[Translation]

Quarterly Report

(The Third Quarter of 146th Business Term)
From October 1, 2014 to December 31, 2014

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

[Cover]

[Document Filed]	Quarterly Report (“Shihanki Hokokusho”)
[Applicable Law]	Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	February 13, 2015
[Fiscal Year]	The Third Quarter of 146th Business Term (from October 1, 2014 to December 31, 2014)
[Company Name]	Kabushiki Kaisha Hitachi Seisakusho
[Company Name in English]	Hitachi, Ltd.
[Title and Name of Representative]	Toshiaki Higashihara, President & COO
[Address of Head Office]	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo
[Phone No.]	03-3258-1111
[Contact Person]	Taro Kaiho, Manager, Legal Division
[Contact Address]	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo
[Phone No.]	03-3258-1111
[Contact Person]	Taro Kaiho, Manager, Legal Division
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

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

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

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

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

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

Contents

Part I Information on the Company

I. Overview of the Company

1. Key Financial Data

Consolidated financial data, etc.

(Millions of yen, unless otherwise stated)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014	Year ended March 31, 2014
Revenues	6,774,450 [2,303,764]	6,818,047 [2,321,274]	9,616,202
Income before income taxes	301,292	355,575	568,182
Net income attributable to Hitachi, Ltd. stockholders	127,268 [94,502]	174,913 [83,373]	264,975
Comprehensive income	507,293	429,871	769,178
Total Hitachi, Ltd. Stockholders' equity	2,419,987	2,873,408	2,651,241
Total equity	3,603,331	4,191,834	3,852,464
Total assets	11,006,564	12,315,745	11,016,899
Net income attributable to Hitachi, Ltd. stockholders per share, Basic (yen)	26.35 [19.56]	36.22 [17.27]	54.86
Net income attributable to Hitachi, Ltd. stockholders per share, Diluted (yen)	26.34	36.20	54.85
Total Hitachi, Ltd. stockholders' equity ratio (%)	22.0	23.3	24.1
Cash flows from operating activities	138,138	112,791	439,406
Cash flows from investing activities	(276,365)	(427,262)	(491,363)
Cash flows from financing activities	237,201	450,368	32,968
Cash and cash equivalents at end of period	676,154	752,910	558,217

(Notes) 1. Our consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States.
2. Revenues do not include the consumption tax, etc.
3. The figures of "Revenues," "Net income attributable to Hitachi, Ltd. stockholders" and "Net income attributable to Hitachi, Ltd. stockholders per share, Basic" in square bracket are those in the three months ended December 31, 2013 and 2014, respectively.

2. Description of Business

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

There was no material change in principal businesses of Hitachi during the nine months ended December 31, 2014. The Hitachi Group is comprised of the Company and 983 consolidated subsidiaries and 216 equity-method affiliates. Although the consolidated subsidiaries include variable interest entities, there is no applicable variable interest entity as of December 31, 2014. Consolidated trust accounts are not included in the number of consolidated subsidiaries.

Changes of businesses in each segment and major consolidated subsidiaries during the nine months ended December 31, 2014 were as follows. Effective from April 1, 2014, a company, which was previously included in the Information & Telecommunication Systems segment, has been included in the Social Infrastructure & Industrial Systems segment, and some companies, which were previously included in the Digital Media & Consumer Products segment, have been included in the Others (Logistics and Other services) segment. As a result, the Company changed the name of the “Digital Media & Consumer Products” segment to the “Smart Life & Ecofriendly Systems” segment.

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

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

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

II. Business Overview

1. Risk Factors

There was no new risk factor recognized during the nine months ended December 31, 2014.

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

2. Material Agreements, etc.

No material agreements were entered into during the three months ended December 31, 2014.

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

(1) Outline of Business Results

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

Effective from April 1, 2014, a company, which was previously included in the Information & Telecommunication Systems segment, has been included in the Social Infrastructure & Industrial Systems segment, and some companies, which were previously included in the Digital Media & Consumer Products segment, have been included in the Others (Logistics and Other services) segment. As a result, the Company changed the name of the “Digital Media & Consumer Products” segment to the “Smart Life & Ecofriendly Systems” segment. Figures for each segment, including figures for the nine months ended December 31, 2014 and for the nine months ended December 31, 2013, reflect the new segmentation.

<u>Results of Operations</u>

During the nine months ended December 31, 2014, the U.S. economy showed signs of recovery: improving employment levels, and an ongoing recovery in consumer spending and the housing investment. However, there were prolonged financial troubles and economic slowdowns in Europe, particularly with regard to southern European countries, and signs of slowing economic growth in China.

The Japanese economy did not achieve full-fledged recovery, due mainly to sluggish personal consumption as the effect of consumption tax hike or unseasonable weather, despite signs of recovery mainly resulting from the government’s implementation of national growth strategies, improvement in employment conditions and a rebound in corporate capital expenditures.

Under these conditions, total revenues increased 1% to ¥6,818.0 billion, as compared with the nine months ended December 31, 2013, due mainly to higher revenues in the following segments: the Information & Telecommunication Systems segment, where system solutions business and storage solutions business posted higher revenues; the Social Infrastructure & Industrial Systems segment, which was underpinned by a strong performance by the elevator and escalator business in China; and the High Functional Materials & Components segment, where automobile products business and electronics-related materials business performed solidly. This increase was partially offset by decreased revenues in the Power Systems segment owing to the effects of the integration of the thermal power generation systems business into MITSUBISHI HITACHI POWER SYSTEMS, LTD., an equity-method affiliate.

Cost of sales was ¥4,979.4 billion, almost the same as the nine months ended December 31, 2013, and the ratio of cost of sales to total revenues decreased to 73%, compared with 74% in the nine months ended December 31, 2013.

Selling, general and administrative expenses increased 2% to ¥1,516.4 billion, as compared with the nine months ended December 31, 2013, and their ratio to revenues was 22%, which was the same level as in the nine months ended December 31, 2013.

Expenses related to competition law decreased ¥14.5 billion to ¥12.3 billion, as compared with the nine months ended December 31, 2013.

Impairment losses for long-lived assets decreased ¥0.9 billion to ¥3.7 billion, as compared with the nine months ended December 31, 2013.

Restructuring charges increased ¥4.9 billion to ¥17.9 billion, as compared with the nine months ended December 31, 2013.

Interest income decreased ¥1.3 billion to ¥7.7 billion, as compared with the nine months ended December 31, 2013.

Dividend income decreased ¥0.2 billion to ¥6.4 billion, as compared with the nine months ended December 31, 2013.

Other income increased ¥10.1 billion to ¥66.7 billion, as compared with the nine months ended December 31, 2013. This was due mainly to increased gain on securities.

Interest charges increased ¥0.3 billion to ¥19.9 billion, as compared with the nine months ended December 31, 2013.

Other deductions increased ¥14.6 billion to ¥15.9 billion, as compared with the nine months ended December 31, 2013. This was due mainly to the posting of loss on sale and disposal of rental assets and other property.

Equity in net earning of affiliated companies increased ¥17.6 billion to ¥22.4 billion, as compared with the nine months ended December 31, 2013. This was due mainly to the effects of the transfer of the thermal power generation systems business.

As a result of the foregoing, income before income taxes increased 18% to ¥355.5 billion, as compared with the nine months ended December 31, 2013. EBIT increased 18% to ¥367.8 billion, as compared with the nine months ended December 31, 2013.

Income taxes amounted to ¥98.7 billion, a decrease of ¥7.3 billion compared with the nine months ended December 31, 2013.

Net income increased 32% to ¥256.7 billion, as compared with the nine months ended December 31, 2013.

Net income attributable to noncontrolling interests amounted to ¥81.8 billion, an increase of ¥13.9 billion compared with the nine months ended December 31, 2013.

As a result of the foregoing, net income attributable to Hitachi, Ltd. stockholders increased 37% to ¥174.9 billion, as compared with the nine months ended December 31, 2013.

Operations by Segment

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

(Information & Telecommunication Systems)

Revenues increased 6% to ¥1,410.5 billion, as compared with the nine months ended December 31, 2013, due mainly to solid performances by system solutions business, centered on public systems and financial systems, and to increased revenues from storage solutions business as a result of the effects of foreign exchange rate fluctuations. This increase was also attributable to the positive impact of the consolidation of Prizm Payment Services Pvt Ltd. in India and the establishment of Hitachi Systems Power Services, Ltd., both of which were implemented in March 2014. The increase was, however, partially offset by a decline in revenues in the telecommunications & network business due to a fall in demand.

Segment profit increased 5% to ¥50.3 billion, as compared with the nine months ended December 31, 2013, due mainly to increased operating income mainly resulting from higher revenues and reduced effect of unprofitable system solutions projects, despite lower profits in the telecommunications & network business owing to the decreased revenues.

(Power Systems)

Revenues decreased 48% to ¥301.8 billion, as compared with the nine months ended December 31, 2013, due mainly to the effect of the transfer of the thermal power generation systems business.

Segment loss worsened ¥37.1 billion to ¥26.1 billion, as compared with the nine months ended December 31, 2013, due mainly to lower revenues and recording operating loss owing to the additional costs for some projects. The decrease was partially offset by posting of equity in net earning of affiliated companies related to MITSUBISHI HITACHI POWER SYSTEMS, LTD.

(Social Infrastructure & Industrial Systems)

Revenues increased 7% to ¥1,010.8 billion, as compared with the nine months ended December 31, 2013, due mainly to higher sales in the industrial equipment business and railway systems business in the U.K., as well as a solid performance by the elevator and escalator business in China.

Segment profit increased 85% to ¥34.0 billion, as compared with the nine months ended December 31, 2013, due mainly to increased operating income mainly resulting from higher revenues in the elevator and escalator business and the industrial equipment business, and reduced effect of unprofitable infrastructure projects.

(Electronic Systems & Equipment)

Revenues increased 5% to ¥788.0 billion, as compared with the nine months ended December 31, 2013, due mainly to higher sales of semiconductor manufacturing equipments and medical analysis equipments at Hitachi High-Technologies Corporation and higher sales of semiconductor manufacturing equipments at Hitachi Kokusai Electric Inc.

Segment profit increased 63% to ¥39.7 billion, as compared with the nine months ended December 31, 2013, due mainly to increased operating income mainly resulting from higher revenues.

(Construction Machinery)

Revenues increased 4% to ¥555.3 billion, as compared with the nine months ended December 31, 2013, due mainly to the positive impact of foreign exchange movements and higher sales of hydraulic excavators and other items primarily in North America and Europe, despite sluggish demand in Asia, including China.

Segment profit decreased 13% to ¥39.0 billion, as compared with the nine months ended December 31, 2013, due mainly to decreased operating income owing to lower sales in China, and decline in profitability owing to changes in product mix.

(High Functional Materials & Components)

Revenues increased 7% to ¥1,084.7 bullion, as compared with the nine months ended December 31, 2013, due mainly to the positive impact of the consolidation of Waupaca Foundry Holdings, Inc. in the U.S. by Hitachi Metals, Ltd. in November 2014, as well as solid performances by automobile products primarily in North America and China and certain electronics-related materials.

Segment profit increased 19% to ¥90.4 billion, as compared with the nine months ended December 31, 2013, due mainly to an increase in exchange gain, as well as increased operating income mainly resulting from higher revenues. The increase was partially offset by the posting of restructuring charges relating to the voluntary early retirement program at Hitachi Chemical Company, Ltd.

(Automotive Systems)

Revenues increased 5% to ¥683.3 billion, as compared with the nine months ended December 31, 2013, due mainly to robust demand in overseas automobile markets, such as North America and China.

Segment profit increased 64% to ¥24.7 billion, as compared with the nine months ended December 31, 2013, due mainly to increased operating income, mainly resulting from higher revenues and associated improvement in capacity utilization, and a decrease in expenses related to competition law. This increase was partially offset by the posting of exchange loss.

(Smart Life & Ecofriendly Systems)

Revenues increased 3% to ¥570.4 billion, as compared with the nine months ended December 31, 2013, due mainly to higher sales in overseas markets, particularly for air-conditioning business.

Segment profit increased 45% to ¥25.7 billion, as compared with the nine months ended December 31, 2013, due mainly to increased operating income mainly resulting from higher revenues and the effect of new product launches.

(Others (Logistics and Other services))

Revenues decreased 13% to ¥897.6 billion, as compared with the nine months ended December 31, 2013, due mainly to the conversion of Hitachi Maxell, Ltd., which had been a consolidated subsidiary, into an equity-method affiliate, despite higher revenues at Hitachi Transport System, Ltd.

Segment profit increased 11% to ¥28.3 billion, as compared with the nine months ended December 31, 2013, due mainly to increased operating income mainly resulting from a decrease in expenses related to business restructuring, despite lower revenues.

(Financial Services)

Revenues increased 9% to ¥268.8 billion, as compared with the nine months ended December 31, 2013, due mainly to a strong performance in overseas business, particularly in Europe, and the positive effect of foreign exchange rate fluctuation.

Segment profit increased 11% to ¥29.4 billion, as compared with the nine months ended December 31, 2013, due mainly to increased operating income resulting from higher revenues in the overseas business.

Revenues by Market

Revenues in Japan were ¥3,593.7 billion, a decrease of 2% compared with the nine months ended December 31, 2013, due mainly to lower revenues in the Power Systems segment owing to the effect of the transfer of the thermal power generation systems business and in the Others (Logistics and Other services) segment owing to the conversion of Hitachi Maxell, Ltd. into an equity-method affiliate, despite higher revenues in the Information & Telecommunication Systems and the Electronic Systems & Equipment segments.

Overseas revenues were ¥3,224.2 billion, an increase of 3% compared with the nine months ended December 31, 2013, due mainly to higher revenues in Europe, particularly in the Social Infrastructure & Industrial Systems segment mainly resulting from higher sales in railway system business in the U.K., and in the Electronic Systems & Equipment segment, in particular at Hitachi High-Technologies Corporation. This increase was also attributable to higher revenues in North America, mainly in the Information & Telecommunication Systems, the Construction Machinery and the Automotive Systems segments, and in Asia, particularly in China where the elevator and escalator business. This increase was partially offset by decreased revenues in the Power Systems segment owing to the effect of the transfer of the thermal power generation systems business.

As a result, the ratio of overseas revenues to total revenues was 47%, compared with 46% in the nine months ended December 31, 2013.

(2) Summary of Financial Condition, etc.

Liquidity and Capital Resources

During the nine months ended December 31, 2014, there were no major changes in the Company's policies of maintaining liquidity and ensuring funds, efforts for improvement in fund management efficiency, and ideas regarding funding sources and fundraising.

Cash Flows

(Cash flows from operating activities)

Net income amounted to ¥256.7 billion in the nine months ended December 31, 2014, a ¥61.6 billion increase compared with the nine months ended December 31, 2013. Increase in inventories in the nine months ended December 31, 2014 was ¥314.9 billion, a ¥7.8 billion increase compared with the nine months ended December 31, 2013. Decrease in payables in the nine months ended December 31, 2014 was ¥78.2 billion, a ¥25.2 billion increase compared with the nine months ended December 31, 2013. Decrease in receivables in the nine months ended December 31, 2014 was ¥85.7 billion, a ¥29.9 billion decrease compared with the nine months ended December 31, 2013. Accrued income taxes was amounted a decrease of ¥36.7 billion in the nine months ended December 31, 2014, compared with an increase of ¥2.9 billion in the nine months ended December 31, 2013. This is primarily because consolidated subsidiaries paid accrued income taxes. Increase in other current liabilities in the nine months ended December 31, 2014 was ¥8.5 billion, a ¥53.3 billion decrease compared with the nine months ended December 31, 2013, due mainly to payment of account payables. As a result of the foregoing, cash flows from operating activities recorded net cash inflow of ¥112.7 billion in the nine months ended December 31, 2014, a decrease of ¥25.3 billion compared with the nine months ended December 31, 2013.

(Cash flows from investing activities)

A net sum of ¥395.7 billion in the nine months ended December 31, 2014 was recorded as investments mainly related to property, plant and equipment, where the collection of investments in leases, the proceeds from disposal of property, plant and equipment and the proceeds from disposal of tangible assets and software to be leased were subtracted from the amount of the capital expenditures, the purchase of intangible assets and the purchase of tangible assets and software to be leased. This net sum increased by ¥4.5 billion compared with the nine months ended December 31, 2013. Purchase of investments in securities and shares of newly consolidated subsidiaries in the nine months ended December 31, 2014 was ¥122.8 billion, a ¥99.9 billion increase compared with the nine months ended December 31, 2013, due mainly to the acquisition of Waupaca Foundry Holdings, Inc. As a result of the foregoing, cash flows from investing activities recorded net cash outflow of ¥427.2 billion in the nine months ended December 31, 2014, an increase of ¥150.8 billion compared with the nine months ended December 31, 2013.

(Cash flows from financing activities)

Net increase in short-term debt was ¥307.7 billion in the nine months ended December 31, 2014, a ¥249.6 billion increase compared with the nine months ended December 31, 2013. A net sum of ¥241.5 billion in the nine months ended December 31, 2014 was recorded as proceeds related to long-term debt, where the payments on long-term debt were subtracted from the proceeds from long-term debt. This net inflow decreased by ¥30.1 billion compared with the nine months ended December 31, 2013. As a result of the foregoing, cash flows from financing activities recorded net cash inflow of ¥450.3 billion in the nine months ended December 31, 2014, an increase of ¥213.1 billion compared with the nine months ended December 31, 2013.

As a result of the foregoing, cash and cash equivalents as of December 31, 2014 was ¥752.9 billion, an increase of ¥194.6 billion from March 31, 2014. Free cash flows, the sum of cash flows from operating and investing activities, were an outflow of ¥314.4 billion in the nine months ended December 31, 2014, an increase of ¥176.2 billion compared with the nine months ended December 31, 2013.

Assets, Liabilities and Equity

Total assets as of December 31, 2014 were ¥12,315.7 billion, an increase of ¥1,298.8 billion from March 31, 2014. This was due mainly to an increase in inventories owing to seasonal factors, the acquisition of Waupaca Foundry Holdings, Inc., an increase in the value of assets denominated in foreign currency owing to the depreciation of yen, and increases in trade receivables and lease receivables in line with business expansion primarily overseas in the Financial Services segment.

Total interest-bearing debt as of December 31, 2014, which is the sum of short-term debt, long-term debt and non-recourse borrowings of consolidated securitization entities, was ¥3,578.6 billion, a ¥755.5 billion increase from March 31, 2014. This was due mainly to an increase in long-term debt to meet funding demand for growth in the Social Innovation Business, funding for the acquisition of Waupaca Foundry Holdings Inc., and higher demand for funds in line with business expansion in the Financial Services segment.

Total Hitachi, Ltd. stockholders' equity as of December 31, 2014 increased by ¥222.1 billion from March 31, 2014, to ¥2,873.4 billion, due mainly to posting of net income attributable to Hitachi, Ltd. stockholders. The ratio of stockholders' equity to total assets was 23.3%, compared with 24.1% as of March 31, 2014.

Noncontrolling interests as of December 31, 2014 increased by ¥117.2 billion from March 31, 2014, to ¥1,318.4 billion.

The ratio of the interest-bearing debt to the total equity (the sum of total Hitachi, Ltd. stockholders' equity and noncontrolling interests) increased to 0.85, compared with 0.73 as of March 31, 2014.

(3) Challenges Facing Hitachi Group

1) Business and Financial Condition

There was no material change in Hitachi's business strategy during the nine months ended December 31, 2014.

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

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

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

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

(4) Research and Development

There was no material changes in the research and development of the Hitachi Group (the Company and consolidated subsidiaries) stated in the Annual Securities Report for the 145th business term pursuant to the Financial Instruments and Exchange Act of Japan. The Hitachi Group's R&D expenditures in the nine months ended December 31, 2014 were ¥244.6 billion, 3.6% of revenues. A breakdown of R&D expenditures by segment is shown below.

(Billions of yen)

Segment	Nine months ended December 31, 2014
Information & Telecommunication Systems	52.1
Power Systems	8.2
Social Infrastructure & Industrial Systems	21.4
Electronic Systems & Equipment	36.1
Construction Machinery	12.7
High Functional Materials & Components	34.1
Automotive Systems	45.7
Smart Life & Ecofriendly Systems	8.9
Others (Logistics and Other services)	5.3
Financial Services	0.2
Corporate	19.5
Total	244.6

(5) Property, Plants and Equipment

The Company

The major property, plants and equipment materially changed during the nine months ended December 31, 2014 are as follows. This was due mainly to the absorption-type company split in which the Company transferred its elevator and escalator business in Japan to Hitachi Building Systems Co., Ltd. on April 1, 2014.

(As of December 31, 2014)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)						Number of employees
			Buildings	Machinery and equipment	Land [Area in thousands of m^2]	Lease assets	Others	Total	
Urban Planning and Development Systems Company (Hitachinaka, Ibaraki)	Social Infrastructure & Industrial Systems	R&D facilities for elevators and escalators	4,642	371	43 [476]	-	88	5,146	249

Overseas subsidiary

Hitachi Metals, Ltd. made Waupaca Foundry, Inc. its consolidated subsidiary on November 10, 2014. The property, plants and equipment of Waupaca Foundry, Inc. are as follows.

(As of December 31, 2014)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)						Number of employees
			Buildings	Machinery and equipment	Land [Area in thousands of m^2]	Lease assets	Others	Total	
Waupaca Foundry, Inc. (Wisconsin, U.S.A.)	High Functional Materials & Components	Manufacturing facilities for automotive components	17,381	36,810	414 [4,203]	-	2,564	57,169	4,077

(6) Forward-Looking Statements

Certain statements found in “3. Analyses of Consolidated Financial Condition, Operating Results and Cash Flows” and other descriptions in this report may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this report.

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

- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors Hitachi serves, including, without limitation, the information, electronics, automotive, construction and financial sectors;
- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated, particularly against the U.S. dollar and the euro;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities, declines in which may require Hitachi to write down equity securities that it holds;

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

The factors listed above are not all-inclusive and are in addition to other factors contained elsewhere in this report and in other materials published by Hitachi.

III. Information on the Company

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

(1) Total number of shares, etc.

1) Total number of shares

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

2) Issued shares

Class	Number of shares issued as of the end of third quarter of fiscal year (shares) (December 31, 2014)	Number of shares issued as of the filing date (shares) (February 13, 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 October 1, 2014 to December 31, 2014	—	4,833,463,387	—	458,790	—	176,757

(6) Major shareholders

Not applicable.

(7) Information on voting rights

Information on voting rights as of September 30, 2014 is stated in this item because the Company does not identify the number of voting rights as of December 31, 2014 due to the lack of information on the number of the Company's shares held by the entity which the Company holds one quarter or more of total voting rights of such entity as of December 31, 2014.

1) Issued shares

(As of September 30, 2014)

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

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

2) Treasury stock, etc.

(As of September 30, 2014)

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

2. Change in Senior Management

Changes in the senior managements from the filing date of the Annual Securities Report for the 145th business term pursuant to the Financial Instruments and Exchange Act of Japan to December 31, 2014 were as follows.

New Executive Officer [Effective October 1, 2014]

Name (Date of birth)	Position (Responsibility)	Business experience, including experience in the Company, and functions		Term of office	Share ownership
Masakazu Aoki (Jun. 23, 1954)	Vice President and Executive Officer (Business strategies for industrial products)	4/1977	Joined Hitachi, Ltd.	(Note 2)	3,000 shares
		4/2012	President and Director, Hitachi Industrial Equipment Systems Co., Ltd. (Currently in office)		
		10/2014	Vice President and Executive Officer, Hitachi, Ltd.		

(Notes) 1. The responsibility in bracket in “Position (Responsibility)” column describes matters delegated to the Executive Officer by the Board of Directors.
2. The term of office of the Executive Officers expires on March 31, 2015.

Changes in Responsibility of Executive Officers [Effective October 1, 2014]

Name	New Position (Responsibility)	Former Position (Responsibility)
Tatsuro Ishizuka	Representative Executive Officer Executive Vice President and Executive Officer (Power systems business and infrastructure systems business)	Representative Executive Officer Executive Vice President and Executive Officer (Cost structure reform, power systems business and infrastructure systems business)
Shinjiro Iwata	Representative Executive Officer Executive Vice President and Executive Officer (Cost structure reform and information technology strategies)	Representative Executive Officer Executive Vice President and Executive Officer (Information technology strategies)
Yutaka Saito	Representative Executive Officer Executive Vice President and Executive Officer (Information & telecommunication systems business and energy solutions business)	Representative Executive Officer Executive Vice President and Executive Officer (Information & telecommunication systems business)
Yoshifumi Kanda	Vice President and Executive Officer (Marketing and sales, power systems business (sales operations) and energy solutions business (sales operations))	Vice President and Executive Officer (Marketing and sales, and power systems business (sales operations))
Hiroshi Nakayama	Vice President and Executive Officer (Cost structure reform and supply chain management (MONOZUKURI and quality assurance))	Vice President and Executive Officer (Supply chain management (MONOZUKURI and quality assurance))

(Note) The responsibility in bracket in “New position (Responsibility)” column and “Former position (Responsibility)” column describes matters delegated to each of the Executive Officers by the Board of Directors.

IV. Financial Information

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

Part II Information on Guarantors, etc. for the Company

Not applicable.

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

Assets	December 31, 2014	March 31, 2014
	Millions of yen	
Current assets:		
Cash and cash equivalents (note 6)	752,910	558,217
Short-term investments (note 3)	8,337	9,172
Trade receivables:		
Notes (notes 4, 6, 13 and 21)	174,402	143,675
Accounts (notes 4, 6 and 21)	2,823,246	2,654,260
Investments in leases (notes 6 and 21)	295,920	262,953
Current portion of financial assets transferred to consolidated securitization entities (notes 6 and 21)	46,780	52,212
Inventories (note 5)	1,752,160	1,407,055
Prepaid expenses and other current assets	704,358	616,326
Total current assets	6,558,113	5,703,870
Investments and advances, including affiliated companies (note 3)	1,232,262	1,220,800
Property, plant and equipment:		
Land	502,253	492,383
Buildings	1,943,567	1,900,779
Machinery and equipment	5,047,037	4,901,505
Construction in progress	118,537	94,972
	7,611,394	7,389,639
Less accumulated depreciation	5,058,745	5,047,548
Net property, plant and equipment	2,552,649	2,342,091
Intangible assets (note 7):		
Goodwill	471,487	339,148
Other intangible assets	469,645	422,333
Total intangible assets	941,132	761,481
Financial assets transferred to consolidated securitization entities (notes 6 and 21)	167,723	185,818
Other assets (note 21)	863,866	802,839
Total assets	12,315,745	11,016,899

See accompanying notes to consolidated financial statements.

Liabilities and Equity	December 31, 2014	March 31, 2014
	Millions of yen	
Current liabilities:		
Short-term debt	1,023,367	647,269
Current portion of long-term debt	448,294	464,234
Current portion of non-recourse borrowings of consolidated securitization entities (note 6)	46,962	49,895
Trade payables:		
Notes	19,716	18,926
Accounts	1,360,169	1,331,288
Accrued expenses (note 13)	908,543	937,401
Income taxes	31,380	72,839
Advances received	352,027	298,483
Other current liabilities	545,428	470,430
Total current liabilities	4,735,886	4,290,765
Long-term debt	1,926,488	1,512,720
Non-recourse borrowings of consolidated securitization entities (note 6)	133,513	148,931
Retirement and severance benefits	727,318	749,913
Other liabilities	600,706	462,106
Total liabilities	8,123,911	7,164,435
Commitments and contingencies (note 13)		
Equity (note 12):		
Common stock (note 9)	458,790	458,790
Capital surplus	610,258	617,468
Retained earnings (note 11)	1,706,775	1,587,394
Accumulated other comprehensive income (loss)	101,034	(9,265)
Treasury stock, at cost (note 10)	(3,449)	(3,146)
Total Hitachi, Ltd. stockholders' equity	2,873,408	2,651,241
Noncontrolling interests	1,318,426	1,201,223
Total equity	4,191,834	3,852,464
Total liabilities and equity	12,315,745	11,016,899

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS
AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Hitachi, Ltd. and Subsidiaries
Nine months ended December 31, 2014 and 2013

Consolidated Statements of Operations

	Millions of yen	
	2014	2013
Revenues	6,818,047	6,774,450
Cost of sales	(4,979,403)	(4,985,777)
Selling, general and administrative expenses	(1,516,459)	(1,493,192)
Expenses related to competition law (note 14)	(12,350)	(26,918)
Impairment losses for long-lived assets	(3,795)	(4,740)
Restructuring charges (note 15)	(17,925)	(12,987)
Interest income	7,735	9,101
Dividend income	6,488	6,732
Other income (note 16)	66,700	56,567
Interest charges	(19,998)	(19,604)
Loss on sale of stock of an affiliated company	-	(5,915)
Other deductions (note 16)	(15,922)	(1,280)
Equity in net earning of affiliated companies	22,457	4,855
Income before income taxes	355,575	301,292
Income taxes	(98,778)	(106,137)
Net income	256,797	195,155
Less net income attributable to noncontrolling interests	81,884	67,887
Net income attributable to Hitachi, Ltd. stockholders	174,913	127,268
Net income attributable to Hitachi, Ltd. stockholders per share (note 17):		Yen
Basic	36.22	26.35
Diluted	36.20	26.34

Consolidated Statements of Comprehensive Income

	Millions of yen	
	2014	2013
Net income	256,797	195,155
Other comprehensive income arising during the period (note 12):		
Foreign currency translation adjustments	203,551	170,163
Pension liability adjustments	43,335	49,040
Net unrealized holding gain on available-for-sale securities	8,900	106,772
Cash flow hedges	(82,712)	(13,837)
Total other comprehensive income arising during the period	173,074	312,138
Comprehensive income	429,871	507,293
Less comprehensive income attributable to noncontrolling interests	145,915	116,248
Comprehensive income attributable to Hitachi, Ltd. stockholders	283,956	391,045

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS
AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Hitachi, Ltd. and Subsidiaries
Three months ended December 31, 2014 and 2013

Consolidated Statements of Operations

	Millions of yen	
	2014	2013
Revenues	2,321,274	2,303,764
Cost of sales	(1,699,243)	(1,683,474)
Selling, general and administrative expenses	(513,870)	(498,290)
Expenses related to competition law (note 14)	(4,627)	(7,857)
Impairment losses for long-lived assets	(1,979)	(2,921)
Restructuring charges (note 15)	(15,479)	(1,811)
Interest income	2,716	2,742
Dividend income	1,831	1,895
Other income (note 16)	56,427	55,485
Interest charges	(7,112)	(6,788)
Other deductions (note 16)	(3,753)	(328)
Equity in net earning of affiliated companies	9,884	3,318
Income before income taxes	146,069	165,735
Income taxes	(34,103)	(39,945)
Net income	111,966	125,790
Less net income attributable to noncontrolling interests	28,593	31,288
Net income attributable to Hitachi, Ltd. stockholders	83,373	94,502
Net income attributable to Hitachi, Ltd. stockholders per share (note 17):		Yen
Basic	17.27	19.56
Diluted	17.26	19.56

Consolidated Statements of Comprehensive Income

	Millions of yen	
	2014	2013
Net income	111,966	125,790
Other comprehensive income arising during the period (note 12):		
Foreign currency translation adjustments	146,318	101,214
Pension liability adjustments	13,526	17,341
Net unrealized holding gain (loss) on available-for-sale securities	(20,353)	23,041
Cash flow hedges	(36,122)	(14,166)
Total other comprehensive income arising during the period	103,369	127,430
Comprehensive income	215,335	253,220
Less comprehensive income attributable to noncontrolling interests	68,953	60,917
Comprehensive income attributable to Hitachi, Ltd. stockholders	146,382	192,303

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Hitachi, Ltd. and Subsidiaries

Nine months ended December 31, 2014 and 2013

	Millions of yen	
	2014	2013
Cash flows from operating activities:		
Net income	256,797	195,155
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	252,084	245,543
Amortization	92,910	89,628
Impairment losses for long-lived assets	3,795	4,740
Equity in net earning of affiliated companies	(22,457)	(4,855)
Gain on sale of investments in securities and other	(53,748)	(37,750)
Impairment of investments in securities	523	1,496
(Gain) loss on disposal of rental assets and other property	12,665	(2,846)
Decrease in receivables	85,771	115,751
Increase in inventories	(314,932)	(307,060)
Increase in prepaid expenses and other current assets	(24,241)	(78,417)
Decrease in payables	(78,282)	(53,029)
Decrease in accrued expenses and retirement and severance benefits	(85,981)	(105,542)
Increase (decrease) in accrued income taxes	(36,713)	2,999
Increase in other current liabilities	8,569	61,967
Net change in lease receivables related to the Company's and its subsidiaries' products	(1,020)	5,991
Other	17,051	4,367
Net cash provided by operating activities	112,791	138,138
Cash flows from investing activities:		
Capital expenditures	(256,144)	(279,166)
Purchase of intangible assets	(89,301)	(83,316)
Purchase of tangible assets and software to be leased	(315,610)	(307,778)
Proceeds from disposal of property, plant and equipment	11,591	20,775
Proceeds from disposal of tangible assets and software to be leased	23,335	22,716
Collection of investments in leases	230,333	235,514
Purchase of investments in securities and shares of newly consolidated subsidiaries	(122,808)	(22,860)
Proceeds from sale of investments in securities and shares of consolidated subsidiaries resulting in deconsolidation	91,356	94,728
Other	(14)	43,022
Net cash used in investing activities	(427,262)	(276,365)
Cash flows from financing activities:		
Increase in short-term debt, net	307,765	58,130
Proceeds from long-term debt	675,262	545,619
Payments on long-term debt	(433,707)	(273,942)
Proceeds from sale of common stock by subsidiaries	5,485	5,591
Dividends paid to Hitachi, Ltd. stockholders	(55,529)	(48,287)
Dividends paid to noncontrolling interests	(30,978)	(23,888)
Acquisition of common stock for treasury	(324)	(315)
Proceeds from sales of treasury stock	23	16
Purchase of shares of consolidated subsidiaries from noncontrolling interest holders	(17,827)	(25,462)
Proceeds from sale of shares of consolidated subsidiaries to noncontrolling interest holders	339	-
Other	(141)	(261)
Net cash provided by financing activities	450,368	237,201
Effect of exchange rate changes on cash and cash equivalents	58,796	49,548
Net increase in cash and cash equivalents	194,693	148,522
Cash and cash equivalents at beginning of period	558,217	527,632
Cash and cash equivalents at end of period	752,910	676,154

See accompanying notes to consolidated financial statements.

(1) Nature of Operations

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

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

(a) Basis of Presentation

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

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

(b) Principles of Consolidation

The consolidated financial statements include the accounts of the Company, its majority-owned subsidiaries and all variable interest entities (VIEs) for which the Company or any of its consolidated entities is the primary beneficiary. The definition of a VIE is included in Accounting Standards Codification (ASC) 810, "Consolidation." This guidance addresses how a business enterprise should evaluate whether it has a controlling financial interest in an entity through means other than voting rights and accordingly should consolidate the entity. The consolidated financial statements include accounts of certain subsidiaries whose closing dates differ from December 31 by 93 days or less to either comply with local statutory requirements or facilitate timely reporting. There have been no significant transactions, which would materially affect the Company's financial position and results of operations, with such subsidiaries during the period from their closing dates to December 31. Intercompany accounts and significant intercompany transactions have been eliminated in consolidation.

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

(c) Income Taxes

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

(d) Subsequent Events

The Company has evaluated up to February 13, 2015, the date on which its consolidated financial statements were available to be issued in accordance with the provisions of ASC 855, "Subsequent Events."

(3) Investments in Securities and Affiliated Companies

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

	Millions of yen	
	December 31, 2014	March 31, 2014
Investments in securities:		
Available-for-sale securities		
Government debt securities	3,402	5,701
Corporate debt securities	4,735	3,300
Other securities	-	171
Held-to-maturity securities	200	-
	8,337	9,172

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

	Millions of yen	
	December 31, 2014	March 31, 2014
Investments in securities:		
Available-for-sale securities		
Equity securities	396,601	405,214
Government debt securities	1,566	1,555
Corporate debt securities	4,357	5,839
Other securities	14,026	11,247
Held-to-maturity securities	60	359
Cost-method investments	45,242	44,461
Investments in affiliated companies	643,377	608,687
Advances and other	127,033	143,438
	1,232,262	1,220,800

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

	Millions of yen			
	December 31, 2014			
	Amortized cost basis	Gross gains	Gross losses	Aggregate fair value
Short-term investments:				
Government debt securities	3,401	1	-	3,402
Corporate debt securities	4,494	241	-	4,735
	7,895	242	-	8,137
Investments and advances:				
Equity securities	113,784	284,289	1,472	396,601
Government debt securities	1,536	30	-	1,566
Corporate debt securities	4,310	47	-	4,357
Other securities	13,598	428	-	14,026
	133,228	284,794	1,472	416,550
	141,123	285,036	1,472	424,687

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

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

	Millions of yen			
	December 31, 2014			
	Less than 12 months		12 months or longer	
	Aggregate fair value	Gross losses	Aggregate fair value	Gross losses
Investments and advances:				
Equity securities	6,155	1,378	1,166	94
	6,155	1,378	1,166	94

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

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

The following table represents the purchases, proceeds from the sale, gross realized gains on the sale, and gross realized losses on the sale of available-for-sale securities for the nine months ended December 31, 2014 and 2013.

	Millions of yen	
	Nine months ended December 31, 2014	Nine months ended December 31, 2013
Purchases	2,054	3,431
Proceeds from the sale	76,114	91,128
Gross realized gains on the sale	51,800	45,512
Gross realized losses on the sale	19	2

The following table represents the purchases, proceeds from the sale, gross realized gains on the sale, and gross realized losses on the sale of available-for-sale securities for the three months ended December 31, 2014 and 2013.

	Millions of yen	
	Three months ended December 31, 2014	Three months ended December 31, 2013
Purchases	1,394	545
Proceeds from the sale	73,656	85,877
Gross realized gains on the sale	50,373	44,409
Gross realized losses on the sale	17	-

The contractual maturities of debt securities and other securities classified as investments and advances in the consolidated balance sheet as of December 31, 2014 are as follows:

	Millions of yen		
	Held-to-maturity	Available-for-sale	Total
Due within five years	60	4,006	4,066
Due after five years through ten years	-	1,994	1,994
Due after ten years	-	13,949	13,949
	60	19,949	20,009

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

The aggregate carrying amounts of cost-method investments which were not evaluated for impairment as of December 31, 2014 and March 31, 2014 were ¥45,242 million and ¥44,412 million, respectively, mainly because it was not practicable to estimate the fair value of the investments due to lack of a market price and difficulty in estimating fair value without incurring excessive cost and the Company did not identify any events or changes in circumstances that might have had a significant adverse effect on their fair value.

(4) Allowances for doubtful receivables

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

	Millions of yen	
	December 31, 2014	March 31, 2014
Allowances for doubtful receivables	35,187	31,270

(5) Inventories

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

	Millions of yen	
	December 31, 2014	March 31, 2014
Finished goods	680,600	564,700
Work in process	795,718	596,523
Raw materials	275,842	245,832
	1,752,160	1,407,055

(6) Securitizations

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

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

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

Consolidated SPEs

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

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

	Millions of yen			
	December 31, 2014			
	Lease Receivables	Mortgage loans receivable	Others	Total
Cash and cash equivalents	9,847	1,695	1,535	13,077
Current portion of financial assets transferred to consolidated securitization entities	33,157	8,454	5,169	46,780
Financial assets transferred to consolidated securitization entities	62,331	95,674	9,718	167,723
Current portion of non-recourse borrowings of consolidated securitization entities:				
Loans, mainly from banks	9,445	-	1,473	10,918
Beneficial interests in trusts	22,563	9,964	3,517	36,044
	32,008	9,964	4,990	46,962
Non-recourse borrowings of consolidated securitization entities:				
Loans, mainly from banks	10,787	940	1,682	13,409
Beneficial interests in trusts	45,194	67,864	7,046	120,104
	55,981	68,804	8,728	133,513

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

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

Transfers to unconsolidated entities

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

Securitizations of lease receivables:

Hitachi Capital Corporation and certain other subsidiaries sold lease receivables to unconsolidated SPEs and other entities. During the nine months ended December 31, 2014 and 2013, proceeds from the transfer of lease receivables were ¥60,711 million and ¥74,317 million, respectively, and net gains recognized on those transfers were ¥1,541 million and ¥2,480 million, respectively. During the three months ended December 31, 2014 and 2013, proceeds from the transfer of lease receivables were ¥14,289 million and ¥23,497 million, respectively, and during the three months ended December 31, 2014 and 2013, net gains recognized on those transfers were ¥415 million and ¥731 million, respectively. The subsidiaries retained servicing responsibilities, but did not record a servicing asset or liability because the cost to service the receivables approximated the servicing income.

The amounts of the initial fair value of the subordinated interests for the nine months ended December 31, 2014 and 2013 were ¥7,006 million and ¥9,561 million, respectively. The amounts of the initial fair value of the subordinated interests for the three months ended December 31, 2014 and 2013 were ¥1,767 million and ¥3,458 million, respectively. The subordinated interests relating to securitizations of lease receivables are initially classified as Level 3 assets within the fair value hierarchy. The initial fair value of the subordinated interests is determined based on economic assumptions including weighted-average life, expected credit risks, and discount rates.

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

	Millions of yen		
	December 31, 2014		
	Total principal amount of receivables	Principal amount of receivables 90 days or more past due	Net credit loss
Total assets managed or transferred:			
Lease receivables	1,211,653	305	232
Assets transferred	(263,401)		
Assets held in portfolio	948,252		

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

As of December 31, 2014 and March 31, 2014, the amounts of the maximum exposures to losses were ¥104,521 million and ¥108,487 million, respectively. They mainly consist of the subordinated interests and the obligations to purchase assets with a scope that is considerably limited relating to these securitizations of lease receivables. As of December 31, 2014 and March 31, 2014, the amounts of the subordinated interests measured at fair value relating to these securitizations of lease receivables were ¥61,963 million and ¥64,671 million, respectively.

Securitizations of trade receivables:
The Company and certain subsidiaries sold trade receivables to unconsolidated SPEs and other entities. During the nine months ended December 31, 2014 and 2013, proceeds from the transfer of trade receivables were ¥387,735 million and ¥499,855 million, respectively, and net losses recognized on those transfers were ¥405 million and ¥1,606 million, respectively. During the three months ended December 31, 2014 and 2013, proceeds from the transfer of trade receivables were ¥135,177 million and ¥180,234 million, respectively, and net losses recognized on those transfers were ¥138 million and ¥796 million, respectively. The Company and certain subsidiaries retained servicing responsibilities, but did not record a servicing asset or liability because the cost to service the receivables approximated the servicing income.

The amounts of the initial fair value of the subordinated interests for the nine months ended December 31, 2014 and 2013 were ¥406 million and ¥6,972 million, respectively. The amounts of the initial fair value of the subordinated interests for the three months ended December 31, 2014 and 2013 were ¥120 million and ¥4,422 million, respectively. The subordinated interests relating to securitizations of trade receivables are initially classified as Level 3 assets within the fair value hierarchy. The initial fair value of the subordinated interests is determined based on economic assumptions including weighted-average life, expected credit risks, discount rates, and prepayment rates.

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

	Millions of yen		
	December 31, 2014		
	Total principal amount of receivables	Principal amount of receivables 90 days or more past due	Net credit loss
Total assets managed or transferred:			
Trade receivables	1,222,503	4,640	1,202
Assets transferred	(229,282)		
Assets held in portfolio	993,221		

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

As of December 31, 2014 and March 31, 2014, the amounts of the maximum exposures to losses were ¥28,484 million and ¥43,549 million, respectively. They mainly consist of the subordinated interests and the obligations to purchase assets with a scope that is considerably limited relating to these securitizations of trade receivables. As of December 31, 2014 and March 31, 2014, the amounts of the subordinated interests relating to these securitizations of trade receivables were ¥16,350 million and ¥26,024 million, respectively.

(7) Goodwill and Other Intangible Assets

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

Millions of yen

	December 31, 2014			March 31, 2014		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Goodwill	471,487	-	471,487	339,148	-	339,148
Amortized intangible assets:						
Software	755,809	666,222	89,587	752,413	659,299	93,114
Software for internal use	615,630	470,487	145,143	577,168	439,688	137,480
Patents	51,917	48,688	3,229	50,586	47,856	2,730
Other	358,175	139,351	218,824	301,917	124,034	177,883
	1,781,531	1,324,748	456,783	1,682,084	1,270,877	411,207
Indefinite-lived intangible assets	12,862	-	12,862	11,126	-	11,126

(8) Retirement and Severance Benefits

Net periodic benefit cost for the contributory funded benefit pension plans and the unfunded lump-sum payment plans for the nine months ended December 31, 2014 and 2013 consists of the following components:

Millions of yen

	Nine months ended December 31, 2014	Nine months ended December 31, 2013
Service cost	62,138	65,873
Interest cost	19,657	19,524
Expected return on plan assets for the period	(28,566)	(26,579)
Amortization of prior service benefit	(10,107)	(12,104)
Amortization of actuarial loss	58,702	66,937
Transfer to defined contribution pension plan	-	1,249
Settlements loss	178	496
Employees' contributions	(166)	(120)
	101,836	115,276

Net periodic benefit cost for the contributory funded benefit pension plans and the unfunded lump-sum payment plans for the three months ended December 31, 2014 and 2013 consists of the following components:

	Millions of yen	
	Three months ended December 31, 2014	Three months ended December 31, 2013
Service cost	20,536	21,174
Interest cost	6,683	6,526
Expected return on plan assets for the period	(9,660)	(8,863)
Amortization of prior service benefit	(3,333)	(4,038)
Amortization of actuarial loss	19,681	22,370
Settlements loss	178	-
Employees' contributions	(47)	(41)
	34,038	37,128

(9) Common Stock

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

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

(10) Treasury Stock

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

	Shares	
	December 31, 2014	March 31, 2014
Shares of treasury stock	4,778,672	4,407,424

(11) Dividends

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

(12) Equity

The changes in the equity for the nine months ended December 31, 2014 and 2013 are summarized as follows:

Millions of yen

	Nine months ended December 31, 2014		
	Total Hitachi, Ltd. stockholders' equity	Noncontrolling interests	Total equity
Balance at beginning of period	2,651,241	1,201,223	3,852,464
Dividends to Hitachi, Ltd. stockholders	(55,532)	-	(55,532)
Dividends to noncontrolling interests	-	(28,491)	(28,491)
Equity transactions and other	(6,257)	(221)	(6,478)
Comprehensive income			
Net income	174,913	81,884	256,797
Other comprehensive income, net of income taxes and reclassification adjustments:			
Foreign currency translation adjustments	141,670	61,881	203,551
Pension liability adjustments	40,430	2,905	43,335
Net unrealized holding gain on available-for-sale securities	8,593	307	8,900
Cash flow hedges	(81,650)	(1,062)	(82,712)
Comprehensive income	283,956	145,915	429,871
Balance at end of period	2,873,408	1,318,426	4,191,834

Millions of yen

	Nine months ended December 31, 2013		
	Total Hitachi, Ltd. stockholders' equity	Noncontrolling interests	Total equity
Balance at beginning of period	2,082,560	1,096,727	3,179,287
Dividends to Hitachi, Ltd. stockholders	(48,304)	-	(48,304)
Dividends to noncontrolling interests	-	(23,253)	(23,253)
Equity transactions and other	(5,314)	(6,378)	(11,692)
Comprehensive income			
Net income	127,268	67,887	195,155
Other comprehensive income, net of income taxes and reclassification adjustments:			
Foreign currency translation adjustments	127,471	42,692	170,163
Pension liability adjustments	46,433	2,607	49,040
Net unrealized holding gain on available-for-sale securities	104,524	2,248	106,772
Cash flow hedges	(14,651)	814	(13,837)
Comprehensive income	391,045	116,248	507,293
Balance at end of period	2,419,987	1,183,344	3,603,331

The changes in accumulated other comprehensive income (loss), net of income taxes, for the nine months ended December 31, 2014 and 2013 are as follows:

Millions of yen

	Nine months ended December 31, 2014				
	Foreign currency translation adjustments	Pension liability adjustments	Net unrealized holding gain on available-for-sale securities	Cash flow hedges	Total
Balance at beginning of period	34,049	(186,595)	186,162	(42,881)	(9,265)
Equity transactions and other	1,364	(106)	(2)	-	1,256
Other comprehensive income, net of reclassification adjustments					
Other comprehensive income arising during the period	142,158	(210)	41,119	(79,666)	103,401
Reclassification adjustments for realized net loss included in net income	(488)	40,640	(32,526)	(1,984)	5,642
Other comprehensive income, net of reclassification adjustments	141,670	40,430	8,593	(81,650)	109,043
Balance at end of period	177,083	(146,271)	194,753	(124,531)	101,034

					Millions of yen
	Nine months ended December 31, 2013				
	Foreign currency translation adjustments	Pension liability adjustments	Net unrealized holding gain on available-for-sale securities	Cash flow hedges	Total
Balance at beginning of period	(91,314)	(308,724)	61,482	(29,778)	(368,334)
Equity transactions and other	(475)	(915)	132	4	(1,254)
Other comprehensive income, net of reclassification adjustments					
Other comprehensive income arising during the period	128,543	1,136	132,757	(14,087)	248,349
Reclassification adjustments for realized net loss included in net income	(1,072)	45,297	(28,233)	(564)	15,428
Other comprehensive income, net of reclassification adjustments	127,471	46,433	104,524	(14,651)	263,777
Balance at end of period	35,682	(263,206)	166,138	(44,425)	(105,811)

The following table represents the reclassification adjustments for realized net (gain) loss included in net income by each classification of other comprehensive income for the nine months and three months ended December 31, 2014 and 2013 with location in consolidated statements of operations.

Millions of yen

	Reclassification adjustments for realized net loss included in net income		
	Nine months ended December 31, 2014	Nine months ended December 31, 2013	Location
Foreign currency translation adjustments:			
	(488)	(1,072)	Other income
Before-tax amount	(488)	(1,072)	Income before income taxes
Tax benefit (expense)	-	-	Income taxes
Net-of-tax amount	(488)	(1,072)	Net income attributable to Hitachi, Ltd. stockholders
Pension liability adjustment:			
Prior service benefit	(8,918)	(10,334)	(a)
Actuarial loss	53,101	62,890	(a)
Before-tax amount	44,183	52,556	Income before income taxes
Tax benefit (expense)	(3,543)	(7,259)	Income taxes
Net-of-tax amount	40,640	45,297	Net income attributable to Hitachi, Ltd. stockholders
Net unrealized holding gain on available-for-sale securities:			
	(50,433)	(45,361)	Other income
Before-tax amount	(50,433)	(45,361)	Income before income taxes
Tax benefit (expense)	17,907	17,128	Income taxes
Net-of-tax amount	(32,526)	(28,233)	Net income attributable to Hitachi, Ltd. Stockholders
Cash flow hedges:			
Forward exchange contracts	(2,111)	(455)	Other income
Cross currency swap agreements	(1,583)	(918)	Other income
Interest rate swaps	751	505	Interest charges
Before-tax amount	(2,943)	(868)	Income before income taxes
Tax benefit (expense)	959	304	Income taxes
Net-of-tax amount	(1,984)	(564)	Net income attributable to Hitachi, Ltd. stockholders
Reclassification adjustments for realized net loss included in net income	5,642	15,428	Net income attributable to Hitachi, Ltd. stockholders

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

Millions of yen

	Reclassification adjustments for realized net gain included in net income		
	Three months ended December 31, 2014	Three months ended December 31, 2013	Location
Foreign currency translation adjustments:			
	-	1,323	Other income
Before-tax amount	-	1,323	Income before income taxes
Tax benefit (expense)	-	-	Income taxes
Net-of-tax amount	-	1,323	Net income attributable to Hitachi, Ltd. stockholders
Pension liability adjustment:			
Prior service benefit	(2,936)	(3,805)	(a)
Actuarial loss	17,741	22,141	(a)
Before-tax amount	14,805	18,336	Income before income taxes
Tax benefit (expense)	(1,207)	(2,015)	Income taxes
Net-of-tax amount	13,598	16,321	Net income attributable to Hitachi, Ltd. stockholders
Net unrealized holding gain on available-for-sale securities:			
	(49,734)	(44,350)	Other income
Before-tax amount	(49,734)	(44,350)	Income before income taxes
Tax benefit (expense)	17,656	16,783	Income taxes
Net-of-tax amount	(32,078)	(27,567)	Net income attributable to Hitachi, Ltd. Stockholders
Cash flow hedges:			
Forward exchange contracts	(1,618)	290	Other income
Cross currency swap agreements	(348)	(895)	Other income
Interest rate swaps	309	217	Interest charges
Before-tax amount	(1,657)	(388)	Income before income taxes
Tax benefit (expense)	576	41	Income taxes
Net-of-tax amount	(1,081)	(347)	Net income attributable to Hitachi, Ltd. stockholders
Reclassification adjustments for realized net gain included in net income	(19,561)	(10,270)	Net income attributable to Hitachi, Ltd. stockholders

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

(13) Commitments and Contingencies

The Company and its subsidiaries are contingently liable for loan guarantees and other guarantees to its affiliates and others in the amount of approximately ¥149,954 million as of December 31, 2014. This includes credit guarantees of ¥40,720 million for collections of receivables associated with the integration of its thermal power systems business.

Hitachi Capital Corporation (HCC) and subsidiaries in financial services segment provide guarantees to financial institutions for extending loans to customers of the subsidiaries. As of December 31, 2014, the undiscounted maximum potential future payments under such guarantees amounted to ¥196,847 million. For providing these guarantees, the subsidiaries obtain collateral appropriate for the amount of the guarantees, and therefore, the Company considers the risk to be low. The Company accrued ¥6,325 million as an obligation to stand ready to perform over the term of the guarantees in the event the customer cannot make scheduled payments.

The Company and HCC provide loan commitments to affiliates and others.
The outstanding balance of loan commitments as of December 31, 2014 is as follows:

	Millions of yen
Total commitment available	110,446
Less amount utilized	38,389
Balance available	72,057

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

The Company and its subsidiaries have line of credit arrangements with banks in order to secure a financing source for business operations. The total unused lines of credit as of December 31, 2014 amounted to ¥524,596 million, primarily related to unused lines of credit belonging to the Company. The Company maintains commitment line agreements with a number of banks and pays commitment fees as consideration. These commitment agreements generally provide a one-year term, and are subject to renewal at the end of the term. The unused availability under these agreements as of December 31, 2014 amounted to ¥200,000 million. The Company also maintains another commitment line agreement, whose three years and two months term ends in July 2016, with financing companies. The unused availability under this agreement as of December 31, 2014 amounted to ¥200,000 million.

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

	Millions of yen	
	December 31, 2014	March 31, 2014
Notes discounted	1,018	1,158
Notes endorsed	1,312	1,128

The Company and its subsidiaries provide warranties for certain of their products. The accrued product warranty costs are based primarily on historical experience of actual warranty claims. The changes in accrued product warranty costs for the nine months ended December 31, 2014 and 2013 are summarized as follows:

	Millions of yen	
	Nine months ended December 31, 2014	Nine months ended December 31, 2013
Balance at beginning of period	41,265	40,114
Expense recognized upon issuance of warranties	6,353	9,627
Usage	(8,741)	(9,101)
Acquisitions and divestitures	-	(156)
Other, including effect of foreign currency translation	3,346	1,504
Balance at end of period	42,223	41,988

The changes in accrued product warranty costs for the three months ended December 31, 2014 and 2013 are summarized as follows:

	Millions of yen	
	Three months ended December 31, 2014	Three months ended December 31, 2013
Balance at beginning of period	40,597	39,819
Expense recognized upon issuance of warranties	1,907	3,859
Usage	(2,585)	(3,113)
Acquisitions and divestitures	-	(156)
Other, including effect of foreign currency translation	2,304	1,579
Balance at end of period	42,223	41,988

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

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

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

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

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

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

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

In August 2012, a subsidiary in Europe received a complaint filed by a customer in Europe seeking compensation for consequential losses of EUR 1,058 million (¥155,126 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 (¥35,095 million). Although the Company, the subsidiary in Europe and the consortium will vigorously defend themselves against this lawsuit, there can be no assurance that they will not be held liable for any amounts claimed.

In December 2013, the Company, a subsidiary in Europe, and a consortium consisting of the Company and the subsidiary in Europe, jointly and severally received a request from a customer in Europe to refer a dispute to arbitration seeking compensation for EUR 606 million (¥88,919 million) including consequential losses allegedly incurred by the delay in the construction process of a power plant. As of December 31, 2014, the amount of a request for compensation from the customer was changed to EUR 637 million (¥93,371 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 ¥10,635 million for a consequential loss mainly caused by delay in the operation system development. The Company partially acknowledges there is certain delay, but does not agree to the amount claimed by the customer.

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

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

(14) Expenses Related to Competition Law

For the nine months and three months ended December 31, 2014, a change in accrual of settlements of consequential losses involving disputes with certain customers was recognized.

During the nine months ended December 31, 2013, a subsidiary in the Automotive Systems segment agreed with the U.S. Department of Justice to conclude a plea agreement paying a fine in the amount of US$195 million (¥19,061 million), regarding violations of U.S. antitrust laws occurring in connection with the sales of certain automotive parts to certain OEM customers. In addition, for the nine months and the three months ended December 31, 2013, the company accrued the reasonably estimated amounts for the potential losses in certain civil disputes, including class action lawsuits, occurring in connection with investigations and alleged antitrust violations in the U.S.A.

(15) Restructuring Charges

Certain losses incurred in the reorganization of the Company's operations are considered restructuring charges. Components and related amounts of the restructuring charges, before the related tax effects, for the nine months ended December 31, 2014 and 2013 are as follows:

	Millions of yen	
	Nine months ended December 31, 2014	Nine months ended December 31, 2013
Special termination benefits	17,714	12,987
Loss on fixed assets	211	-
	17,925	12,987

Components and related amounts of the restructuring charges, before the related tax effects, for the three months ended December 31, 2014 and 2013 are as follows:

	Millions of yen	
	Three months ended December 31, 2014	Three months ended December 31, 2013
Special termination benefits	15,354	1,811
Loss on fixed assets	125	-
	15,479	1,811

The Company and certain subsidiaries provided special termination benefits to those employees voluntarily leaving the companies. The accrued special termination benefits were recognized at the time voluntary termination was offered and benefits were accepted by the employees. An analysis of the accrued special termination benefits for the nine months ended December 31, 2014 and 2013 is as follows:

	Millions of yen	
	Nine months ended December 31, 2014	Nine months ended December 31, 2013
Balance at beginning of the period	12,171	15,293
New charges	17,714	12,987
Cash payments	(14,250)	(23,988)
Divestitures	-	(1,707)
Foreign currency exchange rate changes	133	44
Balance at end of the period	15,768	2,629

An analysis of the accrued special termination benefits for the three months ended December 31, 2014 and 2013 is as follows:

	Millions of yen	
	Three months ended December 31, 2014	Three months ended December 31, 2013
Balance at beginning of the period	2,166	7,427
New charges	15,354	1,811
Cash payments	(1,867)	(4,914)
Divestitures	-	(1,707)
Foreign currency exchange rate changes	115	12
Balance at end of the period	15,768	2,629

The following represents the significant restructuring activities for the nine months ended December 31, 2014 by reportable segment:

1. The High Functional Materials & Components segment restructured in order to rationalize the workforce of its domestic chemical business. The accrued special termination benefits expensed during the nine months ended December 31, 2014 amounted to ¥13,003 million. The liabilities for special termination benefits amounting to ¥12,973 million as of December 31, 2014 will be paid by March 31, 2015. Total restructuring charges during the nine months ended December 31, 2014 amounted to ¥13,129 million.

2. The Information & Telecommunication Systems segment restructured in order to rationalize the workforce of its platform and telecommunication business. The accrued special termination benefits expensed during the nine months ended December 31, 2014 amounted to ¥3,237 million. The liabilities for special termination benefits amounting to ¥1,539 million as of December 31, 2014 will be paid by March 31, 2015. Total restructuring charges during the nine months ended December 31, 2014 consisted only of special termination benefits.

3. Electronic Systems & Equipment segment restructured due to withdrawal from the chip mounter business. The accrued special termination benefits expensed during the nine months ended December 31, 2014 amounted to ¥1,218 million. The liabilities for special termination benefits amounting to ¥1,171 million as of December 31, 2014 will be paid by March 31, 2015. Total restructuring charges during the nine months ended December 31, 2014 consisted only of special termination benefits.

The following represents the significant restructuring activities for the nine months ended December 31, 2013 by reportable segment:

1. The Others (Logistics and Other services) restructured due to withdrawal from the TV parts business. The accrued special termination benefits expensed during the nine months ended December 31, 2013 amounted to ¥4,469 million. The liabilities for special termination benefits amounting to ¥1,202 million as of December 31, 2013 were paid by March 31, 2014. Total restructuring charges during the nine months ended December 31, 2013 consisted only of special termination benefits.

2. The Information & Telecommunication Systems segment restructured in order to rationalize the workforce of its software service business. The accrued special termination benefits expensed during the nine months ended December 31, 2013 amounted to ¥3,131 million. The liabilities for special termination benefits amounting to ¥817 million as of December 31, 2013 were paid by March 31, 2014. Total restructuring charges during the nine months ended December 31, 2013 consisted only of

special termination benefits.

3. The High Functional Materials & Components segment restructured in order to reorganize its wires, cables and other relevant products business, which was undertaken to address the deterioration of the business environment. The accrued special termination benefits expensed during the nine months ended December 31, 2013 amounted to ¥2,642 million. The liabilities for special termination benefits amounting to ¥301 million as of December 31, 2013 were paid by March 31, 2014. Total restructuring charges during the nine months ended December 31, 2013 consisted only of special termination benefits.

The following represents the significant restructuring activities for the three months ended December 31, 2014 by reportable segment:

1. The High Functional Materials & Components segment restructured in order to rationalize the workforce of its domestic chemical business. The accrued special termination benefits expensed during the three months ended December 31, 2014 amounted to ¥12,911 million. The liabilities for special termination benefits amounting to ¥12,973 million as of December 31, 2014 will be paid by March 31, 2015. Total restructuring charges during the nine months ended December 31, 2014 amounted to ¥13,036 million.

2. The Information & Telecommunication Systems segment restructured in order to rationalize the workforce of its platform business. The accrued special termination benefits expensed during the three months ended December 31, 2014 amounted to ¥1,357 million. The liabilities for special termination benefits amounting to ¥1,539 million as of December 31, 2014 will be paid by March 31, 2015. Total restructuring charges during the three months ended December 31, 2014 consisted only of special termination benefits.

3. Electronic Systems & Equipment segment restructured due to withdrawal from the chip mounter business. The accrued special termination benefits expensed during the three months ended December 31, 2014 amounted to ¥1,028 million. The liabilities for special termination benefits amounting to ¥1,171 million as of December 31, 2014 will be paid by March 31, 2015. Total restructuring charges during the three months ended December 31, 2014 consisted only of special termination benefits.

The restructuring charges for the three months ended December 31, 2013 mainly consist of special termination benefits for the early-terminated employees of subsidiaries for the purpose of improving profitability in the Information & Telecommunication Systems segment and Social Infrastructure & Industrial Systems segment by rationalizing its workforce.

(16) Other Income and Other Deductions

The following items are included in other income or other deductions for the nine months ended December 31, 2014 and 2013.

	Millions of yen	
	Nine months ended December 31, 2014	Nine months ended December 31, 2013
Net gain on securities	53,478	34,357
Net gain (loss) on sale and disposal of rental assets and other property	(15,691)	1,606
Exchange gain	13,222	18,833

The following items are included in other income or other deductions for the three months ended December 31, 2014 and 2013.

	Millions of yen	
	Three months ended December 31, 2014	Three months ended December 31, 2013
Net gain on securities	50,350	36,512
Net gain (loss) on sale and disposal of rental assets and other property	(3,736)	2,183
Exchange gain	6,077	16,790

The major component of net gain on securities for the nine months and three months ended December 31, 2014 and 2013 is related to a sale of shares of Western Digital Corporation.

(17) Net Income Per Share Information

The reconciliations of the numbers and the amounts used in the basic and diluted net income attributable to Hitachi, Ltd. stockholders per share computations for the nine months ended December 31, 2014 and 2013 are as follows:

		Number of shares
	Nine months ended December 31, 2014	Nine months ended December 31, 2013
Weighted average number of shares on which basic net income per share is calculated	4,828,831,622	4,830,318,575
Effect of dilutive securities	-	-
Number of shares on which diluted net income per share is calculated	4,828,831,622	4,830,318,575

		Millions of yen
	Nine months ended December 31, 2014	Nine months ended December 31, 2013
Net income attributable to Hitachi, Ltd. stockholders	174,913	127,268
Effect of dilutive securities:		
Other	(128)	(56)
Net income attributable to Hitachi, Ltd. stockholders on which diluted net income per share is calculated	174,785	127,212

		Yen
Net income attributable to Hitachi, Ltd. stockholders per share:		
Basic	36.22	26.35
Diluted	36.20	26.34

The reconciliations of the numbers and the amounts used in the basic and diluted net income attributable to Hitachi, Ltd. stockholders per share computations for the three months ended December 31, 2014 and 2013 are as follows:

		Number of shares
	Three months ended December 31, 2014	Three months ended December 31, 2013
Weighted average number of shares on which basic net income per share is calculated	4,828,706,084	4,830,189,779
Effect of dilutive securities	-	-
Number of shares on which diluted net income per share is calculated	4,828,706,084	4,830,189,779

		Millions of yen
	Three months ended December 31, 2014	Three months ended December 31, 2013
Net income attributable to Hitachi, Ltd. stockholders	83,373	94,502
Effect of dilutive securities:		
Other	(41)	(19)
Net income attributable to Hitachi, Ltd. stockholders on which diluted net income per share is calculated	83,332	94,483

		Yen
Net income attributable to Hitachi, Ltd. stockholders per share:		
Basic	17.27	19.56
Diluted	17.26	19.56

(18) Concentrations of Credit Risk

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

(19) Derivative Instruments and Hedging Activities

Overall risk profile

The major manufacturing bases of the Company and its subsidiaries are located in Japan and Asia. The selling bases are located globally, and the Company and its subsidiaries generated approximately 50% of their sales from overseas for the nine months ended December 31, 2014. These overseas sales are mainly denominated in the U.S. dollar or Euro. As a result, the Company and its subsidiaries are exposed to market risks from changes in foreign currency exchange rates.

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

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

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

Risk management policy

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

Foreign currency exchange rate risk management

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

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

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

Interest rate risk management

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

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

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

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

Fair value hedge

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

Cash flow hedge

Foreign currency exposure:

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

Interest rate exposure:

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

(20) Fair Value

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

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

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

Level 3
Valuations using inputs that are not observable.

Investments in debt and equity securities

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

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

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

Derivatives

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

Subordinated interests resulting from securitization

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

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

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

	Millions of yen			
	December 31, 2014			
		Fair value hierarchy classification		
	Total	Level 1	Level 2	Level 3
Assets:				
Investments in securities				
Equity securities	396,601	395,642	959	-
Government debt securities	4,968	4,649	319	-
Corporate debt securities	9,092	-	5,113	3,979
Other	14,026	13,611	415	-
Derivatives	11,842	-	11,842	-
Subordinated interests resulting from securitization	78,313	-	-	78,313
	514,842	413,902	18,648	82,292
Liabilities:				
Derivatives	(124,766)	-	(124,766)	-

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

The following tables present the changes in Level 3 instruments measured on a recurring basis for the nine months ended December 31, 2014 and 2013.

	Millions of yen		
	Nine months ended December 31, 2014		
	Corporate debt securities	Subordinated interests resulting from securitization	Total
Balance at beginning of period	4,392	90,695	95,087
Purchases	-	7,412	7,412
Settlements	(400)	(21,511)	(21,911)
Total gains or losses (realized/unrealized)			
Included in earnings (a)	(3)	134	131
Included in other comprehensive income (loss)	(10)	1,583	1,573
Balance at end of period	3,979	78,313	82,292
The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at December 31, 2014	-	-	-

(a) Level 3 gains or losses included in earnings for the nine months ended December 31, 2014 are reported in other income (deductions) for corporate debt securities and are reported in revenue for subordinated interests resulting from securitization.

	Millions of yen		
	Nine months ended December 31, 2013		
	Corporate debt securities	Subordinated interests resulting from securitization	Total
Balance at beginning of period	13,637	84,688	98,325
Purchases	-	16,534	16,534
Sales	(1,937)	-	(1,937)
Settlements	(3,736)	(18,222)	(21,958)
Total gains or losses (realized/unrealized)			
Included in earnings (a)	(3)	140	137
Included in other comprehensive income	259	5,096	5,355
Balance at end of period	8,220	88,236	96,456
The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at December 31, 2013	-	-	-

(a) Level 3 gains or losses included in earnings for the nine months ended December 31, 2013 are reported in other income (deductions) for corporate debt securities and are reported in revenue for subordinated interests resulting from securitization.

The following tables present the changes in Level 3 instruments measured on a recurring basis for the three months ended December 31, 2014 and 2013.

	Millions of yen		
	Three months ended December 31, 2014		
	Corporate debt securities	Subordinated interests resulting from securitization	Total
Balance at beginning of period	4,386	82,485	86,871
Purchases	-	1,887	1,887
Settlements	(400)	(7,018)	(7,418)
Total gains or losses (realized/unrealized)			
Included in earnings (a)	-	38	38
Included in other comprehensive income	(7)	921	914
Balance at end of period	3,979	78,313	82,292
The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at December 31, 2014	-	-	-

(a) Level 3 gains or losses included in earnings for the three months ended December 31, 2014 are reported in other income (deductions) for corporate debt securities and are reported in revenue for subordinated interests resulting from securitization.

	Millions of yen		
	Three months ended December 31, 2013		
	Corporate debt securities	Subordinated interests resulting from securitization	Total
Balance at beginning of period	10,563	83,755	94,318
Purchases	-	7,881	7,881
Sales	(1,937)	-	(1,937)
Settlements	(639)	(5,490)	(6,129)
Total gains or losses (realized/unrealized)			
Included in earnings (a)	(1)	42	41
Included in other comprehensive income	234	2,048	2,282
Balance at end of period	8,220	88,236	96,456
The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at December 31, 2013	-	-	-

(a) Level 3 gains or losses included in earnings for the three months ended December 31, 2013 are reported in other income (deductions) for corporate debt securities and are reported in revenue for subordinated interests resulting from securitization.

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

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

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

The following tables present the assets measured at fair value on a non-recurring basis and the gains or losses recognized for the nine months ended December 31, 2014 and 2013.

	Millions of yen			
	Nine months ended December 31, 2014			
	Fair value hierarchy classification			Total gains
	Level 1	Level 2	Level 3	(losses)
Long-lived assets (a)				
Electronic Systems & Equipment segment	-	-	1,806	(1,336)
Financial Services segment	-	-	-	(1,675)
Other	-	-	679	(784)
Total	-	-	2,485	(3,795)

(a) The carrying value as of December 31, 2014 is not equal to the fair value at the time of impairment because of depreciation expense subsequent to impairment.

	Millions of yen			
	Nine months ended December 31, 2013			
	Fair value hierarchy classification			Total gains
	Level 1	Level 2	Level 3	(losses)
Long-lived assets (a)				
High Functional Materials & Components segment	-	-	128	(2,399)
Others (Logistics and Other services) segment	-	-	21	(1,396)
Other	-	-	9	(945)
Total	-	-	158	(4,740)

(a) The carrying value as of December 31, 2013 is not equal to the fair value at the time of impairment because of depreciation expense subsequent to impairment.

The following tables present the assets measured at fair value on a non-recurring basis and the gains or losses recognized for the three months ended December 31, 2014 and 2013.

	Millions of yen			
	Three months ended December 31, 2014			
	Fair value hierarchy classification			Total gains
	Level 1	Level 2	Level 3	(losses)
Long-lived assets				
Financial Services segment	-	-	-	(1,675)
Other	-	-	674	(304)
Total	-	-	674	(1,979)

	Millions of yen			
	Three months ended December 31, 2013			
	Fair value hierarchy classification			Total gains
	Level 1	Level 2	Level 3	(losses)
Long-lived assets				
High Functional Materials & Components segment	-	-	5	(2,216)
Other	-	-	10	(705)
Total	-	-	15	(2,921)

(21) Financing Receivables and Allowance for Doubtful Receivables

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

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

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

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

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

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

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

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

As of December 31, 2014 and March 31, 2014, financing receivables include past due receivables in the amount of ¥52,556 million and ¥36,990 million, respectively. Of these amounts, financing receivables past due 90 days or more and still accruing interest amounted to ¥21,218 million and ¥13,049 million, respectively.

The following tables present the allowance for doubtful receivables and recorded investment in financing receivables as of December 31, 2014 and 2013, and changes in the allowance for the nine months ended December 31, 2014 and 2013.

	Millions of yen				
	December 31, 2014				
	Finance leases	Installment loans	Mortgage loans	Other financing receivables	Total
Allowance for doubtful receivables					
Balance, March 31, 2014	13,475	2,651	144	3,543	19,813
Provision	5,030	1,645	77	3,157	9,909
Recovery	(1,922)	(157)	(44)	(1,286)	(3,409)
Write off	(606)	(1,009)	(11)	(1,256)	(2,882)
Balance, December 31, 2014	15,977	3,130	166	4,158	23,431
Applicable to amounts; Individually evaluated for impairment	9,755	1,027	60	3,092	13,934
Applicable to amounts; Collectively evaluated for impairment	6,222	2,103	106	1,066	9,497
Financing receivables					
Balance, December 31, 2014	964,229	455,205	135,390	490,562	2,045,386
Applicable to amounts; Individually evaluated for impairment	23,468	1,737	237	6,895	32,337
Applicable to amounts; Collectively evaluated for impairment	940,761	453,468	135,153	483,667	2,013,049

	Millions of yen				
	December 31, 2013				
	Finance leases	Installment loans	Mortgage loans	Other financing receivables	Total
Allowance for doubtful receivables					
Balance, March 31, 2013	9,946	2,209	153	5,082	17,390
Provision	5,240	2,119	59	3,462	10,880
Recovery	(2,592)	(812)	(40)	(2,979)	(6,423)
Write off	(334)	(1,130)	-	(1,064)	(2,528)
Acquisitions and divestitures	1,820	73	-	165	2,058
Balance, December 31, 2013	14,080	2,459	172	4,666	21,377
Applicable to amounts; Individually evaluated for impairment	8,238	824	56	3,508	12,626
Applicable to amounts; Collectively evaluated for impairment	5,842	1,635	116	1,158	8,751
Financing receivables					
Balance, December 31, 2013	871,026	297,176	156,030	354,932	1,679,164
Applicable to amounts; Individually evaluated for impairment	21,343	978	212	8,174	30,707
Applicable to amounts; Collectively evaluated for impairment	849,683	296,198	155,818	346,758	1,648,457

The following tables present the changes in the allowance for the three months ended December 31, 2014 and 2013.

	Finance leases	Installment loans	Mortgage loans	Other financing receivables	Total
	Millions of yen				
	December 31, 2014				
Allowance for doubtful receivables					
Balance, September 30, 2014	14,324	2,762	137	3,268	20,491
Provision	2,261	846	40	1,605	4,752
Recovery	(223)	(54)	-	(76)	(353)
Write off	(385)	(424)	(11)	(639)	(1,459)
Balance, December 31, 2014	15,977	3,130	166	4,158	23,431

	Finance leases	Installment loans	Mortgage loans	Other financing receivables	Total
	Millions of yen				
	December 31, 2013				
Allowance for doubtful receivables					
Balance, September 30, 2013	12,407	2,511	153	5,767	20,838
Provision	2,180	458	25	955	3,618
Recovery	(389)	(273)	(6)	(1,694)	(2,362)
Write off	(118)	(237)	-	(362)	(717)
Balance, December 31, 2013	14,080	2,459	172	4,666	21,377

In addition, as of December 31, 2014 and March 31, 2014, the amounts of impaired loans relating to receivables which arose from sales of products or services were ¥49,203 million and ¥37,383 million, respectively.

(22) Acquisitions and Divestitures

On August 19, 2014, Hitachi Metals, Ltd. (Hitachi Metals), a subsidiary of the Company in the High Functional Materials & Components segment, in order to strengthen its global iron casting business in a medium and long term basis, signed a definitive agreement with WF Global II B.V., an entity which is owned by private equity funds managed and controlled by KPS Capital Partners, LP (KPS), to acquire all the shares of Waupaca Foundry Holdings, Inc. (Waupaca HD), which holds 100% stake of Waupaca Foundry, Inc. (Waupaca), which is engaged in the iron casting business for transportation machinery in the North America market and headquartered in the U.S.A. On November 10, 2014, Hitachi Metals acquired all the shares of Waupaca HD in accordance with the definitive agreement. Accordingly, Hitachi Metals obtained control of Waupaca HD and it became a wholly owned subsidiary effective November 10, 2014 (the acquisition date).

The following table summarizes the consideration paid for Waupaca HD, the provisional amounts of the assets acquired and liabilities assumed and recognized as of the acquisition date.

	Millions of yen
Current assets	43,827
Non-current assets (excluding intangible assets)	54,287
Intangible assets	
Goodwill (not deductible for tax purposes)	96,018
Other intangible assets	4,097
	198,229
Current liabilities	(28,196)
Non-current liabilities	(74,314)
	(102,510)
Cash paid for acquisition (Purchase amount of all the shares of Waupaca HD)	(95,719)

The total acquisition price was US$1,338 million (¥152,990 million), which included amount of repayment of bank loans of Waupaca (US$501 million) in addition to purchase amount of all the shares of Waupaca HD (US$837 million).

The Company is currently evaluating the fair values to be assigned to assets and liabilities of Waupaca HD at the acquisition date, and therefore the above amounts are subject to change.

The results of operations of Waupaca HD for the period from the acquisition date to December 31, 2014 were not material.

On a pro forma basis, revenue, net income attributable to Hitachi, Ltd. stockholders and the per share information of the Company with assumed acquisition date for Waupaca HD of April 1, 2013 would not differ materially from the amounts reported in the accompanying consolidated financial statements for the nine months and three months ended December 31, 2014 and 2013.

(23) Segment Information

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

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

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

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

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

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

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

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

Construction Machinery:
Hydraulic excavators, Wheel loaders and Mining machinery

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

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

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

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

Financial Services:
Leasing and Loan guarantees

Effective April 1, 2014, due to a change in management reporting, Hitachi Information & Control Solutions, Ltd. and Ibaraki Hitachi Information Service, Ltd. which were previously included in the Information & Telecommunication Systems, have been included in the Social Infrastructure & Industrial Systems.
In April 2014, both companies were merged and the corporate name was changed to Hitachi Industry & Control Solution, Ltd.
Also, effective April 1, 2014, the Optical disk drives business, which was previously included in the Digital Media & Consumer Products, has been included in the Others (Logistics and Other services). As a result, the Company changed the name of the Digital Media & Consumer Products to the Smart Life & Ecofriendly Systems. Accordingly, the corresponding data for the nine months ended December 31, 2013 and for the three months ended December 31, 2013 have been restated to conform with the change.

The following tables show segment information for the nine months ended December 31, 2014 and 2013.

Revenues from Outside Customers

	Millions of yen	
	Nine months ended December 31, 2014	Nine months ended December 31, 2013
Information & Telecommunication Systems	1,258,409	1,191,399
Power Systems	253,413	521,972
Social Infrastructure & Industrial Systems	885,345	796,348
Electronic Systems & Equipment	701,682	662,097
Construction Machinery	553,963	531,778
High Functional Materials & Components	1,033,142	964,219
Automotive Systems	681,601	646,975
Smart Life & Ecofriendly Systems	543,089	523,573
Others (Logistics and Other services)	655,056	706,412
Financial Services	252,274	229,450
Subtotal	6,817,974	6,774,223
Corporate items	73	227
Total	6,818,047	6,774,450

Revenues from Intersegment Transactions

	Millions of yen	
	Nine months ended December 31, 2014	Nine months ended December 31, 2013
Information & Telecommunication Systems	152,184	133,478
Power Systems	48,462	53,694
Social Infrastructure & Industrial Systems	125,458	147,430
Electronic Systems & Equipment	86,385	90,205
Construction Machinery	1,364	1,553
High Functional Materials & Components	51,639	52,234
Automotive Systems	1,760	1,793
Smart Life & Ecofriendly Systems	27,402	29,055
Others (Logistics and Other services)	242,597	319,904
Financial Services	16,566	17,557
Subtotal	753,817	846,903
Corporate items and Eliminations	(753,817)	(846,903)
Total	-	-

Total Revenues

	Millions of yen	
	Nine months ended December 31, 2014	Nine months ended December 31, 2013
Information & Telecommunication Systems	1,410,593	1,324,877
Power Systems	301,875	575,666
Social Infrastructure & Industrial Systems	1,010,803	943,778
Electronic Systems & Equipment	788,067	752,302
Construction Machinery	555,327	533,331
High Functional Materials & Components	1,084,781	1,016,453
Automotive Systems	683,361	648,768
Smart Life & Ecofriendly Systems	570,491	552,628
Others (Logistics and Other services)	897,653	1,026,316
Financial Services	268,840	247,007
Subtotal	7,571,791	7,621,126
Corporate items and Eliminations	(753,744)	(846,676)
Total	6,818,047	6,774,450

Segment Profit (Loss)

	Millions of yen	
	Nine months ended December 31, 2014	Nine months ended December 31, 2013
Information & Telecommunication Systems	50,305	48,010
Power Systems	(26,171)	10,952
Social Infrastructure & Industrial Systems	34,080	18,423
Electronic Systems & Equipment	39,779	24,434
Construction Machinery	39,009	44,806
High Functional Materials & Components	90,473	76,071
Automotive Systems	24,787	15,120
Smart Life & Ecofriendly Systems	25,788	17,768
Others (Logistics and Other services)	28,374	25,498
Financial Services	29,453	26,460
Subtotal	335,877	307,542
Corporate items and Eliminations	31,961	4,253
Total Segment profit	367,838	311,795
Interest income	7,735	9,101
Interest charges	(19,998)	(19,604)
Income before income taxes	355,575	301,292

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

Operating Income

	Millions of yen	
	Nine months ended December 31, 2014	Nine months ended December 31, 2013
Information & Telecommunication Systems	52,882	48,110
Power Systems	(33,120)	6,372
Social Infrastructure & Industrial Systems	31,776	12,537
Electronic Systems & Equipment	41,475	24,052
Construction Machinery	39,181	46,873
High Functional Materials & Components	84,299	73,262
Automotive Systems	39,589	32,344
Smart Life & Ecofriendly Systems	20,088	12,843
Others (Logistics and Other services)	26,576	22,451
Financial Services	28,642	25,143
Subtotal	331,388	303,987
Corporate items and Eliminations	(9,203)	(8,506)
Total	322,185	295,481

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

The following tables show segment information for the three months ended December 31, 2014 and 2013.

Revenues from Outside Customers

	Millions of yen	
	Three months ended December 31, 2014	Three months ended December 31, 2013
Information & Telecommunication Systems	422,721	404,893
Power Systems	80,589	181,878
Social Infrastructure & Industrial Systems	311,862	275,262
Electronic Systems & Equipment	229,641	220,887
Construction Machinery	181,671	174,844
High Functional Materials & Components	379,284	328,472
Automotive Systems	236,551	221,436
Smart Life & Ecofriendly Systems	173,557	170,110
Others (Logistics and Other services)	223,732	248,204
Financial Services	81,644	77,692
Subtotal	2,321,252	2,303,678
Corporate items	22	86
Total	2,321,274	2,303,764

Revenues from Intersegment Transactions

	Millions of yen	
	Three months ended December 31, 2014	Three months ended December 31, 2013
Information & Telecommunication Systems	52,880	43,823
Power Systems	16,181	17,485
Social Infrastructure & Industrial Systems	39,234	48,380
Electronic Systems & Equipment	29,601	31,534
Construction Machinery	390	427
High Functional Materials & Components	16,805	18,388
Automotive Systems	554	547
Smart Life & Ecofriendly Systems	8,616	9,672
Others (Logistics and Other services)	80,041	114,089
Financial Services	5,387	5,633
Subtotal	249,689	289,978
Corporate items and Eliminations	(249,689)	(289,978)
Total	-	-

Total Revenues

	Millions of yen	
	Three months ended December 31, 2014	Three months ended December 31, 2013
Information & Telecommunication Systems	475,601	448,716
Power Systems	96,770	199,363
Social Infrastructure & Industrial Systems	351,096	323,642
Electronic Systems & Equipment	259,242	252,421
Construction Machinery	182,061	175,271
High Functional Materials & Components	396,089	346,860
Automotive Systems	237,105	221,983
Smart Life & Ecofriendly Systems	182,173	179,782
Others (Logistics and Other services)	303,773	362,293
Financial Services	87,031	83,325
Subtotal	2,570,941	2,593,656
Corporate items and Eliminations	(249,667)	(289,892)
Total	2,321,274	2,303,764

Segment Profit (Loss)

	Millions of yen	
	Three months ended December 31, 2014	Three months ended December 31, 2013
Information & Telecommunication Systems	14,959	19,288
Power Systems	(2,236)	7,475
Social Infrastructure & Industrial Systems	13,813	11,745
Electronic Systems & Equipment	13,767	15,132
Construction Machinery	13,095	18,133
High Functional Materials & Components	27,838	26,832
Automotive Systems	5,121	13,110
Smart Life & Ecofriendly Systems	7,904	8,860
Others (Logistics and Other services)	13,500	12,951
Financial Services	9,430	9,040
Subtotal	117,191	142,566
Corporate items and Eliminations	33,274	27,215
Total Segment profit	150,465	169,781
Interest income	2,716	2,742
Interest charges	(7,112)	(6,788)
Income before income taxes	146,069	165,735

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

Operating Income

	Millions of yen	
	Three months ended December 31, 2014	Three months ended December 31, 2013
Information & Telecommunication Systems	16,048	17,340
Power Systems	(10,516)	4,197
Social Infrastructure & Industrial Systems	13,538	9,250
Electronic Systems & Equipment	13,549	13,416
Construction Machinery	14,152	17,426
High Functional Materials & Components	31,319	23,983
Automotive Systems	11,401	11,510
Smart Life & Ecofriendly Systems	5,763	7,006
Others (Logistics and Other services)	11,350	10,609
Financial Services	10,140	9,066
Subtotal	116,744	123,803
Corporate items and Eliminations	(8,583)	(1,803)
Total	108,161	122,000

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

[Cover]

[Document Filed]	Confirmation Letter
[Applicable Law]	Article 24-4-8, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	February 13, 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 Annual Securities Report

   Mr. Toshiaki Higashihara, President & COO, and Mr. Toyoaki Nakamura, Executive Vice President and Executive Officer, confirmed that statements contained in the Quarterly Report for the third quarter of 146th fiscal year (from October 1, 2014 to December 31, 2014) were adequate under the Financial Instruments and Exchange Act.

2. Special Notes

   None.