[Translation]

Quarterly Report

(The First Quarter of 146th Business Term)
From April 1, 2014 to June 30, 2014

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

[Cover]

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[Filing Date]	August 8, 2014
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[Company Name]	Kabushiki Kaisha Hitachi Seisakusho
[Company Name in English]	Hitachi, Ltd.
[Title and Name of Representative]	Toshiaki Higashihara, President & COO
[Address of Head Office]	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo
[Phone No.]	03-3258-1111
[Contact Person]	Taro Kaiho, Manager, Legal Division
[Contact Address]	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo
[Phone No.]	03-3258-1111
[Contact Person]	Taro Kaiho, Manager, Legal Division
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

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

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

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

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

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

Contents

Part I Information on the Company

I. Overview of the Company

1. Key Financial Data

Consolidated financial data, etc.

(Millions of yen, unless otherwise stated)

	Three months ended June 30, 2013	Three months ended June 30, 2014	Year ended March 31, 2014
Revenues	2,082,938	2,136,364	9,616,202
Income before income taxes	55,399	81,357	568,182
Net income attributable to Hitachi, Ltd. stockholders	10,795	28,873	264,975
Comprehensive income	136,715	31,841	769,178
Total Hitachi, Ltd. stockholders' equity	2,161,939	2,635,772	2,651,241
Total equity	3,279,330	3,845,225	3,852,464
Total assets	10,293,637	10,882,978	11,016,899
Net income attributable to Hitachi, Ltd. stockholders per share, Basic (yen)	2.23	5.98	54.86
Net income attributable to Hitachi, Ltd. stockholders per share, Diluted (yen)	2.23	5.97	54.85
Total Hitachi, Ltd. stockholders' equity ratio (%)	21.0	24.2	24.1
Cash flows from operating activities	42,948	109,074	439,406
Cash flows from investing activities	(148,059)	(119,383)	(491,363)
Cash flows from financing activities	163,382	36,193	32,968
Cash and cash equivalents at end of period	603,285	574,593	558,217

(Notes)
1. Our consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States.
2. Revenues do not include the consumption tax, etc.

2. Description of Business

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

There was no material change in principal businesses of Hitachi during the three months ended June 30, 2014. The Hitachi Group is comprised of the Company and 950 consolidated subsidiaries and 224 equity-method affiliates. Although the consolidated subsidiaries include variable interest entities, there is no applicable variable interest entity as of June 30, 2014. Consolidated trust accounts are not included in the number of consolidated subsidiaries.

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

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

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

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

II. Business Overview

1. Risk Factors

There was no new risk factor recognized during the three months ended June 30, 2014.

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

2. Material Agreements, etc.

No material agreements were entered into during the three months ended June 30, 2014.

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

(1) Outline of Business Results

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

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

Results of Operations

During the three months ended June 30, 2014, the global economy showed signs of recovery due to the positive impact of economic stimulus measures implemented by the Chinese government as well as improving employment and income levels in the U.S., despite the impact of an economic slowdown in Europe.

The Japanese economy has improved, mainly due to the government’s bold implementation of national growth strategies, improvement in employment conditions and a rebound in corporate capital expenditures.

Under these conditions, total revenues increased 3% to ¥2,136.3 billion, as compared with the three months ended June 30, 2013, due mainly to higher revenues in the following segments: the Information & Telecommunication Systems segment, where system solutions business performed solidly; the Electronic Systems & Equipment segment, mainly attributable to higher revenues at Hitachi High-Technologies Corporation; the Social Infrastructure & Industrial Systems segment, which was underpinned by a strong performance by the elevator and escalator business in China; and the Automotive Systems segment, which performed solidly primarily in overseas markets such as North America and China. This increase was partially offset by decreased revenues in the Power Systems segment owing to the effects of the integration of the thermal power generation systems business into MITSUBISHI HITACHI POWER SYSTEMS, LTD., an equity-method affiliate.

Cost of sales increased 2% to ¥1,563.2 billion, as compared with the three months ended June 30, 2013, and the ratio of cost of sales to total revenues accounted for 73%, compared with 74% in the three months ended June 30, 2013.

Selling, general and administrative expenses increased 1% to ¥492.9 billion, as compared with the three months ended June 30, 2013, and their ratio to revenues was 23%, compared with 24% in the three months ended June 30, 2013.

Impairment losses for long-lived assets were ¥0.2 billion, almost the same as the three months ended June 30, 2013.

Restructuring charges decreased ¥2.2 billion to ¥0.7 billion, as compared with the three months ended June 30, 2013.

Interest income decreased ¥0.6 billion to ¥2.5 billion, as compared with the three months ended June 30, 2013.

Dividend income decreased ¥0.3 billion to ¥3.4 billion, as compared with the three months ended June 30, 2013.

Other income decreased ¥1.7 billion to ¥2.8 billion, as compared with the three months ended June 30, 2013, due mainly to the posting of exchange loss in the three months ended June 30, 2014, as compared with exchange gain in the three months ended June 30, 2013.

Interest charges were ¥6.3 billion, almost the same as the three months ended June 30, 2013.

Other deductions increased ¥1.6 billion to ¥3.6 billion, as compared with the three months ended June 30, 2013, due mainly to the posting of exchange loss.

Equity in net earning of affiliated companies was ¥3.3 billion, compared with net loss in the three months ended June 30, 2013.

As a result of the foregoing, income before income taxes increased 47% to ¥81.3 billion, as compared with the three months ended June 30, 2013. EBIT increased 45% to ¥85.1 billion, as compared with the three months ended June 30, 2013.

Income taxes amounted to ¥29.2 billion, a decrease of ¥3.4 billion compared with the three months ended June 30, 2013.

Net income increased 130% to ¥52.0 billion, as compared with the three months ended June 30, 2013.

Net income attributable to noncontrolling interests amounted to ¥23.2 billion, an increase of ¥11.3 billion compared with the three months ended June 30, 2013.

As a result of the foregoing, net income attributable to Hitachi, Ltd. stockholders increased 167% to ¥28.8 billion, as compared with the three months ended June 30, 2013.

Operations by Segment

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

(Information & Telecommunication Systems)

Revenues increased 8% to ¥418.2 billion, as compared with the three months ended June 30, 2013, due mainly to solid performances by system solutions business, centered on public systems and financial systems, and storage solutions business.

Segment profit increased 287% to ¥3.8 billion, as compared with the three months ended June 30, 2013, due mainly to increased operating income, mainly resulting from reduced effect of unprofitable system solutions projects, as well as higher revenues.

(Power Systems)

Revenues decreased 43% to ¥87.9 billion, as compared with the three months ended June 30, 2013, due mainly to the effect of the transfer of the thermal power generation systems business. This decrease was partially offset by higher revenues in nuclear power generation systems, power transmission & distribution systems and other businesses.

Segment loss worsened ¥11.9 billion to ¥16.0 billion, as compared with the three months ended June 30, 2013, due mainly to worsened operating loss owing to the additional costs in some projects, as well as the lower revenues.

(Social Infrastructure & Industrial Systems)

Revenues increased 7% to ¥286.4 billion, as compared with the three months ended June 30, 2013, due mainly to higher sales in the infrastructure systems business and railway system business in the U.K., as well as a solid performance by the elevator and escalator business in China.

Segment profit increased 96% to ¥2.7 billion, as compared with the three months ended June 30, 2013, due mainly to an improvement in operating income, mainly resulting from the higher revenues and progress of cost reductions.

(Electronic Systems & Equipment)

Revenues increased 12% to ¥252.6 billion, as compared with the three months ended June 30, 2013, due mainly to higher sales of semiconductor manufacturing equipments and medical analysis equipments at Hitachi High-Technologies Corporation and higher sales of semiconductor manufacturing equipments at Hitachi Kokusai Electric Inc.

Segment profit increased 851% to ¥11.9 billion, as compared with the three months ended June 30, 2013, due mainly to increased operating income, mainly resulting from the higher revenues.

(Construction Machinery)

Revenues increased 2% to ¥182.2 billion, as compared with the three months ended June 30, 2013, due to higher sales of hydraulic excavators and other items primarily in Europe, despite lower sales in Asia, including China, and Oceania.

Segment profit increased 93% to ¥11.8 billion, as compared with the three months ended June 30, 2013, due mainly to the absence of the foreign exchange loss recorded in the three months ended June 30, 2013, despite decreased operating income owing to lower sales in Asia, including China.

(High Functional Materials & Components)

Revenues increased 1% to ¥340.0 bullion, as compared with the three months ended June 30, 2013, due mainly to solid performances by automobile products primarily in North America and China and certain electronics-related materials.

Segment profit increased 17% to ¥29.5 billion, as compared with the three months ended June 30, 2013, due mainly to lower expenses related to business restructuring and the posting of gain on securities even though operating income was almost the same as the three months ended June 30, 2013.

(Automotive Systems)

Revenues increased 6% to ¥219.6 billion, as compared with the three months ended June 30, 2013, due mainly to robust demand in overseas automobile markets, such as North America and China.

Segment profit increased 18% to ¥11.6 billion, as compared with the three months ended June 30, 2013, due mainly to increased operating income, mainly resulting from the higher revenues and associated improvement in capacity utilization.

(Smart Life & Ecofriendly Systems)

Revenues increased 7% to ¥200.6 billion, as compared with the three months ended June 30, 2013, due mainly to higher sales in overseas markets, particularly for air-conditioning business.

Segment profit increased 123% to ¥9.5 billion, as compared with the three months ended June 30, 2013, due mainly to higher revenues, progress of cost reductions and the reduced impact of price down of room air conditioners and refrigerators, etc.

(Others (Logistics and Other services))

Revenues decreased 5% to ¥289.9 billion, as compared with the three months ended June 30, 2013, due mainly to the conversion of Hitachi Maxell, Ltd., which had been a consolidated subsidiary, into an equity-method affiliate, despite higher revenues at Hitachi Transport System, Ltd.

Segment profit decreased 13% to ¥6.8 billion, as compared with the three months ended June 30, 2013, due mainly to posting of net loss on sale and disposal of rental assets and other property, despite increased operating income, mainly resulting from a decrease in expenses related to business restructuring.

(Financial Services)

Revenues increased 19% to ¥97.4 billion, as compared with the three months ended June 30, 2013, due mainly to recognition of revenues from selling lease assets following a large cancellation in Japan as well as a strong performance in overseas business, particularly in Europe.

Segment profit increased 10% to ¥10.4 billion, as compared with the three months ended June 30, 2013, due mainly to increased operating income, mainly resulting from the higher revenues.

Revenues by Market

Revenues in Japan were ¥1,106.7 billion, an increase of 2% compared with the three months ended June 30, 2013, due mainly to higher revenues in the Information & Telecommunication Systems, the Construction Machinery and the Financial Services segments.

Overseas revenues were ¥1,029.6 billion, an increase of 3% compared with the three months ended June 30, 2013, due mainly to higher revenues in Europe mainly in the Electronic Systems & Equipment segment, mainly resulting from the higher revenues at Hitachi High-Technologies Corporation, and the Social Infrastructure & Industrial Systems segment, mainly resulting from the higher sales in railway system business in the U.K. as well as higher revenues in China and North America.

As a result, the ratio of overseas revenues to total revenues was 48%, which was same level in the three months ended June 30, 2013.

(2) Summary of Financial Condition, etc.

Liquidity and Capital Resources

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

Cash Flows

(Cash flows from operating activities)

Net income amounted to ¥52.0 billion in the three months ended June 30, 2014, a ¥29.4 billion increase compared with the three months ended June 30, 2013. Increase in inventories in the three months ended June 30, 2014 was ¥128.7 billion, a ¥12.4 billion decrease compared with the three months ended June 30, 2013. Decrease in payables in the three months ended June 30, 2014 was ¥94.4 billion, a ¥20.8 billion increase compared with the three months ended June 30, 2013. Decrease in receivables in the three months ended June 30, 2014 was ¥294.7 billion, a ¥14.3 billion increase compared with the three months ended June 30, 2013. This is because collection of receivables recorded at the end of the fiscal year ended March 31, 2014 proceeded in the three months ended June 30, 2014. Decrease in accrued expenses and retirement and severance benefits in the three months ended June 30, 2014 was ¥125.5 billion, a ¥19.6 billion decrease compared with the three months ended June 30, 2013. As a result of the foregoing, cash flows from operating activities recorded net cash inflow of ¥109.0 billion in the three months ended June 30, 2014, an increase of ¥66.1 billion compared with the three months ended June 30, 2013.

(Cash flows from investing activities)

A net sum of ¥121.2 billion in the three months ended June 30, 2014 was recorded as investments mainly related to property, plant and equipment, where the collection of investments in leases, the proceeds from disposal of property, plant and equipment and the proceeds from disposal of tangible assets and software to be leased were subtracted from the amount of the capital expenditures, the purchase of intangible assets and the purchase of tangible assets and software to be leased. This net sum decreased by ¥36.2 billion compared with the three months ended June 30, 2013, due mainly to the purchase of tangible assets in the Financial Services segment in the three months ended June 30, 2013. As a result of the foregoing, cash flows from investing activities recorded net cash outflow of ¥119.3 billion in the three months ended June 30, 2014, a decrease of ¥28.6 billion compared with the three months ended June 30, 2013.

(Cash flows from financing activities)

Net decrease in short-term debt in the three months ended June 30, 2014 was ¥12.2 billion, whereas net increase of ¥114.2 billion was recorded in the three months ended June 30, 2013, due mainly to the issuance of commercial paper in the three months ended June 30, 2013. A net sum of ¥87.4 billion in the three months ended June 30, 2014 was recorded as proceeds related to long-term debt, where the payments on long-term debt were subtracted from the proceeds from long-term debt. This net inflow increased by ¥5.8 billion compared with the three months ended June 30, 2013. As a result of the foregoing, cash flows from financing activities recorded net cash inflow of ¥36.1 billion in the three months ended June 30, 2014, a decrease of ¥127.1 billion compared with the three months ended June 30, 2013.

As a result of the foregoing, cash and cash equivalents as of June 30, 2014 was ¥574.5 billion, an increase of ¥16.3 billion from March 31, 2014. Free cash flows, the sum of cash flows from operating and investing activities, were an outflow of ¥10.3 billion in the three months ended June 30, 2014, a decrease of ¥94.8 billion compared with the three months ended June 30, 2013.

Assets, Liabilities and Equity

Total assets as of June 30, 2014 were ¥10,882.9 billion, a decrease of ¥133.9 billion from March 31, 2014. This was due mainly to a decrease in accounts receivables, despite an increase in inventories owing to seasonal reasons.

Total interest-bearing debt as of June 30, 2014, which is the sum of short-term debt, long-term debt and non-recourse borrowings of consolidated securitization entities, was ¥2,904.4 billion, an ¥81.3 billion increase from March 31, 2014. This was due mainly to higher demand for funds in line with business expansion in the Financial Services segment.

Total Hitachi, Ltd. stockholders' equity as of June 30, 2014 decreased by ¥15.4 billion from March 31, 2014, to ¥2,635.7 billion, due mainly to an increase in accumulated other comprehensive loss owing primarily to decrease in foreign currency transaction adjustments. The ratio of stockholders' equity to total assets was 24.2%, compared with 24.1% as of March 31, 2014.

Noncontrolling interests as of June 30, 2014 increased by ¥8.2 billion from March 31, 2014, to ¥1,209.4 billion.

The ratio of the interest-bearing debt to the total equity (the sum of total Hitachi, Ltd. stockholders' equity and noncontrolling interests) increased to 0.76, compared with 0.73 as of March 31, 2014.

(3) Challenges Facing Hitachi Group

1) Business and Financial Condition

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

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

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

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

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

(4) Research and Development

There was no material changes in the research and development of the Hitachi Group (the Company and consolidated subsidiaries) stated in the Annual Securities Report for the 145th business term pursuant to the Financial Instruments and Exchange Act of Japan. The Hitachi Group's R&D expenditures in the three months ended June 30, 2014 were ¥79.8 billion, 3.7% of revenues. A breakdown of R&D expenditures by segment is shown below.

(Billions of yen)

Segment	Three months ended June 30, 2014
Information & Telecommunication Systems	17.7
Power Systems	2.9
Social Infrastructure & Industrial Systems	6.1
Electronic Systems & Equipment	10.8
Construction Machinery	4.1
High Functional Materials & Components	11.0
Automotive Systems	15.4
Smart Life & Ecofriendly Systems	3.3
Others (Logistics and Other services)	2.0
Financial Services	0.0
Corporate	6.0
Total	79.8

(5) Property, Plants and Equipment

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

The Company

(As of June 30, 2014)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)						Number of employees
			Buildings	Machinery and equipment	Land [Area in thousands of m^2]	Lease assets	Others	Total	
Urban Planning and Development Systems Company (Hitachinaka, Ibaraki)	Social Infrastructure & Industrial Systems	R&D facilities for elevators and escalators	4,734	450	60 [499]	-	82	5,328	248

(6) Forward-Looking Statements

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

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

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

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

III. Information on the Company

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

(1) Total number of shares, etc.

1) Total number of shares

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

2) Issued shares

Class	Number of shares issued as of the end of fiscal year (shares) (June 30, 2014)	Number of shares issued as of the filing date (shares) (August 8, 2014)	Stock exchange on which the Company is listed	Description
Common stock	4,833,463,387	4,833,463,387	Tokyo, Nagoya	The number of shares per one unit of shares is 1,000 shares.
Total	4,833,463,387	4,833,463,387	—	—

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

Not applicable.

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

Not applicable.

(4) Information on shareholder right plans

Not applicable.

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

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

(6) Major shareholders

Not applicable.

(7) Information on voting rights

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

1) Issued shares

(As of March 31, 2014)

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting right	—	—	—
Shares with restricted voting right (treasury stock, etc.)	—	—	—
Shares with restricted voting right (others)	—	—	—
Shares with full voting right (treasury stock, etc.)	Common stock 4,578,000	—	—
Shares with full voting right (others)	Common stock 4,804,492,000	4,804,492	—
Shares less than one unit	Common stock 24,393,387	—	—
Number of issued shares	4,833,463,387	—	—
Total number of voting rights	—	4,804,492	—

(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 March 31, 2014)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
Hitachi, Ltd.	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	4,407,000	—	4,407,000	0.09
Aoyama Special Steel Co., Ltd.	9-11, Shinkawa 2-chome, Chuo-ku, Tokyo	10,000	—	10,000	0.00
ISHII DENKOSHA Co., Ltd.	1-11, Oroshishinmachi 3-chome, Higashi-ku, Niigata-shi, Niigata	1,000	—	1,000	0.00
SAITA KOUGYOU CO., LTD.	5-3, Takinogawa 5-chome, Kita-ku, Tokyo	88,000	—	88,000	0.00
NIKKO SHOKAI CO., LTD.	9-5, Minami-Shinagawa 4-chome, Shinagawa-ku, Tokyo	5,000	—	5,000	0.00
Nitto Jidosha Kiki K.K.	3268, Nagaoka, Ibarakimachi, Higashiibaraki-gun, Ibaraki	52,000	—	52,000	0.00
Mizuho Co., Inc.	4-1, Koishikawa 5-chome, Bunkyo-ku, Tokyo	15,000	—	15,000	0.00
Total	—	4,578,000	—	4,578,000	0.09

2. Changes in Senior Management

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

IV. Financial Information

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

Part II Information on Guarantors, etc. for the Company

Not applicable.

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

	Millions of yen	
Assets	June 30, 2014	March 31, 2014
Current assets:		
Cash and cash equivalents (note 6)	574,593	558,217
Short-term investments (note 3)	7,597	9,172
Trade receivables:		
Notes (notes 4, 6, 13 and 20)	155,994	143,675
Accounts (notes 4, 6 and 20)	2,380,880	2,654,260
Investments in leases (notes 6 and 20)	284,186	262,953
Current portion of financial assets transferred to consolidated securitization entities (notes 6 and 20)	47,591	52,212
Inventories (note 5)	1,515,271	1,407,055
Prepaid expenses and other current assets	644,632	616,326
Total current assets	5,610,744	5,703,870
Investments and advances, including affiliated companies (note 3)	1,198,831	1,220,800
Property, plant and equipment:		
Land	492,790	492,383
Buildings	1,880,169	1,900,779
Machinery and equipment	4,830,894	4,901,505
Construction in progress	97,572	94,972
	7,301,425	7,389,639
Less accumulated depreciation	4,956,017	5,047,548
Net property, plant and equipment	2,345,408	2,342,091
Intangible assets (note 7)		
Goodwill	330,691	339,148
Other intangible assets	445,130	422,333
Total intangible assets	775,821	761,481
Financial assets transferred to consolidated securitization entities (notes 6 and 20)	171,927	185,818
Other assets (note 20)	780,247	802,839
Total assets	10,882,978	11,016,899

See accompanying notes to consolidated financial statements.

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

Liabilities and Equity	Millions of yen June 30, 2014	March 31, 2014
Current liabilities:		
Short-term debt	636,021	647,269
Current portion of long-term debt	468,569	464,234
Current portion of non-recourse borrowings of consolidated securitization entities (note 6)	45,971	49,895
Trade payables:		
Notes	14,970	18,926
Accounts	1,232,338	1,331,288
Accrued expenses (note 13)	811,825	937,401
Income taxes	25,593	72,839
Advances received	336,122	298,483
Other current liabilities	522,380	470,430
Total current liabilities	4,093,789	4,290,765
Long-term debt	1,617,388	1,512,720
Non-recourse borrowings of consolidated securitization entities (note 6)	136,466	148,931
Retirement and severance benefits	729,441	749,913
Other liabilities	460,669	462,106
Total liabilities	7,037,753	7,164,435
Commitments and contingencies (note 13)		
Equity (note 12):		
Common stock (note 9)	458,790	458,790
Capital surplus	617,149	617,468
Retained earnings (note 11)	1,589,708	1,587,394
Accumulated other comprehensive loss	(26,668)	(9,265)
Treasury stock, at cost (note 10)	(3,207)	(3,146)
Total Hitachi, Ltd. stockholders' equity	2,635,772	2,651,241
Noncontrolling interests	1,209,453	1,201,223
Total equity	3,845,225	3,852,464
Total liabilities and equity	10,882,978	11,016,899

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Operations

	Millions of yen	
	2014	2013
Revenues	2,136,364	2,082,938
Cost of sales	(1,563,280)	(1,537,074)
Selling, general and administrative expenses	(492,902)	(490,379)
Impairment losses for long-lived assets	(229)	(248)
Restructuring charges (note 14)	(799)	(3,060)
Interest income	2,568	3,173
Dividend income	3,450	3,757
Other income (note 15)	2,886	4,666
Interest charges	(6,393)	(6,319)
Other deductions (note 15)	(3,635)	(2,023)
Equity in net earning (loss) of affiliated companies	3,327	(32)
Income before income taxes	81,357	55,399
Income taxes	(29,274)	(32,766)
Net income	52,083	22,633
Less net income attributable to noncontrolling interests	23,210	11,838
Net income attributable to Hitachi, Ltd. stockholders	28,873	10,795
Net income attributable to Hitachi, Ltd. stockholders per share (note 16):		Yen
Basic	5.98	2.23
Diluted	5.97	2.23

Consolidated Statements of Comprehensive Income

	Millions of yen	
	2014	2013
Net income	52,083	22,633
Other comprehensive income (loss) arising during the period (note 12)		
Foreign currency translation adjustments	(23,480)	59,676
Pension liability adjustments	15,636	13,999
Net unrealized holding gain on available-for-sale securities	950	34,565
Cash flow hedges	(13,348)	5,842
Total other comprehensive income (loss) arising during the period	(20,242)	114,082
Comprehensive income	31,841	136,715
Less comprehensive income attributable to noncontrolling interests	20,386	26,824
Comprehensive income attributable to Hitachi, Ltd. stockholders	11,455	109,891

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Hitachi, Ltd. and Subsidiaries

Three months ended June 30, 2014 and 2013

	Millions of yen	
	2014	2013
Cash flows from operating activities:		
Net income	52,083	22,633
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	81,628	80,030
Amortization	30,468	28,187
Impairment losses for long-lived assets	229	248
Equity in net (earning) loss of affiliated companies	(3,327)	32
Gain on sale of investments in securities and other	(2,979)	(863)
Impairment of investments in securities	39	1,239
(Gain) loss on disposal of rental assets and other property	(555)	211
Decrease in receivables	294,728	280,354
Increase in inventories	(128,771)	(141,198)
Increase in prepaid expenses and other current assets	(24,059)	(39,931)
Decrease in payables	(94,444)	(73,598)
Decrease in accrued expenses and retirement and severance benefits	(125,500)	(145,192)
Decrease in accrued income taxes	(34,740)	(14,595)
Increase in other current liabilities	55,139	44,336
Net change in lease receivables related to the Company’s and its subsidiaries’ products	1,385	2,591
Other	7,750	(1,536)
Net cash provided by operating activities	109,074	42,948
Cash flows from investing activities:		
Capital expenditures	(87,845)	(97,553)
Purchase of intangible assets	(27,448)	(25,935)
Purchase of tangible assets and software to be leased	(94,414)	(117,493)
Proceeds from disposal of property, plant and equipment	8,388	7,432
Proceeds from disposal of tangible assets and software to be leased	9,198	6,144
Collection of investments in leases	70,861	69,854
Purchase of investments in securities and shares of newly consolidated subsidiaries	(15,635)	(4,992)
Proceeds from sale of investments in securities and shares of consolidated subsidiaries resulting in deconsolidation	12,815	2,506
Other	4,697	11,978
Net cash used in investing activities	(119,383)	(148,059)
Cash flows from financing activities:		
Increase (decrease) in short-term debt, net	(12,291)	114,289
Proceeds from long-term debt	177,913	256,618
Payments on long-term debt	(90,429)	(174,982)
Proceeds from sale of common stock by subsidiaries	517	1,556
Dividends paid to Hitachi, Ltd. stockholders	(24,918)	(24,203)
Dividends paid to noncontrolling interests	(14,294)	(8,174)
Acquisition of common stock for treasury	(66)	(71)
Proceeds from sales of treasury stock	5	2
Purchase of shares of consolidated subsidiaries from noncontrolling interest holders	(566)	(1,617)
Proceeds from sale of shares of consolidated subsidiaries to noncontrolling interest holders	339	-
Other	(17)	(36)
Net cash provided by financing activities	36,193	163,382
Effect of exchange rate changes on cash and cash equivalents	(9,508)	17,382
Net increase in cash and cash equivalents	16,376	75,653
Cash and cash equivalents at beginning of period	558,217	527,632
Cash and cash equivalents at end of period	574,593	603,285

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

June 30, 2014

(1) Nature of Operations

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

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

(a) Basis of Presentation

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

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

(b) Principles of Consolidation

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

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

(c) Income Taxes

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

(d) Subsequent Events

The Company has evaluated up to August 8, 2014, the date on which its consolidated financial statements were available to be issued in accordance with the provisions of ASC855, "Subsequent Events."

(3) Investments in Securities and Affiliated Companies

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

	Millions of yen	
	June 30, 2014	March 31, 2014
Investments in securities:		
Available-for-sale securities		
Government debt securities	5,302	5,701
Corporate debt securities	2,295	3,300
Other securities	-	171
	7,597	9,172

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

	Millions of yen	
	June 30, 2014	March 31, 2014
Investments in securities:		
Available-for-sale securities		
Equity securities	408,518	405,214
Government debt securities	1,561	1,555
Corporate debt securities	6,028	5,839
Other securities	11,648	11,247
Held-to-maturity securities	359	359
Cost-method investments	43,109	44,461
Investments in affiliated companies	589,258	608,687
Advances and other	138,350	143,438
	1,198,831	1,220,800

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

	Millions of yen			
	June 30, 2014			
	Amortized cost basis	Gross gains	Gross losses	Aggregate fair value
Short-term investments:				
Government debt securities	5,302	-	-	5,302
Corporate debt securities	2,294	1	-	2,295
	7,596	1	-	7,597
Investments and advances:				
Equity securities	137,029	272,266	777	408,518
Government debt securities	1,537	24	-	1,561
Corporate debt securities	5,737	298	7	6,028
Other securities	11,491	157	-	11,648
	155,794	272,745	784	427,755
	163,390	272,746	784	435,352

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

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

	Millions of yen			
	June 30, 2014			
	Less than 12 months		12 months or longer	
	Aggregate fair value	Gross losses	Aggregate fair value	Gross losses
Investments and advances:				
Equity securities	2,515	495	1,445	282
Corporate debt securities	243	7	-	-
	2,758	502	1,445	282

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

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

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

	Millions of yen	
	Three months ended June 30, 2014	Three months ended June 30, 2013
Purchases	313	1,619
Proceeds from the sale	1,063	1,159
Gross realized gains on the sale	807	365
Gross realized losses on the sale	-	-

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

	Millions of yen		
	Held-to-maturity	Available-for-sale	Total
Due within five years	359	5,729	6,088
Due after five years through ten years	-	1,982	1,982
Due after ten years	-	11,526	11,526
	359	19,237	19,596

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

The aggregate carrying amounts of cost-method investments which were not evaluated for impairment as of June 30, 2014 and March 31, 2014 were ¥43,082 million and ¥44,412 million, respectively, mainly because it was not practicable to estimate the fair value of the investments due to lack of a market price and difficulty in estimating fair value without incurring excessive cost and the Company did not identify any events or changes in circumstances that might have had a significant adverse effect on their fair value.

(4) Allowances for doubtful receivables

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

	Millions of yen	
	June 30, 2014	March 31, 2014
Allowances for doubtful receivables	29,479	31,270

(5) Inventories

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

	Millions of yen	
	June 30, 2014	March 31, 2014
Finished goods	604,500	564,700
Work in process	661,670	596,523
Raw materials	249,101	245,832
	1,515,271	1,407,055

(6) Securitizations

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

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

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

Consolidated SPEs

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

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

	Millions of yen			
	June 30, 2014			
	Lease receivables	Mortgage loans receivable	Others	Total
Cash and cash equivalents	10,061	1,905	1,445	13,411
Current portion of financial assets transferred to consolidated securitization entities	33,355	9,168	5,068	47,591
Financial assets transferred to consolidated securitization entities	60,449	102,199	9,279	171,927
Current portion of non-recourse borrowings of consolidated securitization entities:				
Loans, mainly from banks	11,425	-	1,769	13,194
Beneficial interests in trusts	18,979	10,875	2,923	32,777
	30,404	10,875	4,692	45,971
Non-recourse borrowings of consolidated securitization entities:				
Loans, mainly from banks	15,131	-	2,343	17,474
Beneficial interests in trusts	37,538	75,642	5,812	118,992
	52,669	75,642	8,155	136,466

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

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

Transfers to unconsolidated entities

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

Securitizations of lease receivables:

Hitachi Capital Corporation and certain other subsidiaries sold lease receivables to unconsolidated SPEs and other entities. During the three months ended June 30, 2014 and 2013, proceeds from the transfer of lease receivables were ¥24,580 million and ¥5,840 million, respectively, and net gains and net losses recognized on those transfers were a net gain of ¥585 million and a net loss of ¥2 million, respectively. The subsidiaries retained servicing responsibilities, but did not record a servicing asset or liability because the cost to service the receivables approximated the servicing income.

The amounts of the initial fair value of the subordinated interests for the three months ended June 30, 2014 and 2013 were ¥3,406 million and ¥390 million, respectively. The subordinated interests relating to securitizations of lease receivables are initially classified as Level 3 assets within the fair value hierarchy. The initial fair value of the subordinated interests is determined based on economic assumptions including weighted-average life, expected credit risks, and discount rates.

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

	Millions of yen		
	June 30, 2014		
	Total principal amount of receivables	Principal amount of receivables 90 days or more past due	Net credit loss
Total assets managed or transferred:			
Lease receivables	1,152,134	266	73
Assets transferred	(283,038)		
Assets held in portfolio	869,096		

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

As of June 30, 2014 and March 31, 2014, the amounts of the maximum exposures to losses were ¥113,302 million and ¥108,487 million, respectively. They mainly consist of the subordinated interests and the obligations to purchase assets with a scope that is considerably limited relating to these securitizations of lease receivables. As of June 30, 2014 and March 31, 2014, the amounts of the subordinated interests measured at fair value relating to these securitizations of lease receivables were ¥67,602 million and ¥64,671 million, respectively.

Securitizations of trade receivables:
The Company and certain subsidiaries sold trade receivables mainly to unconsolidated SPEs and other entities. During the three months ended June 30, 2014 and 2013, proceeds from the transfer of trade receivables were ¥123,489 million and ¥145,444 million, respectively, and net losses recognized on those transfers were ¥143 million and ¥97 million, respectively. The Company and certain subsidiaries retained servicing responsibilities, but did not record a servicing asset or liability because the cost to service the receivables approximated the servicing income.

The amounts of the initial fair value of the subordinated interests for the three months ended June 30, 2014 and 2013, were ¥248 million and ¥110 million, respectively. The subordinated interests relating to securitizations of trade receivables are initially classified as Level 3 assets within the fair value hierarchy. The initial fair value of the subordinated interests is determined based on economic assumptions including weighted-average life, expected credit risks, discount rates, and prepayment rates.

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

	Millions of yen		
	June 30, 2014		
	Total principal amount of receivables	Principal amount of receivables 90 days or more past due	Net credit loss
Total assets managed or transferred:			
Trade receivables	963,725	2,070	274
Assets transferred	(225,505)		
Assets held in portfolio	738,220		

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

As of June 30, 2014 and March 31, 2014, the amounts of the maximum exposures to losses were ¥30,407 million and ¥43,549 million, respectively. They mainly consist of the subordinated interests and obligations to purchase assets with a scope that is considerably limited relating to these securitizations of trade receivables. As of June 30, 2014 and March 31, 2014, the amounts of the subordinated interests relating to these securitizations of trade receivables were ¥21,362 million and ¥26,024 million, respectively.

(7) Goodwill and Other Intangible Assets

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

						Millions of yen
	June 30, 2014			March 31, 2014		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Goodwill	330,691	-	330,691	339,148	-	339,148
Amortized intangible assets:						
Software	746,342	657,201	89,141	752,413	659,299	93,114
Software for internal use	589,199	451,367	137,832	577,168	439,688	137,480
Patents	50,787	48,169	2,618	50,586	47,856	2,730
Other	331,061	128,089	202,972	301,917	124,034	177,883
	1,717,389	1,284,826	432,563	1,682,084	1,270,877	411,207
Indefinite-lived intangible assets	12,567	-	12,567	11,126	-	11,126

(8) Retirement and Severance Benefits

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

		Millions of yen
	Three months ended June 30, 2014	Three months ended June 30, 2013
Service cost	20,481	22,343
Interest cost	6,489	6,627
Expected return on plan assets for the period	(9,414)	(8,877)
Amortization of prior service benefit	(3,437)	(4,014)
Amortization of actuarial loss	19,855	22,226
Transfer to defined contribution pension plan	-	(20)
Employees' contributions	(59)	(42)
	33,915	38,243

(9) Common Stock

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

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

(10) Treasury Stock

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

	Shares	
	June 30, 2014	March 31, 2014
Shares of treasury stock	4,491,485	4,407,424

(11) Dividends

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

(12) Equity

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

	Millions of yen		
	Three months ended June 30, 2014		
	Total Hitachi, Ltd. stockholders' equity	Noncontrolling interests	Total equity
Balance at beginning of period	2,651,241	1,201,223	3,852,464
Dividends to Hitachi, Ltd. stockholders	(26,559)	-	(26,559)
Dividends to noncontrolling interests	-	(14,211)	(14,211)
Equity transactions and other	(365)	2,055	1,690
Comprehensive income			
Net income	28,873	23,210	52,083
Other comprehensive income (loss), net of income taxes and reclassification adjustments:			
Foreign currency translation adjustments	(17,974)	(5,506)	(23,480)
Pension liability adjustments	14,372	1,264	15,636
Net unrealized holding gain on available-for-sale securities	574	376	950
Cash flow hedges	(14,390)	1,042	(13,348)
Comprehensive income	11,455	20,386	31,841
Balance at end of period	2,635,772	1,209,453	3,845,225

	Total Hitachi, Ltd. stockholders' equity	Noncontrolling interests	Total equity
	Millions of yen		
	Three months ended June 30, 2013		
Balance at beginning of period	2,082,560	1,096,727	3,179,287
Dividends to Hitachi, Ltd. stockholders	(24,152)	-	(24,152)
Dividends to noncontrolling interests	-	(10,841)	(10,841)
Equity transactions and other	(6,360)	4,681	(1,679)
Comprehensive income			
Net income	10,795	11,838	22,633
Other comprehensive income, net of income taxes and reclassification adjustments:			
Foreign currency translation adjustments	46,548	13,128	59,676
Pension liability adjustments	13,771	228	13,999
Net unrealized holding gain on available-for-sale securities	33,677	888	34,565
Cash flow hedges	5,100	742	5,842
Comprehensive income	109,891	26,824	136,715
Balance at end of period	2,161,939	1,117,391	3,279,330

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

	Foreign currency translation adjustments	Pension liability adjustments	Net unrealized holding gain on available-for-sale securities	Cash flow hedges	Total
	Millions of yen				
	Three months ended June 30, 2014				
Balance at beginning of period	34,049	(186,595)	186,162	(42,881)	(9,265)
Equity transactions and other	15	1	(1)	-	15
Other comprehensive loss, net of reclassification adjustments					
Other comprehensive loss arising during the period	(17,486)	752	965	(14,655)	(30,424)
Reclassification adjustments for realized net loss included in net income	(488)	13,620	(391)	265	13,006
Other comprehensive loss, net of reclassification adjustments	(17,974)	14,372	574	(14,390)	(17,418)
Balance at end of period	16,090	(172,222)	186,735	(57,271)	(26,668)

	Millions of yen				
	Three months ended June 30, 2013				
	Foreign currency translation adjustments	Pension liability adjustments	Net unrealized holding gain on available-for-sale securities	Cash flow hedges	Total
Balance at beginning of period	(91,314)	(308,724)	61,482	(29,778)	(368,334)
Equity transactions and other	(3)	17	(3)	2	13
Other comprehensive income, net of reclassification adjustments					
Other comprehensive income arising during the period	46,549	(170)	33,882	4,891	85,152
Reclassification adjustments for realized net loss included in net income	(1)	13,941	(205)	209	13,944
Other comprehensive income, net of reclassification adjustments	46,548	13,771	33,677	5,100	99,096
Balance at end of period	(44,769)	(294,936)	95,156	(24,676)	(269,225)

The following table represents the reclassification adjustments for realized net loss included in net income by each classification of other comprehensive income (loss) arising during the period ended June 30, 2014 and 2013 with location in consolidated statements of operations.

	Millions of yen		
	Reclassification adjustments for realized net loss included in net income		
	Three months ended June 30, 2014	Three months ended June 30, 2013	Location
Foreign currency translation adjustments:			
	-	(1)	Other income
	(488)	-	Other deductions
Before-tax amount	(488)	(1)	Income before income taxes
Tax benefit (expense)	-	-	Income taxes
Net-of-tax amount	(488)	(1)	Net income attributable to Hitachi, Ltd. stockholders
Pension liability adjustment:			
Prior service benefit	(3,045)	(3,533)	(a)
Actuarial loss	17,880	20,218	(a)
Before-tax amount	14,835	16,685	Income before income taxes
Tax benefit (expense)	(1,215)	(2,744)	Income taxes
Net-of-tax amount	13,620	13,941	Net income attributable to Hitachi, Ltd. stockholders
Net unrealized holding gain on available-for-sale securities:			
	(609)	-	Other income
	-	(310)	Other deductions
Before-tax amount	(609)	(310)	Income before income taxes
Tax benefit (expense)	218	105	Income taxes
Net-of-tax amount	(391)	(205)	Net income attributable to Hitachi, Ltd. Stockholders
Cash flow hedges:			
Forward exchange contracts	-	77	Other income
	412	-	Other deductions
Cross currency swap agreements	-	56	Other income
	(255)	-	Other deductions
Interest rate swaps	172	68	Interest charges
Before-tax amount	329	201	Income before income taxes
Tax benefit (expense)	(64)	8	Income taxes
Net-of-tax amount	265	209	Net income attributable to Hitachi, Ltd. stockholders
Reclassification adjustments for realized net loss included in net income	13,006	13,944	Net income attributable to Hitachi, Ltd. stockholders

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

(13) Commitments and Contingencies

The Company and its subsidiaries are contingently liable for loan guarantees and other guarantees to its affiliates and others in the amount of approximately ¥173,382 million as of June 30, 2014. This includes credit guarantees of ¥76,142 million for collections of receivables associated with the integration of its thermal power systems business.

Hitachi Capital Corporation (HCC) and subsidiaries in financial services segment provide guarantees to financial institutions for extending loans to customers of the subsidiaries. As of June 30, 2014, the undiscounted maximum potential future payments under such guarantees amounted to ¥239,963 million. For providing these guarantees, the subsidiaries obtain collateral appropriate for the amount of the guarantees, and therefore, the Company considers the risk to be low. The Company accrued ¥7,886 million as an obligation to stand ready to perform over the term of the guarantees in the event the customer cannot make scheduled payments.

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

	Millions of yen
Total commitment available	110,509
Less amount utilized	25,777
Balance available	84,732

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

The Company and its subsidiaries have line of credit arrangements with banks in order to secure a financing source for business operations. The total unused lines of credit as of June 30, 2014 amounted to ¥516,308 million, primarily related to unused lines of credit belonging to the Company. The Company maintains commitment line agreements with a number of banks and pays commitment fees as consideration. These commitment agreements generally provide a one-year term, and are subject to renewal at the end of the term. The unused availability under these agreements as of June 30, 2014 amounted to ¥200,000 million. The Company also maintains another commitment line agreement, whose three years and two months term ends in July 2016, with financing companies. The unused availability under this agreement as of June 30, 2014 amounted to ¥200,000 million.

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

	Millions of yen	
	June 30, 2014	March 31, 2014
Notes discounted	1,003	1,158
Notes endorsed	1,217	1,128
	2,220	2,286

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

	Millions of yen	
	Three months ended June 30, 2014	Three months ended June 30, 2013
Balance at beginning of period	41,265	40,114
Expense recognized upon issuance of warranties	2,820	3,615
Usage	(3,193)	(3,041)
Other, including effect of foreign currency translation	(558)	54
Balance at end of period	40,334	40,742

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

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

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

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

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

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

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

In August 2012, a subsidiary in Europe received a complaint filed by a customer in Europe seeking compensation for consequential losses of EUR 1,058 million (¥146,414 million), additional costs and interest allegedly incurred by the delay in the construction process of a power plant against, jointly and severally, the Company, the subsidiary in Europe, a consortium including the Company and the subsidiary in Europe, and two other companies. In addition, in October 2013, the subsidiary in Europe received an additional complaint requesting compensation for consequential losses of EUR 239 million (¥33,124 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 (¥83,925 million) including consequential losses allegedly incurred by the delay in the construction process of a power plant. Although the Company, the subsidiary in Europe, and the consortium consisting of the Company and the subsidiary in Europe, will vigorously defend themselves against this claim, there can be no assurance that they will not be held liable for any amounts claimed.

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

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

(14) Restructuring Charges

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

	Millions of yen	
	Three months ended June 30, 2014	Three months ended June 30, 2013
Special termination benefits	799	3,060

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

	Millions of yen	
	Three months ended June 30, 2014	Three months ended June 30, 2013
Balance at beginning of the period	12,171	15,293
New charges	799	3,060
Cash payments	(10,400)	(14,964)
Foreign currency exchange rate changes	(23)	27
Balance at end of the period	2,547	3,416

The restructuring charges for the three months ended June 30, 2013 mainly consist of special termination benefits for the early-terminated employees of subsidiaries for the purpose of reorganizing businesses which has encountered the deterioration of the business environment in the High Functional Materials & Components segment.

(15) Other Income and Other Deductions

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

	Millions of yen	
	Three months ended June 30, 2014	Three months ended June 30, 2013
Net gain (loss) on securities	2,886	(1,330)
Net loss on sale and disposal of rental assets and other property	(1,247)	(530)
Exchange gain (loss)	(2,188)	2,895

(16) Net Income Per Share Information

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

	Number of shares	
	Three months ended June 30, 2014	Three months ended June 30, 2013
Weighted average number of shares on which basic net income per share is calculated	4,828,954,917	4,830,450,781
Effect of dilutive securities	-	-
Number of shares on which diluted net income per share is calculated	4,828,954,917	4,830,450,781

	Millions of yen	
	Three months ended June 30, 2014	Three months ended June 30, 2013
Net income attributable to Hitachi, Ltd. stockholders	28,873	10,795
Effect of dilutive securities:		
Other	(55)	(16)
Net income attributable to Hitachi, Ltd. stockholders on which diluted net income per share is calculated	28,818	10,779

	Yen	
Net income attributable to Hitachi, Ltd. stockholders per share:		
Basic	5.98	2.23
Diluted	5.97	2.23

(17) Concentrations of Credit Risk

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

(18) Derivative Instruments and Hedging Activities

Overall risk profile

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

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

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

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

Risk management policy

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

Foreign currency exchange rate risk management

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

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

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

Interest rate risk management

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

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

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

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

Fair value hedge

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

Cash flow hedge

Foreign currency exposure:

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

Interest rate exposure:

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

(19) Fair Value

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

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

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

Level 3
Valuations using inputs that are not observable.

Investments in debt and equity securities

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

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

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

Derivatives

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

Subordinated interests resulting from securitization

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

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

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

	Millions of yen			
	June 30, 2014			
		Fair value hierarchy classification		
	Total	Level 1	Level 2	Level 3
Assets:				
Investments in securities				
Equity securities	408,518	407,626	892	-
Government debt securities	6,863	6,543	320	-
Corporate debt securities	8,323	-	3,937	4,386
Other	11,648	11,182	466	-
Derivatives	9,383	-	9,383	-
Subordinated interests resulting from securitization	88,964	-	-	88,964
	533,699	425,351	14,998	93,350
Liabilities:				
Derivatives	(77,258)	-	(77,258)	-

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

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

	Millions of yen		
	Three months ended June 30, 2014		
	Corporate debt securities	Subordinated interests resulting from securitization	Total
Balance at beginning of period	4,392	90,695	95,087
Purchases	-	3,654	3,654
Settlements	-	(5,580)	(5,580)
Total gains or losses (realized/unrealized)			
Included in earnings (a)	(2)	50	48
Included in other comprehensive income (loss)	(4)	145	141
Balance at end of period	4,386	88,964	93,350
The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at June 30, 2014	-	-	-

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

	Millions of yen		
	Three months ended June 30, 2013		
	Corporate debt securities	Subordinated interests resulting from securitization	Total
Balance at beginning of period	13,637	84,688	98,325
Purchases	-	500	500
Settlements	(1,400)	(7,223)	(8,623)
Total gains or losses (realized/unrealized)			
Included in earnings (a)	(1)	50	49
Included in other comprehensive income(loss)	(221)	1,803	1,582
Balance at end of period	12,015	79,818	91,833
The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at June 30, 2013	-	-	-

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

(20) Financing Receivables and Allowance for Doubtful Receivables

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

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

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

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

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

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

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

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

As of June 30, 2014 and March 31, 2014, financing receivables include past due receivables in the amount of ¥41,295 million and ¥36,990 million, respectively. Of these amounts, financing receivables past due 90 days or more and still accruing interest amounted to ¥15,779 million and ¥13,049 million, respectively.

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

	Millions of yen				
	June 30, 2014				
	Finance leases	Installment loans	Mortgage loans	Other financing receivables	Total
Allowance for doubtful receivables					
Balance, March 31, 2014	13,475	2,651	144	3,543	19,813
Provision	878	236	7	677	1,798
Recovery	(1,053)	(33)	(26)	(49)	(1,161)
Write off	(101)	(238)	-	(258)	(597)
Balance, June 30, 2014	13,199	2,616	125	3,913	19,853
Applicable to amounts; Individually evaluated for impairment	8,300	900	40	2,818	12,058
Applicable to amounts; Collectively evaluated for impairment	4,899	1,716	85	1,095	7,795
Financing receivables					
Balance, June 30, 2014	882,295	329,820	144,042	409,934	1,766,091
Applicable to amounts; Individually evaluated for impairment	18,862	1,514	207	6,568	27,151
Applicable to amounts; Collectively evaluated for impairment	863,433	328,306	143,835	403,366	1,738,940

	Finance leases	Installment loans	Mortgage loans	Other financing receivables	Total
					Millions of yen
					June 30, 2013
Allowance for doubtful receivables					
Balance, March 31, 2013	9,946	2,209	153	5,082	17,390
Provision	1,889	948	2	1,767	4,606
Recovery	(1,103)	(504)	(6)	(612)	(2,225)
Write off	(83)	(640)	-	(296)	(1,019)
Acquisitions and divestitures	1,820	73	-	165	2,058
Balance, June 30, 2013	12,469	2,086	149	6,106	20,810
Applicable to amounts; Individually evaluated for impairment	7,419	703	46	3,507	11,675
Applicable to amounts; Collectively evaluated for impairment	5,050	1,383	103	2,599	9,135
Financing receivables					
Balance, June 30, 2013	884,980	240,229	166,021	289,056	1,580,286
Applicable to amounts; Individually evaluated for impairment	20,393	824	94	8,062	29,373
Applicable to amounts; Collectively evaluated for impairment	864,587	239,405	165,927	280,994	1,550,913

In addition, as of June 30, 2014 and March 31, 2014, the amounts of impaired loans relating to receivables which arose from sales of products or services are ¥35,909 million and ¥37,383 million, respectively.

(21) Segment Information

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

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

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

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

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

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

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

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

Construction Machinery:
Hydraulic excavators, Wheel loaders and Mining machinery

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

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

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

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

Financial Services:
Leasing and Loan guarantees

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

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

Revenues from Outside Customers

	Millions of yen	
	Three months ended June 30, 2014	Three months ended June 30, 2013
Information & Telecommunication Systems	370,309	346,537
Power Systems	74,270	138,454
Social Infrastructure & Industrial Systems	250,602	226,887
Electronic Systems & Equipment	226,475	198,035
Construction Machinery	181,840	178,123
High Functional Materials & Components	322,911	321,692
Automotive Systems	219,099	207,273
Smart Life & Ecofriendly Systems	191,594	178,909
Others (Logistics and Other services)	207,547	211,091
Financial Services	91,688	75,849
Subtotal	2,136,335	2,082,850
Corporate items	29	88
Total	2,136,364	2,082,938

Revenues from Intersegment Transactions

	Millions of yen	
	Three months ended June 30, 2014	Three months ended June 30, 2013
Information & Telecommunication Systems	47,985	41,024
Power Systems	13,708	17,096
Social Infrastructure & Industrial Systems	35,883	39,741
Electronic Systems & Equipment	26,146	27,643
Construction Machinery	455	468
High Functional Materials & Components	17,093	16,443
Automotive Systems	519	592
Smart Life & Ecofriendly Systems	9,102	9,233
Others (Logistics and Other services)	82,440	93,002
Financial Services	5,737	5,864
Subtotal	239,068	251,106
Corporate items and Eliminations	(239,068)	(251,106)
Total	-	-

Total Revenues

	Millions of yen	
	Three months ended June 30, 2014	Three months ended June 30, 2013
Information & Telecommunication Systems	418,294	387,561
Power Systems	87,978	155,550
Social Infrastructure & Industrial Systems	286,485	266,628
Electronic Systems & Equipment	252,621	225,678
Construction Machinery	182,295	178,591
High Functional Materials & Components	340,004	338,135
Automotive Systems	219,618	207,865
Smart Life & Ecofriendly Systems	200,696	188,142
Others (Logistics and Other services)	289,987	304,093
Financial Services	97,425	81,713
Subtotal	2,375,403	2,333,956
Corporate items and Eliminations	(239,039)	(251,018)
Total	2,136,364	2,082,938

Segment Profit (Loss)

	Millions of yen	
	Three months ended June 30, 2014	Three months ended June 30, 2013
Information & Telecommunication Systems	3,820	987
Power Systems	(16,088)	(4,172)
Social Infrastructure & Industrial Systems	2,720	1,386
Electronic Systems & Equipment	11,907	1,252
Construction Machinery	11,874	6,137
High Functional Materials & Components	29,547	25,257
Automotive Systems	11,657	9,883
Smart Life & Ecofriendly Systems	9,561	4,287
Others (Logistics and Other services)	6,834	7,812
Financial Services	10,410	9,493
Subtotal	82,242	62,322
Corporate items and Eliminations	2,940	(3,777)
Total Segment profit	85,182	58,545
Interest income	2,568	3,173
Interest charges	(6,393)	(6,319)
Income before income taxes	81,357	55,399

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

Operating Income

	Millions of yen	
	Three months ended June 30, 2014	Three months ended June 30, 2013
Information & Telecommunication Systems	3,979	88
Power Systems	(15,583)	(5,877)
Social Infrastructure & Industrial Systems	2,196	(585)
Electronic Systems & Equipment	12,951	329
Construction Machinery	11,264	11,772
High Functional Materials & Components	26,351	26,047
Automotive Systems	11,831	9,714
Smart Life & Ecofriendly Systems	8,580	2,869
Others (Logistics and Other services)	5,825	4,864
Financial Services	9,164	8,281
Subtotal	76,558	57,502
Corporate items and Eliminations	3,624	(2,017)
Total	80,182	55,485

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

[Cover]

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

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

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

2. Special Notes

   None.