[Translation]

Quarterly Report

(The Third Quarter of 147th Business Term)
From October 1, 2015 to December 31, 2015

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

[Cover]

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

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

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

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

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

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

Contents

Part I Information on the Company

I. Overview of the Company

1. Key Financial Data

Consolidated financial data, etc.

(Millions of yen, unless otherwise stated)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015	Year ended March 31, 2015
Revenues	6,945,817 [2,393,741]	7,230,258 [2,423,370]	9,774,930
Income from continuing operations, before income taxes	368,631	400,574	518,994
Net income attributable to Hitachi, Ltd. stockholders	162,382 [44,751]	172,966 [75,375]	217,482
Comprehensive income attributable to Hitachi, Ltd. stockholders	297,614	109,042	337,578
Total Hitachi, Ltd. stockholders’ equity	2,903,205	2,988,750	2,942,281
Total equity	4,232,037	4,402,160	4,296,342
Total assets	12,398,337	12,823,028	12,433,727
Earnings per share attributable to Hitachi, Ltd. stockholders, basic (yen)	33.63 [9.27]	35.82 [15.61]	45.04
Earnings per share attributable to Hitachi, Ltd. stockholders, diluted (yen)	33.60	35.79	45.00
Total Hitachi, Ltd. stockholders’ equity ratio (%)	23.4	23.3	23.7
Net cash provided by operating activities	114,366	386,375	451,825
Net cash used in investing activities	(430,578)	(552,919)	(612,545)
Net cash provided by financing activities	431,701	228,671	233,206
Cash and cash equivalents at end of period	749,735	736,125	701,703

(Notes)
1. Our consolidated financial statements have been prepared in conformity with the International Financial Report Standards (“IFRS”) as issued by the International Accounting Standards Board.
2. Revenues do not include the consumption tax, etc.
3. A part of the thermal power generation systems business is classified as a discontinued operation in accordance with the provision of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations," which was not transferred to MITSUBISHI HITACHI POWER SYSTEMS, LTD. for the business integration in the thermal power generation systems with Mitsubishi Heavy Industries, Ltd. The results of the discontinued operation are reported separately from continuing operations.
4. The figures of “Revenues,” “Net income attributable to Hitachi, Ltd. stockholders” and “Earnings per share attributable to Hitachi, Ltd. stockholders, basic” in square bracket are those for the three months ended December 31, 2014 and 2015, respectively.

2. Description of Business

There were no material changes in principal businesses of Hitachi during the nine months ended December 31, 2015. The Hitachi Group is comprised of the Company, 1,040 consolidated subsidiaries, and 301 equity-method associates and joint-ventures. Consolidated trust accounts are not included in the number of consolidated subsidiaries.

Changes of businesses in each segment and principal affiliated companies during the nine months ended December 31, 2015 were as follows.

Segment	Positioning of principal affiliated companies	
	Manufacturing	Sales and services
Social Infrastructure & Industrial Systems (Reclassified its segment) (Note 1) Thermal, Nuclear and Renewable Energy Power Generation Systems, Transmission & Distribution Systems	(Reclassified its segment) (Note 1) [Consolidated subsidiaries] Hitachi-GE Nuclear Energy, Ltd. [Equity-method associates] MITSUBISHI HITACHI POWER SYSTEMS, LTD.	(Reclassified its segment) (Note 1) [Consolidated subsidiaries] Hitachi Power Solutions Co., Ltd. Horizon Nuclear Power Limited
Smart Life & Ecofriendly Systems		[Equity-method associates] (New) Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd (Note 2)

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

2. Effective from October 1, 2015, Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd became the Company's equity-method associate. This company is a holding company for a number of companies including an operating company which succeeded the air conditioning system business of Hitachi Appliances, Inc.

II. Business Overview

1. Risk Factors

There were no new risk factors recognized during the nine months ended December 31, 2015.

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

2. Material Agreements, etc.

Absorption-type Company Split

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

After that, as a result of further consideration on the optimum business operation structure, etc., on January 13, 2016, the Company decided that it would succeed non-manufacturing divisions of Hitachi Medical and Hitachi Aloka Medical through an absorption-type company split (the "Company Split) in place of the mergers initially planned, and executed an absorption-type company split agreement.

The details of the Company Split are as follows.

(1) Company Split Method

This is an absorption-type company split in which the Company is the successor company and Hitachi Medical and Hitachi Aloka Medical are the transferring companies.

(2) Effective Date of the Company Split

April 1, 2016

(3) Assets and liabilities succeeded for the Company Split (As of March 31, 2016 (forecast))

Assets: ¥174,700 million

Liabilities: ¥84,300 million

(4) Details of Allotments Related to the Company Split

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

(5) Profile of the Successor Company after the Company Split

Name	Hitachi, Ltd.
Head office	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Representative	Toshiaki Higashihara, President & CEO
Capital	458,790 million yen
Business	Development, manufacture and sales of products and provision of services across 9 segments: Information & Telecommunication Systems, Social Infrastructure & Industrial Systems, Electronic Systems & Equipment, Construction Machinery, High Functional Materials & Components, Automotive Systems, Smart Life & Ecofriendly Systems, Others (Logistics and Other services) and Financial Services (consolidated basis)

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

(1) Outline of Business Results

Effective from April 1, 2015, the Power Systems segment has been integrated to the Social Infrastructure & Industrial Systems segment. Figures for the Social Infrastructure & Industrial Systems segment, including those for the nine months ended December 31, 2014, reflect the new segmentation.

Results of Operations

During the nine months ended December 31, 2015, the U.S. economy continued to show an improvement in employment and income conditions, and recovery trend in consumer spending. The European economy also showed the signs of improvement with the support of quantitative easing policy. The Chinese economic growth continued to decelerate owing to the slowdown in investment and production primarily in the manufacturing industry saddled with excessive production capacity. Economic growth in emerging countries also slowed down owing to declines in crude oil and raw materials prices. The Japanese economy was on a recovery trend, due mainly to solid consumer spending supported by improvement in employment and income conditions as well as a sustained recovery in corporate earnings. However, the pace of recovery slowed down because of sluggish growth in production resulting mainly from decline in exports to China.

Under these conditions, results of operations in the nine months ended December 31, 2015 were as follows.

Revenues increased 4% to ¥7,230.2 billion, as compared with the nine months ended December 31, 2014, due mainly to higher revenues in the Information & Telecommunication Systems, Social Infrastructure & Industrial Systems, High Functional Materials & Components and Automotive Systems segments. This increase was partially offset by lower revenues in the Construction Machinery and Smart Life & Ecofriendly Systems segments, etc.

Cost of sales increased 4% to ¥5,360.3 billion, as compared with the nine months ended December 31, 2014, and the ratio of cost of sales to revenues was 74%, which was the same level as the nine months ended December 31, 2014. Gross profit increased 3% to ¥1,869.9 billion, as compared with the nine months ended December 31, 2014.

Selling, general and administrative expenses ("SG&A") increased 3% to ¥1,461.5 billion, as compared with the nine months ended December 31, 2014, and the ratio of SG&A to revenues was 20%, which was the same level as the nine months ended December 31, 2014.

Other income increased ¥41.4 billion to ¥49.5 billion, as compared with the nine months ended December 31, 2014, due mainly to increased net gain on business reorganization and others partly because of the sale of a part of equity interest in Hitachi Tool Engineering, Ltd. by Hitachi Metals, Ltd. and the reorganization of the air-conditioning systems business with Johnson Controls Inc. Other expenses decreased ¥3.4 billion to ¥50.9 billion, as compared with the nine months ended December 31, 2014, due mainly to decreased net loss on sales and disposal of fixed assets and expenses related to competition law and others. This decrease was partially offset by increased restructuring charges.

Financial income (excluding interest income) decreased ¥2.9 billion to ¥10.0 billion and financial expenses (excluding interest charges) increased ¥17.2 billion to ¥20.9 billion, as compared with the nine months ended December 31, 2014, respectively. This was due mainly to posting exchange loss, while exchange gain was posted in the nine months ended December 31, 2014.

Share of profits of investments accounted for using the equity method decreased ¥7.0 billion to ¥14.7 billion, as compared with the nine months ended December 31, 2014.

EBIT (earnings before interest and taxes, which is presented as income from continuing operations, before income taxes less interest income plus interest charges) increased ¥31.8 billion to ¥410.9 billion, as compared with the nine months ended December 31, 2014.

Interest income decreased ¥0.4 billion to ¥9.0 billion and interest charges decreased ¥0.5 billion to ¥19.3 billion, as compared with the nine months ended December 31, 2014, respectively.

Income from continuing operations, before income taxes increased ¥31.9 billion to ¥400.5 billion, as compared with the nine months ended December 31, 2014.

Income taxes increased ¥23.2 billion to ¥116.6 billion, as compared with the nine months ended December 31, 2014.

Loss from discontinued operation decreased ¥10.0 billion to ¥14.4 billion, as compared with the nine months ended December 31, 2014.

Net income increased ¥18.7 billion to ¥269.4 billion, as compared with the nine months ended December 31, 2014.

Net income attributable to non-controlling interests increased ¥8.1 billion to ¥96.5 billion, as compared with the nine months ended December 31, 2014.

As a result of the foregoing, net income attributable to Hitachi, Ltd. stockholders increased ¥10.5 billion to ¥172.9 billion, as compared with the nine months ended December 31, 2014.

Operations by Segment

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

(Information & Telecommunication Systems)

Revenues increased 6% to ¥1,501.6 billion, as compared with the nine months ended December 31, 2014, due mainly to strong performances by the system solutions business, centered on financial systems, and higher revenues from the storage solutions business as a result of the effects of foreign exchange rate fluctuations.

Segment profit increased ¥7.2 billion to ¥70.6 billion, as compared with the nine months ended December 31, 2014, due mainly to higher profits in the system solutions business resulting from increased revenues. This increase was partially offset by lower profits in the platform business owing to the effect of reduction in capital investment by Japanese telecommunications carriers in the telecommunications & network business, to decreased demand for high-end storage in North America and to posting expenses for business restructuring.

(Social Infrastructure & Industrial Systems)

Revenues increased 9% to ¥1,514.4 billion, as compared with the nine months ended December 31, 2014, due mainly to significantly increased revenues from the railway systems business mainly resulting from the acquisition of signaling systems and railway businesses of Finmeccanica S.p.A., an Italian company, and to strong performances by the elevators and escalators business.

Segment profit decreased ¥16.6 billion to ¥33.8 billion, as compared with the nine months ended December 31, 2014, due mainly to increased losses from certain overseas projects in the infrastructure systems business and a decrease in share of profits of investments accounted for using the equity method in the power systems business. This decrease was partially offset by the higher profits in the railway systems business and the elevators and escalators business due mainly to higher revenues.

(Electronic Systems & Equipment)

Revenues increased 3% to ¥808.1 billion, as compared with the nine months ended December 31, 2014, due mainly to higher sales of semiconductor manufacturing equipments at Hitachi Kokusai Electric Inc. and electron microscopes and medical analysis equipments at Hitachi High-Technologies Corporation.

Segment profit increased ¥4.9 billion to ¥47.1 billion, as compared with the nine months ended December 31, 2014, due mainly to higher profits as a result of increased revenues at Hitachi Kokusai Electric Inc., and posting non-recurring gain for the shift to a defined contribution pension plan at Hitachi High-Technologies Corporation.

(Construction Machinery)

Revenues decreased 5% to ¥549.1 billion, as compared with the nine months ended December 31, 2014, due mainly to sluggish market conditions in Asia, in particular China, as well as Oceania and Russia.

Segment profit decreased ¥37.2 billion to ¥5.4 billion, as compared with the nine months ended December 31, 2014, due mainly to lower revenues and a higher ratio of compact models with lower profitability in the product mix owing to exhaust emission regulations in Japan and product mix changes in China. This decrease was also attributable to disposal of inventories, foreign exchange losses due to the depreciation of emerging-market currencies and expenses for business restructuring.

(High Functional Materials & Components)

Revenues increased 8% to ¥1,188.2 bullion, as compared with the nine months ended December 31, 2014, due mainly to the effects of the consolidation of Waupaca Foundry, Inc. by Hitachi Metals, Ltd. in November 2014 and higher sales for automobile-related products mainly in North America.

Segment profit increased ¥34.0 billion to ¥119.5 billion, as compared with the nine months ended December 31, 2014, due mainly to higher revenues, the effects of business restructuring and posting net gain on business reorganization and others related to the sale of a part of equity interest in Hitachi Tool Engineering, Ltd. by Hitachi Metals, Ltd.

(Automotive Systems)

Revenues increased 9% to ¥741.5 billion, as compared with the nine months ended December 31, 2014, due mainly to growth in sales driven by robust demand for automobiles in North America and China.

Segment profit increased ¥14.4 billion to ¥39.5 billion, as compared with the nine months ended December 31, 2014, due mainly to higher revenues and the absence of expenses related to competition law and others recorded in the nine months ended December 31, 2014.

(Smart Life & Ecofriendly Systems)

Revenues decreased 3% to ¥539.0 billion, as compared with the nine months ended December 31, 2014, due mainly to the effect of reorganization of the air-conditioning systems business with an equity-method associate, a joint venture company with Johnson Controls, Inc.

Segment profit increased ¥9.0 billion to ¥34.8 billion, as compared with the nine months ended December 31, 2014, due mainly to posting net gain on business reorganization and others related to the reorganization of the air-conditioning systems business. This increase was partially offset by the decreased revenues.

(Others (Logistics and Other services))

Revenues decreased 1% to ¥935.6 billion, as compared with the nine months ended December 31, 2014, due mainly to lower revenues of optical disk drives business owing to lower demand, despite higher revenues at Hitachi Transport System, Ltd.

Segment profit increased ¥10.6 billion to ¥38.1 billion, as compared with the nine months ended December 31, 2014, due mainly to increased earnings at Hitachi Transport System, Ltd. resulting from higher revenues and improved profitability.

(Financial Services)

Revenues increased 3% to ¥272.9 billion, as compared with the nine months ended December 31, 2014, due mainly to a strong performance in overseas business, particularly in North America.

Segment profit increased ¥7.4 billion to ¥35.7 billion, as compared with the nine months ended December 31, 2014, due mainly to higher revenues and the effects of business restructuring.

Revenues by Market

Revenues in Japan decreased 1% to ¥3,609.6 billion, as compared with the nine months ended December 31, 2014, due mainly to lower revenues in the High Functional Materials & Components and Automotive Systems segments, despite higher revenues in the Information & Telecommunication Systems and Social Infrastructure & Industrial Systems segments, etc.

Overseas revenues increased 10% to ¥3,620.6 billion, as compared with the nine months ended December 31, 2014, due mainly to higher revenues in North America mainly in the High Functional Materials & Components segment, primarily resulting from the consolidation of Waupaca Foundry, Inc. by Hitachi Metals, Ltd., higher revenues in Europe mainly in the Social Infrastructure & Industrial Systems segment, primarily resulting from the acquisition of signaling systems and railway businesses of Finmeccanica S.p.A., and the effects of yen’s depreciation against local currencies in North America and Asia.

As a result, the ratio of overseas revenues to total revenues increased 2% to 50%, as compared with the nine months ended December 31, 2014.

(2) Summary of Financial Condition, etc.

Liquidity and Capital Resources

During the nine months ended December 31, 2015, there were no major changes in the Company's policies of maintaining liquidity and ensuring funds, efforts for improvement in fund management efficiency, and ideas regarding funding sources and fundraising.

Cash Flows

(Cash flows from operating activities)

Net income in the nine months ended December 31, 2015 increased ¥18.7 billion to ¥269.4 billion, as compared with the nine months ended December 31, 2014. Increase in inventories in the nine months ended December 31, 2015 decreased ¥86.7 billion to ¥163.5 billion, as compared with the nine months ended December 31, 2014. Decrease in trade receivables in the nine months ended December 31, 2015 increased ¥170.9 billion to ¥184.2 billion, as compared with the nine months ended December 31, 2014. This is because collection of receivables recorded at the end of the fiscal year ended March 31, 2015 proceeded in the nine months ended December 31, 2015. Decrease in trade payables in the nine months ended December 31, 2015 decreased ¥15.5 billion to ¥66.5 billion, as compared with the nine months ended December 31, 2014. Decrease in retirement and severance benefits in the nine months ended December 31, 2015 increased ¥8.4 billion to ¥51.5 billion, as compared with the nine months ended December 31, 2014. As a result of the foregoing, cash flows from operating activities recorded net cash inflow of ¥386.3 billion in the nine months ended December 31, 2015, an increase of ¥272.0 billion compared with the nine months ended December 31, 2014.

(Cash flows from investing activities)

A net sum of ¥474.9 billion in the nine months ended December 31, 2015 was recorded as investments related to property, plant and equipment, where the proceeds from sale of property, plant and equipment, and intangible assets, the proceeds from sale of leased assets and the collection of lease receivables were subtracted from the amount of the purchase of property, plant and equipment, the purchase of intangible assets and the purchase of leased assets. This net sum increased by ¥75.3 billion compared with the nine months ended December 31, 2014. Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) in the nine months ended December 31, 2015 increased ¥35.5 billion to ¥160.7 billion, as compared with the nine months ended December 31, 2014, due mainly to the acquisition of signaling systems and railway businesses of Finmeccanica S.p.A. and the acquisition of Pentaho Corporation by Hitachi Data Systems Corporation. Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) in the nine months ended December 31, 2015 decreased ¥15.8 billion to ¥77.8 billion, as compared with the nine months ended December 31, 2014. As a result of the foregoing, cash flows from investing activities recorded net cash outflow of ¥552.9 billion in the nine months ended December 31, 2015, an increase of ¥122.3 billion compared with the nine months ended December 31, 2014.

(Cash flows from financing activities)

Net increase in short-term debt was ¥199.7 billion in the nine months ended December 31, 2015, a decrease of ¥75.2 billion compared with the nine months ended December 31, 2014. A net sum of ¥134.1 billion in the nine months ended December 31, 2015 was recorded as proceeds related to long-term debt, where the payments on long-term debt were subtracted from the proceeds from long-term debt. This net inflow decreased by ¥124.5 billion compared with the nine months ended December 31, 2014. As a result of the foregoing, cash flows from financing activities recorded net cash inflow of ¥228.6 billion in the nine months ended December 31, 2015, a decrease of ¥203.0 billion compared with the nine months ended December 31, 2014.

As a result of the foregoing, cash and cash equivalents as of December 31, 2015 was ¥736.1 billion, an increase of ¥34.4 billion from March 31, 2015. Free cash flows, the sum of cash flows from operating and investing activities, were an outflow of ¥166.5 billion in the nine months ended December 31, 2015, a decrease of ¥149.6 billion compared with the nine months ended December 31, 2014.

Assets, Liabilities and Equity

The following is an overview of Hitachi's assets, liabilities and equity as of December 31, 2015.

Total assets were ¥12,823.0 billion, an increase of ¥389.3 billion from March 31, 2015. This was due mainly to the acquisition of signaling systems and railway businesses of Finmeccanica S.p.A., the acquisition of Pentaho Corporation by Hitachi Data Systems Corporation and an increase in trade receivables associated with business expansion, especially for foreign markets, in the Financial Services segment. This decrease was partially offset by the effect of reorganization of the air-conditioning systems business, decreases in the value of assets denominated in foreign currency owing to the appreciation of yen and the effect of lower stock price.

Total interest-bearing debt, the sum of short-term debt and long-term debt, was ¥3,909.9 billion, an increase of ¥352.6 billion from March 31, 2015. This was due mainly to higher demand for funds in line with business expansion in the Financial Services segment.

Total Hitachi, Ltd. stockholders' equity increased by ¥46.4 billion from March 31, 2015, to ¥2,988.7 billion, due mainly to posting of net income attributable to Hitachi, Ltd. stockholders, despite a decrease in accumulated other comprehensive income. The ratio of total Hitachi, Ltd. stockholders' equity to total assets decreased 0.4% from March 31, 2015 to 23.3%.

Non-controlling interests were ¥1,413.4 billion, an increase of ¥59.3 billion from March 31, 2015.

Total equity was ¥4,402.1 billion, an increase of ¥105.8 billion from March 31, 2015. The ratio of interest-bearing debt to total equity was 0.89, as compared with 0.83 as of March 31, 2015.

(3) Challenges Facing Hitachi Group

1) Business and Financial Condition

There were no material changes in Hitachi's business strategy during the nine months ended December 31, 2015.

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

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

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

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

(4) Research and Development

There were no material changes in the research and development of the Hitachi Group (the Company and consolidated subsidiaries) stated in the Annual Securities Report for the 146th business term pursuant to the Financial Instruments and Exchange Act of Japan. The Hitachi Group's R&D expenditures in the nine months ended December 31, 2015 were ¥246.5 billion, 3.4% of revenues. A breakdown of R&D expenditures by segment is shown below.

(Billions of yen)

Segment	Nine months ended December 31, 2015
Information & Telecommunication Systems	44.4
Social Infrastructure & Industrial Systems	33.5
Electronic Systems & Equipment	36.1
Construction Machinery	13.7
High Functional Materials & Components	34.8
Automotive Systems	53.6
Smart Life & Ecofriendly Systems	7.7
Others (Logistics and Other services)	3.8
Financial Services	0.0
Corporate	18.3
Total	246.5

(5) Employees

The number of employees of the Company increased by 6,379 persons during the nine months ended December 31, 2015, to 37,754 persons.

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

The number of employees of the Company in the Information & Telecommunication Systems segment increased by 3,451 persons, to 17,324 persons. This increase was due mainly to the absorption-type company split in which the Company succeeded the system solutions business in the social infrastructure, financial, and government & public sectors in Hitachi Solutions, Ltd. on April 1, 2015.

The number of employees of the Company in the Electronic Systems & Equipment segment increased by 3,270 persons, to 3,369 persons. This increase was due mainly to temporally transfer of employees of Hitachi Medical Corporation and Hitachi Aloka Medical, Ltd. to the Company on April 1, 2015 for integrated management of the healthcare business.

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

(6) Property, Plants and Equipment

The major property, plants and equipment materially changed during the nine months ended December 31, 2015 are as follows. This was due mainly to the absorption-type company split in which the Company succeeded the system solutions business in the social infrastructure, financial, and government & public sectors in Hitachi Solutions, Ltd. on April 1, 2015.

The Company

(As of December 31, 2015)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)							Number of employees
			Land [Area in thousands of m^2]	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Other	Construction in progress	Total	
Information & Telecommunication Systems Company (Shinagawa-ku, Tokyo)	Information & Telecommuni-cation Systems	System development facilities, manufacturing facilities for servers, mainframes, etc.	15,820 [609]	58,005	1,999	26,656	3,431	961	106,876	16,621

Domestic subsidiaries

(As of December 31, 2015)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)							Number of employees
			Land [Area in thousands of m^2]	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Other	Construction in progress	Total	
Hitachi Solutions, Ltd., Head Office (Shinagawa-ku, Tokyo)	Information & Telecommunication Systems	Other facilities	― [―]	504	―	691	79	―	1,275	2,543

(7) Forward-Looking Statements

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

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

- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors Hitachi serves, including, without limitation, the information, electronics, automotive, construction and financial sectors;
- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated, particularly against the U.S. dollar and the euro;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities, declines in which may require Hitachi to write down equity securities that it holds;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technologies on a timely and cost-effective basis and to achieve market acceptance for such products;
- the possibility of cost fluctuations during the lifetime of, or cancellation of, long-term contracts for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- credit conditions of Hitachi’s customers and suppliers;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- fluctuations in product demand and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in product demand, exchange rates and/or price of raw materials or shortages of materials, parts and components;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- uncertainty as to the success of cost reduction measures;
- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and Europe, including, without

limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to the success of alliances upon which Hitachi depends, some of which Hitachi may not control, with other corporations in the design and development of certain key products;
- uncertainty as to Hitachi's access to, or ability to protect, certain intellectual property rights, particularly those related to electronics and data processing technologies;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- the potential for significant losses on Hitachi's investments in equity-method associates and joint ventures;
- the possibility of disruption of Hitachi's operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- uncertainty as to Hitachi's ability to maintain the integrity of its information systems, as well as Hitachi's ability to protect its confidential information or that of its customers;
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its significant employee benefit-related costs; and
- uncertainty as to Hitachi's ability to attract and retain skilled personnel.

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

III. Information on the Company

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

(1) Total number of shares, etc.

1) Total number of shares

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

2) Issued shares

Class	Number of shares issued as of the end of third quarter (shares) (December 31, 2015)	Number of shares issued as of the filing date (shares) (February 12, 2016)	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, 2015 to December 31, 2015	—	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, 2015 is stated in this item because the Company does not identify the number of voting rights as of December 31, 2015 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 number of voting rights of such entity as of December 31, 2015.

1) Issued shares

(As of September 30, 2015)

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting right	—	—	—
Shares with restricted voting right (treasury stock, etc.)	—	—	—
Shares with restricted voting right (others)	—	—	—
Shares with full voting right (treasury stock, etc.)	Common stock 5,248,000	—	—
Shares with full voting right (others)	Common stock 4,805,396,000	4,805,396	—
Shares less than one unit	Common stock 22,819,387	—	—
Number of issued shares	4,833,463,387	—	—
Total number of voting rights	—	4,805,396	—

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

2) Treasury stock, etc.

(As of September 30, 2015)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
Hitachi, Ltd.	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	5,082,000	—	5,082,000	0.11
Aoyama Special Steel Co., Ltd.	9-11, Shinkawa 2-chome, Chuo-ku, Tokyo	10,000	—	10,000	0.00
ISHII DENKOSHA Co., Ltd.	1-11, Oroshishinmachi 3-chome, Higashi-ku, Niigata-shi, Niigata	1,000	—	1,000	0.00
SAITA KOUGYOU CO., LTD.	5-3, Takinogawa 5-chome, Kita-ku, Tokyo	88,000	—	88,000	0.00
Nitto Jidosha Kiki K.K.	3268, Nagaoka, Ibarakimachi, Higashiibaraki-gun, Ibaraki	52,000	—	52,000	0.00
Mizuho Co., Inc.	4-1, Koishikawa 5-chome, Bunkyo-ku, Tokyo	15,000	—	15,000	0.00
Total	—	5,248,000	—	5,248,000	0.11

2. Changes in Senior Management

There were no changes in senior management from the filing date of the Annual Securities Report for the 146th business term pursuant to the Financial Instruments and Exchange Act of Japan to December 31, 2015.

IV. Financial Information

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

Part II Information on Guarantors, etc. for the Company

Not applicable.

CONDENSED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED QUARTERLY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		Millions of yen
	December 31, 2015	March 31, 2015
Assets		
Current assets		
Cash and cash equivalents	736,125	701,703
Trade receivables (note 6)	2,800,339	2,870,042
Lease receivables (note 6)	333,658	337,353
Inventories	1,587,466	1,458,119
Other current assets (note 6)	577,761	515,195
Total current assets	6,035,349	5,882,412
Non-current assets		
Investments accounted for using the equity method	710,970	681,623
Investments in securities and other financial assets (note 6)	1,415,609	1,449,734
Lease receivables (note 6)	724,875	680,620
Property, plant and equipment	2,509,081	2,472,497
Intangible assets	1,081,143	933,582
Other non-current assets	346,001	333,259
Total non-current assets	6,787,679	6,551,315
Total assets	12,823,028	12,433,727
Liabilities		
Current liabilities		
Short-term debt	1,169,423	977,701
Current portion of long-term debt (note 6)	602,674	483,521
Other financial liabilities (note 6)	321,569	296,425
Trade payables	1,437,134	1,426,523
Accrued expenses	624,764	759,191
Advances received	496,491	374,241
Other current liabilities	443,116	461,876
Total current liabilities	5,095,171	4,779,478
Non-current liabilities		
Long-term debt (note 6)	2,137,893	2,096,134
Other financial liabilities (note 6)	122,400	117,535
Retirement and severance benefits	661,616	724,223
Other non-current liabilities	403,788	420,015
Total non-current liabilities	3,325,697	3,357,907
Total liabilities	8,420,868	8,137,385
Equity		
Hitachi, Ltd. stockholders’ equity		
Common stock	458,790	458,790
Capital surplus	603,977	608,416
Retained earnings (note 7)	1,602,358	1,477,517
Accumulated other comprehensive income	327,412	401,100
Treasury stock, at cost	(3,787)	(3,542)
Total Hitachi, Ltd. stockholders’ equity	2,988,750	2,942,281
Non-controlling interests	1,413,410	1,354,061
Total equity	4,402,160	4,296,342
Total liabilities and equity	12,823,028	12,433,727

See accompanying notes to condensed quarterly consolidated financial statements.

CONDENSED QUARTERLY CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND CONDENSED QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Nine months ended December 31, 2015 and 2014

Condensed Quarterly Consolidated Statements of Profit or Loss

Nine months ended December 31	Millions of yen	
	2015	2014
Revenues	7,230,258	6,945,817
Cost of sales	(5,360,333)	(5,130,138)
Gross profit	1,869,925	1,815,679
Selling, general and administrative expenses	(1,461,536)	(1,421,548)
Other income (note 8)	49,529	8,073
Other expenses (note 8)	(50,918)	(54,401)
Financial income (note 9)	10,077	13,047
Financial expenses (note 9)	(20,914)	(3,624)
Share of profits of investments accounted for using the equity method	14,789	21,836
EBIT (Earnings before interest and taxes)	410,952	379,062
Interest income	9,008	9,495
Interest charges	(19,386)	(19,926)
Income from continuing operations, before income taxes	400,574	368,631
Income taxes	(116,668)	(93,439)
Income from continuing operations	283,906	275,192
Loss from discontinued operations (note 10)	(14,423)	(24,439)
Net income	269,483	250,753
Net income attributable to:		
Hitachi, Ltd. stockholders	172,966	162,382
Non-controlling interests	96,517	88,371
Earnings per share from continuing operations, attributable to Hitachi, Ltd. stockholders (note 11)		Yen
Basic	38.81	38.69
Diluted	38.78	38.66
Earnings per share attributable to Hitachi, Ltd. stockholders (note 11)		
Basic	35.82	33.63
Diluted	35.79	33.60

See accompanying notes to condensed quarterly consolidated financial statements.

Condensed Quarterly Consolidated Statements of Comprehensive Income

Nine months ended December 31	Millions of yen	
	2015	2014
Net income	269,483	250,753
Other comprehensive income (OCI)		
Items not to be reclassified into net income		
Net changes in financial assets measured at fair value through OCI	(21,662)	62,959
Remeasurements of defined benefit plans	(494)	1,431
Share of OCI of investments accounted for using the equity method	(537)	169
Total items not to be reclassified into net income	(22,693)	64,559
Items that can be reclassified into net income		
Foreign currency translation adjustments	(79,559)	219,597
Net changes in cash flow hedges	7,244	(26,112)
Share of OCI of investments accounted for using the equity method	5,869	(51,859)
Total items that can be reclassified into net income	(66,446)	141,626
Other comprehensive income (OCI)	(89,139)	206,185
Comprehensive income	180,344	456,938
Comprehensive income attributable to:		
Hitachi, Ltd. stockholders	109,042	297,614
Non-controlling interests	71,302	159,324

See accompanying notes to condensed quarterly consolidated financial statements.

CONDENSED QUARTERLY CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND CONDENSED QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Three months ended December 31, 2015 and 2014

Condensed Quarterly Consolidated Statements of Profit or Loss

Three months ended December 31	Millions of yen	
	2015	2014
Revenues	2,423,370	2,393,741
Cost of sales	(1,803,870)	(1,772,009)
Gross profit	619,500	621,732
Selling, general and administrative expenses	(485,118)	(491,352)
Other income	18,155	1,540
Other expenses	(7,458)	(31,292)
Financial income	2,631	4,845
Financial expenses	(2,181)	(1,076)
Share of profits of investments accounted for using the equity method	2,792	9,299
EBIT (Earnings before interest and taxes)	148,321	113,696
Interest income	3,518	3,737
Interest charges	(5,958)	(7,021)
Income from continuing operations, before income taxes	145,881	110,412
Income taxes	(39,583)	(28,423)
Income from continuing operations	106,298	81,989
Loss from discontinued operations	(2,665)	(8,089)
Net income	103,633	73,900
Net income attributable to:		
Hitachi, Ltd. stockholders	75,375	44,751
Non-controlling interests	28,258	29,149
Earnings per share from continuing operations, attributable to Hitachi, Ltd. stockholders (note 11)		Yen
Basic	16.16	10.94
Diluted	16.16	10.93
Earnings per share attributable to Hitachi, Ltd. stockholders (note 11)		
Basic	15.61	9.27
Diluted	15.60	9.26

See accompanying notes to condensed quarterly consolidated financial statements.

Condensed Quarterly Consolidated Statements of Comprehensive Income

Three months ended December 31	Millions of yen	
	2015	2014
Net income	103,633	73,900
Other comprehensive income (OCI)		
Items not to be reclassified into net income		
Net changes in financial assets measured at fair value through OCI	19,178	30,508
Remeasurements of defined benefit plans	(1,625)	1,089
Share of OCI of investments accounted for using the equity method	(538)	(6)
Total items not to be reclassified into net income	17,015	31,591
Items that can be reclassified into net income		
Foreign currency translation adjustments	(26,351)	140,254
Net changes in cash flow hedges	7,631	(17,314)
Share of OCI of investments accounted for using the equity method	985	(11,576)
Total items that can be reclassified into net income	(17,735)	111,364
Other comprehensive income (OCI)	(720)	142,955
Comprehensive income	102,913	216,855
Comprehensive income attributable to:		
Hitachi, Ltd. stockholders	78,421	145,294
Non-controlling interests	24,492	71,561

See accompanying notes to condensed quarterly consolidated financial statements.

CONDENSED QUARTERLY CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Nine months ended December 31, 2015 and 2014

Millions of yen

Nine months ended December 31, 2015	Common stock	Capital surplus	Retained earnings (note 7)	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of period	458,790	608,416	1,477,517	401,100	(3,542)	2,942,281	1,354,061	4,296,342
Changes in equity								
Reclassified into retained earnings	-	-	9,816	(9,816)	-	-	-	-
Net income	-	-	172,966	-	-	172,966	96,517	269,483
Other comprehensive loss	-	-	-	(63,924)	-	(63,924)	(25,215)	(89,139)
Dividends to Hitachi, Ltd. stockholders	-	-	(57,941)	-	-	(57,941)	-	(57,941)
Dividends to non-controlling interests	-	-	-	-	-	-	(39,265)	(39,265)
Acquisition of treasury stock	-	-	-	-	(260)	(260)	-	(260)
Sales of treasury stock	-	1	-	-	15	16	-	16
Changes in non-controlling interests	-	(4,440)	-	52	-	(4,388)	27,312	22,924
Total changes in equity	-	(4,439)	124,841	(73,688)	(245)	46,469	59,349	105,818
Balance at end of period	458,790	603,977	1,602,358	327,412	(3,787)	2,988,750	1,413,410	4,402,160

Millions of yen

Nine months ended December 31, 2014	Common stock	Capital surplus	Retained earnings (note 7)	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of period	458,790	617,496	1,277,970	317,547	(3,146)	2,668,657	1,200,174	3,868,831
Changes in equity								
Reclassified into retained earnings	-	-	50,091	(50,091)	-	-	-	-
Net income	-	-	162,382	-	-	162,382	88,371	250,753
Other comprehensive income	-	-	-	135,232	-	135,232	70,953	206,185
Dividends to Hitachi, Ltd. stockholders	-	-	(55,532)	-	-	(55,532)	-	(55,532)
Dividends to non-controlling interests	-	-	-	-	-	-	(29,667)	(29,667)
Acquisition of treasury stock	-	-	-	-	(324)	(324)	-	(324)
Sales of treasury stock	-	2	-	-	21	23	-	23
Changes in non-controlling interests	-	(7,547)	-	314	-	(7,233)	(999)	(8,232)
Total changes in equity	-	(7,545)	156,941	85,455	(303)	234,548	128,658	363,206
Balance at end of period	458,790	609,951	1,434,911	403,002	(3,449)	2,903,205	1,328,832	4,232,037

See accompanying notes to condensed quarterly consolidated financial statements.

CONDENSED QUARTERLY CONSOLIDATED STATEMENTS OF CASH FLOWS

Nine months ended December 31, 2015 and 2014

	Millions of yen	
	2015	2014
Cash flows from operating activities:		
Net income	269,483	250,753
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	372,305	348,414
Impairment losses	3,847	4,121
Income taxes	116,668	95,267
Share of profits of investments accounted for using the equity method	(14,029)	(21,732)
Financial income and expenses	1,246	7,118
Net gain on business reorganization and others	(47,671)	(4,027)
Loss on sale of property, plant and equipment	3,948	14,641
Decrease in trade receivables	184,292	13,334
Increase in inventories	(163,589)	(250,331)
Increase in other assets	(26,954)	(30,661)
Decrease in trade payables	(66,538)	(82,088)
Decrease in retirement and severance benefits	(51,590)	(43,183)
Decrease in other liabilities	(93,704)	(60,424)
Other	15,172	(521)
Subtotal	502,886	240,681
Interest received	9,064	10,716
Dividends received	26,418	12,957
Interest paid	(20,773)	(20,958)
Income taxes paid	(131,220)	(129,030)
Net cash provided by operating activities	386,375	114,366
Cash flows from investing activities:		
Purchase of property, plant and equipment	(283,113)	(257,670)
Purchase of intangible assets	(79,827)	(90,558)
Purchase of leased assets	(392,234)	(314,073)
Proceeds from sale of property, plant and equipment, and intangible assets	8,843	20,019
Proceeds from sale of leased assets	20,110	23,854
Collection of lease receivables	251,285	218,822
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(160,710)	(125,205)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	77,863	93,721
Other	4,864	512
Net cash used in investing activities	(552,919)	(430,578)
Cash flows from financing activities:		
Increase in short-term debt, net	199,782	275,051
Proceeds from long-term debt	548,196	719,549
Payments on long-term debt	(414,058)	(460,885)
Proceeds from payments from non-controlling interests	963	2,495
Dividends paid to Hitachi, Ltd. stockholders	(57,929)	(55,529)
Dividends paid to non-controlling interests	(41,492)	(31,520)
Acquisition of common stock for treasury	(260)	(324)
Proceeds from sales of treasury stock	16	23
Purchase of shares of consolidated subsidiaries from non-controlling interests	(6,441)	(17,357)
Proceeds from partial sales of shares of consolidated subsidiaries to non-controlling interests	-	339
Other	(106)	(141)
Net cash provided by financing activities	228,671	431,701
Effect of exchange rate changes on cash and cash equivalents	(27,705)	73,589
Net increase in cash and cash equivalents	34,422	189,078
Cash and cash equivalents at beginning of period	701,703	560,657
Cash and cash equivalents at end of period	736,125	749,735

See accompanying notes to condensed quarterly consolidated financial statements.

Notes to Condensed Quarterly Consolidated Financial Statements

December 31, 2015

(1) Nature of Operations

Hitachi, Ltd. (the Company) is a corporation domiciled in Japan, whose shares are listed on the Tokyo Stock Exchange. The condensed quarterly consolidated financial statements of the Company as of and for the nine months ended December 31, 2015 comprise the Company, its subsidiaries, and the Company's interests in associates and joint ventures. The Company's and its subsidiaries' businesses are global and diverse, and include manufacturing and services in nine segments consisting of information and telecommunication systems, social infrastructure and industrial systems, electronic systems and equipment, construction machinery, high functional materials and components, automotive systems, smart life and ecofriendly systems, others (logistics and other services) and financial services.

(2) Basis of Presentation

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

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

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

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

(3) Significant Accounting Policies

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

Income taxes for the nine months ended December 31, 2015 are computed using the estimated annual effective tax rate.

(4) Segment Information

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

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

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

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

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

Construction Machinery:
Hydraulic excavators, Wheel loaders and Mining machinery

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

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

Smart Life & Ecofriendly Systems:
Air-conditioning equipment, Room air conditioners, Refrigerators and Washing machines

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

Financial Services:
Leasing and Loan guarantees

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

Effective from April 1, 2016, the Company will change its business structure into the service-focused businesses and the product-focused businesses, in order to strengthen front-line functions. Due to this transition, the Company is currently considering classification of its segment reporting.

The following tables show business segment information for the nine months ended December 31, 2015 and 2014.

Revenues from Outside Customers

Millions of yen

	2015	2014
Information & Telecommunication Systems	1,329,500	1,263,229
Social Infrastructure & Industrial Systems	1,329,333	1,224,511
Electronic Systems & Equipment	727,197	706,592
Construction Machinery	537,561	575,376
High Functional Materials & Components	1,140,449	1,050,494
Automotive Systems	737,895	681,594
Smart Life & Ecofriendly Systems	513,174	528,287
Others (Logistics and Other services)	654,743	665,081
Financial Services	256,688	250,077
Subtotal	7,226,540	6,945,241
Corporate items	3,718	576
Total	7,230,258	6,945,817

Revenues from Intersegment Transactions

Millions of yen

	2015	2014
Information & Telecommunication Systems	172,146	151,880
Social Infrastructure & Industrial Systems	185,083	170,537
Electronic Systems & Equipment	80,910	80,000
Construction Machinery	11,581	4,397
High Functional Materials & Components	47,791	52,901
Automotive Systems	3,632	1,760
Smart Life & Ecofriendly Systems	25,884	27,269
Others (Logistics and Other services)	280,944	277,760
Financial Services	16,235	15,555
Subtotal	824,206	782,059
Corporate items and Eliminations	(824,206)	(782,059)
Total	-	-

Notes to Condensed Quarterly Consolidated Financial Statements

December 31, 2015

Total Revenues

Millions of yen

	2015	2014
Information & Telecommunication Systems	1,501,646	1,415,109
Social Infrastructure & Industrial Systems	1,514,416	1,395,048
Electronic Systems & Equipment	808,107	786,592
Construction Machinery	549,142	579,773
High Functional Materials & Components	1,188,240	1,103,395
Automotive Systems	741,527	683,354
Smart Life & Ecofriendly Systems	539,058	555,556
Others (Logistics and Other services)	935,687	942,841
Financial Services	272,923	265,632
Subtotal	8,050,746	7,727,300
Corporate items and Eliminations	(820,488)	(781,483)
Total	7,230,258	6,945,817

Segment Profit (Loss)

Millions of yen

	2015	2014
Information & Telecommunication Systems	70,618	63,350
Social Infrastructure & Industrial Systems	33,879	50,482
Electronic Systems & Equipment	47,159	42,193
Construction Machinery	5,493	42,701
High Functional Materials & Components	119,563	85,523
Automotive Systems	39,504	25,007
Smart Life & Ecofriendly Systems	34,802	25,763
Others (Logistics and Other services)	38,105	27,448
Financial Services	35,762	28,292
Subtotal	424,885	390,759
Corporate items and Eliminations	(13,933)	(11,697)
Total	410,952	379,062
Interest income	9,008	9,495
Interest charges	(19,386)	(19,926)
Income from continuing operations, before income taxes	400,574	368,631

Segment profit (loss) is measured by EBIT.
Intersegment transactions are generally recorded at the same prices used in transactions with third parties.
Corporate items include unallocated corporate expenses, such as expenditures for leading-edge R&D and others.

(5) Business Acquisitions and Divestitures

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

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

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

The total consideration, paid in cash, for the business of Breda was EUR 30 million (¥4,041 million) and the total consideration, paid in cash, for the shares of STS was EUR 761 million (¥101,184 million). HRII commenced a tender offer for the outstanding publicly held shares of STS. However, it has not been completed as of the date of this quarterly report.

The following table summarizes the fair value of the consideration paid for STS and the business of Breda, and the provisional amounts of the assets acquired and liabilities assumed recognized as of the acquisition date.

	Millions of yen	
	STS	The business of Breda
Cash and cash equivalents	30,115	2,702
Trade receivables	131,343	66,590
Other current assets	37,424	36,217
Non-current assets (excluding intangible assets)	34,494	16,164
Intangible assets		
Goodwill (not deductible for tax purposes)	67,443	-
Other intangible assets	6,978	239
Total	307,797	121,912
Current liabilities	150,006	107,326
Non-current liabilities	7,391	10,545
Total	157,397	117,871
Cash paid for acquisition	101,184	4,041
Non-controlling interests	49,216	-
Total	150,400	4,041

The goodwill mainly comprises excess earning power and expected synergies arising from the acquisition.
Non-controlling interests are measured by the appropriate share in the fair value of identifiable net assets of STS.

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

HRI repaid EUR 111 million (¥14,754 million yen) of loans from FNM which were included in the business of Breda in addition to these acquisitions.

The results of operations of STS and the business of Breda for the period from the acquisition date to December 31, 2015 were not material.

On a pro forma basis, revenues and net income attributable to Hitachi, Ltd. stockholders using an assumed acquisition date for STS and the business of Breda of April 1, 2015 would not differ materially from the amounts reported in the condensed quarterly consolidated financial statements for the nine months ended December 31, 2015.

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

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

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

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

The results of operations of Pentaho for the period from the acquisition date to December 31, 2015 were not material.

On a pro forma basis, revenues and net income attributable to Hitachi, Ltd. stockholders using an assumed acquisition date for Pentaho of April 1, 2015 would not differ materially from the amounts reported in the condensed quarterly consolidated financial statements for the nine months ended December 31, 2015.

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 on a medium and long term basis, signed a definitive agreement with WF Global II B.V., an entity which was 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 held a 100% stake in Waupaca Foundry, Inc. (Waupaca), 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 (the acquisition date), 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.

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

	Millions of yen
Cash and cash equivalents	888
Trade receivables	26,446
Other current assets	12,132
Non-current assets (excluding intangible assets)	57,280
Intangible assets	
Goodwill (not deductible for tax purposes)	70,990
Other intangible assets	35,109
Total	202,845
Current liabilities	27,801
Non-current liabilities	83,148
Total	110,949
Cash paid for acquisition	91,896

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

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, revenues and net income attributable to Hitachi, Ltd. stockholders using an assumed acquisition date for Waupaca HD of April 1, 2014 would not differ materially from the amounts reported in the condensed quarterly consolidated financial statements for the nine months ended December 31, 2014.

(6) Fair Value of Financial Instruments

(a) Fair Value Measurements

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

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

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

Trade receivables

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

Lease receivables

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

Investments in securities and Other financial assets

Investment securities with quoted market prices are estimated using the quoted share prices. In the absence of an active market for investment securities, quoted prices for similar investment securities, quoted prices associated with transactions that are not distressed for identical or similar investment securities or other relevant information including market interest rate curves, referenced credit spreads or default rates, are used to determine fair value. If significant inputs of fair value measurement are unobservable, the Company uses price information provided by financial institutions to evaluate such investments. The information provided is corroborated by the income approach using its own valuation model, or the market approach using comparisons with prices of similar securities.

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

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

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

Long-term debt

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

Other financial liabilities

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

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

(b) Financial Instruments Measured at Amortized Cost

The carrying amounts and estimated fair values of the financial instruments measured at amortized cost are as follows.
The fair value estimated for financial assets and liabilities measured at amortized cost is classified in Level 2 of the fair value hierarchy.

Millions of yen

	December 31, 2015		March 31, 2015	
	Carrying amounts	Estimated fair values	Carrying amounts	Estimated fair values
Assets				
Trade receivables [1]	3,529,413	3,539,953	3,556,315	3,574,933
Lease receivables	1,058,533	1,091,338	1,017,973	1,050,232
Investments in securities and other financial assets [2]				
Debt securities	77,132	77,166	85,725	85,758
Long-term loans receivable	65,583	66,202	85,481	87,379
Liabilities				
Long-term debt [3]				
Lease obligations	45,983	45,821	50,311	50,035
Bonds	794,187	802,866	797,510	805,668
Long-term debt	1,900,397	1,916,809	1,731,834	1,747,654
Other financial liabilities				
Contract guarantee deposits	32,656	31,709	36,882	35,567

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

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

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

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

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

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

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

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

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

December 31, 2015 Millions of yen

Class of financial instruments	Level 1	Level 2	Level 3	Total
FVTPL financial assets:				
Investments in securities and other financial assets [1]				
Equity securities	16	4	1,023	1,043
Debt securities	12,091	7,700	44,748	64,539
Derivatives	-	17,696	6,061	23,757
FVTOCI financial assets:				
Investments in securities and other financial assets [1]				
Equity securities	346,167	221	118,395	464,783
Total financial assets at fair value	358,274	25,621	170,227	554,122
FVTPL financial liabilities:				
Other financial liabilities				
Derivatives	-	102,238	-	102,238
Total financial liabilities at fair value	-	102,238	-	102,238

March 31, 2015 Millions of yen

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

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

The following tables present the changes in Level 3 instruments measured on a recurring basis for the nine months ended December 31, 2015 and 2014.

December 31, 2015 Millions of yen

Level 3 financial assets	Equity securities	Debt securities	Derivatives	Total
Balance at beginning of period	112,632	57,299	-	169,931
Loss in profit or loss [1]	(357)	(486)	-	(843)
Gain in OCI [2]	5,303	-	-	5,303
Purchases	1,496	2,024	6,061	9,581
Sales and redemption	(1,662)	(14,482)	-	(16,144)
Acquisitions and divestitures	7,118	249	-	7,367
Transfer from Level 3 [3]	(4,874)	-	-	(4,874)
Other	(238)	144	-	(94)
Balance at end of period	119,418	44,748	6,061	170,227
Unrealized loss relating to financial assets still held at end of period [4]	(358)	(547)	-	(905)

December 31, 2014 Millions of yen

Level 3 financial assets	Equity securities	Debt securities	Derivatives	Total
Balance at beginning of period	108,125	82,006	-	190,131
Gain (loss) in profit or loss [1]	72	(940)	-	(868)
Gain in OCI [2]	3,202	-	-	3,202
Purchases	1,824	1,862	-	3,686
Sales and redemption	(725)	(17,987)	-	(18,712)
Acquisitions and divestitures	258	272	-	530
Other	587	664	-	1,251
Balance at end of period	113,343	65,877	-	179,220
Unrealized gain (loss) relating to financial assets still held at end of period [4]	100	(756)	-	(656)

[1] Gain (loss) in profit or loss related to FVTPL financial assets is included in Financial income and Financial expenses in the condensed quarterly consolidated statements of profit or loss.
[2] Gain in OCI related to FVTOCI financial assets is included in Net changes in financial assets measured at fair value through OCI in the condensed quarterly consolidated statements of comprehensive income.
[3] Transfer from Level 3 for the nine months ended December 31, 2015 is mainly the result of an investee being listed on the stock market.
[4] Unrealized gain (loss) related to FVTPL financial assets still held at the end of period are included in Financial income and Financial expenses in the condensed quarterly consolidated statements of profit or loss.

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

December 31, 2015 — Millions of yen

Level 3 financial instruments	Fair value	Valuation technique	Unobservable inputs	Range
Subordinated interests and beneficiary interests in trusts that are retained relating to securitization of financial assets	31,840	DCF	Discount rate	0.09-1.20%
			Expected rate of credit loss of the entire transferred financial assets	0.15-0.36%

March 31, 2015 — Millions of yen

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

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

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

(7) Dividends

Dividends paid on common stock for the nine months ended December 31, 2015 are as follows:

Decision	Cash dividends (millions of yen)	Appropriation from	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors on May 14, 2015	28,971	Retained earnings	6.0	March 31, 2015	June 1, 2015
The Board of Directors on October 28, 2015	28,970	Retained earnings	6.0	September 30, 2015	November 26, 2015

Dividends paid on common stock for the nine months ended December 31, 2014 are as follows:

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

Notes to Condensed Quarterly Consolidated Financial Statements

December 31, 2015

(8) Other Income and Expenses

Millions of yen

	2015	2014
Net loss on sales and disposal of fixed assets	(3,948)	(15,026)
Impairment losses	(3,847)	(4,121)
Net gain on business reorganization and others	47,671	4,027
Restructuring charges	(28,168)	(17,925)
Expenses related to competition law and others	(4,653)	(12,350)

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

(9) Financial Income and Expenses

Millions of yen

	2015	2014
Dividends received	6,748	6,726
Net loss on FVTPL financial assets	(414)	(3,624)
Exchange gain (loss)	(17,199)	6,299

Dividends are from FVTOCI financial assets.

(10) Discontinued Operations

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

Profit or loss and cash flows from the discontinued operations for the nine months ended December 31, 2015 and 2014 are as follows:

Millions of yen

	2015	2014
Profit or loss from discontinued operations		
Revenues	7,258	25,518
Cost of sales and expenses	(21,681)	(48,129)
Loss from discontinued operations, before taxes	(14,423)	(22,611)
Income taxes	-	(1,828)
Loss from discontinued operations	(14,423)	(24,439)

Millions of yen

	2015	2014
Cash flows from discontinued operations		
Cash flows from operating activities	(5,931)	(25,535)
Cash flows from investing activities	16	1,565
Cash flows from financing activities	10,812	25,201

(11) Earnings Per Share (EPS) Information

The computations of net income attributable to Hitachi, Ltd. stockholders used to derive basic and diluted EPS for the nine months ended December 31, 2015 and 2014 are as follows:

Nine months ended December 31

Number of shares

	2015	2014
Weighted average number of shares on which basic EPS is calculated	4,828,413,052	4,828,881,171
Effect of dilutive securities	-	-
Number of shares on which diluted EPS is calculated	4,828,413,052	4,828,881,171

Millions of yen

	2015	2014
Net income from continuing operations, attributable to Hitachi, Ltd. stockholders		
Basic	187,389	186,821
Effect of dilutive securities		
Other	(147)	(130)
Diluted	187,242	186,691
Net loss from discontinued operations, attributable to Hitachi, Ltd. stockholders		
Basic	(14,423)	(24,439)
Effect of dilutive securities		
Other	-	-
Diluted	(14,423)	(24,439)
Net income attributable to Hitachi, Ltd. stockholders		
Basic	172,966	162,382
Effect of dilutive securities		
Other	(147)	(130)
Diluted	172,819	162,252

Yen

	2015	2014
EPS from continuing operations, attributable to Hitachi, Ltd. stockholders		
Basic	38.81	38.69
Diluted	38.78	38.66
EPS from discontinued operations, attributable to Hitachi, Ltd. stockholders		
Basic	(2.99)	(5.06)
Diluted	(2.99)	(5.06)
EPS attributable to Hitachi, Ltd. stockholders		
Basic	35.82	33.63
Diluted	35.79	33.60

Notes to Condensed Quarterly Consolidated Financial Statements

December 31, 2015

The computations of net income attributable to Hitachi, Ltd. stockholders used to derive basic and diluted EPS for the three months ended December 31, 2015 and 2014 are as follows:

Three months ended December 31

Number of shares

	2015	2014
Weighted average number of shares on which basic EPS is calculated	4,828,316,981	4,828,755,633
Effect of dilutive securities	-	-
Number of shares on which diluted EPS is calculated	4,828,316,981	4,828,755,633

Millions of yen

	2015	2014
Net income from continuing operations, attributable to Hitachi, Ltd. stockholders		
Basic	78,040	52,840
Effect of dilutive securities		
Other	(32)	(43)
Diluted	78,008	52,797
Net loss from discontinued operations, attributable to Hitachi, Ltd. stockholders		
Basic	(2,665)	(8,089)
Effect of dilutive securities		
Other	-	-
Diluted	(2,665)	(8,089)
Net income attributable to Hitachi, Ltd. stockholders		
Basic	75,375	44,751
Effect of dilutive securities		
Other	(32)	(43)
Diluted	75,343	44,708

Yen

	2015	2014
EPS from continuing operations, attributable to Hitachi, Ltd. stockholders		
Basic	16.16	10.94
Diluted	16.16	10.93
EPS from discontinued operations, attributable to Hitachi, Ltd. stockholders		
Basic	(0.55)	(1.68)
Diluted	(0.55)	(1.68)
EPS attributable to Hitachi, Ltd. stockholders		
Basic	15.61	9.27
Diluted	15.60	9.26

(12) Contingencies

In December 2006, the Company and a subsidiary in Europe received requests for information from the European Commission in respect of alleged antitrust violations relating to liquid crystal displays. However, in December 2015, these companies received information that the European Commission would terminate the investigation of this matter.

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

In June 2009, a subsidiary in Japan received a grand jury subpoena in connection with the investigation conducted by the Antitrust Division of the U.S. Department of Justice and received requests for information from the European Commission in respect of alleged antitrust violations relating to optical disk drives. In November 2011, the subsidiary in Japan paid a fine in relation to the investigation from the Antitrust Division of the U.S. Department of Justice. In July 2012, the subsidiary in Japan received a statement of objections from the European Commission in respect of alleged antitrust violations. In October 2015, the European Commission announced the amount of the fine for the subsidiary in respect of alleged antitrust violations. Two subsidiaries in Japan and in Korea made provision for estimated loss on a reasonable basis.

In July 2011, a subsidiary in the U.S.A. was investigated by and received a grand jury subpoena from the Antitrust Division of the U.S. Department of Justice, the Company and a subsidiary in Europe received requests for information from the European Commission, and a subsidiary in Canada received requests for information from the Canadian Competition Bureau, all in respect of alleged antitrust violations relating to automotive equipment. In November 2013, a subsidiary in Japan, which had been also primarily responsible for responding to the investigation from the Antitrust Division of the U.S. Department of Justice, paid a fine. In January 2016, the Company and a subsidiary in Europe reached a settlement with the European Commission, and agreed to pay fines. The subsidiary in Japan made provision for estimated loss on a reasonable basis.

In June 2014, a subsidiary in Japan was investigated by the Japan Fair Trade Commission in respect of alleged antitrust violations relating to capacitors. The subsidiaries in Europe, the U.S.A., and others are being investigated by competition authorities in each country or region, all in respect of alleged antitrust violations relating to capacitors. In November 2015, the subsidiaries in Japan received a statement of objections from the European Commission in respect of the alleged antitrust violations. The subsidiary in Japan made provision for estimated loss on a reasonable basis.

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

In August 2012, a subsidiary in Europe received a complaint filed by a customer in Europe seeking compensation for consequential losses of EUR 1,058 million (¥139,490 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 (¥31,558 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 (¥79,957 million) including consequential losses allegedly incurred by the delay in the construction process of a power plant. As of December 31, 2015, the amount of compensation claimed by the customer was changed to EUR 637 million (¥83,960 million). In December 2015, these companies, jointly and severally received a request for arbitration from the customer demanding EUR 161 million (¥21,258 million) in compensation for performance related deficiencies of a power plant. Although the Company, the subsidiary in Europe, and the consortium consisting of the Company and the subsidiary in Europe, will vigorously defend themselves against this claim, there can be no assurance that they will not be held liable for any amounts claimed.

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

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

In January 2016, a subsidiary in Europe notified a customer in Europe that the subsidiary had commenced arbitration proceedings to resolve a disagreement about construction of a power plant. Since the customer elected an arbitrator in response to this notice, the arbitration is expected to start. While the subsidiary will seek payments of the unpaid amounts based on the contract, a counterclaim is expected to be filed by the customer. Thus, there can be no assurance that the subsidiary will not be held liable for any amounts.

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

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

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

(13) Approval of Condensed Quarterly Consolidated Financial Statements

The condensed quarterly consolidated financial statements were approved on February 12, 2016 by Toshiaki Higashihara, President and COO of the Company.

[Cover]

[Document Filed]	Confirmation Letter
[Applicable Law]	Article 24-4-8, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director, Kanto Local Finance Bureau
[Filing Date]	February 12, 2016
[Company Name]	Kabushiki Kaisha Hitachi Seisakusho
[Company Name in English]	Hitachi, Ltd.
[Title and Name of Representative]	Toshiaki Higashihara, President & COO
[Name and title of CFO]	Toyoaki Nakamura, Executive Vice President and Executive Officer
[Address of Head Office]	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

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

Mr. Toshiaki Higashihara, President & COO, and Mr. Toyoaki Nakamura, Executive Vice President and Executive Officer, confirmed that statements contained in the Quarterly Report for the third quarter of 147th fiscal year (from October 1, 2015 to December 31, 2015) were adequate under the Financial Instruments and Exchange Act.

2. Special Notes

None.