

[Translation]

# Quarterly Report

(The Second Quarter of 147th Business Term)  
From July 1, 2015 to September 30, 2015

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

[Cover]

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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 is 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 .....	1
I.	Overview of the Company .....	1
1.	Key Financial Data.....	1
2.	Description of Business .....	1
II.	Business Overview .....	2
1.	Risk Factors.....	2
2.	Material Agreements, etc. ....	2
3.	Analyses of Consolidated Financial Condition, Operating Results and Cash Flows .....	2
III.	Information on the Company .....	10
1.	Information on the Company's Stock, etc. ....	10
(1)	Total number of shares, etc. ....	10
(2)	Information on the stock acquisition rights, etc. ....	10
(3)	Information on moving strike convertible bonds, etc. ....	10
(4)	Information on shareholder right plans .....	10
(5)	Changes in the total number of issued shares and the amount of common stock and other.....	10
(6)	Major shareholders .....	11
(7)	Information on voting rights.....	12
2.	Changes in Senior Management .....	12
IV.	Financial Information .....	13
Part II	Information on Guarantors, etc. for the Company.....	13
	[Condensed Quarterly Consolidated Financial Statements] .....	F-1
	[Confirmation Letter].....	A-1

## 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, 2014	Six months ended September 30, 2015	Year ended March 31, 2015
Revenues	4,552,076 [2,388,065]	4,806,888 [2,492,865]	9,774,930
Income from continuing operations, before income taxes	258,219	254,693	518,994
Net income attributable to Hitachi, Ltd. stockholders	117,631 [75,767]	97,591 [42,633]	217,482
Comprehensive income attributable to Hitachi, Ltd. stockholders	152,320	30,621	337,578
Total Hitachi, Ltd. stockholders' equity	2,791,297	2,942,965	2,942,281
Total equity	4,068,233	4,317,460	4,296,342
Total assets	11,514,463	12,354,327	12,433,727
Earnings per share attributable to Hitachi, Ltd. stockholders, basic (yen)	24.36 [15.69]	20.21 [8.83]	45.04
Earnings per share attributable to Hitachi, Ltd. stockholders, diluted (yen)	24.34	20.19	45.00
Total Hitachi, Ltd. stockholders' equity ratio (%)	24.2	23.8	23.7
Net cash provided by operating activities	178,555	309,588	451,825
Net cash used in investing activities	(268,591)	(332,480)	(612,545)
Net cash provided by financing activities	151,301	37,414	233,206
Cash and cash equivalents at end of period	650,224	695,141	701,703

- (Notes)
- Our consolidated financial statements have been prepared in conformity with the International Financial Report Standards ("IFRS") as issued by the International Accounting Standards Board.
  - Revenues do not include the consumption tax, etc.
  - A part of the thermal power generation systems business is classified as a discontinued operation in accordance with the provision of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations," which was not transferred to MITSUBISHI HITACHI POWER SYSTEMS, LTD. for the business integration in the thermal power generation systems with Mitsubishi Heavy Industries, Ltd. The results of the discontinued operation are reported separately from continuing operations.
  - The figures of "Revenues," "Net income attributable to Hitachi, Ltd. stockholders" and "Earnings per share attributable to Hitachi, Ltd. stockholders, basic" in square bracket are those for the three months ended September 30, 2014 and 2015, respectively.

#### 2. Description of Business

There were no material changes in principal businesses of Hitachi during the six months ended September 30, 2015. The Hitachi Group is comprised of the Company, 1,032 consolidated subsidiaries, and 252 equity-method associates and joint-ventures. Consolidated trust accounts are not included in the number of consolidated subsidiaries.

Changes of businesses in each segment and principal affiliated companies during the six months ended September 30, 2015 were as follows.

Segment	Positioning of principal affiliated companies	
	Manufacturing	Sales and services
<u>Social Infrastructure &amp; Industrial Systems</u> (Reclassified its segment) Thermal, Nuclear and Renewable Energy Power Generation Systems, Transmission & Distribution Systems	(Reclassified its segment) [Consolidated subsidiaries] Hitachi-GE Nuclear Energy, Ltd. [Equity-method associates] MITSUBISHI HITACHI POWER SYSTEMS, LTD.	(Reclassified its segment) [Consolidated subsidiaries] Hitachi Power Solutions Co., Ltd. Horizon Nuclear Power Limited

(Note) Effective from April 1, 2015, the Power Systems segment was abolished and the businesses previously constituting this segment have been integrated into the Social Infrastructure & Industrial Systems segment.

## II. Business Overview

### 1. Risk Factors

There were no new risk factors recognized during the six months ended September 30, 2015.

There were no material changes in the risk factors stated in the Annual Securities Report for the 146th business term pursuant to the Financial Instruments and Exchange Act of Japan.

### 2. Material Agreements, etc.

#### Absorption-type Merger

On July 21, 2015, the Company decided that it would conduct absorption-type mergers of Hitachi Medical Corporation ("Hitachi Medical") and Hitachi Aloka Medical, Ltd. ("Hitachi Aloka Medical") (the "Merger") on April 1, 2016. The Merger aims to strengthen Hitachi's healthcare business and accelerate growth of this business.

The details of the Merger are as follows.

#### (1) Merger Method

These are absorption-type mergers in which the Company is the surviving company and Hitachi Medical and Hitachi Aloka Medical are the disappearing companies.

#### (2) Details of Allotments Related to the Merger

There will be no allotment of shares or other assets as a result of the Merger, because the Company directly or indirectly holds all of issued shares of Hitachi Medical and Hitachi Aloka Medical.

#### (3) Assets and liabilities succeeded in the Merger

Not yet determined.

#### (4) Profile of the Surviving Company after the Merger

Name	Hitachi, Ltd.
Head office	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Representative	Toshiaki Higashihara, President & COO
Capital	458,790 million yen
Business	Development, manufacture and sales of products and provision of services across 9 segments: Information & Telecommunication 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 (consolidated basis)

### 3. Analyses of Consolidated Financial Condition, Operating Results and Cash Flows

#### (1) Outline of Business Results

Effective from April 1, 2015, the Power Systems segment has been integrated to the Social Infrastructure & Industrial Systems segment. Figures for the Social Infrastructure & Industrial Systems segment, including those for the six months ended September 30, 2014, reflect the new segmentation.

## Results of Operations

During the six months ended September 30, 2015, the U.S. economy continued to show an improvement in employment and income conditions, and recovery trend in consumer spending. The European economy also showed the signs of improvement with the support of quantitative easing policy. The Chinese economic growth continued to decelerate, and economic growth in emerging countries also slowed down owing to declines in crude oil and raw materials prices. The Japanese economy was on a recovery trend, due mainly to a rise in consumer spending supported by improvement in employment conditions and increases in real wages as well as a sustained recovery in corporate earnings. However, the pace of recovery slowed down because of sluggish growth in production resulting mainly from decline in exports to China.

Under these conditions, results of operations in the six months ended September 30, 2015 were as follows.

Revenues increased 6% to ¥4,806.8 billion, as compared with the six months ended September 30, 2014, due mainly to higher revenues in the Information & Telecommunication Systems, Social Infrastructure & Industrial Systems, High Functional Materials & Components and Automotive Systems segments. This increase was partially offset by lower revenues in the Construction Machinery segment, etc.

Cost of sales increased 6% to ¥3,556.4 billion, as compared with the six months ended September 30, 2014, and the ratio of cost of sales to revenues was 74%, which was the same level as the six months ended September 30, 2014. Gross profit increased 5% to ¥1,250.4 billion, as compared with the six months ended September 30, 2014.

Selling, general and administrative expenses (“SG&A”) increased 5% to ¥976.4 billion, as compared with the six months ended September 30, 2014, and the ratio of SG&A to revenues was 20%, which was the same level as the six months ended September 30, 2014.

Other income increased ¥24.5 billion to ¥31.3 billion, as compared with the six months ended September 30, 2014, due mainly to increased net gain on business reorganization and others partly because of the sale of a part of equity interest in Hitachi Tool Engineering, Ltd. by Hitachi Metals, Ltd. Other expenses increased ¥20.0 billion to ¥43.4 billion, as compared with the six months ended September 30, 2014, due mainly to increased restructuring charges.

Financial income (excluding interest income) decreased ¥0.5 billion to ¥7.6 billion and financial expenses (excluding interest charges) increased ¥16.4 billion to ¥18.9 billion, as compared with the six months ended September 30, 2014, respectively. This was due mainly to posting exchange loss, while exchange gain was posted in the six months ended September 30, 2014.

Share of profits of investments accounted for using the equity method decreased ¥0.5 billion to ¥11.9 billion, as compared with the six months ended September 30, 2014.

EBIT (earnings before interest and taxes, which is presented as income from continuing operations, before income taxes less interest income plus interest charges) decreased ¥2.7 billion to ¥262.6 billion, as compared with the six months ended September 30, 2014.

Interest income decreased ¥0.2 billion to ¥5.4 billion and interest charges increased ¥0.5 billion to ¥13.4 billion, as compared with the six months ended September 30, 2014, respectively.

Income from continuing operations, before income taxes decreased ¥3.5 billion to ¥254.6 billion, as compared with the six months ended September 30, 2014.

Income taxes increased ¥12.0 billion to ¥77.0 billion, as compared with the six months ended September 30, 2014.

Loss from discontinued operation decreased ¥4.5 billion to ¥11.7 billion, as compared with the six months ended September 30, 2014.

Net income decreased ¥11.0 billion to ¥165.8 billion, as compared with the six months ended September 30, 2014.

Net income attributable to non-controlling interests increased ¥9.0 billion to ¥68.2 billion, as compared with the six months ended September 30, 2014.

As a result of the foregoing, net income attributable to Hitachi, Ltd. stockholders decreased ¥20.0 billion to ¥97.5 billion, as compared with the six months ended September 30, 2014.

## Operations by Segment

The following is an overview of results of operations by segment. Revenues for each segment include intersegment transactions. Segment profit is measured by EBIT.

### (Information & Telecommunication Systems)

Revenues increased 7% to ¥1,000.1 billion, as compared with the six months ended September 30, 2014, due mainly to strong performances by the system solutions business, centered on financial systems, and higher revenues from the storage solutions business as a result of the effects of foreign exchange rate fluctuations.

Segment profit increased ¥0.2 billion to ¥45.2 billion, as compared with the six months ended September 30, 2014, due mainly to higher profits in the system solutions business resulting from increased revenues. This decrease was partially offset by lower profits in the platform business owing to reduction in capital investment by Japanese telecommunications carriers and posting expenses for business restructuring.

### (Social Infrastructure & Industrial Systems)

Revenues increased 6% to ¥950.0 billion, as compared with the six months ended September 30, 2014, due mainly to strong performances by the elevators and escalators business and the railway systems business, etc.

Segment profit decreased ¥11.6 billion to ¥12.8 billion, as compared with the six months ended September 30, 2014, due mainly to the negative impact of certain overseas projects in the infrastructure systems business. This decrease was partially offset by the higher profits in the elevators and escalators business due mainly to higher revenues.

### (Electronic Systems & Equipment)

Revenues increased 4% to ¥549.4 billion, as compared with the six months ended September 30, 2014, due mainly to higher sales of semiconductor manufacturing equipments at Hitachi Kokusai Electric Inc. and medical analysis equipments at Hitachi High-Technologies Corporation.

Segment profit increased ¥5.0 billion to ¥32.0 billion, as compared with the six months ended September 30, 2014, due mainly to higher profits as a result of increased revenues at Hitachi Kokusai Electric Inc., and the effects of business restructuring.

### (Construction Machinery)

Revenues decreased 6% to ¥365.0 billion, as compared with the six months ended September 30, 2014, due mainly to sluggish market conditions in Asia, in particular China, and Oceania.

Segment profit decreased ¥17.3 billion to ¥11.7 billion, as compared with the six months ended September 30, 2014, due mainly to lower revenues, a higher ratio of compact models with lower profitability in the product mix owing to exhaust emission regulations in Japan and product mix changes in China, production adjustment and posting exchange loss.

### (High Functional Materials & Components)

Revenues increased 14% to ¥800.5 billion, as compared with the six months ended September 30, 2014, due mainly to the effects of the consolidation of Waupaca Foundry, Inc. by Hitachi Metals, Ltd. in November 2014 and solid performances for automobile products mainly in North America.

Segment profit increased ¥23.5 billion to ¥86.1 billion, as compared with the six months ended September 30, 2014, due mainly to posting net gain on business reorganization and others related to the sale of a part of equity interest in Hitachi Tool Engineering, Ltd. by Hitachi Metals, Ltd., and the effects of business restructuring.

### (Automotive Systems)

Revenues increased 10% to ¥490.1 billion, as compared with the six months ended September 30, 2014, due mainly to growth in sales driven by robust demand for automobiles in North America.

Segment profit increased ¥4.9 billion to ¥25.2 billion, as compared with the six months ended September 30, 2014, due mainly to higher revenues and the absence of expenses related to competition law recorded in the six months ended September 30, 2014. This increase was partially offset by increased R&D expenditures.

(Smart Life & Ecofriendly Systems)

Revenues increased 4% to ¥393.2 billion, as compared with the six months ended September 30, 2014, due mainly to higher sales in overseas markets in the home appliance business and the air-conditioning business.

Segment profit decreased ¥5.5 billion to ¥13.1 billion, as compared with the six months ended September 30, 2014, due mainly to increased procurement costs owing to the depreciation of yen. This decrease was partially offset by higher sales and the effect of introduction of new products and promotion of cost reduction.

(Others (Logistics and Other services))

Revenues were ¥623.0 billion, which was the same level as the six months ended September 30, 2014, due mainly to lower revenues at Hitachi-LG Data Storage, Inc. owing to the impact of a weak market for optical disk drives, despite higher revenues at Hitachi Transport System, Ltd.

Segment profit increased ¥8.5 billion to ¥24.3 billion, as compared with the six months ended September 30, 2014, due mainly to increased earnings resulting from higher revenues at Hitachi Transport System, Ltd.

(Financial Services)

Revenues increased 4% to ¥181.2 billion, as compared with the six months ended September 30, 2014, due mainly to a strong performance in overseas business, particularly in North America and Europe.

Segment profit increased ¥5.1 billion to ¥24.5 billion, as compared with the six months ended September 30, 2014, due mainly to higher revenues and the effects of business restructuring.

#### Revenues by Market

Revenues in Japan were ¥2,416.1 billion, which was the same level as the six months ended September 30, 2014, due mainly to higher revenues in the Information & Telecommunication Systems and Social Infrastructure & Industrial Systems segments, despite lower revenues in the High Functional Materials & Components segment, etc.

Overseas revenues increased 12% to ¥2,390.6 billion, as compared with the six months ended September 30, 2014, due mainly to higher revenues in North America mainly in the High Functional Materials & Components segment, primarily resulting from the consolidation of Waupaca Foundry, Inc. by Hitachi Metals, Ltd., higher revenues in Asia mainly in the Social Infrastructure & Industrial Systems segment, and the effects of yen's depreciation against local currencies in those regions. This increase was partially offset by lower revenues in Other Areas mainly in the Construction Machinery segment.

As a result, the ratio of overseas revenues to total revenues increased 3% to 50%, as compared with the six months ended September 30, 2014.

(2) Summary of Financial Condition, etc.

#### Liquidity and Capital Resources

During the six months ended September 30, 2015, 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 in the six months ended September 30, 2015 decreased ¥11.0 billion to ¥165.8 billion, as compared with the six months ended September 30, 2014. Increase in inventories in the six months ended September 30, 2015 decreased ¥46.0 billion to ¥98.4 billion, as compared with the six months ended September 30, 2014. Decrease in trade receivables in the six months ended September 30, 2015 increased ¥122.5 billion to ¥230.8 billion, as compared with the six months ended September 30, 2014. This is because collection of receivables recorded at the end of the fiscal year ended March 31, 2015 proceeded in the six months ended September 30, 2015. Decrease in trade payables in the six months ended September 30, 2015 increased ¥27.5 billion to ¥104.9 billion, as compared with the six months ended September 30, 2014. Decrease in retirement and severance benefits in the six months ended September 30, 2015 increased ¥6.3 billion to ¥39.1 billion, as compared with the six months ended September 30, 2014. As a result of the foregoing, cash flows from operating activities recorded net cash inflow of ¥309.5 billion in the six months ended September 30, 2015, an increase of ¥131.0 billion compared with the six months ended September 30, 2014.

#### (Cash flows from investing activities)

A net sum of ¥306.7 billion in the six months ended September 30, 2015 was recorded as investments related to property, plant and equipment, where the proceeds from sale of property, plant and equipment, and intangible assets, the proceeds from sale of leased assets and the collection of lease receivables were subtracted from the amount of the purchase of property, plant and equipment, the purchase of intangible assets and the purchase of leased assets. This net sum increased by ¥49.8 billion compared with the six months ended September 30, 2014. Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) in the six months ended September 30, 2015 increased ¥53.4 billion to ¥78.3 billion, as compared with the six months ended September 30, 2014, due mainly to the acquisition of Pentaho Corporation by Hitachi Data Systems Corporation. Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) in the six months ended September 30, 2015 increased ¥23.8 billion to ¥43.1 billion, as compared with the six months ended September 30, 2014. As a result of the foregoing, cash flows from investing activities recorded net cash outflow of ¥332.4 billion in the six months ended September 30, 2015, an increase of ¥63.8 billion compared with the six months ended September 30, 2014.

#### (Cash flows from financing activities)

Net decrease in short-term debt was ¥50.5 billion in the six months ended September 30, 2015, whereas net increase of ¥59.7 billion was recorded in the six months ended September 30, 2014. A net sum of ¥146.3 billion in the six months ended September 30, 2015 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 increased by ¥4.7 billion compared with the six months ended September 30, 2014. As a result of the foregoing, cash flows from financing activities recorded net cash inflow of ¥37.4 billion in the six months ended September 30, 2015, a decrease of ¥113.8 billion compared with the six months ended September 30, 2014.

As a result of the foregoing, cash and cash equivalents as of September 30, 2015 was ¥695.1 billion, a decrease of ¥6.5 billion from March 31, 2015. Free cash flows, the sum of cash flows from operating and investing activities, were an outflow of ¥22.8 billion in the six months ended September 30, 2015, a decrease of ¥67.1 billion compared with the six months ended September 30, 2014.

#### Assets, Liabilities and Equity

The following is an overview of Hitachi's assets, liabilities and equity as of September 30, 2015.

Total assets were ¥12,354.3 billion, a decrease of ¥79.4 billion from March 31, 2015. This was due mainly to decreases in the value of assets denominated in foreign currency owing to the appreciation of yen and the effect of lower stock price. This decrease was partially offset by the effect of the acquisition of Pentaho Corporation by Hitachi Data Systems Corporation in May 2015 and an increase in lease receivables associated with business expansion, especially for foreign markets, in the Financial Services segment.

Total interest-bearing debt, the sum of short-term debt and long-term debt, was ¥3,643.8 billion, an increase of ¥86.4 billion from March 31, 2015. This was due mainly to higher demand for funds in line with business expansion in the Financial Services segment.

Total Hitachi, Ltd. stockholders' equity increased by ¥0.6 billion from March 31, 2015, to ¥2,942.9 billion, due mainly to posting of net income attributable to Hitachi, Ltd. stockholders, despite a decrease in accumulated other comprehensive income. The ratio of total Hitachi, Ltd. stockholders' equity to total assets increased 0.1% from March 31, 2015 to 23.8%.

Non-controlling interests were ¥1,374.4 billion, an increase of ¥20.4 billion from March 31, 2015.

Total equity was ¥4,317.4 billion, an increase of ¥21.1 billion from March 31, 2015. The ratio of interest-bearing debt to total equity was 0.84, as compared with 0.83 as of March 31, 2015.

### (3) Challenges Facing Hitachi Group

#### 1) Business and Financial Condition

There were no material changes in Hitachi's business strategy during the six months ended September 30, 2015.

#### 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 were 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 146th 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, 2015 were ¥164.4 billion, 3.4% of revenues. A breakdown of R&D expenditures by segment is shown below.

(Billions of yen)	
Segment	Six months ended September 30, 2015
Information & Telecommunication Systems	30.4
Social Infrastructure & Industrial Systems	21.3
Electronic Systems & Equipment	24.3
Construction Machinery	9.4
High Functional Materials & Components	23.4
Automotive Systems	34.5
Smart Life & Ecofriendly Systems	6.2
Others (Logistics and Other services)	2.5
Financial Services	0.0
Corporate	12.1
Total	164.4

#### (5) Employees

The number of employees of the Company increased by 7,098 persons during the six months ended September 30, 2015, to 38,473 persons.

For this increase, the following shows segments where the number of employees of the Company significantly increased.

The number of employees of the Company in the Information & Telecommunication Systems segment increased by 3,998 persons, to 17,871 persons. This increase was due mainly to the absorption-type company split in which the Company succeeded the system solutions business in the social infrastructure, financial, and government & public sectors in Hitachi Solutions, Ltd. on April 1, 2015.

The number of employees of the Company in the Electronic Systems & Equipment segment increased by 3,290 persons, to 3,389 persons. This increase was due mainly to temporally transfer of employees of Hitachi Medical Corporation and Hitachi Aloka Medical, Ltd. to the Company on April 1, 2015 for integrated management of the healthcare business.

There were no material changes in the number of employees of the Hitachi Group (the Company and consolidated subsidiaries).

## (6) Property, Plants and Equipment

The major property, plants and equipment materially changed during the six months ended September 30, 2015 are as follows. This was due mainly to the absorption-type company split in which the Company succeeded the system solutions business in the social infrastructure, financial, and government & public sectors in Hitachi Solutions, Ltd. on April 1, 2015.

### The Company

(As of September 30, 2015)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)							Number of employees
			Land [Area in thousands of m <sup>2</sup> ]	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Other	Construction in progress	Total	
Information & Telecommunication Systems Company (Shinagawa-ku, Tokyo)	Information & Telecommunication Systems	System development facilities, manufacturing facilities for servers, mainframes, etc.	15,820 [609]	57,378	2,237	27,514	3,316	1,934	108,201	17,156

### Domestic subsidiaries

(As of September 30, 2015)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)							Number of employees
			Land [Area in thousands of m <sup>2</sup> ]	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Other	Construction in progress	Total	
Hitachi Solutions, Ltd., Head Office (Shinagawa-ku, Tokyo)	Information & Telecommunication Systems	Other facilities	— [—]	518	—	541	95	—	1,154	2,247

## (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;
- the possibility of cost fluctuations during the lifetime of, or cancellation of, long-term contracts for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- credit conditions of Hitachi's customers and suppliers;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- fluctuations in product demand and industry capacity;
- uncertainty as to Hitachi's ability to implement measures to reduce the potential negative impact of fluctuations in product demand, exchange rates and/or price of raw materials or shortages of materials, parts and components;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi's ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- uncertainty as to the success of cost reduction measures;
- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to the success of alliances upon which Hitachi depends, some of which Hitachi may not control, with other corporations in the design and development of certain key products;
- uncertainty as to Hitachi's access to, or ability to protect, certain intellectual property rights, particularly those related to electronics and data processing technologies;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- the potential for significant losses on Hitachi's investments in equity-method associates and joint ventures;
- the possibility of disruption of Hitachi's operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- uncertainty as to Hitachi's ability to maintain the integrity of its information systems, as well as Hitachi's ability to protect its confidential information or that of its customers;
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its significant employee benefit-related costs; and
- uncertainty as to Hitachi's ability to attract and retain skilled personnel.

The factors listed above are not all-inclusive and are in addition to other factors contained 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 (shares) (September 30, 2015)	Number of shares issued as of the filing date (shares) (November 12, 2015)	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, 2015 to September 30, 2015	—	4,833,463,387	—	458,790	—	176,757

## (6) Major shareholders

(As of September 30, 2015)

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	284,882,000	5.89
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	213,776,415	4.42
Hitachi Employees' Shareholding Association	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	98,244,384	2.03
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	93,265,195	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)	81,594,836	1.69
State Street Bank West Client-Treaty 505234 (Standing proxy: Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (16-13, Tsukishima 4-chome, Chuo-ku, Tokyo)	73,278,327	1.52
The Dai-ichi Life Insurance Company, Limited	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	71,361,222	1.48
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)	70,326,306	1.45
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)	70,294,720	1.45
State Street Bank and Trust Company 505223 (Standing proxy: Mizuho Bank, Ltd.)	P.O. Box 351 Boston, Massachusetts 02101 U.S.A. (16-13, Tsukishima 4-chome, Chuo-ku, Tokyo)	54,828,007	1.13
Total	—	1,111,851,412	23.00

- (Notes)
1. NATS CUMCO is the nominee name of the depository 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, 2015. The major contents of the reports 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, 2015)

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 5,248,000	—	—
Shares with full voting right (others)	Common stock 4,805,396,000	4,805,396	—
Shares less than one unit	Common stock 22,819,387	—	—
Number of issued shares	4,833,463,387	—	—
Total number of voting rights	—	4,805,396	—

(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, 2015)

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	5,082,000	—	5,082,000	0.11
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
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	—	5,248,000	—	5,248,000	0.11

2. Changes in Senior Management

There were no changes in senior management from the filing date of the Annual Securities Report for the 146th business term pursuant to the Financial Instruments and Exchange Act of Japan to September 30, 2015.

#### IV. Financial Information

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

#### Part II Information on Guarantors, etc. for the Company

Not applicable.

**CONDENSED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS**  
**CONDENSED QUARTERLY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Millions of yen	
	September 30, 2015	March 31, 2015
<b>Assets</b>		
Current assets		
Cash and cash equivalents	695,141	701,703
Trade receivables (note 6)	2,648,448	2,870,042
Lease receivables (note 6)	328,722	337,353
Inventories	1,503,544	1,458,119
Other current assets (note 6)	523,566	515,195
Total current assets	5,699,421	5,882,412
Non-current assets		
Investments accounted for using the equity method	701,395	681,623
Investments in securities and other financial assets (note 6)	1,394,251	1,449,734
Lease receivables (note 6)	712,350	680,620
Property, plant and equipment	2,510,809	2,472,497
Intangible assets	1,004,854	933,582
Other non-current assets	331,247	333,259
Total non-current assets	6,654,906	6,551,315
Total assets	12,354,327	12,433,727
<b>Liabilities</b>		
Current liabilities		
Short-term debt	914,509	977,701
Current portion of long-term debt (note 6)	558,991	483,521
Other financial liabilities (note 6)	258,885	296,425
Trade payables	1,313,161	1,426,523
Accrued expenses	748,772	759,191
Advances received	438,136	374,241
Other current liabilities	425,578	461,876
Total current liabilities	4,658,032	4,779,478
Non-current liabilities		
Long-term debt (note 6)	2,170,338	2,096,134
Other financial liabilities (note 6)	120,848	117,535
Retirement and severance benefits	684,541	724,223
Other non-current liabilities	403,108	420,015
Total non-current liabilities	3,378,835	3,357,907
Total liabilities	8,036,867	8,137,385
<b>Equity</b>		
Hitachi, Ltd. stockholders' equity		
Common stock	458,790	458,790
Capital surplus	607,571	608,416
Retained earnings (note 7)	1,551,008	1,477,517
Accumulated other comprehensive income	329,293	401,100
Treasury stock, at cost	(3,697)	(3,542)
Total Hitachi, Ltd. stockholders' equity	2,942,965	2,942,281
Non-controlling interests	1,374,495	1,354,061
Total equity	4,317,460	4,296,342
Total liabilities and equity	12,354,327	12,433,727

See accompanying notes to condensed quarterly consolidated financial statements.

**CONDENSED QUARTERLY CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND  
CONDENSED QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
Six months ended September 30, 2015 and 2014

Condensed Quarterly Consolidated Statements of Profit or Loss

Six months ended September 30	Millions of yen	
	2015	2014
Revenues	4,806,888	4,552,076
Cost of sales	(3,556,463)	(3,358,129)
Gross profit	1,250,425	1,193,947
Selling, general and administrative expenses	(976,418)	(930,196)
Other income (note 8)	31,374	6,818
Other expenses (note 8)	(43,460)	(23,394)
Financial income (note 9)	7,692	8,224
Financial expenses (note 9)	(18,979)	(2,570)
Share of profits of investments accounted for using the equity method	11,997	12,537
EBIT (Earnings before interest and taxes)	262,631	265,366
Interest income	5,490	5,758
Interest charges	(13,428)	(12,905)
Income from continuing operations, before income taxes	254,693	258,219
Income taxes	(77,085)	(65,016)
Income from continuing operations	177,608	193,203
Loss from discontinued operations (note 10)	(11,758)	(16,350)
Net income	165,850	176,853
Net income attributable to:		
Hitachi, Ltd. stockholders	97,591	117,631
Non-controlling interests	68,259	59,222
Earnings per share from continuing operations, attributable to Hitachi, Ltd. stockholders (note 11)		Yen
Basic	22.65	27.75
Diluted	22.62	27.73
Earnings per share attributable to Hitachi, Ltd. stockholders (note 11)		
Basic	20.21	24.36
Diluted	20.19	24.34

See accompanying notes to condensed quarterly consolidated financial statements.

Condensed Quarterly Consolidated Statements of Comprehensive Income

Six months ended September 30	Millions of yen	
	2015	2014
Net income	165,850	176,853
Other comprehensive income (OCI)		
Items not to be reclassified into net income		
Net changes in financial assets measured at fair value through OCI	(40,840)	32,451
Remeasurements of defined benefit plans	1,131	342
Share of OCI of investments accounted for using the equity method	1	175
Total items not to be reclassified into net income	<u>(39,708)</u>	<u>32,968</u>
Items that can be reclassified into net income		
Foreign currency translation adjustments	(53,208)	79,343
Net changes in cash flow hedges	(387)	(8,798)
Share of OCI of investments accounted for using the equity method	4,884	(40,283)
Total items that can be reclassified into net income	<u>(48,711)</u>	<u>30,262</u>
Other comprehensive income (OCI)	<u>(88,419)</u>	<u>63,230</u>
Comprehensive income	<u>77,431</u>	<u>240,083</u>
Comprehensive income attributable to:		
Hitachi, Ltd. stockholders	30,621	152,320
Non-controlling interests	46,810	87,763

See accompanying notes to condensed quarterly consolidated financial statements.

**CONDENSED QUARTERLY CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND  
CONDENSED QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
Three months ended September 30, 2015 and 2014

Condensed Quarterly Consolidated Statements of Profit or Loss

Three months ended September 30	Millions of yen	
	2015	2014
Revenues	2,492,865	2,388,065
Cost of sales	(1,845,207)	(1,764,296)
Gross profit	647,658	623,769
Selling, general and administrative expenses	(489,041)	(472,347)
Other income	2,308	1,669
Other expenses	(31,134)	(22,096)
Financial income	3,556	6,571
Financial expenses	(24,639)	(887)
Share of profits of investments accounted for using the equity method	7,455	9,364
EBIT (Earnings before interest and taxes)	116,163	146,043
Interest income	2,483	2,851
Interest charges	(6,647)	(6,453)
Income from continuing operations, before income taxes	111,999	142,441
Income taxes	(31,028)	(33,019)
Income from continuing operations	80,971	109,422
Loss from discontinued operations	(10,155)	(3,048)
Net income	70,816	106,374
Net income attributable to:		
Hitachi, Ltd. stockholders	42,633	75,767
Non-controlling interests	28,183	30,607
Earnings per share from continuing operations, attributable to Hitachi, Ltd. stockholders (note 11)		Yen
Basic	10.93	16.32
Diluted	10.93	16.32
Earnings per share attributable to Hitachi, Ltd. stockholders (note 11)		
Basic	8.83	15.69
Diluted	8.83	15.68

See accompanying notes to condensed quarterly consolidated financial statements.

Condensed Quarterly Consolidated Statements of Comprehensive Income

Three months ended September 30	Millions of yen	
	2015	2014
Net income	70,816	106,374
Other comprehensive income (OCI)		
Items not to be reclassified into net income		
Net changes in financial assets measured at fair value through OCI	(49,120)	28,905
Remeasurements of defined benefit plans	1,079	149
Share of OCI of investments accounted for using the equity method	(378)	21
Total items not to be reclassified into net income	<u>(48,419)</u>	<u>29,075</u>
Items that can be reclassified into net income		
Foreign currency translation adjustments	(98,669)	94,551
Net changes in cash flow hedges	18,117	(6,502)
Share of OCI of investments accounted for using the equity method	(18,610)	(24,304)
Total items that can be reclassified into net income	<u>(99,162)</u>	<u>63,745</u>
Other comprehensive income (OCI)	<u>(147,581)</u>	<u>92,820</u>
Comprehensive income (loss)	<u>(76,765)</u>	<u>199,194</u>
Comprehensive income (loss) attributable to:		
Hitachi, Ltd. stockholders	(70,289)	136,203
Non-controlling interests	(6,476)	62,991

See accompanying notes to condensed quarterly consolidated financial statements.

## CONDENSED QUARTERLY CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Six months ended September 30, 2015 and 2014

Millions of yen

Six months ended September 30, 2015								
	Common stock	Capital surplus	Retained earnings (note 7)	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of period	458,790	608,416	1,477,517	401,100	(3,542)	2,942,281	1,354,061	4,296,342
Changes in equity								
Reclassified into retained earnings	-	-	4,871	(4,871)	-	-	-	-
Net income	-	-	97,591	-	-	97,591	68,259	165,850
Other comprehensive loss	-	-	-	(66,970)	-	(66,970)	(21,449)	(88,419)
Dividends to Hitachi, Ltd. stockholders	-	-	(28,971)	-	-	(28,971)	-	(28,971)
Dividends to non-controlling interests	-	-	-	-	-	-	(24,861)	(24,861)
Acquisition of treasury stock	-	-	-	-	(169)	(169)	-	(169)
Sales of treasury stock	-	1	-	-	14	15	-	15
Changes in non-controlling interests	-	(846)	-	34	-	(812)	(1,515)	(2,327)
Total changes in equity	-	(845)	73,491	(71,807)	(155)	684	20,434	21,118
Balance at end of period	458,790	607,571	1,551,008	329,293	(3,697)	2,942,965	1,374,495	4,317,460

Millions of yen

Six months ended September 30, 2014								
	Common stock	Capital surplus	Retained earnings (note 7)	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of period	458,790	617,496	1,277,970	317,547	(3,146)	2,668,657	1,200,174	3,868,831
Changes in equity								
Reclassified into retained earnings	-	-	1,312	(1,312)	-	-	-	-
Net income	-	-	117,631	-	-	117,631	59,222	176,853
Other comprehensive income	-	-	-	34,689	-	34,689	28,541	63,230
Dividends to Hitachi, Ltd. stockholders	-	-	(26,559)	-	-	(26,559)	-	(26,559)
Dividends to non-controlling interests	-	-	-	-	-	-	(18,615)	(18,615)
Acquisition of treasury stock	-	-	-	-	(181)	(181)	-	(181)
Sales of treasury stock	-	1	-	-	18	19	-	19
Changes in non-controlling interests	-	(2,973)	-	14	-	(2,959)	7,614	4,655
Total changes in equity	-	(2,972)	92,384	33,391	(163)	122,640	76,762	199,402
Balance at end of period	458,790	614,524	1,370,354	350,938	(3,309)	2,791,297	1,276,936	4,068,233

See accompanying notes to condensed quarterly consolidated financial statements.

## CONDENSED QUARTERLY CONSOLIDATED STATEMENTS OF CASH FLOWS

Six months ended September 30, 2015 and 2014

Millions of yen

	2015	2014
<b>Cash flows from operating activities:</b>		
Net income	165,850	176,853
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	248,162	227,450
Impairment losses	1,585	2,142
Income taxes	77,085	65,054
Share of profits of investments accounted for using the equity method	(11,553)	(12,409)
Financial income and expenses	1,280	5,057
Net gain on business reorganization and others	(30,085)	(4,035)
Loss on sale of property, plant and equipment	3,299	10,698
Decrease in trade receivables	230,868	108,350
Increase in inventories	(98,477)	(144,483)
Increase (decrease) in other assets	(8,535)	2,053
Decrease in trade payables	(104,954)	(77,450)
Decrease in retirement and severance benefits	(39,164)	(32,823)
Decrease in other liabilities	(53,894)	(69,769)
Other	6,175	3,936
Subtotal	387,642	260,624
Interest received	5,845	6,508
Dividends received	15,840	7,228
Interest paid	(13,457)	(13,408)
Income taxes paid	(86,282)	(82,397)
Net cash provided by operating activities	309,588	178,555
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(189,557)	(168,208)
Purchase of intangible assets	(52,087)	(60,796)
Purchase of leased assets	(264,081)	(202,482)
Proceeds from sale of property, plant and equipment, and intangible assets	2,262	14,478
Proceeds from sale of leased assets	12,001	18,204
Collection of lease receivables	184,707	141,935
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(78,366)	(24,965)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	43,162	19,293
Other	9,479	(6,050)
Net cash used in investing activities	(332,480)	(268,591)
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term debt, net	(50,525)	59,746
Proceeds from long-term debt	372,170	467,593
Payments on long-term debt	(225,870)	(326,041)
Proceeds from payments from non-controlling interests	277	1,128
Dividends paid to Hitachi, Ltd. stockholders	(28,911)	(26,508)
Dividends paid to non-controlling interests	(26,828)	(20,038)
Acquisition of common stock for treasury	(169)	(181)
Proceeds from sales of treasury stock	15	19
Purchase of shares of consolidated subsidiaries from non-controlling interests	(2,665)	(4,682)
Proceeds from partial sales of shares of consolidated subsidiaries to non-controlling interests	-	339
Other	(80)	(74)
Net cash provided by financing activities	37,414	151,301
Effect of exchange rate changes on cash and cash equivalents	(21,084)	28,302
Net increase (decrease) in cash and cash equivalents	(6,562)	89,567
Cash and cash equivalents at beginning of period	701,703	560,657
Cash and cash equivalents at end of period	695,141	650,224

See accompanying notes to condensed quarterly consolidated financial statements.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2015**

**(1) Nature of Operations**

Hitachi, Ltd. (the Company) is a corporation domiciled in Japan, whose shares are listed on the Tokyo Stock Exchange. The condensed quarterly consolidated financial statements of the Company as of and for the six months ended September 30, 2015 comprise the Company, its subsidiaries, and the Company's interests in associates and joint ventures. The Company's and its subsidiaries' businesses are global and diverse, and include manufacturing and services in nine segments consisting of information and telecommunication systems, social infrastructure and industrial systems, electronic systems and equipment, construction machinery, high functional materials and components, automotive systems, smart life and ecofriendly systems, others (logistics and other services) and financial services.

**(2) Basis of Presentation**

As the Company meets the requirements of a "Specified Company" pursuant to Article 1-2 of the Ordinance on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No.64 of 2007), the condensed quarterly consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards (IAS) 34 "Interim Financial Reporting", as permitted by the provision of Article 93 of the Ordinance. They do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS), and should be read in conjunction with the financial statements and notes included in the Company's annual consolidated financial statements for the year ended March 31, 2015.

Management of the Company has made a number of judgments, estimates and assumptions relating to the application of accounting policies, reporting of revenues and expenses and assets and liabilities in the preparation of these condensed quarterly consolidated financial statements. Actual results could differ from those estimates.

Estimates and assumptions are continually evaluated. The effects of a change in accounting estimates, if any, is recognized in the reporting period in which the change was made and in future periods.

Judgments, estimates and assumptions that could have a material effect on these condensed quarterly consolidated financial statements are basically the same as those disclosed in the Company's annual consolidated financial statements for the year ended March 31, 2015.

**(3) Significant Accounting Policies**

Significant accounting policies adopted in preparation of the condensed quarterly consolidated financial statements are consistent with those used in the preparation of the Company's annual consolidated financial statements for the year ended March 31, 2015.

Income taxes for the six months ended September 30, 2015 are computed using the estimated annual effective tax rate.

## Notes to Condensed Quarterly Consolidated Financial Statements

September 30, 2015

### (4) Segment Information

The operating segments of the Company are the components for which separate financial information is available and which is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Company discloses its business in nine reportable segments, corresponding to categories of activities classified primarily by the nature of markets, products and services and economic characteristics. Several operating segments are aggregated into Social Infrastructure & Industrial Systems, Electronic Systems & Equipment and High Functional Materials & Components for financial reporting purposes so that financial statement users better understand the Company's financial position and business performance. The Company aggregates operating segments based on the similarities of economic characteristics mainly using operating segment profit margin ratios. The primary products and services included in each segment are as follows:

#### **Information & Telecommunication Systems:**

Systems integration, Consulting, Cloud services, Servers, Storage, Software, Telecommunication & network and ATMs

#### **Social Infrastructure & Industrial Systems:**

Thermal, Nuclear and Renewable energy power generation systems, Transmission & distribution systems, Industrial machinery and plants, Elevators, Escalators and Railway systems

#### **Electronic Systems & Equipment:**

Semiconductor 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 power train systems, Drive control systems and Car information systems

#### **Smart Life & Ecofriendly Systems:**

Air-conditioning equipment, Room air conditioners, Refrigerators and Washing machines

#### **Others (Logistics and Other services):**

Logistics, Optical disk drives, Property management and others

#### **Financial Services:**

Leasing and Loan guarantees

Due to a change in management reporting, the "Power Systems" was unified to the "Social Infrastructure & Industrial Systems". Figures for the segment, including the previous fiscal year, reflect the changed segmentation.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2015**

The following tables show business segment information for the six months ended September 30, 2015 and 2014.

**Revenues from Outside Customers**

	Millions of yen	
	2015	2014
Information & Telecommunication Systems	875,159	837,846
Social Infrastructure & Industrial Systems	843,053	779,619
Electronic Systems & Equipment	495,292	475,024
Construction Machinery	356,974	386,854
High Functional Materials & Components	768,777	664,290
Automotive Systems	487,429	445,050
Smart Life & Ecofriendly Systems	375,091	358,320
Others (Logistics and Other services)	431,306	440,210
Financial Services	171,255	164,487
Subtotal	4,804,336	4,551,700
Corporate items	2,552	376
Total	4,806,888	4,552,076

**Revenues from Intersegment Transactions**

	Millions of yen	
	2015	2014
Information & Telecommunication Systems	124,976	99,077
Social Infrastructure & Industrial Systems	106,971	116,937
Electronic Systems & Equipment	54,203	53,055
Construction Machinery	8,116	2,288
High Functional Materials & Components	31,797	35,666
Automotive Systems	2,730	1,206
Smart Life & Ecofriendly Systems	18,190	18,664
Others (Logistics and Other services)	191,695	185,554
Financial Services	10,005	10,261
Subtotal	548,683	522,708
Corporate items	(548,683)	(522,708)
Total	-	-

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2015**

**Total Revenues**

	Millions of yen	
	2015	2014
Information & Telecommunication Systems	1,000,135	936,923
Social Infrastructure & Industrial Systems	950,024	896,556
Electronic Systems & Equipment	549,495	528,079
Construction Machinery	365,090	389,142
High Functional Materials & Components	800,574	699,956
Automotive Systems	490,159	446,256
Smart Life & Ecofriendly Systems	393,281	376,984
Others (Logistics and Other services)	623,001	625,764
Financial Services	181,260	174,748
Subtotal	5,353,019	5,074,408
Corporate items and Eliminations	(546,131)	(522,332)
Total	4,806,888	4,552,076

**Segment Profit (Loss)**

	Millions of yen	
	2015	2014
Information & Telecommunication Systems	45,220	44,980
Social Infrastructure & Industrial Systems	12,883	24,498
Electronic Systems & Equipment	32,064	27,030
Construction Machinery	11,738	29,096
High Functional Materials & Components	86,197	62,661
Automotive Systems	25,250	20,287
Smart Life & Ecofriendly Systems	13,115	18,629
Others (Logistics and Other services)	24,341	15,794
Financial Services	24,548	19,404
Subtotal	275,356	262,379
Corporate items and Eliminations	(12,725)	2,987
Total	262,631	265,366
Interest income	5,490	5,758
Interest charges	(13,428)	(12,905)
Income from continuing operations, before income taxes	254,693	258,219

Segment profit (loss) is measured by EBIT.

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

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2015**

**(5) Business Acquisitions and Divestitures**

Hitachi Rail Italy S.p.A. (HRI) and Hitachi Rail Italy Investments S.r.L. (HRII), subsidiaries of the Company in the Social Infrastructure & Industrial Systems segment, signed binding agreements with Finmeccanica S.p.A. (FNM) to acquire;

- 1) the current business of AnsaldoBreda S.p.A. (Breda), a manufacturer of rail vehicles for mass transit, with the exclusion of some revamping activities and certain residual contracts,
- 2) the entire interest owned by FNM in Ansaldo STS S.p.A. (STS), a company engaged in the design and implementation and management of systems for signaling and supervision of railways, equal to approximately 40% of the share capital,

in order to strengthen their manufacturing footprint and expand their customer base in the global railway business. On November 2, 2015 (the acquisition date), HRI and HRII closed the deal and acquired the business of Breda and the entire interest owned by FNM in STS in accordance with the binding agreements. The Company obtained control of STS, due to the acquisition of the share capital and the fact that the Company's recommended directors represent the majority of the board of directors elected at the shareholders' meeting held on the acquisition date, and therefore STS became a consolidated subsidiary of the Company effective on the same date.

The total acquisition price, paid in cash, for the business of Breda was EUR 30 million (¥4,041 million) and the total acquisition price, paid in cash, for the shares of STS was EUR 761 million (¥101,184 million). HRII intends to commence a tender offer for the outstanding publicly held shares of STS at EUR 9.5 per share.

Due to the short period of time between the acquisition date and the issuance date of the condensed quarterly consolidated financial statements, the initial accounting for the business combination is incomplete and therefore the Company is unable to provide disclosures related to the amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed, the amount of goodwill, and the non-controlling interests. Revenues and net income attributable to Hitachi, Ltd. stockholders on a pro forma basis using an assumed acquisition date for the business of Breda and STS of April 1, 2015 are currently being evaluated.

On February 7, 2015, Hitachi Data Systems Corporation (HDS), a subsidiary of the Company in the Information & Telecommunications Systems segment, signed a definitive agreement with the shareholders of Pentaho Corporation (Pentaho) to acquire all the shares of Pentaho, for enhancing big-data technologies and solutions. Pentaho integrates data, develops technologies for big-data analysis and visualization, and delivers solutions and supports. On May 29, 2015, HDS acquired all the shares of Pentaho in accordance with the definitive agreement, and HDS obtained control of Pentaho, and it became a wholly owned subsidiary.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2015**

The following table summarizes the fair value of the consideration paid for Pentaho, the assets acquired and liabilities assumed recognized as of the acquisition date.

	<u>Millions of yen</u>
Cash and cash equivalents	988
Trade receivables	807
Other current assets	182
Non-current assets (excluding intangible assets)	82
Intangible assets	
Goodwill (not deductible for tax purposes)	55,901
Other intangible assets	<u>10,275</u>
Total	<u>68,235</u>
Current liabilities	3,449
Non-current liabilities	<u>9</u>
Total	<u>3,458</u>
Cash paid for acquisition	<u>64,777</u>

The goodwill mainly comprises excess earning power and expected synergies arising from the acquisition.

The results of operations of Pentaho for the period from the acquisition date to September 30, 2015 were not material.

On a pro forma basis, revenues and net income attributable to Hitachi, Ltd. stockholders using an assumed acquisition date for Pentaho of April 1, 2015 would not differ materially from the amounts reported in the condensed quarterly consolidated financial statements for the six months ended September 30, 2015.

## Notes to Condensed Quarterly Consolidated Financial Statements

September 30, 2015

### (6) Fair Value of Financial Instruments

#### *(a) Fair Value Measurements*

The following methods and assumptions are used to measure the fair value of financial assets and liabilities.

#### **Cash and cash equivalents, Short-term loans receivable, Short-term debt, Other payables and Trade payables**

The carrying amount approximates the fair value because of the short maturity of these instruments.

#### **Trade receivables**

Fair value is measured by the present value of future cash flows discounted by risk-free rates after considering early settlements, cancellation and the balance of doubtful accounts, for each type of receivable, class of receivable based on collection records and term of collection.

#### **Lease receivables**

Fair value is based on the present value of lease payments receivable based on years to maturity, using discount rates that reflect the time to maturity and credit risk.

#### **Investments in securities and Other financial assets**

Investment securities with quoted market prices are estimated using the quoted share prices. 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. If significant inputs of fair value measurement are unobservable, the Company uses price information provided by financial institutions to evaluate such investments. The information provided is corroborated by the income approach using its own valuation model, or the market approach using comparisons with prices of similar securities.

The fair value of long-term loans receivable is estimated based on the present value of future cash flows using the interest rate applicable to an additional loan of the same type.

Derivative assets are measured at fair value based on quoted prices associated with transactions that are not distressed, prices in inactive markets, or based on models using interest rate curves and forward and spot prices for currencies and commodities. If significant inputs are unobservable, the Company mainly uses the income approach or the market approach to corroborate relevant information provided by financial institutions and other available information.

Fair values of subordinated interests and beneficiary interests in trust that are retained in transactions of transferring financial assets are estimated by discounting future cash flows based on economic assumptions including expected rate of credit loss and discount rate since significant inputs for estimation of the fair value are unobservable.

#### **Long-term debt**

The fair value of long-term debt is estimated based on quoted market prices or the present value of future cash flows using the market interest rates applicable to the same contractual terms.

#### **Other financial liabilities**

Derivative liabilities are measured at fair value based on quoted prices associated with transactions that are not distressed, prices in inactive markets, or based on models using interest rate curves and forward and spot prices for currencies and commodities. If significant inputs are unobservable, the Company uses mainly the income approach or the market approach to corroborate relevant information provided by financial institutions and other available information.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2015**

Contract guarantee deposits are financial liabilities received from some customers and other parties as a credit enhancement to trade and lease receivables, and normally returned after the underlying assets are fully collected. The fair value of contract guarantee deposits is measured by discounting the sum of the principals over the time to the contractual return dates, using the risk-free discount rate.

**(b) Financial Instruments Measured at Amortized Cost**

The carrying amounts and estimated fair values of the financial instruments measured at amortized cost are as follows.

The fair value estimated for financial assets and liabilities measured at amortized cost is classified in Level 2 of the fair value hierarchy.

Millions of yen

	September 30, 2015		March 31, 2015	
	Carrying amounts	Estimated fair values	Carrying amounts	Estimated fair values
<u>Assets</u>				
Trade receivables [1]	3,368,300	3,383,889	3,556,315	3,574,933
Lease receivables	1,041,072	1,074,345	1,017,973	1,050,232
Investments in securities and other financial assets [2]				
Debt securities	81,935	81,960	85,725	85,758
Long-term loans receivable	67,643	68,320	85,481	87,379
<u>Liabilities</u>				
Long-term debt [3]				
Lease obligations	46,707	46,441	50,311	50,035
Bonds	803,250	809,788	797,510	805,668
Long-term debt	1,879,372	1,900,354	1,731,834	1,747,654
Other financial liabilities				
Contract guarantee deposits	37,854	36,728	36,882	35,567

[1] Trade receivables are included in Trade receivables and Investments in securities and other financial assets in the condensed quarterly consolidated statements of financial position.

[2] Investments in securities and other financial assets are included in Other current assets and Investments in securities and other financial assets in the condensed quarterly consolidated statements of financial position.

[3] Long-term debt is included in Current portion of long-term debt and Long-term debt in the condensed quarterly consolidated statements of financial position.

**(c) Financial Instruments Measured at Fair Value in Condensed Quarterly Consolidated Statements of Financial Position**

Financial instruments measured at fair value on a recurring basis after the initial recognition are classified into three levels of the fair value hierarchy based on the measurement inputs' observability as follows:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets
- Level 2: Valuations measured by direct or indirect observable inputs other than Level 1
- Level 3: Valuations measured by significant unobservable inputs

When several inputs are used for a fair value measurement, the level is determined based on the input that is significant with the lowest level in the fair value measurement as a whole.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2015**

Transfers between levels are deemed at the beginning of each quarter period.

The following tables present the assets and liabilities that are measured at fair value on a recurring basis.

September 30, 2015				Millions of yen
Class of financial instruments	Level 1	Level 2	Level 3	Total
FVTPL financial assets:				
Investments in securities and other financial assets [1]				
Equity securities	16	4	1,020	1,040
Debt securities	11,504	7,621	45,858	64,983
Derivatives	-	14,900	6,061	20,961
FVTOCI financial assets:				
Investments in securities and other financial assets [1]				
Equity securities	332,694	206	111,634	444,534
<b>Total financial assets at fair value</b>	<b>344,214</b>	<b>22,731</b>	<b>164,573</b>	<b>531,518</b>
FVTPL financial liabilities:				
Other financial liabilities				
Derivatives	-	108,546	-	108,546
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>108,546</b>	<b>-</b>	<b>108,546</b>

March 31, 2015				Millions of yen
Class of financial instruments	Level 1	Level 2	Level 3	Total
FVTPL financial assets:				
Investments in securities and other financial assets [1]				
Equity securities	2,624	-	1,799	4,423
Debt securities	12,665	7,807	57,299	77,771
Derivatives	-	15,478	-	15,478
FVTOCI financial assets:				
Investments in securities and other financial assets [1]				
Equity securities	392,977	1,413	110,833	505,223
<b>Total financial assets at fair value</b>	<b>408,266</b>	<b>24,698</b>	<b>169,931</b>	<b>602,895</b>
FVTPL financial liabilities:				
Other financial liabilities				
Derivatives	-	104,730	-	104,730
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>104,730</b>	<b>-</b>	<b>104,730</b>

[1] Investments in securities and other financial assets are included in Other current assets and Investments in securities and other financial assets in the condensed quarterly consolidated statements of financial position.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2015**

The following tables present the changes in Level 3 instruments measured on a recurring basis for the six months ended September 30, 2015 and 2014.

September 30, 2015				Millions of yen
Level 3 financial assets	Equity securities	Debt securities	Derivatives	Total
Balance at beginning of period	112,632	57,299	-	169,931
Loss in profit or loss [1]	(423)	(438)	-	(861)
Gain in OCI [2]	5,915	-	-	5,915
Purchases	446	1,409	6,061	7,916
Sales and redemption	(1,144)	(13,031)	-	(14,175)
Acquisitions and divestitures	295	261	-	556
Transfer from Level 3 [3]	(4,874)	-	-	(4,874)
Other	(193)	358	-	165
Balance at end of period	112,654	45,858	6,061	164,573
Unrealized gain (loss) relating to financial assets still held at end of period [4]	5,392	(66)	-	5,326

September 30, 2014				Millions of yen
Level 3 financial assets	Equity securities	Debt securities	Derivatives	Total
Balance at beginning of period	108,125	82,006	-	190,131
Loss in profit or loss [1]	(35)	(5,042)	-	(5,077)
Gain in OCI [2]	2,470	-	-	2,470
Purchases	1,427	1,386	-	2,813
Sales and redemption	(551)	(7,257)	-	(7,808)
Acquisitions and divestitures	247	154	-	401
Other	(71)	255	-	184
Balance at end of period	111,612	71,502	-	183,114
Unrealized gain (loss) relating to financial assets still held at end of period [4]	2,977	(16)	-	2,961

[1] Loss in profit or loss related to FVTPL financial assets is included in Financial expenses in the condensed quarterly consolidated statements of profit or loss.

[2] Gain in OCI related to FVTOCI financial assets is included in Net changes in financial assets measured at fair value through OCI in the condensed quarterly consolidated statements of comprehensive income.

[3] Transfer from Level 3 for the six months ended September 30, 2015 is mainly the result of an investee being listed on the stock market.

[4] Unrealized gain (loss) related to financial assets still held at the end of period are included in Financial income and Financial expenses in the condensed quarterly consolidated statements of profit or loss, and Net changes in financial assets measured at fair value through OCI in the condensed quarterly consolidated statements of comprehensive income.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2015**

Valuation techniques and unobservable inputs used for measuring financial instruments categorized as Level 3 on a recurring basis as of September 30 and March 31, 2015 are as follows:

September 30, 2015			Millions of yen	
Level 3 financial instruments	Fair value	Valuation technique	Unobservable inputs	Range
Subordinated interests and beneficiary interests in trusts that are retained relating to securitization of financial assets	32,738	DCF	Discount rate	0.13-1.13%
			Expected rate of credit loss of the entire transferred financial assets	0.15-0.36%

March 31, 2015			Millions of yen	
Level 3 financial instruments	Fair value	Valuation technique	Unobservable inputs	Range
Subordinated interests and beneficiary interests in trusts that are retained relating to securitization of financial assets	43,391	DCF	Discount rate	0.14-0.88%
			Expected rate of credit loss of the entire transferred financial assets	0.15-0.36%

The impact on the fair value is not material if different amounts are used as unobservable inputs in estimating the fair value of subordinated interests and beneficiary interests in trusts that are retained relating to securitization of financial assets. Similarly, the effect of changing unobservable inputs to reasonably possible alternative assumptions is not material.

Fair values are measured by the Finance Department of the Company in accordance with the Company's policies and procedures. Valuation models are determined so that they reflect each financial instrument's nature, characteristics and risks most appropriately. The Finance Department continually examines changes in important inputs that could affect the fair value. In case the fair value of a financial instrument was significantly impaired, the Department administrator reviews and approves the impairment loss.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2015**

**(7) Dividends**

Dividends paid on common stock for the six months ended September 30, 2015 are as follows:

Decision	Cash dividends (millions of yen)	Appropriation from	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors on May 14, 2015	28,971	Retained earnings	6.0	March 31, 2015	June 1, 2015

Dividends on common stock whose record date falls in the six months ended September 30, 2015 and the effective date falls in the next period are as follows:

Decision	Cash dividends (millions of yen)	Appropriation from	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors on Oct 28, 2015	28,970	Retained earnings	6.0	September 30, 2015	November 26, 2015

Dividends paid on common stock for the six months ended September 30, 2014 are as follows:

Decision	Cash dividends (millions of yen)	Appropriation from	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors on May 12, 2014	26,559	Retained earnings	5.5	March 31, 2014	June 2, 2014

Dividends on common stock whose record date falls in the six months ended September 30, 2014 and the effective date falls in the next period are as follows:

Decision	Cash dividends (millions of yen)	Appropriation from	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors on October 29, 2014	28,973	Retained earnings	6.0	September 30, 2014	November 26, 2014

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2015**

**(8) Other Income and Expenses**

	Millions of yen	
	2015	2014
Net loss on sales and disposal of fixed assets	(3,299)	(11,083)
Impairment losses	(1,585)	(2,142)
Net gain on business reorganization and others	30,085	4,035
Restructuring charges	(25,272)	(2,446)
Expenses related to competition law and others	(4,653)	(7,723)

Impairment losses are mainly recognized on property, plant and equipment, investment properties and intangible assets. Net gain on business reorganization and others include gains and losses related to obtaining and losing control of investees and gains and losses related to obtaining and losing significant influence over investees.

**(9) Financial Income and Expenses**

	Millions of yen	
	2015	2014
Dividends received	4,438	4,835
Net loss on FVTPL financial assets	(607)	(2,570)
Exchange gain (loss)	(15,051)	3,345

Dividends are from FVTOCI financial assets.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2015**

**(10) Discontinued Operations**

The Company classified the part of thermal power generation system business which was not transferred to Mitsubishi Hitachi Power Systems, Ltd. for business integration in the thermal power generation systems business with Mitsubishi Heavy Industries, Ltd. but was operated by the Company and certain subsidiaries as discontinued operations in the condensed quarterly consolidated statements of profit or loss.

Profit or loss and cash flows from the discontinued operations for the six months ended September 30, 2015 and 2014 are as follows:

	Millions of yen	
	2015	2014
Profit or loss from discontinued operations		
Revenues	46	13,852
Cost of sales and expenses	(11,804)	(30,164)
Loss from discontinued operations, before taxes	(11,758)	(16,312)
Income taxes	-	(38)
Loss from discontinued operations	(11,758)	(16,350)

	Millions of yen	
	2015	2014
Cash flows from discontinued operations		
Cash flows from operating activities	(1,833)	(18,574)
Cash flows from investing activities	20	1,576
Cash flows from financing activities	1,597	18,350

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2015**

**(11) Earnings Per Share (EPS) Information**

The computations of net income attributable to Hitachi, Ltd. stockholders used to derive basic and diluted EPS for the six months ended September 30, 2015 and 2014 are as follows:

Six months ended September 30

	Number of shares	
	2015	2014
Weighted average number of shares on which basic EPS is calculated	4,828,461,350	4,828,944,283
Effect of dilutive securities	-	-
Number of shares on which diluted EPS is calculated	4,828,461,350	4,828,944,283

	Millions of yen	
	2015	2014
Net income from continuing operations, attributable to Hitachi, Ltd. stockholders		
Basic	109,349	133,981
Effect of dilutive securities		
Other	(116)	(90)
Diluted	109,233	133,891
Net loss from discontinued operations, attributable to Hitachi, Ltd. stockholders		
Basic	(11,758)	(16,350)
Effect of dilutive securities		
Other	-	-
Diluted	(11,758)	(16,350)
Net income attributable to Hitachi, Ltd. stockholders		
Basic	97,591	117,631
Effect of dilutive securities		
Other	(116)	(90)
Diluted	97,475	117,541

	Yen	
	2015	2014
EPS from continuing operations, attributable to Hitachi, Ltd. stockholders		
Basic	22.65	27.75
Diluted	22.62	27.73
EPS from discontinued operations, attributable to Hitachi, Ltd. stockholders		
Basic	(2.44)	(3.39)
Diluted	(2.44)	(3.39)
EPS attributable to Hitachi, Ltd. stockholders		
Basic	20.21	24.36
Diluted	20.19	24.34

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2015**

The computations of net income attributable to Hitachi, Ltd. stockholders used to derive basic and diluted EPS for the three months ended September 30, 2015 and 2014 are as follows:

Three months ended September 30

	Number of shares	
	2015	2014
Weighted average number of shares on which basic EPS is calculated	4,828,401,711	4,828,884,755
Effect of dilutive securities	-	-
Number of shares on which diluted EPS is calculated	4,828,401,711	4,828,884,755

	Millions of yen	
	2015	2014
Net income from continuing operations, attributable to Hitachi, Ltd. stockholders		
Basic	52,788	78,815
Effect of dilutive securities		
Other	(20)	(30)
Diluted	52,768	78,785
Net loss from discontinued operations, attributable to Hitachi, Ltd. stockholders		
Basic	(10,155)	(3,048)
Effect of dilutive securities		
Other	-	-
Diluted	(10,155)	(3,048)
Net income attributable to Hitachi, Ltd. stockholders		
Basic	42,633	75,767
Effect of dilutive securities		
Other	(20)	(30)
Diluted	42,613	75,737

	Yen	
	2015	2014
EPS from continuing operations, attributable to Hitachi, Ltd. stockholders		
Basic	10.93	16.32
Diluted	10.93	16.32
EPS from discontinued operations, attributable to Hitachi, Ltd. stockholders		
Basic	(2.10)	(0.63)
Diluted	(2.10)	(0.63)
EPS attributable to Hitachi, Ltd. stockholders		
Basic	8.83	15.69
Diluted	8.83	15.68

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2015**

**(12) Contingencies**

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 subsidiary in Japan paid a fine in relation to the investigation from the Antitrust Division of the U.S. Department of Justice. In July 2012, the subsidiary in Japan received a statement of objections from the European Commission in respect of alleged antitrust violations. In October 2015, the European Commission announced the amount of the fine for the subsidiary in respect of alleged antitrust violations. Two subsidiaries in Japan and in Korea made provision for estimated loss on a reasonable basis.

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. The subsidiary in Japan made provision for estimated loss on a reasonable basis.

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. In November 2015, the subsidiaries in Japan received a statement of objections from the European Commission in respect of the alleged antitrust violations. The subsidiary in Japan made provision for estimated loss on a reasonable basis.

The Company, its subsidiaries and associates 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. An amount, which was considered to be a reasonable estimate in respect of these claims, 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 (¥142,878 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 (¥32,324 million). Although the Company, the subsidiary in Europe and the consortium will vigorously

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2015**

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 (¥81,899 million) including consequential losses allegedly incurred by the delay in the construction process of a power plant. As of September 30, 2015, the amount of a request for compensation from the customer was changed to EUR 637 million (¥85,999 million). 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.

In November 2014, the Company received a compensation claim from a customer in Japan for the consequential loss allegedly incurred by the delay in an operation system development. In March 2015, the dispute was settled, and in June and October 2015, the Company paid the settlement.

In June 2015, the Company, a subsidiary, associates, joint ventures in Asia, and one other entity received a summons from a partner in the joint ventures involving the Company and the subsidiary demanding an injunction against certain competing business operations claiming these are in breach of the joint venture agreements. The Company, the subsidiary, the associates, the joint ventures, and one other entity will vigorously defend themselves against this claim.

The Company and its subsidiaries execute a number of business reorganizations, including mergers, acquisitions and divestitures. Contracts for these reorganizations include clauses for transaction price adjustments subsequent to the reorganizations. The Company had reasonably estimated a loss for the price adjustments in some business reorganizations and accrued liabilities.

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.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2015**

**(13) Approval of Condensed Quarterly Consolidated Financial Statements**

The condensed quarterly consolidated financial statements were approved on November 12, 2015 by Toshiaki Higashihara, President and COO of the Company.

[Cover]

[Document Filed]	Confirmation Letter
[Applicable Law]	Article 24-4-8, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director, Kanto Local Finance Bureau
[Filing Date]	November 12, 2015
[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 Quarterly Report

Mr. Toshiaki Higashihara, President & COO, and Mr. Toyooki Nakamura, Executive Vice President and Executive Officer, confirmed that statements contained in the Quarterly Report for the second quarter of 147th fiscal year (from July 1, 2015 to September 30, 2015) were adequate under the Financial Instruments and Exchange Act.

2. Special Notes

None.