

**FOR IMMEDIATE RELEASE**

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**Hitachi Announces Consolidated Financial Results  
for the Third Quarter ended December 31, 2016**

**Tokyo, February 1, 2017** --- Hitachi, Ltd. (TSE:6501) today announced its consolidated financial results for the third quarter of fiscal 2016, ended December 31, 2016.

Note: All figures were converted at the rate of 116 yen to the U.S. dollar as of December 31, 2016.

## Summary

In billions of yen and millions of U.S. dollars, except Earnings per share attributable to Hitachi, Ltd. stockholders (7).

	Nine months ended December 31			
	Yen (billions)		(B)/(A) (%)	U.S. Dollars (millions)
	2015(A)	2016(B)		2016
1. Revenues	7,230.2	6,519.3	90	56,201
2. Adjusted operating income	408.3	373.1	91	3,216
3. EBIT (Earnings before interest and taxes)	410.9	362.0	88	3,121
4. Income from continuing operations, before income taxes	400.5	356.9	89	3,077
5. Net income	269.4	269.2	100	2,321
6. Net income attributable to Hitachi, Ltd. stockholders	172.9	191.2	111	1,649
7. Earnings per share attributable to Hitachi, Ltd. stockholders	(Yen)	(Yen)		(U.S.Dollars)
Basic	35.82	39.61	111	0.34
Diluted	35.79	39.60	111	0.34

Notes: 1. The Company's consolidated financial statements are prepared based on IFRS.

2. "Adjusted operating income" is presented as revenues less cost of sales as well as selling, general and administrative expenses.

3. "EBIT" is presented as income from continuing operations, before income taxes less interest plus interest charges.

4. The figures are for 914 consolidated subsidiaries and 401 equity-method associates and joint ventures.

5. A part of the thermal power generation systems business is classified as discontinued operations in accordance with the provision of IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations," which was not transferred to Mitsubishi Hitachi Power Systems, Ltd. for the business integration in the thermal power generation systems with Mitsubishi Heavy Industries, Ltd. The results of the discontinued operations are reported separately from continuing operations.

## 1. Qualitative Information Concerning Consolidated Business Results

### (1) Summary of Fiscal 2016 Third Quarter (Nine Months Ended December 31, 2016)

#### Consolidated Business Results

	Nine months ended December 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	6,519.3	(10%)	56,201
Adjusted operating income	373.1	(35.2)	3,216
EBIT	362.0	(48.8)	3,121
Income from continuing operations, before income taxes	356.9	(43.6)	3,077
Income from continuing operations	270.1	(13.7)	2,329
Loss from discontinued operations	(0.8)	+13.5	(7)
Net income	269.2	(0.2)	2,321
Net income attributable to Hitachi, Ltd. stockholders	191.2	+18.2	1,649

During the nine-month period ended December 31, 2016, consumer spending and housing investment remained firm in the U.S. due to improving employment, and capital expenditure and exports recovered. Meanwhile, in Europe, economies slowed in the U.K. due to the result of the Brexit referendum, but those in the euro area continued to grow moderately, underpinned by increasing government expenditure and firm consumer spending. In China, although the economy was supported by infrastructure investments made by the government, the economic slowdown continued. In emerging markets, economies experienced a sense of bottoming out thanks to a slight recovery in crude oil and resource prices, but the economic condition remained tough mainly due to financial outflow caused by weak currency against dollar. In Japan, the yen appreciation continued until early November. However, the economy turned into upward momentum due to the recovery in consumer spending and the reversal of the strong yen trend.

Hitachi's consolidated revenues for the nine-month period ended December 31, 2016 decreased 10% year over year, to 6,519.3 billion yen. The decline resulted mainly from a decrease in yen-based revenues of overseas subsidiaries due to the negative impact of foreign currency translation mainly at the High Functional Materials & Components Segment, and lower year over year revenues in the Others Segment, where Hitachi Transport System, Ltd. was converted to an equity-method associate in May 2016, the Smart Life & Ecofriendly Systems Segment, where the air-conditioning business was reorganized in October 2015, and the Financial Services Segment, where Hitachi Capital Corporation was converted to an equity-method associate in October 2016. This was despite an increase in revenues in the Social Infrastructure & Industrial Systems Segment, where Hitachi acquired the businesses of AnsaldoBreda S.p.A. (excluding a part of its operations) and Ansaldo STS S.p.A. in November 2015.

Adjusted operating income decreased 35.2 billion yen year over year, to 373.1 billion yen, due mainly to the reorganization of Hitachi Transport System, Hitachi Capital and the air-conditioning business, and the negative impact of foreign currency translation.

EBIT decreased 48.8 billion yen year over year, to 362.0 billion yen due to the recognition of structural reform expenses and a decrease in gains on business reorganization and others, as well as lower adjusted operating income.

Income from continuing operations, before income taxes, decreased 43.6 billion yen year over year to 356.9 billion yen. After deducting income taxes of 86.8 billion yen, Hitachi posted income from continuing operations of 270.1 billion yen, down 13.7 billion yen year over year. Net income was 269.2 billion yen, almost flat year over year. Net income attributable to Hitachi, Ltd. stockholders increased 18.2 billion yen year over year to 191.2 billion yen, due to decreases in income taxes and net income attributable to non-controlling interests.

## (2) Revenues, Adjusted Operating Income and EBIT by Segment

Results by segment were as follows:

### [Information & Telecommunication Systems]

	Nine months ended December 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	1,397.3	(7%)	12,046
Adjusted operating income	91.7	+14.2	791
EBIT	51.5	(19.0)	445

Segment revenues were 1,397.3 billion yen, a decrease of 7% year over year, reflecting the negative impact of foreign currency translation for overseas subsidiaries, and decreased revenues from ATMs for overseas markets.

Adjusted operating income was 91.7 billion yen, an increase of 14.2 billion yen year over year, due to the effect of structural reform centered on the telecommunications & network business and an improvement in profitability of the social infrastructure-related information systems.

EBIT decreased 19.0 billion yen year over year to 51.5 billion yen, due to the recognition of structural reform expenses and exchange losses, despite the increase in adjusted operating income.

### [Social Infrastructure & Industrial Systems]

	Nine months ended December 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	1,587.6	5%	13,687
Adjusted operating income	34.0	(1.9)	294
EBIT	36.5	+2.7	315

Segment revenues were 1,587.6 billion yen, up 5% year over year, reflecting substantial revenue growth in the railway systems business due to the acquisition of the businesses of AnsaldoBreda (excluding a part of its operations) and Ansaldo STS, as well as an increase in revenues for the U.K., despite a decreases in revenues in the elevators and escalators business due to the negative impact of foreign currency translation.

Adjusted operating income was 34.0 billion yen, a decrease of 1.9 billion yen year over year, due mainly to the decrease in revenues in the elevators and escalators business because of the negative impact of foreign currency translation, despite higher segment revenues.

EBIT increased 2.7 billion yen year over year to 36.5 billion yen, due mainly to an improvement in the share of profit of investments accounted for using the equity method, despite the decrease in adjusted operating income.

**[Electronic Systems & Equipment]**

	Nine months ended December 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	817.8	1%	7,051
Adjusted operating income	52.5	+8.6	453
EBIT	48.9	+1.7	422

Segment revenues increased 1% year over year to 817.8 billion yen due mainly to increased revenues at Hitachi Koki Co., Ltd. because of the acquisition of Germany-based Metabo AG, despite a decrease in revenues at Hitachi Kokusai Electric Inc. owing to lower sales of semiconductor production equipment and sluggish overseas sales of broadcasting equipment.

Adjusted operating income was 52.5 billion yen, an increase of 8.6 billion yen year over year, mainly reflecting higher earnings at Hitachi High-Technologies Corporation due to firm sales of semiconductor production equipment, despite a decrease in earnings at Hitachi Kokusai Electric Inc. owing to lower revenues.

EBIT increased 1.7 billion yen year over year to 48.9 billion yen. This increase was due mainly to the increase in adjusted operating income, despite the absence of a temporary gain associated with the shift to the defined contribution pension plan that was posted by Hitachi High-Technologies in the same period last year.

**[Construction Machinery]**

	Nine months ended December 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	507.0	(8%)	4,371
Adjusted operating income	10.1	(4.2)	87
EBIT	9.2	+3.7	79

Segment revenues decreased 8% year over year to 507.0 billion yen, due mainly to the effects of weak local currencies in Europe and Oceania, and the continued sluggish market conditions in the Americas and Japan.

Adjusted operating income was 10.1 billion yen, a decrease of 4.2 billion yen year over year, as a result of lower revenues.

EBIT was 9.2 billion yen, a year over year increase of 3.7 billion yen, reflecting an improvement of exchange gains (losses), despite the decline in adjusted operating income.

**[High Functional Materials & Components]**

	Nine months ended December 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	1,067.3	(10%)	9,202
Adjusted operating income	87.9	(5.2)	758
EBIT	91.6	(27.9)	790

Segment revenues decreased 10% year over year to 1,067.3 billion yen. This result mainly reflected a fall in revenues at Hitachi Metals, Ltd. due to declining demand associated with the slower economies in China and emerging countries in Asia, in addition to the negative impact of foreign currency translation.

Adjusted operating income decreased 5.2 billion yen year over year to 87.9 billion yen, due to the decrease in segment revenues.

EBIT was 91.6 billion yen, down 27.9 billion yen year over year, due mainly to the decrease in adjusted operating income, the absence of gains on the sale of equity interest in Hitachi Tool Engineering, Ltd. by Hitachi Metals posted in the same period last year, and the exchange losses.

**[Automotive Systems]**

	Nine months ended December 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	723.1	(2%)	6,234
Adjusted operating income	35.3	(5.7)	305
EBIT	35.5	(3.9)	307

Segment revenues were 723.1 billion yen, down 2% year over year, due mainly to the negative impact of foreign currency translation, despite sales growth particularly in North America and China, where demand for automobiles was firm.

Adjusted operating income was 35.3 billion yen, down 5.7 billion yen year over year, due mainly to the negative impact of foreign currency translation, despite an improvement in capacity utilization at overseas factories.

EBIT was 35.5 billion yen, down 3.9 billion yen year over year, due mainly to the decline in adjusted operating income.

**[Smart Life & Ecofriendly Systems]**

	Nine months ended December 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	420.7	(22%)	3,627
Adjusted operating income	12.1	(5.4)	105
EBIT	19.2	(15.5)	166

Segment revenues decreased 22%, to 420.7 billion yen. This decrease mainly reflected the impact of the reorganization of the air-conditioning business.

Adjusted operating income was 12.1 billion yen, down 5.4 billion yen year over year, due mainly to the reorganization of the air-conditioning business.

EBIT decreased 15.5 billion yen to 19.2 billion yen, mainly as a result of the absence of income arising from the reorganization of the air-conditioning business, which was posted in the same period last year, despite an improvement in the share of profit of investments accounted for using the equity method.

**[Others]**

	Nine months ended December 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	496.4	(47%)	4,280
Adjusted operating income	19.3	(19.3)	167
EBIT	14.6	(23.4)	126

Segment revenues were 496.4 billion yen, down 47% year over year, due mainly to the conversion of Hitachi Transport System to an equity-method associate.

Adjusted operating income was 19.3 billion yen, a decrease of 19.3 billion yen year over year, reflecting the decreased revenues.

EBIT decreased 23.4 billion yen year over year to 14.6 billion yen, due mainly to the decline in adjusted operating income.

Note: From FY 2016, the "Others (Logistics and Other Services)" has been renamed to the "Others."



**[Financial Services]**

	Nine months ended December 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	179.2	(34%)	1,545
Adjusted operating income	21.3	(13.1)	184
EBIT	22.8	(12.9)	197

As Hitachi Capital was converted into an equity-method associate as of October 3, 2016, there is no company which belongs to the Financial Services Segment. Accordingly, only the result for the first half of fiscal 2016 was recorded in this segment.

**(3) Revenues by Market**

	Nine months ended December 31, 2016		
	Yen (billions)	Year over year change	U.S. Dollars (millions)
Japan	3,300.5	(9%)	28,453
Outside Japan	3,218.7	(11%)	27,748
Asia	1,380.0	(16%)	11,897
North America	833.1	(13%)	7,182
Europe	710.1	4%	6,122
Other Areas	295.5	(13%)	2,547

Revenues in Japan were 3,300.5 billion yen, down 9% year over year. This was mainly due to falls in revenues in the Others Segment, where Hitachi Transport System was converted to an equity-method associate, and in the Financial Services Segment, where Hitachi Capital was converted to an equity-method associate.

Overseas revenues decreased 11% year over year to 3,218.7 billion yen. While revenues increased in the Social Infrastructure & Industrial Systems Segment due to the acquisition of the businesses of AnsaldoBreda (excluding a part of its operations) and Ansaldo STS, overseas revenues decreased due to the reorganization of Hitachi Transport System, the air-conditioning business and Hitachi Capital, and the negative impact of foreign currency translation.

As a result, the ratio of overseas revenues to consolidated revenues was 49%, 1 point lower than the same period last year.

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

	Nine months ended December 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Capital expenditures [Manufacturing, Services and Others]	212.6	(70.9)	1,833
Depreciation [Manufacturing, Services and Others]	196.1	(17.4)	1,691
R&D expenditures	234.9	(11.5)	2,025

Capital expenditures in Manufacturing, Services and Others were 212.6 billion yen, down 70.9 billion yen year over year, mainly due to decreases in investments made by the Others Segment, where Hitachi Transport System was converted to an equity-method associate, the Smart Life & Ecofriendly Systems Segment, where the air-conditioning business was reorganized, and the Information & Telecommunication Systems Segment, which focuses on the careful selection of investment projects.

Depreciation in Manufacturing, Services and Others decreased 17.4 billion yen year over year to 196.1 billion yen.

Including Financial Services, capital expenditures were 280.1 billion yen, while depreciation was 235.3 billion yen.

R&D expenditures were 234.9 billion yen, a decrease of 11.5 billion yen year over year. This result mainly reflected the careful selection of development projects in the Information & Telecommunication Systems Segment as a part of structural reforms, and the reorganization of the air-conditioning business.

## 2. Financial Position

### (1) Financial Position

	As of December 31, 2016		
	Yen (billions)	Change from March 31, 2016 (billion yen)	U.S. Dollars (millions)
Total assets	9,640.1	(2,910.8)	83,105
Total liabilities	5,573.2	(2,852.1)	48,045
Interest-bearing debt	1,263.6	(2,340.8)	10,893
Total Hitachi, Ltd. stockholders' equity	2,884.7	+149.6	24,869
Non-controlling interests	1,182.1	(208.3)	10,191
Total Hitachi, Ltd. stockholders' equity ratio	29.9%	8.1 points increase	—
D/E ratio (including non-controlling interests)	0.31 times	0.56 points decrease	—

### [Manufacturing, Services and Others]

	As of December 31, 2016		
	Yen (billions)	Change from March 31, 2016 (billion yen)	U.S. Dollars (millions)
Total assets	9,640.1	(277.7)	83,105
Total liabilities	5,573.2	(560.3)	48,045
Interest-bearing debt	1,263.6	(251.4)	10,893
Total Hitachi, Ltd. stockholders' equity	2,884.7	+343.9	24,869
Non-controlling interests	1,182.1	(61.3)	10,191
Cash Conversion Cycle	70.8 days	0.8 days decrease	—
Total Hitachi, Ltd. stockholders' equity ratio	29.9%	4.3 points increase	—
D/E ratio (including non-controlling interests)	0.31 times	0.09 points decrease	—

As Hitachi Capital was converted into an equity-method associate as of October 3, 2016, there is no balance of total assets, etc. in the Financial Services as of December 31, 2016. Accordingly, the consolidated financial position is equal to the financial position for Manufacturing, Services and Others as of December 31, 2016.

Total assets in Manufacturing, Services and Others decreased 277.7 billion yen from March 31, 2016, to 9,640.1 billion yen. This was the result of converting Hitachi Transport System to an equity-method associate and promoting the collection of trade receivables recorded at the end of the last fiscal year. Interest-bearing debt in Manufacturing, Services and Others decreased 251.4 billion yen from March 31, 2016, to 1,263.6 billion yen, mainly as a result of promoting the repayment of debts. Total Hitachi, Ltd. stockholders' equity in Manufacturing, Services and Others increased 343.9 billion yen from March 31, 2016, to 2,884.7 billion yen, due mainly to the posting of net income attributable to Hitachi, Ltd. stockholders. As a result, the total Hitachi, Ltd. stockholders' equity ratio in Manufacturing, Services and Others improved to 29.9%, and the debt-to-equity ratio, including non-controlling interests, was 0.31 times. The Cash Conversion Cycle in Manufacturing, Services and Others decreased 0.8 days from March 31, 2016 to 70.8 days, chiefly as a result of promoting the prompt collection of trade receivables, despite an increase in inventories, particularly rolling stocks for the U.K.

**[Financial Services]**

	As of December 31, 2016		
	Yen (billions)	Change from March 31, 2016 (billion yen)	U.S. Dollars (millions)
Total assets	—	(3,091.4)	—
Total liabilities	—	(2,744.4)	—
Interest-bearing debt	—	(2,339.5)	—
Total Hitachi, Ltd. stockholders' equity	—	(201.3)	—
Non-controlling interests	—	(145.7)	—

As Hitachi Capital was converted into an equity-method associate as of October 3, 2016, there is no balance of total assets, etc. in the Financial Services as of December 31, 2016.

Accordingly, consolidated total assets decreased 2,910.8 billion yen from March 31, 2016 to 9,640.1 billion yen. Interest-bearing debt decreased 2,340.8 billion yen to 1,263.6 billion yen, and total of Hitachi, Ltd. stockholders' equity increased 149.6 billion yen from March 31, 2016, to 2,884.7 billion yen. As a result, the total Hitachi, Ltd. stockholders' equity ratio was 29.9%, up 8.1 points from March 31, 2016. The debt-to-equity ratio, including non-controlling interests, decreased 0.56 points from March 31, 2016, to 0.31 times.

**(2) Cash Flows**

	Nine months ended December 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Cash flows from operating activities	379.1	(7.1)	3,269
Cash flows from investing activities	(200.6)	+352.2	(1,730)
Free cash flows	178.5	+345.0	1,539
Cash flows from financing activities	(112.0)	(340.6)	(966)

**[Manufacturing, Services and Others]**

	Nine months ended December 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Cash flows from operating activities	388.3	(58.0)	3,348
Cash flows from investing activities	(15.9)	+384.6	(137)
Free cash flows	372.4	+326.5	3,211
Cash flows from financing activities	(269.6)	(293.1)	(2,325)

Operating activities in Manufacturing, Services and Others provided net cash of 388.3 billion yen. Investing activities in Manufacturing, Services and Others used net cash of 15.9 billion yen, 384.6 billion yen less than in the same period last year. The decrease was mainly because there was spending on the acquisition of the businesses of AnsaldoBreda (excluding part of its operations) and Ansaldo STS, and the U.S. Pentaho Corporation, in the same period last year, and also because proceeds from the sales of a part of shares of Hitachi Transport System and Hitachi Capital were posted in nine months ended December 31, 2016. Free cash flows in Manufacturing, Services and Others were positive 372.4 billion yen, an increase of 326.5 billion yen year over year. Financing activities in Manufacturing, Services and Others used net cash of 269.6 billion yen, 293.1 billion yen more than in the same period last year, as a result of promoting the repayment of debts.

**[Financial Services]**

	Nine months ended December 31, 2016		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Cash flows from operating activities	2.2	+49.5	19
Cash flows from investing activities	(274.6)	(123.9)	(2,368)
Free cash flows	(272.4)	(74.4)	(2,349)
Cash flows from financing activities	117.5	(125.4)	1,013

As Hitachi Capital was converted into an equity-method associate as of October 3, 2016, there is no company which belongs to Financial Services. Accordingly, only the cash flows for the first half of fiscal 2016, and the decrease in cash and cash equivalents owned by Hitachi Capital as of the date were recorded in Financial Services.

As a result, consolidated operating activities for the first nine months of fiscal 2016 provided net cash of 379.1 billion yen, 7.1 billion yen less than in the same period last year. Investing activities used net cash of 200.6 billion yen, 352.2 billion yen less than in the same period last year. Free cash flows were positive 178.5 billion yen, an improvement of 345.0 billion yen year over year. Financing activities used net cash of 112.0 billion yen, 340.6 billion yen less than in the same period last year.

Accordingly, cash and cash equivalents were 763.4 billion yen, an increase of 64.1 billion yen during the nine months ended December 31, 2016.

### 3. Outlook for Fiscal 2016

	Year ending March 31, 2017		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	9,000.0	(10%)	77,586
Adjusted operating income	560.0	(74.8)	4,828
EBIT	450.0	(81.0)	3,879
Income from continuing operations, before income taxes	430.0	(87.0)	3,707
Income from continuing operations	300.0	(51.8)	2,586
Loss from discontinued operations	(5.0)	+52.0	(43)
Net income	295.0	+0.2	2,543
Net income attributable to Hitachi, Ltd. stockholders	200.0	+27.8	1,724

Regarding the business environment surrounding Hitachi, a sense of uncertainty over the global economy is growing, given the impact of Brexit and the U.S. trend after the change of administration. In China, the government continues to reduce production capacity, and real estate investments are expected to decelerate with slower housing sales. In Japan, in addition to the recovery of consumer spending and capital expenditures, a positive impact on the economy by large-scale economic measures of the government are expected.

Reflecting these business environments, Hitachi is forecasting the results shown above for fiscal 2016. Projections for the fourth quarter of fiscal 2016 assume exchange rates at 110 yen to the U.S. dollar and 115 yen to the euro.

Hitachi will continue to accelerate the global expansion of its Social Innovation Business and will pursue efforts to strengthen its management base through continuous cost cutting and the review of unprofitable businesses.



Other

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

None

(2) Changes in accounting policy and estimate

None

## **Cautionary Statement**

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

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

- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors Hitachi serves;
- 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;
- 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;
- the possibility of cost fluctuations during the lifetime of, or cancellation of, long-term contracts for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- credit conditions of Hitachi’s customers and suppliers;
- fluctuations in 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;
- 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;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- 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 cost structure overhaul;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property rights;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- the possibility of disruption of Hitachi’s operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- uncertainty as to Hitachi’s ability to maintain the integrity of its information systems, as well as Hitachi’s ability to protect its confidential information or that of its customers; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

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

**Condensed Quarterly Consolidated Statement of Profit or Loss**

	Nine months ended December 31			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2016
	2015 (A)	2016 (B)		
Revenues	7,230,258	6,519,311	90	56,201
Cost of sales	(5,360,333)	(4,817,183)	90	(41,527)
Gross profit	1,869,925	1,702,128	91	14,674
Selling, general and administrative expenses	(1,461,536)	(1,329,021)	91	(11,457)
Adjusted operating income	408,389	373,107	91	3,216
Other income	49,529	42,025	85	362
Other expenses	(50,918)	(69,269)	136	(597)
Financial income	10,077	5,796	58	50
Financial expenses	(20,914)	(23,704)	113	(204)
Share of profits of investments accounted for using the equity method	14,789	34,100	231	294
EBIT (Earnings before interest and taxes)	410,952	362,055	88	3,121
Interest income	9,008	9,623	107	83
Interest charges	(19,386)	(14,715)	76	(127)
Income from continuing operations, before income taxes	400,574	356,963	89	3,077
Income taxes	(116,668)	(86,853)	74	(749)
Income from continuing operations	283,906	270,110	95	2,329
Loss from discontinued operations	(14,423)	(869)	6	(7)
Net income	269,483	269,241	100	2,321
Net income attributable to:				
Hitachi, Ltd. stockholders	172,966	191,264	111	1,649
Non-controlling interests	96,517	77,977	81	672

**Condensed Quarterly Consolidated Statement of Comprehensive Income**

	Nine months ended December 31			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2016
	2015 (A)	2016 (B)		
Net income	269,483	269,241	100	2,321
Other comprehensive income (OCI)				
Items not to be reclassified into net income				
Net changes in financial assets measured at fair value through OCI	(21,662)	36,164	—	312
Remeasurements of defined benefit plans	(494)	(719)	146	(6)
Share of OCI of investments accounted for using the equity method	(537)	(31)	6	(0)
Total items not to be reclassified into net income	(22,693)	35,414	—	305
Items that can be reclassified into net income				
Foreign currency translation adjustments	(79,559)	(26,592)	33	(229)
Net changes in cash flow hedges	7,244	18,434	254	159
Share of OCI of investments accounted for using the equity method	5,869	(10,717)	—	(92)
Total items that can be reclassified into net income	(66,446)	(18,875)	28	(163)
Other comprehensive income (OCI)	(89,139)	16,539	—	143
Comprehensive income	180,344	285,780	158	2,464
Comprehensive income attributable to:				
Hitachi, Ltd. stockholders	109,042	208,520	191	1,798
Non-controlling interests	71,302	77,260	108	666

**Condensed Quarterly Consolidated Statement of Financial Position**

	Yen (millions)		(B)-(A)	U.S. Dollars (millions)
	As of March 31, 2016 (A)	As of December 31, 2016 (B)		As of December 31, 2016
Total Assets	12,551,005	9,640,179	(2,910,826)	83,105
Current assets	5,872,555	4,945,111	(927,444)	42,630
Cash and cash equivalents	699,315	763,416	64,101	6,581
Trade receivables	2,992,770	2,184,405	(808,365)	18,831
Lease receivables	338,758	39,733	(299,025)	343
Inventories	1,299,855	1,426,769	126,914	12,300
Other current assets	541,857	530,788	(11,069)	4,576
Non-current assets	6,678,450	4,695,068	(1,983,382)	40,475
Investments accounted for using the equity method	676,960	794,022	117,062	6,845
Investments in securities and other financial assets	1,329,974	682,567	(647,407)	5,884
Lease receivables	727,485	33,066	(694,419)	285
Property, plant and equipment	2,500,226	1,991,313	(508,913)	17,166
Intangible assets	1,070,403	923,742	(146,661)	7,963
Other non-current assets	373,402	270,358	(103,044)	2,331
Total Liabilities and Equity	12,551,005	9,640,179	(2,910,826)	83,105
Total Liabilities	8,425,435	5,573,266	(2,852,169)	48,045
Current liabilities	4,994,216	3,620,230	(1,373,986)	31,209
Short-term debt	871,417	269,501	(601,916)	2,323
Current portion of long-term debt	651,518	174,457	(477,061)	1,504
Other financial liabilities	280,048	291,755	11,707	2,515
Trade payables	1,451,918	1,342,555	(109,363)	11,574
Other current liabilities	1,739,315	1,541,962	(197,353)	13,293
Non-current liabilities	3,431,219	1,953,036	(1,478,183)	16,837
Long-term debt	2,081,520	819,677	(1,261,843)	7,066
Other financial liabilities	115,155	40,691	(74,464)	351
Retirement and severance benefits	783,670	712,497	(71,173)	6,142
Other non-current liabilities	450,874	380,171	(70,703)	3,277
Total Equity	4,125,570	4,066,913	(58,657)	35,060
Hitachi, Ltd. stockholders' equity	2,735,078	2,884,773	149,695	24,869
Common stock	458,790	458,790	0	3,955
Capital surplus	586,790	586,136	(654)	5,053
Retained earnings	1,609,761	1,750,943	141,182	15,094
Accumulated other comprehensive income	83,543	92,776	9,233	800
(Foreign currency translation adjustments)	118,635	97,245	(21,390)	838
(Remeasurements of defined benefit plans)	(42,337)	(39,766)	2,571	(343)
(Net changes in financial assets measured at fair value through OCI)	147,852	172,186	24,334	1,484
(Net changes in cash flow hedges)	(140,607)	(136,889)	3,718	(1,180)
Treasury stock, at cost	(3,806)	(3,872)	(66)	(33)
Non-controlling interests	1,390,492	1,182,140	(208,352)	10,191

**Condensed Quarterly Consolidated Statement of Changes in Equity**

Yen (millions)

	Yen (millions)							
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
As of March 31, 2015	458,790	608,416	1,477,517	401,100	(3,542)	2,942,281	1,354,061	4,296,342
Reclassified into retained earnings	-	-	9,816	(9,816)	-	-	-	-
Net income	-	-	172,966	-	-	172,966	96,517	269,483
Other comprehensive loss	-	-	-	(63,924)	-	(63,924)	(25,215)	(89,139)
Cash dividends	-	-	(57,941)	-	-	(57,941)	(39,265)	(97,206)
Changes in treasury stock	-	1	-	-	(245)	(244)	-	(244)
Equity transactions and other	-	(4,440)	-	52	-	(4,388)	27,312	22,924
Total changes in equity	-	(4,439)	124,841	(73,688)	(245)	46,469	59,349	105,818
As of December 31, 2015	458,790	603,977	1,602,358	327,412	(3,787)	2,988,750	1,413,410	4,402,160
As of March 31, 2016	458,790	586,790	1,609,761	83,543	(3,806)	2,735,078	1,390,492	4,125,570
Reclassified into retained earnings	-	-	7,857	(7,857)	-	-	-	-
Net income	-	-	191,264	-	-	191,264	77,977	269,241
Other comprehensive income	-	-	-	17,256	-	17,256	(717)	16,539
Cash dividends	-	-	(57,939)	-	-	(57,939)	(37,476)	(95,415)
Changes in treasury stock	-	(15)	-	-	(66)	(81)	-	(81)
Equity transactions and other	-	(639)	-	(166)	-	(805)	(248,136)	(248,941)
Total changes in equity	-	(654)	141,182	9,233	(66)	149,695	(208,352)	(58,657)
As of December 31, 2016	458,790	586,136	1,750,943	92,776	(3,872)	2,884,773	1,182,140	4,066,913

U.S. Dollars (millions)

	U.S. Dollars (millions)							
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
As of March 31, 2016	3,955	5,059	13,877	720	(33)	23,578	11,987	35,565
Reclassified into retained earnings	-	-	68	(68)	-	-	-	-
Net income	-	-	1,649	-	-	1,649	672	2,321
Other comprehensive income	-	-	-	149	-	149	(6)	143
Cash dividends	-	-	(499)	-	-	(499)	(323)	(823)
Changes in treasury stock	-	(0)	-	-	(1)	(1)	-	(1)
Equity transactions and other	-	(6)	-	(1)	-	(7)	(2,139)	(2,146)
Total changes in equity	-	(6)	1,217	80	(1)	1,290	(1,796)	(506)
As of December 31, 2016	3,955	5,053	15,094	800	(33)	24,869	10,191	35,060

**Condensed Quarterly Consolidated Statement of Cash Flows**

	Nine months ended December 31		
	Yen (millions)		U.S. Dollars (millions)
	2015	2016	2016
<b>Cash flows from operating activities</b>			
Net income	269,483	269,241	2,321
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	372,305	320,915	2,767
Change in receivables	184,292	116,473	1,004
Change in inventories	(163,589)	(184,285)	(1,589)
Change in payables	(66,538)	41,279	356
Other	(209,578)	(184,446)	(1,590)
Net cash provided by (used in) operating activities	386,375	379,177	3,269
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(283,113)	(231,553)	(1,996)
Purchase of intangible assets	(79,827)	(70,069)	(604)
Purchase of leased assets	(392,234)	(264,487)	(2,280)
Proceeds from sale of property, plant, equipment, and intangible assets	8,843	26,696	230
Proceeds from sale of leased assets	20,110	10,415	90
Collection of lease receivables	251,285	164,516	1,418
Proceeds from sale (purchase) of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method), net	(82,847)	123,433	1,064
Other	4,864	40,401	348
Net cash provided by (used in) investing activities	(552,919)	(200,648)	(1,730)
<b>Free cash flows</b>	<b>(166,544)</b>	<b>178,529</b>	<b>1,539</b>
<b>Cash flows from financing activities</b>			
Change in interest-bearing debt	333,920	(20,405)	(176)
Dividends paid to stockholders	(57,929)	(57,977)	(500)
Dividends paid to non-controlling interests	(41,492)	(36,300)	(313)
Other	(5,828)	2,656	23
Net cash provided by (used in) financing activities	228,671	(112,026)	(966)
Effect of exchange rate changes on cash and cash equivalents	(27,705)	(2,402)	(21)
Change in cash and cash equivalents	34,422	64,101	553
Cash and cash equivalents at beginning of period	701,703	699,315	6,029
Cash and cash equivalents at end of period	736,125	763,416	6,581

**Segment Information**  
**(1) Business Segments**

	Nine months ended December 31			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2016
	2015 (A)	2016 (B)		
Information & Telecommunication Systems	1,501,646 19%	1,397,385 19%	93	12,046
Social Infrastructure & Industrial Systems	1,514,416 19%	1,587,645 22%	105	13,687
Electronic Systems & Equipment	808,107 10%	817,898 11%	101	7,051
Construction Machinery	549,142 7%	507,006 7%	92	4,371
High Functional Materials & Components	1,188,240 15%	1,067,395 15%	90	9,202
Automotive Systems	741,527 9%	723,156 10%	98	6,234
Smart Life & Ecofriendly Systems	539,058 7%	420,725 6%	78	3,627
Others	935,687 11%	496,435 7%	53	4,280
Financial Services	272,923 3%	179,212 3%	66	1,545
Subtotal	8,050,746 100%	7,196,857 100%	89	62,042
Corporate items & Eliminations	(820,488)	(677,546)	—	(5,841)
<b>Revenues Total</b>	<b>7,230,258</b>	<b>6,519,311</b>	<b>90</b>	<b>56,201</b>
Information & Telecommunication Systems	77,483 20%	91,715 25%	118	791
Social Infrastructure & Industrial Systems	36,055 9%	34,095 9%	95	294
Electronic Systems & Equipment	43,979 11%	52,592 15%	120	453
Construction Machinery	14,327 4%	10,105 3%	71	87
High Functional Materials & Components	93,238 23%	87,960 24%	94	758
Automotive Systems	41,085 10%	35,385 10%	86	305
Smart Life & Ecofriendly Systems	17,553 4%	12,130 3%	69	105
Others	38,671 10%	19,318 5%	50	167
Financial Services	34,455 9%	21,336 6%	62	184
Subtotal	396,846 100%	364,636 100%	92	3,143
Corporate items & Eliminations	11,543	8,471	—	73
<b>Adjusted operating income Total</b>	<b>408,389</b>	<b>373,107</b>	<b>91</b>	<b>3,216</b>
Information & Telecommunication Systems	70,618 17%	51,579 15%	73	445
Social Infrastructure & Industrial Systems	33,879 8%	36,584 11%	108	315
Electronic Systems & Equipment	47,159 11%	48,917 15%	104	422
Construction Machinery	5,493 1%	9,216 3%	168	79
High Functional Materials & Components	119,563 28%	91,640 28%	77	790
Automotive Systems	39,504 9%	35,580 11%	90	307
Smart Life & Ecofriendly Systems	34,802 8%	19,280 6%	55	166
Others	38,105 9%	14,672 4%	39	126
Financial Services	35,762 9%	22,841 7%	64	197
Subtotal	424,885 100%	330,309 100%	78	2,847
Corporate items & Eliminations	(13,933)	31,746	—	274
<b>EBIT Total</b>	<b>410,952</b>	<b>362,055</b>	<b>88</b>	<b>3,121</b>

Notes: Revenues by business segment include intersegment transactions.

**(2) Revenues by Market**

	Nine months ended December 31			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2016
	2015 (A)	2016 (B)		
Japan	3,609,643 50%	3,300,518 51%	91	28,453
Asia	1,640,173 23%	1,380,044 21%	84	11,897
North America	961,159 13%	833,136 13%	87	7,182
Europe	680,740 9%	710,106 11%	104	6,122
Other Areas	338,543 5%	295,507 4%	87	2,547
Overseas Revenues Subtotal	3,620,615 50%	3,218,793 49%	89	27,748
Total Revenues	7,230,258 100%	6,519,311 100%	90	56,201



**Supplementary Information for Condensed Quarterly Financial Results  
for the Third Quarter ended December 31, 2016**

**Consolidated Financial Statements by Manufacturing, Services and Others and Financial Services**

**(1) Summarized Quarterly Consolidated Statement of Financial Position by Manufacturing, Services and Others and Financial Services**

(Billions of yen)

	As of March 31, 2016			As of December 31, 2016		
	Manufacturing, Services and Others	Financial Services	Total	Manufacturing, Services and Others	Financial Services	Total
Total Assets	9,917.9	3,091.4	12,551.0	9,640.1	—	9,640.1
Current assets	4,995.6	1,256.8	5,872.5	4,945.1	—	4,945.1
Cash and cash equivalents	660.9	157.0	699.3	763.4	—	763.4
Trade receivables	2,472.0	710.7	2,992.7	2,184.4	—	2,184.4
Lease receivables	45.6	311.9	338.7	39.7	—	39.7
Inventories	1,291.5	3.7	1,299.8	1,426.7	—	1,426.7
Other current assets	525.3	73.3	541.8	530.7	—	530.7
Non-current assets	4,922.3	1,834.6	6,678.4	4,695.0	—	4,695.0
Investments accounted for using the equity method	676.3	20.4	676.9	794.0	—	794.0
Investments in securities and other financial assets	681.6	675.9	1,329.9	682.5	—	682.5
Lease receivables	38.2	729.8	727.4	33.0	—	33.0
Property, plant and equipment	2,193.6	307.5	2,500.2	1,991.3	—	1,991.3
Intangible assets	1,007.7	62.6	1,070.4	923.7	—	923.7
Other non-current assets	324.6	38.1	373.4	270.3	—	270.3
Total Liabilities and Equity	9,917.9	3,091.4	12,551.0	9,640.1	—	9,640.1
Total Liabilities	6,133.5	2,744.4	8,425.4	5,573.2	—	5,573.2
Current liabilities	4,095.5	1,323.2	4,994.2	3,620.2	—	3,620.2
Short-term debt	529.8	497.6	871.4	269.5	—	269.5
Current portion of long-term debt	234.9	485.6	651.5	174.4	—	174.4
Other financial liabilities	265.5	40.1	280.0	291.7	—	291.7
Trade payables	1,379.0	228.9	1,451.9	1,342.5	—	1,342.5
Other current liabilities	1,686.1	70.8	1,739.3	1,541.9	—	1,541.9
Non-current liabilities	2,038.0	1,421.1	3,431.2	1,953.0	—	1,953.0
Long-term debt	750.3	1,356.2	2,081.5	819.6	—	819.6
Other financial liabilities	85.0	28.7	115.1	40.6	—	40.6
Retirement and severance benefits	774.1	9.5	783.6	712.4	—	712.4
Other non-current liabilities	428.5	26.6	450.8	380.1	—	380.1
Total Equity	3,784.3	347.0	4,125.5	4,066.9	—	4,066.9
Hitachi, Ltd. stockholders' equity	2,540.8	201.3	2,735.0	2,884.7	—	2,884.7
Non-controlling interests	1,243.5	145.7	1,390.4	1,182.1	—	1,182.1
Interest-bearing debt	1,515.0	2,339.5	3,604.4	1,263.6	—	1,263.6
Total Hitachi, Ltd. stockholders' equity ratio	25.6%	6.5%	21.8%	29.9%	—	29.9%
D/E ratio (including non-controlling interests) (times)	0.40	6.74	0.87	0.31	—	0.31

**(2) Summarized Quarterly Consolidated Statement of Profit or Loss by Manufacturing, Services and Others and Financial Services**

(Billions of yen)

	Fiscal 2015 Nine months ended December 31			Fiscal 2016 Nine months ended December 31		
	Manufacturing, Services and Others	Financial Services	Total	Manufacturing, Services and Others	Financial Services	Total
Revenues	7,064.9	272.9	7,230.2	6,410.4	179.2	6,519.3
Adjusted operating income	371.7	34.4	408.3	352.6	21.3	373.1
EBIT	380.7	35.7	410.9	345.0	22.8	362.0
Income from continuing operations, before income taxes	370.8	35.7	400.5	340.3	22.8	356.9
Net income attributable to Hitachi, Ltd. stockholders	163.2	14.9	172.9	187.8	9.7	191.2

**(3) Summarized Quarterly Consolidated Statement of Cash Flows by Manufacturing, Services and Others and Financial Services**

(Billions of yen)

	Fiscal 2015 Nine months ended December 31			Fiscal 2016 Nine months ended December 31		
	Manufacturing, Services and Others	Financial Services	Total	Manufacturing, Services and Others	Financial Services	Total
Cash flows from operating activities	446.4	(47.2)	386.3	388.3	2.2	379.1
Cash flows from investing activities	(400.5)	(150.7)	(552.9)	(15.9)	(274.6)	(200.6)
Free cash flows	45.8	(198.0)	(166.5)	372.4	(272.4)	178.5
Cash flows from financing activities	23.4	243.0	228.6	(269.6)	117.5	(112.0)
Effect of exchange rate changes on cash and cash equivalents	(27.0)	(0.6)	(27.7)	(0.2)	(2.1)	(2.4)
Change in cash and cash equivalents	42.2	44.3	34.4	102.4	(157.0)	64.1
Cash and cash equivalents at beginning of period	654.7	119.7	701.7	660.9	157.0	699.3
Cash and cash equivalents at end of period	697.0	164.1	736.1	763.4	-	763.4

Notes: 1. Figures here represent information voluntarily prepared by the Company.

2. Total figures exclude inter-segment transactions.

3. As Hitachi Capital was converted into an equity-method associate as of October 3, 2016, there is no company which belongs to Financial Services. Accordingly, there is no balance of total assets, total liabilities and total equity in summarized quarterly consolidated statement of financial position for Financial Services as of December 31, 2016.

In addition, only the result for the first half of fiscal 2016 was recorded in summarized quarterly consolidated statement of profit or loss for Financial Services and only the cash flows for the first half of fiscal 2016 and the decrease in cash and cash equivalents owned by Hitachi Capital as of the date were recorded in summarized quarterly consolidated statement of cash flows for Financial Services.

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