12,320	12,320
	59	19,796	19,855

Expected redemptions may differ from contractual maturities because some of these securities are redeemable at the option of the issuers.

The aggregate carrying amounts of cost-method investments which were not evaluated for impairment as of September 30, 2014 and March 31, 2014 were ¥44,505 million and ¥44,412 million, respectively, mainly because it was not practicable to estimate the fair value of the investments due to lack of a market price and difficulty in estimating fair value without incurring excessive cost and the Company did not identify any events or changes in circumstances that might have had a significant adverse effect on their fair value.

(4) Allowances for doubtful receivables

Allowances for doubtful receivables as of September 30, 2014 and March 31, 2014 are as follows:

	Millions of yen	
	September 30, 2014	March 31, 2014
Allowances for doubtful receivables	30,918	31,270

(5) Inventories

Inventories as of September 30, 2014 and March 31, 2014 are summarized as follows:

	Millions of yen	
	September 30, 2014	March 31, 2014
Finished goods	623,486	564,700
Work in process	664,581	596,523
Raw materials	257,439	245,832
	1,545,506	1,407,055

(6) Securitizations

The Company and certain subsidiaries securitize certain financial assets, such as lease, trade and mortgage loans receivable, and arrange other forms of asset-backed financing for the purpose of providing diversified and stable fund raising as part of their ongoing securitization activities. Historically, they have used Special Purpose Entities (SPEs) sponsored by third party financial institutions to execute part of the securitization transactions of these financial assets funded with commercial paper and other borrowings. These financial institutions operate those SPEs as a part of their business, accordingly, the amount of assets transferred by the Company and its subsidiaries is considerably small compared to the total assets of the SPEs sponsored by these financial institutions that purchase a large amount of assets from entities other than the Company and its subsidiaries. In certain transactions, the Company’s subsidiaries retain subordinated interests in the transferred assets and/or investors have recourse with a scope that is considerably limited. These securitization transactions are similar to those used by many financial institutions.

Investors in these entities only have recourse to the assets owned by the entity and not to their general credit, unless noted below. The Company and certain subsidiaries do not provide non-contractual support to SPEs and do not have implicit support arrangements with any SPEs. The majority of their involvement with SPEs related to the securitization activities are financing of an entity, providing limited credit enhancements, servicing the assets and receiving fees for services provided.

The transferred assets have similar risks and characteristics to the Company’s and certain subsidiaries’ receivables recorded on the consolidated balance sheets. Accordingly, the performance, such as collections or expected credit loss, of these transferred assets has been similar to the receivables recorded on the consolidated balance sheets for the Company and certain subsidiaries; however, the blended performance of the pools of transferred assets reflects the eligibility screening requirements that the Company and certain subsidiaries apply to determine which receivables are selected for transfer. Therefore, the blended performance may differ from receivables recorded on the consolidated balance sheets.

Consolidated SPEs

The Company consolidated SPEs mainly because the Company has both the power to direct the activities of the SPEs that most significantly impact the SPEs’ economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the SPEs. The consolidated SPEs are mainly trusts for the securitizations of lease receivables and mortgage loans receivable.

The tables below summarize the assets and liabilities of the consolidated SPEs as of September 30, 2014 and March 31, 2014 by type of transferred financial assets that those SPEs hold:

	Millions of yen			
	September 30, 2014			
	Lease Receivables	Mortgage loans receivable	Others	Total
Cash and cash equivalents	10,006	1,748	1,554	13,308
Current portion of financial assets transferred to consolidated securitization entities	35,461	8,685	5,507	49,653
Financial assets transferred to consolidated securitization entities	71,265	98,726	11,068	181,059
Current portion of non-recourse borrowings of consolidated securitization entities:				
Loans, mainly from banks	10,377	-	1,611	11,988
Beneficial interests in trusts	22,963	10,225	3,567	36,755
	33,340	10,225	5,178	48,743
Non-recourse borrowings of consolidated securitization entities:				
Loans, mainly from banks	12,833	874	1,993	15,700
Beneficial interests in trusts	50,662	71,490	7,868	130,020
	63,495	72,364	9,861	145,720

	Millions of yen			
	March 31, 2014			
	Lease Receivables	Mortgage loans receivable	Others	Total
Cash and cash equivalents	8,965	2,101	1,264	12,330
Current portion of financial assets transferred to consolidated securitization entities	37,079	9,552	5,581	52,212
Financial assets transferred to consolidated securitization entities	69,406	105,839	10,573	185,818
Current portion of non-recourse borrowings of consolidated securitization entities:				
Loans, mainly from banks	12,843	-	1,975	14,818
Beneficial interests in trusts	20,528	11,459	3,090	35,077
	33,371	11,459	5,065	49,895
Non-recourse borrowings of consolidated securitization entities:				
Loans, mainly from banks	17,598	-	2,706	20,304
Beneficial interests in trusts	41,906	80,277	6,444	128,627
	59,504	80,277	9,150	148,931

The assets and liabilities of the consolidated SPEs on the table above exclude intercompany balances that are eliminated in consolidation. Substantially, all of the assets of the consolidated SPEs can only be used to settle obligations of those SPEs.

<u>Transfers to unconsolidated entities</u>
The following information is related to financial assets transferred to unconsolidated entities and accounted for as sales. Those financial assets are transferred mainly to SPEs sponsored by financial institutions.

Securitizations of lease receivables:
Hitachi Capital Corporation and certain other subsidiaries sold lease receivables to unconsolidated SPEs and other entities. During the six months ended September 30, 2014 and 2013, proceeds from the transfer of lease receivables were ¥46,422 million and ¥50,820 million, respectively, and net gains recognized on those transfers were ¥1,126 million and ¥1,749 million, respectively. During the three months ended September 30, 2014 and 2013, proceeds from the transfer of lease receivables were ¥21,842 million and ¥44,980 million, respectively, and during the three months ended September 30, 2014 and 2013, net gains recognized on those transfers were ¥541 million and ¥1,751 million, respectively. The subsidiaries retained servicing responsibilities, but did not record a servicing asset or liability because the cost to service the receivables approximated the servicing income.

The amounts of the initial fair value of the subordinated interests for the six months ended September 30, 2014 and 2013 were ¥5,239 million and ¥6,103 million, respectively. The amounts of the initial fair value of the subordinated interests for the three months ended September 30, 2014 and 2013 were ¥1,833 million and ¥5,713 million, respectively. The subordinated interests relating to securitizations of lease receivables are initially classified as Level 3 assets within the fair value hierarchy. The initial fair value of the subordinated interests is determined based on economic assumptions including weighted-average life, expected credit risks, and discount rates.

Quantitative information about delinquencies, net credit losses, and components of lease receivables subject to transfer and other assets managed together as of and for the six months ended September 30, 2014 and as of and for the year ended March 31, 2014 is as follows:

	Millions of yen		
	September 30, 2014		
	Total principal amount of receivables	Principal amount of receivables 90 days or more past due	Net credit loss
Total assets managed or transferred:			
Lease receivables	1,181,478	292	101
Assets transferred	(276,552)		
Assets held in portfolio	904,926		

	Millions of yen		
	March 31, 2014		
	Total principal amount of receivables	Principal amount of receivables 90 days or more past due	Net credit loss
Total assets managed or transferred:			
Lease receivables	1,147,759	170	367
Assets transferred	(284,555)		
Assets held in portfolio	863,204		

As of September 30, 2014 and March 31, 2014, the amounts of the maximum exposures to losses were ¥108,836 million and ¥108,487 million, respectively. They mainly consist of the subordinated interests and the obligations to purchase assets with a scope that is considerably limited relating to these securitizations of lease receivables. As of September 30, 2014 and March 31, 2014, the amounts of the subordinated interests measured at fair value relating to these securitizations of lease receivables were ¥64,579 million and ¥64,671 million, respectively.

Securitizations of trade receivables:
The Company and certain subsidiaries sold trade receivables to unconsolidated SPEs and other entities. During the six months ended September 30, 2014 and 2013, proceeds from the transfer of trade receivables were ¥252,558 million and ¥319,621 million, respectively, and net losses recognized on those transfers were ¥267 million and ¥810 million, respectively. During the three months ended September 30, 2014 and 2013, proceeds from the transfer of trade receivables were ¥129,069 million and ¥174,177 million, respectively, and net losses recognized on those transfers were ¥124 million and ¥713 million, respectively. The Company and certain subsidiaries retained servicing responsibilities, but did not record a servicing asset or liability because the cost to service the receivables approximated the servicing income.

The amounts of the initial fair value of the subordinated interests for the six months ended September 30, 2014 and 2013 were ¥286 million and ¥2,550 million, respectively. The amounts of the initial fair value of the subordinated interests for the three months ended September 30, 2014 and 2013 were ¥38 million and ¥2,440 million, respectively. The subordinated interests relating to securitizations of trade receivables are initially classified as Level 3 assets within the fair value hierarchy. The initial fair value of the subordinated interests is determined based on economic assumptions including weighted-average life, expected credit risks, discount rates, and prepayment rates.

Quantitative information about delinquencies, net credit loss, and components of trade receivables subject to transfer and other assets managed together as of and for the six months ended September 30, 2014 and as of and for the year ended March 31, 2014 is as follows:

	Millions of yen		
	September 30, 2014		
	Total principal amount of receivables	Principal amount of receivables 90 days or more past due	Net credit loss
Total assets managed or transferred:			
Trade receivables	1,049,477	2,756	446
Assets transferred	(226,569)		
Assets held in portfolio	822,908		

	Millions of yen		
	March 31, 2014		
	Total principal amount of receivables	Principal amount of receivables 90 days or more past due	Net credit loss
Total assets managed or transferred:			
Trade receivables	1,016,943	3,092	1,279
Assets transferred	(273,946)		
Assets held in portfolio	742,997		

As of September 30, 2014 and March 31, 2014, the amounts of the maximum exposures to losses were ¥26,898 million and ¥43,549 million, respectively. They mainly consist of the subordinated interests and the obligations to purchase assets with a scope that is considerably limited relating to these securitizations of trade receivables. As of September 30, 2014 and March 31, 2014, the amounts of the subordinated interests relating to these securitizations of trade receivables were ¥17,906 million and ¥26,024 million, respectively.

(7) Goodwill and Other Intangible Assets

Goodwill and other intangible assets included in other assets as of September 30, 2014 and March 31, 2014 are as follows:

Millions of yen

	September 30, 2014			March 31, 2014		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Goodwill	342,319	-	342,319	339,148	-	339,148
Amortized intangible assets:						
Software	751,845	660,708	91,137	752,413	659,299	93,114
Software for internal use	600,745	459,877	140,868	577,168	439,688	137,480
Patents	51,037	48,354	2,683	50,586	47,856	2,730
Other	344,003	134,474	209,529	301,917	124,034	177,883
	1,747,630	1,303,413	444,217	1,682,084	1,270,877	411,207
Indefinite-lived intangible assets	12,799	-	12,799	11,126	-	11,126

(8) Retirement and Severance Benefits

Net periodic benefit cost for the contributory funded benefit pension plans and the unfunded lump-sum payment plans for the six months ended September 30, 2014 and 2013 consists of the following components:

Millions of yen

	Six months ended September 30, 2014	Six months ended September 30, 2013
Service cost	41,602	44,699
Interest cost	12,974	12,998
Expected return on plan assets for the period	(18,906)	(17,716)
Amortization of prior service benefit	(6,774)	(8,066)
Amortization of actuarial loss	39,021	44,567
Transfer to defined contribution pension plan	-	1,249
Settlements loss	-	496
Employees' contributions	(119)	(79)
	67,798	78,148

Net periodic benefit cost for the contributory funded benefit pension plans and the unfunded lump-sum payment plans for the three months ended September 30, 2014 and 2013 consists of the following components:

	Millions of yen	
	Three months ended September 30, 2014	Three months ended September 30, 2013
Service cost	21,121	22,356
Interest cost	6,485	6,371
Expected return on plan assets for the period	(9,492)	(8,839)
Amortization of prior service benefit	(3,337)	(4,052)
Amortization of actuarial loss	19,166	22,341
Transfer to defined contribution pension plan	-	1,269
Settlements loss	-	496
Employees' contributions	(60)	(37)
	33,883	39,905

(9) Common Stock

Issued shares of common stock as of September 30, 2014 and March 31, 2014 are as follows:

	Issued shares	
	September 30, 2014	March 31, 2014
Issued shares of common stock	4,833,463,387	4,833,463,387

(10) Treasury Stock

Shares of treasury stock as of September 30, 2014 and March 31, 2014 are as follows:

	Shares	
	September 30, 2014	March 31, 2014
Shares of treasury stock	4,620,396	4,407,424

(11) Dividends

Decision	Class of Shares	Cash dividends (Millions of yen)	Appropriation from	Cash dividends per share (Yen)	Record date	Effective Date
The Board of Directors on May 12, 2014	Common stock	26,559	Retained earnings	5.5	March 31, 2014	June 2, 2014
The Board of Directors on October 29, 2014	Common stock	28,973	Retained earnings	6.0	September 30, 2014	November 26, 2014

(12) Equity

The changes in the equity for the six months ended September 30, 2014 and 2013 are summarized as follows:

Millions of yen

	Six months ended September 30, 2014		
	Total Hitachi, Ltd. stockholders' equity	Noncontrolling interests	Total equity
Balance at beginning of period	2,651,241	1,201,223	3,852,464
Dividends to Hitachi, Ltd. stockholders	(26,559)	-	(26,559)
Dividends to noncontrolling interests	-	(17,465)	(17,465)
Equity transactions and other	(2,486)	4,547	2,061
Comprehensive income			
Net income	91,540	53,291	144,831
Other comprehensive income, net of income taxes and reclassification adjustments:			
Foreign currency translation adjustments	36,666	20,567	57,233
Pension liability adjustments	27,538	2,271	29,809
Net unrealized holding gain on available-for-sale securities	28,657	596	29,253
Cash flow hedges	(46,827)	237	(46,590)
Comprehensive income	137,574	76,962	214,536
Balance at end of period	2,759,770	1,265,267	4,025,037

Millions of yen

	Six months ended September 30, 2013		
	Total Hitachi, Ltd. stockholders' equity	Noncontrolling interests	Total equity
Balance at beginning of period	2,082,560	1,096,727	3,179,287
Dividends to Hitachi, Ltd. stockholders	(24,152)	-	(24,152)
Dividends to noncontrolling interests	-	(13,513)	(13,513)
Equity transactions and other	(6,882)	9,075	2,193
Comprehensive income			
Net income	32,766	36,599	69,365
Other comprehensive income, net of income taxes and reclassification adjustments:			
Foreign currency translation adjustments	55,650	13,299	68,949
Pension liability adjustments	29,810	1,889	31,699
Net unrealized holding gain on available-for-sale securities	81,576	2,155	83,731
Cash flow hedges	(1,060)	1,389	329
Comprehensive income	198,742	55,331	254,073
Balance at end of period	2,250,268	1,147,620	3,397,888

The changes in accumulated other comprehensive income (loss), net of income taxes, for the six months ended September 30, 2014 and 2013 are as follows:

	Millions of yen				
	Six months ended September 30, 2014				
	Foreign currency translation adjustments	Pension liability adjustments	Net unrealized holding gain on available-for-sale securities	Cash flow hedges	Total
Balance at beginning of period	34,049	(186,595)	186,162	(42,881)	(9,265)
Equity transactions and other	15	(2)	(1)	-	12
Other comprehensive income, net of reclassification adjustments					
Other comprehensive income arising during the period	37,154	496	29,105	(45,924)	20,831
Reclassification adjustments for realized net loss included in net income	(488)	27,042	(448)	(903)	25,203
Other comprehensive income, net of reclassification adjustments	36,666	27,538	28,657	(46,827)	46,034
Balance at end of period	70,730	(159,059)	214,818	(89,708)	36,781

	Millions of yen				
	Six months ended September 30, 2013				
	Foreign currency translation adjustments	Pension liability adjustments	Net unrealized holding gain on available-for-sale securities	Cash flow hedges	Total
Balance at beginning of period	(91,314)	(308,724)	61,482	(29,778)	(368,334)
Equity transactions and other	(679)	99	(36)	2	(614)
Other comprehensive income, net of reclassification adjustments					
Other comprehensive income arising during the period	58,045	834	82,242	(843)	140,278
Reclassification adjustments for realized net loss included in net income	(2,395)	28,976	(666)	(217)	25,698
Other comprehensive income, net of reclassification adjustments	55,650	29,810	81,576	(1,060)	165,976
Balance at end of period	(36,343)	(278,815)	143,022	(30,836)	(202,972)

The following table represents the reclassification adjustments for realized net loss included in net income by each classification of other comprehensive income for the six months and three months ended September 30, 2014 and 2013 with location in consolidated statements of operations.

Millions of yen

	Reclassification adjustments for realized net loss included in net income		
	Six months ended September 30, 2014	Six months ended September 30, 2013	Location
Foreign currency translation adjustments:			
	(488)	(2,395)	Other income
Before-tax amount	(488)	(2,395)	Income before income taxes
Tax benefit (expense)	-	-	Income taxes
Net-of-tax amount	(488)	(2,395)	Net income attributable to Hitachi, Ltd. stockholders
Pension liability adjustment:			
Prior service benefit	(5,982)	(6,529)	(a)
Actuarial loss	35,360	40,749	(a)
Before-tax amount	29,378	34,220	Income before income taxes
Tax benefit (expense)	(2,336)	(5,244)	Income taxes
Net-of-tax amount	27,042	28,976	Net income attributable to Hitachi, Ltd. stockholders
Net unrealized holding gain on available-for-sale securities:			
	(699)	-	Other income
	-	(1,011)	Other deductions
Before-tax amount	(699)	(1,011)	Income before income taxes
Tax benefit (expense)	251	345	Income taxes
Net-of-tax amount	(448)	(666)	Net income attributable to Hitachi, Ltd. Stockholders
Cash flow hedges:			
Forward exchange contracts	(493)	(745)	Other income
Cross currency swap agreements	(1,235)	(23)	Other income
Interest rate swaps	442	288	Interest charges
Before-tax amount	(1,286)	(480)	Income before income taxes
Tax benefit (expense)	383	263	Income taxes
Net-of-tax amount	(903)	(217)	Net income attributable to Hitachi, Ltd. stockholders
Reclassification adjustments for realized net loss included in net income	25,203	25,698	Net income attributable to Hitachi, Ltd. stockholders

(a) These accumulated other comprehensive income (loss) components are included in the computation of net periodic benefit cost (see note 8).

Millions of yen

	Reclassification adjustments for realized net loss included in net income		
	Three months ended September 30, 2014	Three months ended September 30, 2013	Location
Foreign currency translation adjustments:			
	-	(2,394)	Other deductions
Before-tax amount	-	(2,394)	Income before income taxes
Tax benefit (expense)	-	-	Income taxes
Net-of-tax amount	-	(2,394)	Net income attributable to Hitachi, Ltd. stockholders
Pension liability adjustment:			
Prior service benefit	(2,937)	(2,996)	(a)
Actuarial loss	17,480	20,531	(a)
Before-tax amount	14,543	17,535	Income before income taxes
Tax benefit (expense)	(1,121)	(2,500)	Income taxes
Net-of-tax amount	13,422	15,035	Net income attributable to Hitachi, Ltd. stockholders
Net unrealized holding gain on available-for-sale securities:			
	(90)	-	Other income
	-	(701)	Other deductions
Before-tax amount	(90)	(701)	Income before income taxes
Tax benefit (expense)	33	240	Income taxes
Net-of-tax amount	(57)	(461)	Net income attributable to Hitachi, Ltd. Stockholders
Cash flow hedges:			
Forward exchange contracts	(905)	-	Other income
	-	(822)	Other deductions
Cross currency swap agreements	(980)	-	Other income
	-	(79)	Other deductions
Interest rate swaps	270	220	Interest charges
Before-tax amount	(1,615)	(681)	Income before income taxes
Tax benefit (expense)	447	255	Income taxes
Net-of-tax amount	(1,168)	(426)	Net income attributable to Hitachi, Ltd. stockholders
Reclassification adjustments for realized net loss included in net income	12,197	11,754	Net income attributable to Hitachi, Ltd. stockholders

(a) These accumulated other comprehensive income (loss) components are included in the computation of net periodic benefit cost (see note 8).

(13) Commitments and Contingencies

The Company and its subsidiaries are contingently liable for loan guarantees and other guarantees to its affiliates and others in the amount of approximately ¥165,699 million as of September 30, 2014. This includes credit guarantees of ¥69,446 million for collections of receivables associated with the integration of its thermal power systems business.

Hitachi Capital Corporation (HCC) and subsidiaries in financial services segment provide guarantees to financial institutions for extending loans to customers of the subsidiaries. As of September 30, 2014, the undiscounted maximum potential future payments under such guarantees amounted to ¥222,806 million. For providing these guarantees, the subsidiaries obtain collateral appropriate for the amount of the guarantees, and therefore, the Company considers the risk to be low. The Company accrued ¥7,160 million as an obligation to stand ready to perform over the term of the guarantees in the event the customer cannot make scheduled payments.

The Company and HCC provide loan commitments to affiliates and others.
The outstanding balance of loan commitments as of September 30, 2014 is as follows:

	Millions of yen
Total commitment available	110,470
Less amount utilized	38,103
Balance available	72,367

The amount of total commitment available in the table above includes lines of credits which require an additional credit approval prior to funding, and it may not be fully utilized.

The Company and its subsidiaries have line of credit arrangements with banks in order to secure a financing source for business operations. The total unused lines of credit as of September 30, 2014 amounted to ¥516,798 million, primarily related to unused lines of credit belonging to the Company. The Company maintains commitment line agreements with a number of banks and pays commitment fees as consideration. These commitment agreements generally provide a one-year term, and are subject to renewal at the end of the term. The unused availability under these agreements as of September 30, 2014 amounted to ¥200,000 million. The Company also maintains another commitment line agreement, whose three years and two months term ends in July 2016, with financing companies. The unused availability under this agreement as of September 30, 2014 amounted to ¥200,000 million.

It is a common practice in Japan for companies, in the ordinary course of business, to receive promissory notes in the settlement of trade accounts receivable and to subsequently discount such notes to banks or to transfer them by endorsement to suppliers in the settlement of accounts payable. As of September 30, 2014 and March 31, 2014, the Company and subsidiaries were contingently liable for trade notes discounted and endorsed in the following amounts:

	Millions of yen	
	September 30, 2014	March 31, 2014
Notes discounted	792	1,158
Notes endorsed	1,104	1,128
	1,896	2,286

The Company and its subsidiaries provide warranties for certain of their products. The accrued product warranty costs are based primarily on historical experience of actual warranty claims. The changes in accrued product warranty costs for the six months ended September 30, 2014 and 2013 are summarized as follows:

	Millions of yen	
	Six months ended September 30, 2014	Six months ended September 30, 2013
Balance at beginning of period	41,265	40,114
Expense recognized upon issuance of warranties	4,446	5,768
Usage	(6,156)	(5,988)
Other, including effect of foreign currency translation	1,042	(75)
Balance at end of period	40,597	39,819

The changes in accrued product warranty costs for the three months ended September 30, 2014 and 2013 are summarized as follows:

	Millions of yen	
	Three months ended September 30, 2014	Three months ended September 30, 2013
Balance at beginning of period	40,334	40,742
Expense recognized upon issuance of warranties	1,626	2,153
Usage	(2,963)	(2,947)
Other, including effect of foreign currency translation	1,600	(129)
Balance at end of period	40,597	39,819

In December 2006, the Company and a subsidiary in Europe received requests for information from the European Commission in respect of alleged antitrust violations relating to liquid crystal displays.

In November 2007, a subsidiary in the U.S.A. received a grand jury subpoena in connection with the investigation conducted by the Antitrust Division of the U.S. Department of Justice in respect of alleged antitrust violations relating to cathode ray tubes. In addition, in November 2007, two subsidiaries in Asia and in Europe received requests for information from the European Commission. Furthermore, in November 2007, a subsidiary in Canada received requests for information from the Canadian Competition Bureau.

In June 2009, a subsidiary in Japan received a grand jury subpoena in connection with the investigation conducted by the Antitrust Division of the U.S. Department of Justice and received requests for information from the European Commission in respect of alleged antitrust violations relating to optical disk drives. In November 2011, the Japanese subsidiary paid a fine in relation to the investigation from the Antitrust Division of the U.S. Department of Justice. In July 2012, the Japanese subsidiary received a statement of objections from the European Commission in respect of alleged antitrust violations. Two subsidiaries in Japan and in Korea accrued the reasonably estimated amount for the loss.

In July 2011, a subsidiary and a former affiliated company in Japan received a statement of objections from the European Commission in respect of alleged antitrust violations relating to high-voltage power cables. In April 2014, the European Commission ordered these companies to pay fines for infringement of EU antitrust rules. The subsidiary in Japan paid the fine in June 2014.

In July 2011, a subsidiary in the U.S.A. was investigated by and received a grand jury subpoena from the Antitrust Division of the U.S. Department of Justice, the Company and a subsidiary in Europe received requests for information from the European Commission, and a subsidiary in Canada received requests for information from the Canadian Competition Bureau, all in respect of alleged antitrust violations relating to automotive equipment. In November 2013, a subsidiary in Japan, which had been also primarily responsible for responding to the investigation from the Antitrust Division of the U.S. Department of Justice, paid a fine.

In June 2014, a subsidiary in Japan was investigated by the Japan Fair Trade Commission in respect of alleged antitrust violations relating to capacitors. The subsidiaries in Europe, the U.S.A., and others are being investigated by competition authorities in each country or region, all in respect of alleged antitrust violations relating to capacitors.

The Company and its subsidiaries and affiliated companies have cooperated with the competent authorities. Depending upon the outcome of these matters, fines or surcharge payments, the amount of which is uncertain, may be imposed on them. Also, in connection with pending and settled antitrust violations, civil disputes, including class action lawsuits, involving the Company and some of these companies have arisen in a number of countries, including in the U.S.A. and Canada. A reasonably estimated amount was accrued for the potential losses in relation to certain of these civil disputes.

In August 2012, a subsidiary in Europe received a complaint filed by a customer in Europe seeking compensation for consequential losses of EUR 1,058 million (¥147,006 million), additional costs and interest allegedly incurred by the delay in the construction process of a power plant against, jointly and severally, the Company, the subsidiary in Europe, a consortium including the Company and the subsidiary in Europe, and two other companies. In addition, in October 2013, the subsidiary in Europe received an additional complaint requesting compensation for consequential losses of EUR 239 million (¥33,258 million). Although the Company, the subsidiary in Europe and the consortium will vigorously defend themselves against this lawsuit, there can be no assurance that they will not be held liable for any amounts claimed.

In December 2013, the Company, a subsidiary in Europe, and a consortium consisting of the Company and the subsidiary in Europe, jointly and severally received a request from a customer in Europe to refer a dispute to arbitration seeking compensation for EUR 606 million (¥84,265 million) including consequential losses allegedly incurred by the delay in the construction process of a power plant. Although the Company, the subsidiary in Europe, and the consortium consisting of the Company and the subsidiary in Europe, will vigorously defend themselves against this claim, there can be no assurance that they will not be held liable for any amounts claimed.

Depending upon the outcome of the above legal proceedings, there may be an adverse effect on the consolidated financial position or results of operations. Currently the Company is unable to estimate the adverse effect, if any, of many of these proceedings. Accordingly, except as otherwise stated, no accrual for potential loss has been made. The actual amount of fines, surcharge payments or any other payments resulting from these legal proceedings may be different from the accrued amounts.

In addition to the above, the Company and its subsidiaries are subject to legal proceedings and claims which have arisen in the ordinary course of business and have not been finally adjudicated. These actions when ultimately concluded and determined will not, in the opinion of management, have a material adverse effect on the consolidated financial position or results of operations of the Company and subsidiaries.

(14) Expenses Related to Competition Law

For the six months and three months ended September 30, 2014, a change in accrual of settlements of consequential losses involving disputes with certain customers was recognized.

For the six months and three months ended September 30, 2013, a subsidiary in the Automotive Systems segment agreed with the U.S. Department of Justice to conclude a plea agreement paying a fine in the amount of US$195 million (¥19,061 million), regarding violations of U.S. antitrust laws occurring in connection with the sales of certain automotive parts to certain OEM customers. As such, the Automotive Systems segment recognized it as expenses related to competition law.

(15) Restructuring Charges

Certain losses incurred in the reorganization of the Company's operations are considered restructuring charges. Components and related amounts of the restructuring charges, before the related tax effects, for the six months ended September 30, 2014 and 2013 are as follows:

	Millions of yen	
	Six months ended September 30, 2014	Six months ended September 30, 2013
Special termination benefits	2,360	11,176
Loss on fixed assets	86	-
	2,446	11,176

Components and related amounts of the restructuring charges, before the related tax effects, for the three months ended September 30, 2014 and 2013 are as follows:

	Millions of yen	
	Three months ended September 30, 2014	Three months ended September 30, 2013
Special termination benefits	1,561	8,116
Loss on fixed assets	86	-
	1,647	8,116

The Company and certain subsidiaries provided special termination benefits to those employees voluntarily leaving the companies. The accrued special termination benefits were recognized at the time voluntary termination was offered and benefits were accepted by the employees. An analysis of the accrued special termination benefits for the six months ended September 30, 2014 and 2013 is as follows:

	Millions of yen	
	Six months ended September 30, 2014	Six months ended September 30, 2013
Balance at beginning of the period	12,171	15,293
New charges	2,360	11,176
Cash payments	(12,383)	(19,074)
Foreign currency exchange rate changes	18	32
Balance at end of the period	2,166	7,427

An analysis of the accrued special termination benefits for the three months ended September 30, 2014 and 2013 is as follows:

	Millions of yen	
	Three months ended September 30, 2014	Three months ended September 30, 2013
Balance at beginning of the period	2,547	3,416
New charges	1,561	8,116
Cash payments	(1,983)	(4,110)
Foreign currency exchange rate changes	41	5
Balance at end of the period	2,166	7,427

The restructuring charges for the six months and three months ended September 30, 2014 mainly consist of special termination benefits for the early-terminated employees of subsidiaries for the purpose of improving profitability in the Information & Telecommunication Systems segment by rationalizing its workforce.

The following represents the significant restructuring activities for the six months ended September 30, 2013 by reportable segment:

1. The Others (Logistics and Other services) restructured due to withdrawal from the TV parts business. The accrued special termination benefits expensed during the six months ended September 30, 2013 amounted to ¥4,209 million. The liabilities for special termination benefits amounting to ¥3,384 million as of September 30, 2013 were paid by March 31, 2014. Total restructuring charges during the six months ended September 30, 2013 consisted only of special termination benefits.

2. The Information & Telecommunication Systems segment restructured in order to rationalize the workforce of its software service business. The accrued special termination benefits expensed during the six months ended September 30, 2013 amounted to ¥2,677 million. The liabilities for special termination benefits amounting to ¥1,892 million as of September 30, 2013 were paid by March 31, 2014. Total restructuring charges during the six months ended September 30, 2013 consisted only of special termination benefits.

3. The High Functional Materials & Components segment restructured in order to reorganize its wires, cables and other relevant products business, which was undertaken to address the deterioration of the business environment. The accrued special termination benefits expensed during the six months ended September 30, 2013 amounted to ¥2,628 million. The liabilities for special termination benefits amounting to ¥444 million as of September 30, 2013 were paid by March 31, 2014. Total restructuring charges during the six months ended September 30, 2013 consisted only of special termination benefits.

The following represents the significant restructuring activities for the three months ended September 30, 2013 by reportable segment:

1. The Others (Logistics and Other services) restructured due to withdrawal from the TV parts business. The accrued special termination benefits expensed during the three months ended September 30, 2013 amounted to ¥3,764 million. The liabilities for special termination benefits amounting to ¥3,384 million as of September 30, 2013 were paid by March 31, 2014. Total restructuring charges during the three months ended September 30, 2013 consisted only of special termination benefits.

2. The Information & Telecommunication Systems segment restructured in order to rationalize the workforce of its software service business. The accrued special termination benefits expensed during the three months ended September 30, 2013 amounted to ¥2,573 million. The liabilities for special termination benefits amounting to ¥1,892 million as of September 30, 2013 were paid by March 31, 2014. Total restructuring charges during the three months ended September 30, 2013 consisted only of special termination benefits.

(16) Other Income and Other Deductions

The following items are included in other income or other deductions for the six months ended September 30, 2014 and 2013.

	Millions of yen	
	Six months ended September 30, 2014	Six months ended September 30, 2013
Net gain (loss) on securities	3,128	(2,155)
Net loss on sale and disposal of rental assets and other property	(11,955)	(577)
Exchange gain	7,145	2,043

The following items are included in other income or other deductions for the three months ended September 30, 2014 and 2013.

	Millions of yen	
	Three months ended September 30, 2014	Three months ended September 30, 2013
Net gain (loss) on securities	242	(825)
Net loss on sale and disposal of rental assets and other property	(10,708)	(47)
Exchange gain (loss)	9,333	(852)

(17) Net Income Per Share Information

The reconciliations of the numbers and the amounts used in the basic and diluted net income attributable to Hitachi, Ltd. stockholders per share computations for the six months ended September 30, 2014 and 2013 are as follows:

		Number of shares
	Six months ended September 30, 2014	Six months ended September 30, 2013
Weighted average number of shares on which basic net income per share is calculated	4,828,894,734	4,830,383,326
Effect of dilutive securities	-	-
Number of shares on which diluted net income per share is calculated	4,828,894,734	4,830,383,326

		Millions of yen
	Six months ended September 30, 2014	Six months ended September 30, 2013
Net income attributable to Hitachi, Ltd. stockholders	91,540	32,766
Effect of dilutive securities:		
Other	(90)	(35)
Net income attributable to Hitachi, Ltd. stockholders on which diluted net income per share is calculated	91,450	32,731

		Yen
Net income attributable to Hitachi, Ltd. stockholders per share:		
Basic	18.96	6.78
Diluted	18.94	6.78

The reconciliations of the numbers and the amounts used in the basic and diluted net income attributable to Hitachi, Ltd. stockholders per share computations for the three months ended September 30, 2014 and 2013 are as follows:

	Number of shares	
	Three months ended September 30, 2014	Three months ended September 30, 2013
Weighted average number of shares on which basic net income per share is calculated	4,828,835,206	4,830,316,604
Effect of dilutive securities	-	-
Number of shares on which diluted net income per share is calculated	4,828,835,206	4,830,316,604

	Millions of yen	
	Three months ended September 30, 2014	Three months ended September 30, 2013
Net income attributable to Hitachi, Ltd. stockholders	62,667	21,971
Effect of dilutive securities:		
Other	(35)	(20)
Net income attributable to Hitachi, Ltd. stockholders on which diluted net income per share is calculated	62,632	21,951

	Yen	
Net income attributable to Hitachi, Ltd. stockholders per share:		
Basic	12.98	4.55
Diluted	12.97	4.54

(18) Concentrations of Credit Risk

The Company and its subsidiaries generally do not have significant concentrations of credit risk to any counterparties nor any regions because they are diversified and spread globally.

(19) Derivative Instruments and Hedging Activities

Overall risk profile

The major manufacturing bases of the Company and its subsidiaries are located in Japan and Asia. The selling bases are located globally, and the Company and its subsidiaries generated approximately 50% of their sales from overseas for the six months ended September 30, 2014. These overseas sales are mainly denominated in the U.S. dollar or Euro. As a result, the Company and its subsidiaries are exposed to market risks from changes in foreign currency exchange rates.

The Company's financing subsidiaries mainly in the U.K. issue variable rate medium-term notes mainly through the Euro markets to finance their overseas long-term operating capital. As a result, the Company and its subsidiaries are exposed to market risks from changes in foreign currency exchange rates and interest rates.

The Company and its subsidiaries are also exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments, but it is not expected that any counterparties will fail to meet their obligations because most of the counterparties are internationally recognized financial institutions that are rated A or higher and contracts are diversified into a number of major financial institutions.

The Company and its subsidiaries have an insignificant amount of derivative instruments containing credit-risk-related contingent features, such as provisions that require the Company's debt to maintain an investment grade credit rating from each of the major credit rating agencies.

Risk management policy

The Company and its subsidiaries assess foreign currency exchange rate risk and interest rate risk by regularly monitoring changes in these exposures and by evaluating hedging opportunities. It is the Company's principal policy not to enter into derivative financial instruments for speculation purposes.

Foreign currency exchange rate risk management

The Company and its subsidiaries have assets and liabilities which are exposed to foreign currency exchange rate risk and, as a result, they enter into forward exchange contracts and cross currency swap agreements for the purpose of hedging these risk exposures.

In order to fix the future net cash flows principally from trade receivables and payables recognized, which are denominated in foreign currencies, the Company and its subsidiaries on a monthly basis measure the volume and due date of future net cash flows by currency. In accordance with the Company's policy, a certain portion of measured net cash flows is covered using comprehensive forward exchange contracts, which principally mature within one year. If necessary, the Company and its subsidiaries establish the risk control policy and the risk management approach specific to each transaction by reviewing the business characteristics, the structure of the income and expenditure, and conditions of the contract. The Company and its subsidiaries hedge the risk exposure arising from specific transactions based on the risk control policy and the risk management approach.

The Company and its subsidiaries enter into cross currency swap agreements with the same maturities as underlying debt to fix cash flows from long-term debt denominated in foreign currencies. The hedging relationship between the derivative financial instrument and its hedged item is highly effective in achieving offsetting changes in foreign currency exchange rates.

Interest rate risk management

The Company's and its subsidiaries' exposure to interest rate risk is related principally to long-term debt obligations. Management believes it is prudent to minimize the variability caused by interest rate risk.

To meet this objective, the Company and its subsidiaries principally enter into interest rate swaps to manage fluctuations in cash flows. The interest rate swaps entered into are receive-variable, pay-fixed interest rate swaps. Under the interest rate swaps, the Company and its subsidiaries receive variable interest rate payments on long-term debt associated with medium-term notes and make fixed interest rate payments, thereby creating fixed interest rate long-term debt.

Certain financing subsidiaries mainly finance a portion of their operations using long-term debt with a fixed interest rate and lend funds at variable interest rates. Therefore, such subsidiaries are exposed to interest rate risk. Management believes it is prudent to minimize the variability caused by interest rate risk. To meet this objective, certain financing subsidiaries principally enter into interest rate swaps converting the fixed rate to a variable rate to manage fluctuations in fair value resulting from interest rate risk. Under the interest rate swaps, certain financing subsidiaries receive fixed interest rate payments associated with long-term debt, including medium-term notes, and make variable interest rate payments, thereby creating variable-rate long-term debt.

The hedging relationship between the interest rate swaps and its hedged item is highly effective in achieving offsetting changes in cash flows and fair value resulting from interest rate risk.

Fair value hedge

Changes in the fair value of both recognized assets and liabilities, and derivative financial instruments designated as fair value hedges of these assets and liabilities are recognized in other income (deductions). Derivative financial instruments designated as fair value hedges include forward exchange contracts associated with operating transactions, cross currency swap agreements and interest rate swaps associated with financing transactions.

Cash flow hedge

Foreign currency exposure:

Changes in the fair value of forward exchange contracts designated and qualifying as cash flow hedges of forecasted transactions are reported in accumulated other comprehensive income (AOCI). These amounts are reclassified into earnings in the same period as the hedged items affect earnings.

Interest rate exposure:

Changes in fair values of interest rate swaps designated as hedging instruments for the variability of cash flows associated with long-term debt obligations are reported in AOCI. These amounts subsequently are reclassified into interest charges as a yield adjustment in the same period in which the hedged debt obligations affect earnings.

(20) Fair Value

ASC 820,"Fair Value Measurement" establishes a fair value hierarchy that prioritizes the use of observable inputs in markets over the use of unobservable inputs when measuring fair value as follows:

Level 1
Quoted prices for identical assets or liabilities in active markets.

Level 2
Quoted prices for similar assets or liabilities in active markets; quoted prices associated with transactions that are not distressed for identical or similar assets or liabilities in markets that are not active; or valuations whose significant inputs are derived from or corroborated by observable market data.

Level 3
Valuations using inputs that are not observable.

Investments in debt and equity securities

Investment securities of which quoted market prices are available to determine their fair value are included in Level 1. Level 1 securities include available-for-sale securities such as listed stocks on exchange markets, debt securities such as Japan treasury bonds and U.S.A. treasury bonds and exchange traded funds.

In the absence of an active market for investment securities, quoted prices for similar investment securities, quoted prices associated with transactions that are not distressed for identical or similar investment securities or other relevant information including market interest rate curves, referenced credit spreads or default rates, are used to determine fair value. These investments are included in Level 2. Level 2 securities include short-term investments and available-for-sale securities such as listed stocks traded over-the-counter, investment funds and debt securities traded over-the-counter.

In infrequent circumstances, the significant inputs of fair value for investment securities are unobservable and such investment are included in Level 3. The Company uses price information provided by financial institutions to evaluate these investments while corroborating the information mainly with prices estimated using an income approach based on its own valuation models or a market approach such as comparison with prices of similar securities. Level 3 securities include available-for-sale securities such as subordinated debentures and structured bonds with little market activity.

Derivatives

Closing prices are used for derivatives included in Level 1, which are traded on active markets. The majority of derivatives are traded on over-the-counter markets, which the Company does not deem to represent active markets. Derivative assets and liabilities for which fair value is based on quoted prices associated with transactions that are not distressed, in markets that are not active, or based on models using interest rate curves and forward and spot prices for currencies and commodities are included in Level 2. Derivatives included in Level 2 primarily consist of interest rate swaps, cross-currency swaps and foreign currency and commodity forward and option contracts. In infrequent circumstances, the significant inputs of fair value are unobservable and the Company mainly uses an income or market approach to corroborate relevant information provided by financial institutions. These derivatives are included in Level 3.

Subordinated interests resulting from securitization

When fair value is determined using observable inputs, including prices of recent transactions in markets that are not distressed, subordinated interests are included in Level 2. When significant inputs are not observable, fair value is determined based on economic assumptions used in measuring the fair value of the subordinated interests, including weighted-average life, expected credit risks, and discount rates, and the subordinated interests are included in Level 3.

The Company uses its own valuation models to evaluate these investments categorized within Level 3 and periodically reviews the appropriateness of consistent application of the models as well as updating of the inputs in consideration of recent changes in economic conditions. The Company also analyses whether the sensitivity in the valuation of these investments has any material adverse effects on the consolidated financial statements.

The following tables present the assets and liabilities that are measured at fair value on a recurring basis and the fair value hierarchy classification as of September 30, 2014 and March 31, 2014. The carrying values on the consolidated balance sheets are recorded by the fair value of these assets and liabilities:

	Millions of yen			
	September 30, 2014			
		Fair value hierarchy classification		
	Total	Level 1	Level 2	Level 3
Assets:				
Investments in securities				
Equity securities	451,662	450,727	935	-
Government debt securities	6,063	5,744	319	-
Corporate debt securities	8,518	-	4,132	4,386
Other	12,417	12,020	397	-
Derivatives	12,164	-	12,164	-
Subordinated interests resulting from securitization	82,485	-	-	82,485
	573,309	468,491	17,947	86,871
Liabilities:				
Derivatives	(92,486)	-	(92,486)	-

	Millions of yen			
	March 31, 2014			
		Fair value hierarchy classification		
	Total	Level 1	Level 2	Level 3
Assets:				
Investments in securities				
Equity securities	405,214	404,339	875	-
Government debt securities	7,256	6,937	319	-
Corporate debt securities	9,139	-	4,747	4,392
Other	11,418	10,786	632	-
Derivatives	8,239	-	8,239	-
Subordinated interests resulting from securitization	90,695	-	-	90,695
	531,961	422,062	14,812	95,087
Liabilities:				
Derivatives	(71,777)	-	(71,777)	-

The following tables present the changes in Level 3 instruments measured on a recurring basis for the six months ended September 30, 2014 and 2013.

	Millions of yen		
	Six months ended September 30, 2014		
	Corporate debt securities	Subordinated interests resulting from securitization	Total
Balance at beginning of period	4,392	90,695	95,087
Purchases	-	5,525	5,525
Settlements	-	(14,493)	(14,493)
Total gains or losses (realized/unrealized)			
Included in earnings (a)	(3)	96	93
Included in other comprehensive income (loss)	(3)	662	659
Balance at end of period	4,386	82,485	86,871
The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at September 30, 2014	-	-	-

(a) Level 3 gains or losses included in earnings for the six months ended September 30, 2014 are reported in other income (deductions) for corporate debt securities and are reported in revenue for subordinated interests resulting from securitization.

	Millions of yen		
	Six months ended September 30, 2013		
	Corporate debt securities	Subordinated interests resulting from securitization	Total
Balance at beginning of period	13,637	84,688	98,325
Purchases	-	8,653	8,653
Settlements	(3,097)	(12,732)	(15,829)
Total gains or losses (realized/unrealized)			
Included in earnings (a)	(2)	98	96
Included in other comprehensive income	25	3,048	3,073
Balance at end of period	10,563	83,755	94,318
The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at September 30, 2013	-	-	-

(a) Level 3 gains or losses included in earnings for the six months ended September 30, 2013 are reported in other income (deductions) for corporate debt securities and are reported in revenue for subordinated interests resulting from securitization.

The following tables present the changes in Level 3 instruments measured on a recurring basis for the three months ended September 30, 2014 and 2013.

	Millions of yen		
	Three months ended September 30, 2014		
	Corporate debt securities	Subordinated interests resulting from securitization	Total
Balance at beginning of period	4,386	88,964	93,350
Purchases	-	1,871	1,871
Settlements	-	(8,913)	(8,913)
Total gains or losses (realized/unrealized)			
Included in earnings (a)	(1)	46	45
Included in other comprehensive income	1	517	518
Balance at end of period	4,386	82,485	86,871
The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at September 30, 2014	-	-	-

(a) Level 3 gains or losses included in earnings for the three months ended September 30, 2014 are reported in other income (deductions) for corporate debt securities and are reported in revenue for subordinated interests resulting from securitization.

	Millions of yen		
	Three months ended September 30, 2013		
	Corporate debt securities	Subordinated interests resulting from securitization	Total
Balance at beginning of period	12,015	79,818	91,833
Purchases	-	8,153	8,153
Settlements	(1,697)	(5,509)	(7,206)
Total gains or losses (realized/unrealized)			
Included in earnings (a)	(1)	48	47
Included in other comprehensive income	246	1,245	1,491
Balance at end of period	10,563	83,755	94,318
The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at September 30, 2013	-	-	-

(a) Level 3 gains or losses included in earnings for the three months ended September 30, 2013 are reported in other income (deductions) for corporate debt securities and are reported in revenue for subordinated interests resulting from securitization.

Assets that are measured at fair value during the period on a non-recurring basis because they are deemed to be impaired are not included in the above tables.

The Company writes down the carrying amount of equity-method and cost-method investments on the consolidated balance sheets when the Company deems the decline of fair value to be other-than-temporary. The fair value of the equity-method investments which are listed on an active market is included in Level 1. The fair value of equity-method investments determined using an income approach, based on discounted cash flows using unobservable inputs is included in Level 3. Also, a weighted-average fair value determined using both a market approach and an income approach, which incorporate both observable inputs, such as quoted market prices of comparable companies, and discounted cash flow using unobservable inputs, is included in Level 3. The Company calculates discounted cash flows of these equity-method investments based on business forecasts, market trends, and assumptions of projected business plans. The Company uses both a market approach and an income approach to determine the fair value of the cost-method investments. The fair value based on observable inputs such as quoted market prices of similar investments is included in Level 2. The fair value primarily based on discounted cash flows using unobservable inputs based on business forecasts, market trends, and assumptions of projected business plans is included in Level 3.

The Company also writes down the carrying amount of long-lived assets on the consolidated balance sheets mainly when the Company deems the carrying amount of certain long-lived assets is not recoverable and exceeds its fair value. The Company mainly uses an income approach or a market approach to calculate the fair value of long-lived assets. These measurements are included in Level 3 since they are based primarily on discounted cash flows using unobservable inputs based on business forecasts, market trends, and assumptions of projected business plans.

The following tables present the assets measured at fair value on a non-recurring basis and the gains or losses recognized for the six months ended September 30, 2014 and 2013.

Millions of yen

	Six months ended September 30, 2014			
	Fair value hierarchy classification			Total gains
	Level 1	Level 2	Level 3	(losses)
Long-lived assets (a)				
Electronic Systems & Equipment segment	-	-	1,806	(1,336)
Other	-	-	5	(480)
Total	-	-	1,811	(1,816)

(a) The carrying value as of September 30, 2014 is not equal to the fair value at the time of impairment because of depreciation expense subsequent to impairment.

Millions of yen

	Six months ended September 30, 2013			
	Fair value hierarchy classification			Total gains
	Level 1	Level 2	Level 3	(losses)
Long-lived assets (a)				
Other	-	-	143	(1,818)
Total	-	-	143	(1,818)

(a) The carrying value as of September 30, 2013 is not equal to the fair value at the time of impairment because of depreciation expense subsequent to impairment.

The following tables present the assets measured at fair value on a non-recurring basis and the gains or losses recognized for the three months ended September 30, 2014 and 2013.

	Millions of yen			
	Three months ended September 30, 2014			
	Fair value hierarchy classification			Total gains
	Level 1	Level 2	Level 3	(losses)
Long-lived assets				
Electronic Systems & Equipment segment	-	-	1,806	(1,336)
Other	-	-	5	(251)
Total	-	-	1,811	(1,587)

	Millions of yen			
	Three months ended September 30, 2013			
	Fair value hierarchy classification			Total gains
	Level 1	Level 2	Level 3	(losses)
Long-lived assets				
Other	-	-	19	(1,571)
Total	-	-	19	(1,571)

(21) Financing Receivables and Allowance for Doubtful Receivables

The Company classifies financing receivables aggregated and categorized as finance leases, installment loans, mortgage loans, and other financing receivables, based on the nature of risks and characteristics as described below.

Financing receivables from equipment leases, installment arrangements, mortgage loans, and other receivables with a contractual maturity of one year or more are subject to disclosure as reported in this note. Trade receivables from sale of products or services that have contractual maturities of one year or less are excluded from this note. Finance lease receivables are recorded based on the total minimum payments to be received and unguaranteed residual values less executory costs and unearned income. Installment loans, mortgage loans and other financing receivables are reported on the amortized cost basis.

Finance leases are receivables from lease arrangements, including products manufactured by the Company and certain of its subsidiaries, such as information technology equipment, manufacturing machinery and equipment and construction machinery, typically secured by underlying assets. The primary locations of finance leases are Japan, U.S.A., U.K. and China. The lease term ranges mainly from three to six years. The non-specific allowance for doubtful receivables is collectively determined on the basis of past collection experience, consideration of current economic conditions and changes in our customer collection trends as well as other factors that may affect the customers' ability to pay.

Installment loans represent receivables from arrangements with customers and dealers to provide financing primarily for products manufactured by the Company and certain of its subsidiaries, such as manufacturing machinery. Installment loans are typically secured by underlying assets. The primary locations of installment loans are Japan, U.S.A., U.K. and China. The loan term is generally less than three years. The non-specific allowance is collectively determined on the basis of past collection experience, consideration of current economic conditions and changes in our customer collection trends as well as other factors that may affect the customers' ability to pay.

Mortgage loans are financing receivables from residential loan arrangements for individuals. Mortgage loans are usually arranged with collateral. The location of mortgage loans is Japan; more than fifty percent of mortgage loans are arranged for employees of the Company and its domestic subsidiaries. The term of mortgage loans is usually less than 30 years. The non-specific allowance is collectively determined on the basis of past collection experience, consideration of current economic conditions and changes in our customer collection trends as well as other factors that may affect the customers' ability to pay.

Other financing receivables are the financing service receivables provided by the subsidiaries in the financial services segment such as factoring, loan servicing, and other forms of commercial financing. The contractual maturities associated with those services generally range over one to three years. The non-specific allowance is collectively determined on the basis of past collection experience, consideration of current economic conditions and changes in our customer collection trends as well as other factors that may affect the customers' ability to pay.

In addition, common to all financing receivables, the Company and its subsidiaries individually evaluate collectability of financing receivables either by discounted cash flow analyses when they determine principal and interest of a financing receivable cannot be collected or by estimating the fair value of related collateral when applicable and further estimating the allowance for doubtful receivables. The Company and its subsidiaries have proprietary credit quality indicators appropriate to the unique characteristics of their operations and the nature of their financing receivable portfolios. Based on such indicators as the duration of overdue payments, the unpaid amounts, the existence of extended payment terms, evaluation by third-party credit agencies, and the degree of debtors' excessive debt, the Company and its subsidiaries classify and monitor their financial receivables into two categories: the individually evaluated receivables, and the collectively evaluated receivables.

Interest income for long-term financing receivables is recognized on the accrual basis.

As of September 30, 2014 and March 31, 2014, financing receivables include past due receivables in the amount of ¥41,181 million and ¥36,990 million, respectively. Of these amounts, financing receivables past due 90 days or more and still accruing interest amounted to ¥17,552 million and ¥13,049 million, respectively.

The following tables present the allowance for doubtful receivables and recorded investment in financing receivables as of September 30, 2014 and 2013, and changes in the allowance for the six months ended September 30, 2014 and 2013.

	Millions of yen				
	September 30, 2014				
	Finance leases	Installment loans	Mortgage loans	Other financing receivables	Total
Allowance for doubtful receivables					
Balance, March 31, 2014	13,475	2,651	144	3,543	19,813
Provision	2,769	799	37	1,552	5,157
Recovery	(1,699)	(103)	(44)	(1,210)	(3,056)
Write off	(221)	(585)	-	(617)	(1,423)
Balance, September 30, 2014	14,324	2,762	137	3,268	20,491
Applicable to amounts; Individually evaluated for impairment	9,054	951	50	2,306	12,361
Applicable to amounts; Collectively evaluated for impairment	5,270	1,811	87	962	8,130
Financing receivables					
Balance, September 30, 2014	919,250	385,265	140,966	434,357	1,879,838
Applicable to amounts; Individually evaluated for impairment	20,700	1,588	229	5,901	28,418
Applicable to amounts; Collectively evaluated for impairment	898,550	383,677	140,737	428,456	1,851,420

	Millions of yen				
	September 30, 2013				
	Finance leases	Installment loans	Mortgage loans	Other financing receivables	Total
Allowance for doubtful receivables					
Balance, March 31, 2013	9,946	2,209	153	5,082	17,390
Provision	3,060	1,661	34	2,507	7,262
Recovery	(2,203)	(539)	(34)	(1,285)	(4,061)
Write off	(216)	(893)	-	(702)	(1,811)
Acquisitions and divestitures	1,820	73	-	165	2,058
Balance, September 30, 2013	12,407	2,511	153	5,767	20,838
Applicable to amounts; Individually evaluated for impairment	7,250	715	53	3,214	11,232
Applicable to amounts; Collectively evaluated for impairment	5,157	1,796	100	2,553	9,606
Financing receivables					
Balance, September 30, 2013	860,305	260,399	162,796	309,084	1,592,584
Applicable to amounts; Individually evaluated for impairment	20,338	831	197	8,110	29,476
Applicable to amounts; Collectively evaluated for impairment	839,967	259,568	162,599	300,974	1,563,108

The following tables present the changes in the allowance for the three months ended September 30, 2014 and 2013.

	Millions of yen				
	September 30, 2014				
	Finance leases	Installment loans	Mortgage loans	Other financing receivables	Total
Allowance for doubtful receivables					
Balance, June 30, 2014	13,199	2,616	125	3,913	19,853
Provision	1,891	563	30	875	3,359
Recovery	(646)	(70)	(18)	(1,161)	(1,895)
Write off	(120)	(347)	-	(359)	(826)
Balance, September 30, 2014	14,324	2,762	137	3,268	20,491

	Millions of yen				
	September 30, 2013				
	Finance leases	Installment loans	Mortgage loans	Other financing receivables	Total
Allowance for doubtful receivables					
Balance, June 30, 2013	12,469	2,086	149	6,106	20,810
Provision	1,171	713	32	740	2,656
Recovery	(1,100)	(35)	(28)	(673)	(1,836)
Write off	(133)	(253)	-	(406)	(792)
Balance, September 30, 2013	12,407	2,511	153	5,767	20,838

In addition, as of September 30, 2014 and March 31, 2014, the amounts of impaired loans relating to receivables which arose from sales of products or services were ¥39,659 million and ¥37,383 million, respectively.

(22) Acquisitions and Divestitures

On August 19, 2014, Hitachi Metals, Ltd. (Hitachi Metals), a subsidiary of the Company in the High Functional Materials & Components segment, in order to strengthen its global iron casting business in a medium and long term basis, signed a definitive agreement with WF Global II B.V., an entity which is owned by private equity funds managed and controlled by KPS Capital Partners LP (KPS), to acquire all the shares of Waupaca Foundry Holdings, Inc. (Waupaca HD), which holds 100% stake of Waupaca Foundry, Inc. (Waupaca), which is engaged in the iron casting business for transportation machinery in the North America market and headquartered in the U.S.A. On November 10, 2014, Hitachi Metals acquired all the shares of Waupaca HD in accordance with the definitive agreement. The total acquisition price was US$1,338 million (¥152,990 million), which included amount of repayment of bank loans of Waupaca in addition to purchase amount of all the shares of Waupaca HD. The effects of the transaction to our financial statements are currently being evaluated.

(23) Segment Information

The operating segments of the Company are the components for which separate financial information is available and for which segment profit or loss amounts are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company has aggregated certain operating segments into reportable segments for financial reporting purposes, since such aggregation helps financial statement users better understand the Company's performance.

The reportable segments correspond to categories of activities classified primarily by markets, products and services.

The Company discloses its business in ten reportable segments: Information & Telecommunication Systems, Power Systems, Social Infrastructure & Industrial Systems, Electronic Systems & Equipment, Construction Machinery, High Functional Materials & Components, Automotive Systems, Smart Life & Ecofriendly Systems, Others (Logistics and Other services) and Financial Services.

The primary products and services included in each segment are as follows:

Information & Telecommunication Systems:
Systems integration, Outsourcing services, Software, Disk array subsystems, Servers, Mainframes, Telecommunication equipment and ATMs

Power Systems:
Thermal, Nuclear and Renewable energy power generation systems and Transmission & distribution systems

Social Infrastructure & Industrial Systems:
Industrial machinery and plants, Elevators, Escalators and Railway systems

Electronic Systems & Equipment:
Semiconductor and LCDs manufacturing equipment, Test and measurement equipment, Advanced industrial products, Medical electronics equipment and Power tools

Construction Machinery:
Hydraulic excavators, Wheel loaders and Mining machinery

High Functional Materials & Components:
Semiconductor and display related materials, Circuit boards and materials, Automotive parts (molded plastics, etc.), Energy storage devices, Specialty steels, Magnetic materials and components, High grade casting components and materials, and Wires and cables

Automotive Systems:
Engine management systems, Electric powertrain systems, Drive control systems and Car information systems

Smart Life & Ecofriendly Systems:
Air-conditioning equipment, Room air conditioner, Refrigerators, Washing machines and Flat-panel TVs

Others (Logistics and Other services):
Logistics, Optical disk drives, Property management and others

Financial Services:
Leasing and Loan guarantees

Effective April 1, 2014, due to a change in management reporting, Hitachi Information & Control Solutions, Ltd. and Ibaraki Hitachi Information Service, Ltd. which were previously included in the Information & Telecommunication Systems, have been included in the Social Infrastructure & Industrial Systems.
In April 2014, both companies are merged and changed its corporate name to Hitachi Industry & Control Solution, Ltd.
Also, effective April 1, 2014, Optical disk drives business, which was previously included in the Digital Media & Consumer Products, has been included in the Others (Logistics and Other services). As a result, the Company changed the name of the Digital Media & Consumer Products to the Smart Life & Ecofriendly Systems. Accordingly, the corresponding data for the six months ended September 30, 2013 and for the three months ended September 30, 2013 have been restated to conform with the change.

The following tables show segment information for the six months ended September 30, 2014 and 2013.

Revenues from Outside Customers

	Millions of yen	
	Six months ended September 30, 2014	Six months ended September 30, 2013
Information & Telecommunication Systems	835,688	786,506
Power Systems	172,824	340,094
Social Infrastructure & Industrial Systems	573,483	521,086
Electronic Systems & Equipment	472,041	441,210
Construction Machinery	372,292	356,934
High Functional Materials & Components	653,858	635,747
Automotive Systems	445,050	425,539
Smart Life & Ecofriendly Systems	369,532	353,463
Others (Logistics and Other services)	431,324	458,208
Financial Services	170,630	151,758
Subtotal	4,496,722	4,470,545
Corporate items	51	141
Total	4,496,773	4,470,686

Revenues from Intersegment Transactions

	Millions of yen	
	Six months ended September 30, 2014	Six months ended September 30, 2013
Information & Telecommunication Systems	99,304	89,655
Power Systems	32,281	36,209
Social Infrastructure & Industrial Systems	86,224	99,050
Electronic Systems & Equipment	56,784	58,671
Construction Machinery	974	1,126
High Functional Materials & Components	34,834	33,846
Automotive Systems	1,206	1,246
Smart Life & Ecofriendly Systems	18,786	19,383
Others (Logistics and Other services)	162,556	205,815
Financial Services	11,179	11,924
Subtotal	504,128	556,925
Corporate items and Eliminations	(504,128)	(556,925)
Total	-	-

Total Revenues

	Millions of yen	
	Six months ended September 30, 2014	Six months ended September 30, 2013
Information & Telecommunication Systems	934,992	876,161
Power Systems	205,105	376,303
Social Infrastructure & Industrial Systems	659,707	620,136
Electronic Systems & Equipment	528,825	499,881
Construction Machinery	373,266	358,060
High Functional Materials & Components	688,692	669,593
Automotive Systems	446,256	426,785
Smart Life & Ecofriendly Systems	388,318	372,846
Others (Logistics and Other services)	593,880	664,023
Financial Services	181,809	163,682
Subtotal	5,000,850	5,027,470
Corporate items and Eliminations	(504,077)	(556,784)
Total	4,496,773	4,470,686

Segment Profit (Loss)

	Millions of yen	
	Six months ended September 30, 2014	Six months ended September 30, 2013
Information & Telecommunication Systems	35,346	28,722
Power Systems	(23,935)	3,477
Social Infrastructure & Industrial Systems	20,267	6,678
Electronic Systems & Equipment	26,012	9,302
Construction Machinery	25,914	26,673
High Functional Materials & Components	62,635	49,239
Automotive Systems	19,666	2,010
Smart Life & Ecofriendly Systems	17,884	8,908
Others (Logistics and Other services)	14,874	12,547
Financial Services	20,023	17,420
Subtotal	218,686	164,976
Corporate items and Eliminations	(1,313)	(22,962)
Total Segment profit	217,373	142,014
Interest income	5,019	6,359
Interest charges	(12,886)	(12,816)
Income before income taxes	209,506	135,557

Intersegment transactions are generally recorded at the same prices used in transactions with third parties. Corporate items include unallocated corporate expenses, such as leading edge R&D expenditures, and others.

Operating Income

	Millions of yen	
	Six months ended September 30, 2014	Six months ended September 30, 2013
Information & Telecommunication Systems	36,834	30,770
Power Systems	(22,604)	2,175
Social Infrastructure & Industrial Systems	18,238	3,287
Electronic Systems & Equipment	27,926	10,636
Construction Machinery	25,029	29,447
High Functional Materials & Components	52,980	49,279
Automotive Systems	28,188	20,834
Smart Life & Ecofriendly Systems	14,325	5,837
Others (Logistics and Other services)	15,226	11,842
Financial Services	18,502	16,077
Subtotal	214,644	180,184
Corporate items and Eliminations	(620)	(6,703)
Total	214,024	173,481

Operating income is presented as total revenues less total cost of sales and selling, general and administrative expenses in order to be consistent with financial reporting principles and practices generally accepted in Japan.

The following tables show segment information for the three months ended September 30, 2014 and 2013.

Revenues from Outside Customers

	Millions of yen	
	Three months ended September 30, 2014	Three months ended September 30, 2013
Information & Telecommunication Systems	465,379	439,969
Power Systems	98,554	201,640
Social Infrastructure & Industrial Systems	322,881	294,199
Electronic Systems & Equipment	245,566	243,175
Construction Machinery	190,452	178,811
High Functional Materials & Components	330,947	314,055
Automotive Systems	225,951	218,266
Smart Life & Ecofriendly Systems	177,938	174,554
Others (Logistics and Other services)	223,777	247,117
Financial Services	78,942	75,909
Subtotal	2,360,387	2,387,695
Corporate items	22	53
Total	2,360,409	2,387,748

Revenues from Intersegment Transactions

	Millions of yen	
	Three months ended September 30, 2014	Three months ended September 30, 2013
Information & Telecommunication Systems	51,319	48,631
Power Systems	18,573	19,113
Social Infrastructure & Industrial Systems	50,341	59,309
Electronic Systems & Equipment	30,638	31,028
Construction Machinery	519	658
High Functional Materials & Components	17,741	17,403
Automotive Systems	687	654
Smart Life & Ecofriendly Systems	9,684	10,150
Others (Logistics and Other services)	80,116	112,813
Financial Services	5,442	6,060
Subtotal	265,060	305,819
Corporate items and Eliminations	(265,060)	(305,819)
Total	-	-

Total Revenues

	Millions of yen	
	Three months ended September 30, 2014	Three months ended September 30, 2013
Information & Telecommunication Systems	516,698	488,600
Power Systems	117,127	220,753
Social Infrastructure & Industrial Systems	373,222	353,508
Electronic Systems & Equipment	276,204	274,203
Construction Machinery	190,971	179,469
High Functional Materials & Components	348,688	331,458
Automotive Systems	226,638	218,920
Smart Life & Ecofriendly Systems	187,622	184,704
Others (Logistics and Other services)	303,893	359,930
Financial Services	84,384	81,969
Subtotal	2,625,447	2,693,514
Corporate items and Eliminations	(265,038)	(305,766)
Total	2,360,409	2,387,748

Segment Profit (Loss)

	Millions of yen	
	Three months ended September 30, 2014	Three months ended September 30, 2013
Information & Telecommunication Systems	31,526	27,735
Power Systems	(7,847)	7,649
Social Infrastructure & Industrial Systems	17,547	5,292
Electronic Systems & Equipment	14,105	8,050
Construction Machinery	14,040	20,536
High Functional Materials & Components	33,088	23,982
Automotive Systems	8,009	(7,873)
Smart Life & Ecofriendly Systems	8,323	4,621
Others (Logistics and Other services)	8,040	4,735
Financial Services	9,613	7,927
Subtotal	136,444	102,654
Corporate items and Eliminations	(4,253)	(19,185)
Total Segment profit	132,191	83,469
Interest income	2,451	3,186
Interest charges	(6,493)	(6,497)
Income before income taxes	128,149	80,158

Intersegment transactions are generally recorded at the same prices used in transactions with third parties. Corporate items include unallocated corporate expenses, such as leading edge R&D expenditures, and others.

Operating Income

	Millions of yen	
	Three months ended September 30, 2014	Three months ended September 30, 2013
Information & Telecommunication Systems	32,855	30,682
Power Systems	(7,021)	8,052
Social Infrastructure & Industrial Systems	16,042	3,872
Electronic Systems & Equipment	14,975	10,307
Construction Machinery	13,765	17,675
High Functional Materials & Components	26,629	23,232
Automotive Systems	16,357	11,120
Smart Life & Ecofriendly Systems	5,745	2,968
Others (Logistics and Other services)	9,401	6,978
Financial Services	9,338	7,796
Subtotal	138,086	122,682
Corporate items and Eliminations	(4,244)	(4,686)
Total	133,842	117,996

Operating income is presented as total revenues less total cost of sales and selling, general and administrative expenses in order to be consistent with financial reporting principles and practices generally accepted in Japan.

(24) Subsequent Events

On November 6, 2014, the Company executed an underwriting agreement for selling a portion of Western Digital Corporation's common stock classified as available-for-sale securities. As a result, the Company recognizes a gain on securities as other income for the nine months and three months ending December 31, 2014. The common stock will be delivered on November 13, 2014 and the gain on securities is estimated to be ¥44,318 million by using rate of exchange as of September 30, 2014.

[Cover]

[Document Filed]	Confirmation Letter
[Applicable Law]	Article 24-4-8, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	November 12, 2014
[Company Name]	Kabushiki Kaisha Hitachi Seisakusho
[Company Name in English]	Hitachi, Ltd.
[Title and Name of Representative]	Toshiaki Higashihara, President & COO
[Name and title of CFO]	Toyoaki Nakamura, Executive Vice President and Executive Officer
[Address of Head Office]	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

1. Matters Related to Adequacy of Statements Contained in the Annual Securities Report

   Mr. Toshiaki Higashihara, President & COO, and Mr. Toyoaki Nakamura, Executive Vice President and Executive Officer, confirmed that statements contained in the Quarterly Report for the second quarter of 146th fiscal year (from July 1, 2014 to September 30, 2014) were adequate under the Financial Instruments and Exchange Act.

2. Special Notes

   None.