1. Qualitative Information Concerning Consolidated Business Results
(1) Summary of Fiscal 2014 Third Quarter (Three Months and Nine Months Ended December 31, 2014) Consolidated Business

	Three months ended December 31, 2014			Nine months ended December 31, 2014		
	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)
Revenues	2,321.2	1%	19,184	6,818.0	1%	56,347
Operating income	108.1	(13.8)	894	322.1	26.7	2,663
EBIT (Earnings before interest and taxes)	150.4	(19.3)	1,244	367.8	56.0	3,040
Income before income taxes	146.0	(19.6)	1,207	355.5	54.2	2,939
Net income	111.9	(13.8)	925	256.7	61.6	2,122
Net income attributable to Hitachi, Ltd. stockholders	83.3	(11.1)	689	174.9	47.6	1,446

During the third quarter of fiscal 2014, the global economy slowed as a whole, despite improving employment levels in the U.S., along with an ongoing recovery in consumer spending and improvements in the housing market. Global issues that had an impact on the worldwide economic climate included continued financial uncertainty in Europe, particularly with regard to southern European countries, and a slowdown in China's economic growth. The Japanese economy continued to face challenging conditions as the economy slumped with two consecutive quarters of contraction resulting from a decline in real incomes due to the consumption tax hike in April 2014.

Hitachi's consolidated revenues for the third quarter of fiscal 2014 increased 1% year over year, to 2,321.2 billion yen. The increase resulted mainly from higher year over year revenues in the following segments: the High Functional Materials & Components Segment, where automotive and electronics related products performed strongly, the Social Infrastructure & Industrial Systems Segment, which had a strong performance by the elevator and escalator business in China, and the Information & Telecommunications Systems Segment, which saw strong performance in the system solutions business and storage solutions business.

Hitachi posted operating income of 108.1 billion yen, down 13.8 billion yen year over year. This was largely due to a decline in earnings in the Power Systems Segment because of the integration of the thermal power generation systems business into Mitsubishi Hitachi Power Systems, Ltd., a joint venture with Mitsubishi Heavy Industries, Ltd. On the other hand, the High Functional Materials & Components Segment and the Social Infrastructure & Industrial Systems Segment both saw their earnings increase.

Hitachi posted other income of 37.9 billion yen, a decrease of 5.8 billion yen year over year.

EBIT declined 19.3 billion yen year over year to 150.4 billion yen.

As a result, Hitachi recorded income before income taxes of 146.0 billion yen, down 19.6 billion yen year over year. After deducting income taxes of 34.1 billion yen, Hitachi posted net income of 111.9 billion yen, down 13.8 billion yen year over year. After deducting net income attributable to noncontrolling interests of 28.5 billion yen, Hitachi posted net income attributable to Hitachi, Ltd. stockholders of 83.3 billion yen, down 11.1 billion yen year over year.

For the nine-month period ended December 31, 2014, consolidated revenues were up 1% year over year to 6,818.0 billion yen. Operating income increased 26.7 billion yen year over year to 322.1 billion yen with all segments recording higher profits than the same period last year, with the exception of the Power Systems and Construction Machinery Segments. EBIT increased 56.0 billion yen year over year to 367.8 billion yen, mainly reflecting higher operating income. Hitachi posted net income attributable to Hitachi, Ltd. stockholders of 174.9 billion yen, a 47.6 billion yen increase year over year.

(2) Revenues, Operating Income and EBIT by Segment

Results by segment were as follows:

[Information & Telecommunication Systems]

	Three months ended December 31, 2014			Nine months ended December 31, 2014		
	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)
Revenues	475.6	6%	3,931	1,410.5	6%	11,658
Operating income	16.0	(1.2)	133	52.8	4.7	437
EBIT	14.9	(4.3)	124	50.3	2.2	416

For the third quarter of fiscal 2014, revenues increased 6% year over year to 475.6 billion yen, mainly reflecting strong performance in the system solutions business centered on public systems and financial systems, the positive impact of the consolidation in March 2014 of Prizm Payment Services Pvt Ltd. of India and Hitachi Systems Power Services, Ltd., and an increase in revenues in the storage solutions business due to foreign exchange movements. The increase was partially offset by a decline in revenues in the telecommunications & network business in line with a fall in demand.

The segment recorded operating income of 16.0 billion yen, a decrease of 1.2 billion yen year over year. The decrease was mainly attributable to the decline in revenues of the telecommunications & network business, although the system solutions business saw higher income due to higher revenues.

EBIT was 14.9 billion yen, a decrease of 4.3 billion yen from the same period last year, mainly reflecting lower operating income.

For the first nine months of fiscal 2014, the segment recorded revenues of 1,410.5 billion yen, up 6% year over year. Segment operating income increased 4.7 billion yen year over year to 52.8 billion yen. EBIT increased 2.2 billion yen year over year to 50.3 billion yen.

Note: Effective on April 1, 2014, Hitachi Information & Control Solutions and Ibaraki Hitachi Information Service (both companies merged and changed its corporate name to Hitachi Industry & Control Solutions on April 1, 2014), which were previously included in the “Information & Telecommunication Systems”, have been included in the “Social Infrastructure & Industrial Systems.” Figures for each segment, including figures for the previous fiscal year, reflect the changed segmentation.

[Power Systems]

	Three months ended December 31, 2014			Nine months ended December 31, 2014		
	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)
Revenues	96.7	(51%)	800	301.8	(48%)	2,495
Operating income	(10.5)	(14.7)	(87)	(33.1)	(39.4)	(274)
EBIT	(2.2)	(9.7)	(18)	(26.1)	(37.1)	(216)

For the third quarter of fiscal 2014, segment revenues declined 51% year over year to 96.7 billion yen, due mainly to the February 2014 integration of the thermal power generation systems business into Mitsubishi Hitachi Power Systems, Ltd., a joint venture with Mitsubishi Heavy Industries, Ltd.

The segment recorded an operating loss of 10.5 billion yen, 14.7 billion yen worse than the same period last year, due mainly to additional costs incurred in some projects, as well as lower revenues.

EBIT was negative 2.2 billion yen, 9.7 billion yen worse than the same period last year, mainly reflecting the deterioration in operating income.

For the first nine months of fiscal 2014, the segment recorded revenues of 301.8 billion yen, down 48% year on year. The segment recorded an operating loss of 33.1 billion yen, a decrease of 39.4 billion yen from operating income in the same period last year. EBIT was negative 26.1 billion yen, 37.1 billion yen worse than the same period last year.

[Social Infrastructure & Industrial Systems]

	Three months ended December 31, 2014			Nine months ended December 31, 2014		
	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)
Revenues	351.0	8%	2,902	1,010.8	7%	8,354
Operating income	13.5	4.2	112	31.7	19.2	263
EBIT	13.8	2.0	114	34.0	15.6	282

For the third quarter of fiscal 2014, segment revenues increased 8% year over year to 351.0 billion yen. This increase was due mainly to strong performance by the elevator and escalator business in China, higher sales in the rail system business in the U.K., and growth in the industrial equipment business.

The segment recorded operating income of 13.5 billion yen, up 4.2 billion yen year over year. The increase was mainly due to higher earnings in the elevators and escalators business and increased revenues in the industrial equipment business.

EBIT was 13.8 billion yen, a year over year increase of 2.0 billion yen, mainly reflecting the improved operating income.

For the first nine months of fiscal 2014, the segment recorded revenues of 1,010.8 billion yen, up 7% year over year. Operating income rose 19.2 billion yen year over year to 31.7 billion yen. EBIT was 34.0 billion yen, up 15.6 billion yen year over year.

Note: Effective on April 1, 2014, Hitachi Information & Control Solutions and Ibaraki Hitachi Information Service (both companies merged and changed its corporate name to Hitachi Industry & Control Solutions on April 1, 2014), which were previously included in the “Information & Telecommunication Systems”, have been included in the “Social Infrastructure & Industrial Systems.” Figures for each segment, including figures for the previous fiscal year, reflect the changed segmentation.

[Electronic Systems & Equipment]

	Three months ended December 31, 2014			Nine months ended December 31, 2014		
	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)
Revenues	259.2	3%	2,142	788.0	5%	6,513
Operating income	13.5	0.1	112	41.4	17.4	343
EBIT	13.7	(1.3)	114	39.7	15.3	329

For the third quarter of fiscal 2014, segment revenues increased 3% year over year to 259.2 billion yen. This result mainly reflected higher sales of medical analysis systems at Hitachi High-Technologies Corporation.

Segment operating income was almost level with the same period last year at 13.5 billion yen.

EBIT was 13.7 billion yen, down 1.3 billion yen year on year.

For the first nine months of fiscal 2014, the segment recorded revenues of 788.0 billion yen, a 5% increase year over year. Operating income rose 17.4 billion yen year over year to 41.4 billion yen. EBIT increased 15.3 billion yen year over year to 39.7 billion yen.

[Construction Machinery]

	Three months ended December 31, 2014			Nine months ended December 31, 2014		
	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)
Revenues	182.0	4%	1,505	555.3	4%	4,589
Operating income	14.1	(3.2)	117	39.1	(7.6)	324
EBIT	13.0	(5.0)	108	39.0	(5.7)	322

For the third quarter of fiscal 2014, the segment recorded a 4% year over year increase in revenues to 182.0 billion yen. The higher revenues mainly reflected the positive impact of foreign exchange movements and strong sales of hydraulic excavators, primarily in North America. However, demand in China, Southeast Asia and other regions were sluggish.

Segment operating income decreased 3.2 billion yen to 14.1 billion yen, despite continuing progress with cost reductions, due mainly to substantially lower sales in China.

EBIT was 13.0 billion yen, a decrease of 5.0 billion yen from the same period last year, due mainly to lower operating income.

For the first nine months of fiscal 2014, segment revenues increased 4% year over year to 555.3 billion yen. Operating income decreased 7.6 billion yen year over year to 39.1 billion yen. EBIT was 39.0 billion yen, down 5.7 billion yen from the same period last year.

[High Functional Materials & Components]

	Three months ended December 31, 2014			Nine months ended December 31, 2014		
	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)
Revenues	396.0	14%	3,273	1,084.7	7%	8,965
Operating income	31.3	7.3	259	84.2	11.0	697
EBIT	27.8	1.0	230	90.4	14.4	748

For the third quarter of fiscal 2014, segment revenues increased 14% year over year to 396.0 billion yen. This result mainly reflected the acquisition of Waupaca Foundry Holdings, Inc., a major U.S. iron casting company, by Hitachi Metals, Ltd. in November 2014, and solid performances primarily overseas in the automobile products and electronics-related materials.

Segment operating income increased 7.3 billion yen year over year to 31.3 billion yen, due mainly to higher revenues, cost reductions, and progress in business structure reforms.

EBIT was 27.8 billion yen, up only 1.0 billion yen year over year. This result mainly reflected the posting of business structure improvement expenses associated with the implementation of a voluntary retirement program at Hitachi Chemical Company, Ltd.

For the first nine months of fiscal 2014, segment revenues increased 7% year over year to 1,084.7 billion yen. Operating income increased 11.0 billion yen year over year to 84.2 billion yen. EBIT rose 14.4 billion yen year over year to 90.4 billion yen.

[Automotive Systems]

	Three months ended December 31, 2014			Nine months ended December 31, 2014		
	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)
Revenues	237.1	7%	1,960	683.3	5%	5,648
Operating income	11.4	(0.1)	94	39.5	7.2	327
EBIT	5.1	(7.9)	42	24.7	9.6	205

For the third quarter of fiscal 2014, the segment recorded revenues of 237.1 billion yen, up 7% year over year, due mainly to robust demand in overseas automobile markets particularly in North America.

Operating income was almost level year over year at 11.4 billion yen, as the increase in revenues was offset by higher operation costs attendant with global development.

EBIT was 5.1 billion yen, down 7.9 billion yen year over year. This was mainly attributable to foreign exchange loss.

For the first nine months of fiscal 2014, segment revenues increased 5% year over year to 683.3 billion yen. Operating income increased 7.2 billion yen year over year to 39.5 billion yen. EBIT was 24.7 billion yen, up 9.6 billion yen year over year.

[Smart Life & Ecofriendly Systems]

	Three months ended December 31, 2014			Nine months ended December 31, 2014		
	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)
Revenues	182.1	1%	1,506	570.4	3%	4,715
Operating income	5.7	(1.2)	48	20.0	7.2	166
EBIT	7.9	(0.9)	65	25.7	8.0	213

For the third quarter of fiscal 2014, segment revenues increased 1% year over year to 182.1 billion yen. This result mainly reflected higher overseas revenues centered on the air-conditioning business.

The segment recorded operating income of 5.7 billion yen, a decline of 1.2 billion yen year over year. This result was mainly attributable to the continuing reactionary downturn after the consumption tax hike in Japan, which outweighed the positive impact of higher earnings on increased revenues in overseas businesses.

EBIT declined by 0.9 billion yen year over year to 7.9 billion yen, mainly in line with lower operating income.

For the first nine months of fiscal 2014, segment revenues increased 3% year over year to 570.4 billion yen. The segment recorded operating income of 20.0 billion yen, an improvement of 7.2 billion yen year over year. EBIT improved 8.0 billion yen from the same period last year to 25.7 billion yen.

Note: Effective on April 1, 2014, the former “Digital Media & Consumer Products” was renamed “Smart Life & Ecofriendly Systems.” Hitachi Appliances and Hitachi Consumer Marketing have been included in the “Smart Life & Ecofriendly Systems” and Hitachi-LG Data Storage, Hitachi Consumer Electronics and Hitachi Media Electronics, which were previously included in the “Digital Media & Consumer Products”, have been included in the "Others (Logistics and Other Services).”
Figures for each segment, including figures for the previous fiscal year, reflect the changed segmentation.

[Others (Logistics and Other Services)]

	Three months ended December 31, 2014			Nine months ended December 31, 2014		
	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)
Revenues	303.7	(16%)	2,511	897.6	(13%)	7,419
Operating income	11.3	0.7	94	26.5	4.1	220
EBIT	13.5	0.5	112	28.3	2.8	234

For the third quarter of fiscal 2014, the segment reported a 16% year over year decline in revenues to 303.7 billion yen. This result mainly reflected the conversion of Hitachi Maxell, Ltd. into an equity-method affiliate, despite higher revenues at Hitachi Transport System, Ltd.

The segment recorded operating income of 11.3 billion yen, up 0.7 billion yen year over year despite lower revenues. This result was mainly attributable to a decrease in expenses related to business structure reforms.

EBIT increased 0.5 billion yen year over year to 13.5 billion yen, due mainly to higher operating income.

For the first nine months of fiscal 2014, the segment recorded revenues of 897.6 billion yen, down 13% year over year. Operating income rose 4.1 billion yen year over year to 26.5 billion yen. EBIT increased 2.8 billion yen year over year to 28.3 billion yen, mainly due to the increase in operating income.

Note: Effective on April 1, 2014, Hitachi-LG Data Storage, Hitachi Consumer Electronics and Hitachi Media Electronics, which were previously included in the “Digital Media & Consumer Products”, have been included in “Others (Logistics and Other Services).”
Figures for each segment, including figures for the previous fiscal year, reflect the changed segmentation.
The optical disk drive operations are conducted by Hitachi-LG Data Storage, Inc. (HLDS), which has a December 31 fiscal year-end, different from Hitachi’s March 31 year-end. Hitachi’s results for the nine months ended December 31, 2014 include operating results of HLDS for the nine months ended September 30, 2014.

[Financial Services]

	Three months ended December 31, 2014			Nine months ended December 31, 2014		
	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)
Revenues	87.0	4%	719	268.8	9%	2,222
Operating income	10.1	1.0	84	28.6	3.4	237
EBIT	9.4	0.3	78	29.4	2.9	243

For the third quarter of fiscal 2014, segment revenues increased 4% year over year to 87.0 billion yen. This result reflected a strong performance in the overseas business, particularly in Europe, and the impact of foreign exchange rates.

Segment operating income increased 1.0 billion yen year over year to 10.1 billion yen, due mainly to higher revenues.

EBIT increased 0.3 billion yen year over year to 9.4 billion yen, mainly reflecting higher operating income.

For the first nine months of fiscal 2014, segment revenues were 268.8 billion yen, up 9% year over year. Operating income rose 3.4 billion yen year over year to 28.6 billion yen. EBIT increased 2.9 billion yen year over year to 29.4 billion yen.

(3) Revenues by Market

	Three months ended December 31, 2014			Nine months ended December 31, 2014		
	Yen (billions)	Year over year change	U.S. dollars (millions)	Yen (billions)	Year over year change	U.S. dollars (millions)
Japan	1,191.9	(4%)	9,851	3,593.7	(2%)	29,701
Outside Japan	1,129.3	6%	9,333	3,224.2	3%	26,647
Asia	526.3	7%	4,350	1,518.5	2%	12,550
North America	283.7	22%	2,345	738.1	9%	6,101
Europe	213.3	0%	1,764	632.8	11%	5,230
Other Areas	105.8	(18%)	875	334.7	(15%)	2,767

For the third quarter of fiscal 2014, revenues in Japan were 1,191.9 billion yen, down 4% year over year. This result mainly reflected a decline in revenues in the Power Systems Segment due to the integration of the thermal power generation systems business into Mitsubishi Hitachi Power Systems, Ltd., the joint venture with Mitsubishi Heavy Industries, Ltd., and in the Others (Logistics and Other Services) Segment due to the conversion of Hitachi Maxell, Ltd. into an equity-method affiliate. The decline was partly offset by higher revenues in the Information & Telecommunication Systems Segment.

Overseas revenues increased 6% year over year to 1,129.3 billion yen. The mainly increase reflects higher income in the High Functional Materials & Components Segment due to the acquisition of Waupaca Foundry Holdings, Inc., a major U.S. iron casting company, as well as revenue increases in the Social Infrastructure & Industrial Systems, the Information & Telecommunication Systems, the Automotive Systems, the Smart Life & Ecofriendly Systems, the Electronic Systems & Equipment, and the Financial Services segments, and impacts of yen's depreciation.

As a result, the ratio of overseas revenues to consolidated revenues was 49%, 3 points higher year over year.

For the first nine months of fiscal 2014, revenues in Japan declined 2% year over year to 3,593.7 billion yen. Overseas revenues increased 3% year over year to 3,224.2 billion yen.

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

	Three months ended December 31, 2014			Nine months ended December 31, 2014		
	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)
Capital expenditures [Manufacturing, Services and Others]	88.2	2.0	729	256.5	(27.7)	2,120
Depreciation [Manufacturing, Services and Others]	70.1	3.6	580	198.6	3.0	1,642
R&D expenditures	79.7	(4.3)	659	244.6	(14.5)	2,022

For the third quarter of fiscal 2014, capital expenditures in Manufacturing, Services and Others were 88.2 billion yen, up 2% year over year. The increase resulted from continued investments in global business expansion for the Social Innovation Business. The increase was partially offset by the integration of the thermal power generation systems business into Mitsubishi Hitachi Power Systems, Ltd., the joint venture with Mitsubishi Heavy Industries, Ltd.

Depreciation in Manufacturing, Services and Others was 70.1 billion yen, up 6% year over year. The increase was mainly due to the promotion of investments in global business expansion in the Social Innovation Business.

Including Financial Services, capital expenditures were 208.9 billion yen, while depreciation was 88.5 billion yen.

R&D expenditures decreased 5% year over year to 79.7 billion yen due to reorganization of the business portfolio, despite the execution of investments in research and development to strengthen the Social Innovation Business. R&D expenditures corresponded to 3.4% of consolidated revenues.

For the first nine months of fiscal 2014, capital expenditures in Manufacturing, Services and Others were 256.5 billion yen, down 10% year over year. Depreciation in Manufacturing, Services and Others increased 2% year over year to 198.6 billion yen. R&D expenditures decreased 6% year over year to 244.6 billion yen. R&D expenditures corresponded to 3.6% of consolidated revenues.

2. Financial Position

(1) Financial Position

	As of December 31, 2014		
	Yen (billions)	Change from March 31, 2014 (billion yen)	U.S. dollars (millions)
Total assets	12,315.7	1,298.8	101,783
Total liabilities	8,123.9	959.4	67,139
Interest-bearing debt	3,578.6	755.5	29,575
Total Hitachi, Ltd. stockholders' equity	2,873.4	222.1	23,747
Noncontrolling interests	1,318.4	117.2	10,896
Total Hitachi, Ltd. stockholders' equity ratio	23.3%	0.8 point decrease	-
D/E ratio (including noncontrolling interests)	0.85 times	0.12 point increase	-

[Manufacturing, Services and Others]

	As of December 31, 2014		
	Yen (billions)	Change from March 31, 2014 (billion yen)	U.S. dollars (millions)
Total assets	10,000.5	932.6	82,649
Total liabilities	6,129.5	617.5	50,657
Interest-bearing debt	1,811.1	392.8	14,968
Total Hitachi, Ltd. stockholders' equity	2,691.9	208.1	22,248
Noncontrolling interests	1,179.0	106.9	9,744
Cash Conversion Cycle	84.3 days	3.0 days increase	-
Total Hitachi, Ltd. stockholders' equity ratio	26.9%	0.5 point decrease	-
D/E ratio (including noncontrolling interests)	0.47 times	0.07 point increase	-

As of December 31, 2014, total assets in Manufacturing, Services and Others increased 932.6 billion yen from March 31, 2014 to 10,000.5 billion yen. This mainly reflected the acquisition of Waupaca Foundry Holdings, Inc., a major U.S. iron casting company, a build-up of inventory assets for end of year sales, and increases in valuation of the assets of overseas subsidiaries in conjunction with the yen's depreciation. Interest-bearing debt in Manufacturing, Services and Others increased 392.8 billion yen from March 31, 2014 to 1,811.1 billion yen, due mainly to the procurement of funds for the acquisition of Waupaca Foundry Holdings Inc. Stockholders' equity in Manufacturing, Services and Others increased 208.1 billion yen from March 31, 2014 to 2,691.9 billion yen, due mainly to the recording of net income attributable to Hitachi, Ltd. stockholders. As a result, the total Hitachi, Ltd. stockholders' equity ratio in Manufacturing, Services and Others was 26.9%, the debt-to-equity ratio, including non-controlling interests, was 0.47 times, and the cash conversion cycle in Manufacturing, Services and Others was 84.3 days, 3.0 days increased than March 31, 2014.

[Financial Services]

	As of December 31, 2014		
	Yen (billions)	Change from March 31, 2014 (billion yen)	U.S. dollars (millions)
Total assets	2,872.2	426.1	23,737
Total liabilities	2,539.1	400.9	20,985
Interest-bearing debt	2,019.0	371.9	16,687
Total Hitachi, Ltd. stockholders' equity	192.7	14.3	1,593
Noncontrolling interests	140.3	10.8	1,160
Total Hitachi, Ltd. stockholders' equity ratio	6.7%	0.6 point decrease	-
D/E ratio (including noncontrolling interests)	6.06 times	0.71 point increase	-

As of December 31, 2014, total assets in Financial Services increased 426.1 billion yen from March 31, 2014 to 2,872.2 billion yen. This mainly reflected increases in trade receivables and lease receivables in line with business expansion primarily overseas. Interest-bearing debt in Financial Services increased 371.9 billion yen from March 31, 2014 to 2,019.0 billion yen, due mainly to an increase in demand for funds in line with business expansion. Stockholders' equity in Financial Services increased 14.3 billion yen from March 31, 2014 to 192.7 billion yen, due mainly to the recording of net income attributable to Hitachi, Ltd. stockholders. As a result, the total Hitachi, Ltd. stockholders' equity ratio in Financial Services was 6.7% and the debt-to-equity ratio, including non-controlling interests, was 6.06 times.

Accordingly, as of December 31, 2014, consolidated total assets increased 1,298.8 billion yen from March 31, 2014 to 12,315.7 billion yen. Interest-bearing debt increased 755.5 billion yen to 3,578.6 billion yen, and stockholders' equity increased 222.1 billion yen to 2,873.4 billion yen. As a result, the total Hitachi, Ltd. stockholders' equity ratio was 23.3%, and the debt-to-equity ratio, including non-controlling interests, was 0.85 times.

(2) Cash Flows

	Three months ended December 31, 2014			Nine months ended December 31, 2014		
	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)
Cash flows from operating activities	(54.3)	10.6	(449)	112.7	(25.3)	932
Cash flows from investing activities	(162.9)	(132.0)	(1,346)	(427.2)	(150.8)	(3,531)
Free cash flows	(217.2)	(121.3)	(1,795)	(314.4)	(176.2)	(2,599)
Core free cash flows	(202.0)	(3.7)	(1,670)	(317.9)	(21.3)	(2,628)
Cash flows from financing activities	285.7	192.0	2,362	450.3	213.1	3,722

Cash Flows [Manufacturing, Services and Others]

	Three months ended December 31, 2014			Nine months ended December 31, 2014		
	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)
Cash flows from operating activities	28.6	53.7	236	274.4	61.4	2,268
Cash flows from investing activities	(131.4)	(113.3)	(1,087)	(326.1)	(99.6)	(2,695)
Free cash flows	(102.8)	(59.6)	(850)	(51.6)	(38.1)	(427)
Core free cash flows	(79.4)	53.8	(657)	(41.9)	84.9	(346)
Cash flows from financing activities	163.5	126.0	1,352	168.1	66.3	1,390

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

In the third quarter of fiscal 2014, operating activities in Manufacturing, Services and Others provided net cash of 28.6 billion yen, up 53.7 billion yen year over year. This increase mainly reflected an increase in collection of accounts receivable. Investing activities in Manufacturing, Services and Others used net cash of 131.4 billion yen, 113.3 billion yen more than in the same period last year. The decline primarily reflected the acquisition of Waupaca Foundry Holdings, Inc., a major U.S. iron casting company, by Hitachi Metals, Ltd. in November 2014. Free cash flow in Manufacturing, Services and Others, the sum of cash flow from operating and investing activities, was negative 102.8 billion yen, 59.6 billion yen more year over year. Core free cash flow in Manufacturing, Services and Others was negative 79.4 billion yen, 53.8 billion yen less than in the same period last fiscal year. Financing activities in Manufacturing, Services and Others provided net cash of 163.5 billion yen, 126.0 billion yen more than in the same period last year, due mainly to the procurement of funds for the acquisition of Waupaca Foundry Holdings Inc.

In the first nine months of fiscal 2014, operating activities in Manufacturing, Services and Others provided net cash of 274.4 billion yen, up 61.4 billion yen year over year. This increase mainly reflected an increase of 60.1 billion yen in net income year over year. Investing activities in Manufacturing, Services and Others used net cash of 326.1 billion yen, 99.6 billion yen more than in the same period last year. The decline primarily reflected the acquisition of Waupaca Foundry Holdings, Inc., a major U.S. casting company, by Hitachi Metals, Ltd. in November 2014. Free cash flow in Manufacturing, Services and Others, the sum of cash flows from operating and investing activities, was negative 51.6 billion yen, 38.1 billion yen more year over year. Core free cash flow in Manufacturing, Services and Others was negative 41.9 billion yen, 84.9 billion yen less than in the same period last fiscal year. Financing activities in Manufacturing, Services and Others provided net cash of 168.1 billion yen, 66.3 billion yen more than in the same period last year, mainly due to the procurement of funds for the acquisition of Waupaca Foundry Holdings Inc.

[**Financial Services]**

	Three months ended December 31, 2014			Nine months ended December 31, 2014		
	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)
Cash flows from operating activities	(71.7)	(39.4)	(593)	(129.4)	(75.2)	(1,070)
Cash flows from investing activities	(33.9)	(22.1)	(280)	(110.9)	(46.2)	(917)
Free cash flows	(105.6)	(61.6)	(874)	(240.4)	(121.4)	(1,987)
Core free cash flows	(115.1)	(54.1)	(951)	(255.3)	(94.6)	(2,110)
Cash flows from financing activities	108.0	58.0	893	259.6	127.7	2,146

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

For the third quarter of fiscal 2014, operating activities in Financial Services used net cash of 71.7 billion yen, 39.4 billion yen more than in the same period last year, due mainly to an increase in accounts receivable, primarily overseas, for strengthening the financial services business. Investing activities in Financial Services used net cash of 33.9 billion yen, 22.1 billion yen more than in the same period last year, mainly reflecting the acquisition of lease assets. Free cash flow in Financial Services, the sum of cash flow from operating activities and investing activities, was negative 105.6 billion yen, a spending increase of 61.6 billion yen year over year. Core free cash flow in Financial Services was negative 115.1 billion yen, a spending increase of 54.1 billion yen year over year. Financing activities in Financial Services provided net cash of 108.0 billion yen, 58.0 billion yen more than in the same period last year, mainly reflecting fund procurement to meet demand for capital to strengthen the financial services business.

For the first nine months of fiscal 2014, operating activities in Financial Services used net cash of 129.4 billion yen, 75.2 billion yen more than in the same period last year, due mainly to an increase in accounts receivable, primarily overseas, for strengthening the financial services business. Investing activities in Financial Services used net cash of 110.9 billion yen, 46.2 billion yen more than in the same period last year, mainly reflecting the acquisition of lease assets. Free cash flow in Financial Services, the sum of cash flow from operating activities and investing activities, was negative 240.4 billion yen, a spending increase of 121.4 billion yen year over year. Core free cash flow in Financial Services was negative 255.3 billion yen, a spending increase of 94.6 billion yen year over year. Financing activities in Financial Services provided net cash of 259.6 billion yen, 127.7 billion yen more than in the same period last year, mainly reflecting fund procurement to meet demand for capital to strengthen the financial services business.

As a result, consolidated operating activities for the third quarter of fiscal 2014 used net cash of 54.3 billion yen, 10.6 billion yen more year over year, and investing activities used net cash of 162.9 billion yen, 132.0 billion yen more than in the same period last year. Free cash flow was negative 217.2 billion yen, 121.3 billion yen more than in the same period last year. Consolidated core free cash flow was negative 202.0 billion yen, 3.7 billion yen more than in the same period last year. Financing activities provided consolidated net cash of 285.7 billion yen, 192.0 billion yen more than in the same period last year.

As a result, consolidated operating activities for the first nine months of fiscal 2014 provided net cash of 112.7 billion yen, 25.3 billion yen less year over year, and investing activities used net cash of 427.2 billion yen, 150.8 billion yen more than in the same period last year. Free cash flow was negative 314.4 billion yen, 176.2 billion yen more than in the same period last year. Consolidated core free cash flow was negative 317.9 billion yen, 21.3 billion yen more than in the same period last year. Financing activities provided consolidated net cash of 450.3 billion yen, 213.1 billion yen more than in the same period last year.

The net result was an increase of 194.6 billion yen in cash and cash equivalents to 752.9 billion yen as of December 31, 2014.

3. Outlook for Fiscal 2014

	Year ending March 31, 2015			
	Yen (billions)	Change from previous forecast (billion yen)	Year over year change (billion yen)	U.S. dollars (millions)
Revenues	9,600.0	100.0	0%	79,339
Operating income	580.0	0.0	47.1	4,793
EBIT	540.0	0.0	(40.1)	4,463
Income before income taxes	530.0	0.0	(38.1)	4,380
Net income	360.0	0.0	(4.0)	2,975
Net income attributable to Hitachi, Ltd. stockholders	250.0	0.0	(14.9)	2,066

Note: All fiscal 2014 outlook figures were converted using 121 yen to the U.S. dollar.

In terms of the overall economic environment surrounding the Hitachi Group going forward, we expect the overall outlook for the global economy to become even more uncertain. Although the U.S. will likely continue to progress steadily toward economic recovery, there are fiscal problems and increasing geopolitical risks in Europe, concerns over the economic slowdown in China and Southeast Asia, and slowing economic growth in resource and oil-producing nations accompanying the decline in oil prices.

In this environment, the Hitachi Group is working to achieve growth in the global market centered on the Social Innovation Business. At the same time, the Hitachi Group will promote reforms to strengthen its management base through the Hitachi Smart Transformation Project. In doing so, the Hitachi Group aims to transform itself to achieve further growth.

Projections for the fourth quarter of fiscal 2014 assume an exchange rate of 115 yen to the U.S. dollar and 130 yen to the euro.

Other

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries causing changes in scope of consolidation)

None

(2) Application of simple accounting treatment and/or specific accounting treatment in preparing the quarterly consolidated financial statements

Yes

Hitachi 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.

(3) Changes in accounting principles, procedures and presentation methods for preparing quarterly consolidated financial statements.

None

Cautionary Statement

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

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

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