

1. Qualitative Information Concerning Consolidated Business Results
(1) Summary of Fiscal 2013 Second Quarter (Three Months Ended September 30, 2013) and First Half (Six Months Ended September 30, 2013) Consolidated Business Results

	Three months ended September 30, 2013			Six months ended September 30, 2013		
	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)
Revenues	2,387.7	7%	24,365	4,470.6	3%	45,619
Operating income	117.9	17.9	1,204	173.4	9.8	1,770
EBIT (Earnings before interest and taxes)	83.4	11.6	852	142.0	17.9	1,449
Income before income taxes	80.1	12.7	818	135.5	19.2	1,383
Net income	46.7	1.5	477	69.3	3.8	708
Net income attributable to Hitachi, Ltd. stockholders	21.9	(1.1)	224	32.7	2.6	334

During the first half of fiscal 2013, the U.S. continued to experience an economic recovery. However, the economic climate in Europe remained sluggish, and growth in the Indian, Brazilian and other economies also slowed. As a result, greater uncertainty surrounded the global economic outlook.

Meanwhile, the Japanese economy continued its modest recovery, as highlighted by rising exports and increased consumer spending spurred by the strong yen's correction and higher share prices resulting from massive quantitative easing.

In this overall business environment, the Hitachi Group worked to win more orders in global markets by leveraging its Social Innovation Business. At the same time, Hitachi worked to strengthen its management base through the Hitachi Smart Transformation Project.

Hitachi's consolidated revenues for the first half of fiscal 2013 increased 3% year over year to 4,470.6 billion yen. This increase was due mainly to higher revenues year over year in the Social Infrastructure & Industrial Systems Segment primarily resulting from strong sales of elevators and escalators in China; in the Information & Telecommunication Systems Segment, due to strong services revenues; and in the Digital Media & Consumer Products Segment, due to growth in sales of air-conditioning equipment and home appliances, particularly overseas. Conversely, revenues declined year over year in the Power Systems Segment because of lower revenues in the nuclear power generation systems business in Japan.

Hitachi posted operating income of 173.4 billion yen, up 9.8 billion yen from the first half of fiscal 2012. This result mainly reflected higher year over year operating income in the High Functional Materials & Components Segment, due mainly to a recovery in automobile-related markets and the benefits of business structure reforms, and an improvement in the Construction Machinery and Information & Telecommunication

Systems segments. Operating income declined in the Electronic Systems & Equipment and Power Systems segments in line with lower revenues.

EBIT increased 17.9 billion yen year over year to 142.0 billion yen.

Hitachi posted net other deductions of 37.9 billion yen, a 9.4 billion yen improvement year over year. This was mainly the result of improved equity in net earnings of affiliated companies and effect of foreign exchange movements. However, Hitachi posted the fine due to violations of U.S. antitrust laws, which Hitachi Automotive Systems, Ltd. -- subsidiary of Hitachi -- has agreed to pay with the United States Department of Justice, in the amount of 195 million U.S. dollars (19.0 billion yen) on other deductions..

As a result, Hitachi recorded income before income taxes of 135.5 billion yen, up 19.2 billion yen year over year. After deducting taxes of 66.1 billion yen, Hitachi posted net income of 69.3 billion yen, up 3.8 billion yen year over year. After deducting net income attributable to noncontrolling interests of 36.5 billion yen, Hitachi posted net income attributable to Hitachi, Ltd. stockholders of 32.7 billion yen, up 2.6 billion yen year over year.

For the second quarter of fiscal 2013, the three months ended September 30, 2013, consolidated revenues were up 7% year over year to 2,387.7 billion yen. Operating income increased 17.9 billion yen year over year to 117.9 billion yen with all segments recording profits, with the exception of the Digital Media & Consumer Products Segment. EBIT increased 11.6 billion yen year over year to 83.4 billion yen, mainly reflecting higher operating income. Hitachi posted net income attributable to Hitachi, Ltd. stockholders of 21.9 billion yen, a 1.1 billion yen decline year over year.

(2) Revenues and Operating Income by Segment

Results by segment were as follows:

[Information & Telecommunication Systems]

	Three months ended September 30, 2013			Six months ended September 30, 2013		
	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)
Revenues	493.6	7%	5,038	884.7	6%	9,028
Operating income	31.3	2.7	320	31.3	4.1	320
EBIT	28.3	4.9	289	28.9	6.5	296

For the first half of fiscal 2013, the segment recorded revenues of 884.7 billion yen, an increase of 6% year over year due mainly to increased sales in services and of ATMs, as well as realizing benefits from foreign currency fluctuations.

The segment recorded operating income of 31.3 billion yen, an increase of 4.1 billion yen year over year. This increase mainly reflected higher revenues and progress with cost-cutting programs.

EBIT was 28.9 billion yen, an increase of 6.5 billion yen year over year, mainly reflecting higher operating income and foreign exchange gains.

For the second quarter of fiscal 2013, the segment recorded revenues of 493.6 billion yen, up 7% year over year. Segment operating income increased 2.7 billion yen to 31.3 billion yen year over year. EBIT increased 4.9 billion yen year over year to 28.3 billion yen, due mainly to higher operating income and lower foreign exchange losses.

[Power Systems]

	Three months ended September 30, 2013			Six months ended September 30, 2013		
	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)
Revenues	220.7	(1%)	2,253	376.3	(9%)	3,840
Operating income	8.0	3.0	82	2.1	(5.2)	22
EBIT	7.6	3.6	78	3.4	(2.4)	35

For the first half of fiscal 2013, segment revenues declined 9% year over year to 376.3 billion yen, due mainly to a significant decline in preventive maintenance services for nuclear power generation systems, despite higher revenues from transmission & distribution systems.

The segment recorded operating income of 2.1 billion yen, down 5.2 billion yen year over year in line with the lower revenues.

EBIT decreased 2.4 billion yen year over year to 3.4 billion yen, despite foreign exchange gains. The decline was due mainly to lower operating income.

For the second quarter of fiscal 2013, the segment recorded revenues of 220.7 billion yen, down 1% year over year. Segment operating income was 8.0 billion yen, up 3.0 billion yen year over year. EBIT was 7.6 billion yen, up 3.6 billion yen year over year, due mainly to higher operating income.

[Social Infrastructure & Industrial Systems]

	Three months ended September 30, 2013			Six months ended September 30, 2013		
	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)
Revenues	339.7	11%	3,467	597.3	10%	6,095
Operating income	3.0	(2.1)	31	2.6	(0.5)	27
EBIT	4.5	(0.8)	46	6.3	3.1	65

For the first half of fiscal 2013, segment revenues were 597.3 billion yen, up 10% year over year. This increase was due mainly to strong sales of elevators and escalators in China, and healthy sales in the rail systems business.

The segment recorded operating income of 2.6 billion yen, down 0.5 billion yen year over year. Although the segment recorded higher earnings on increased revenues in the elevators and escalators business, profitability was lower in overseas projects in the infrastructure systems business.

EBIT increased 3.1 billion yen year over year to 6.3 billion yen, despite lower operating income. The increase mainly reflected foreign exchange gains and gains on the sale of fixed assets.

For the second quarter of fiscal 2013, the segment recorded revenues of 339.7 billion yen, up 11% year over year. Operating income declined 2.1 billion yen year over year to 3.0 billion yen. EBIT declined 0.8 billion yen year over year to 4.5 billion yen, due mainly to lower operating income.

[Electronic Systems & Equipment]

	Three months ended September 30, 2013			Six months ended September 30, 2013		
	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)
Revenues	274.2	3%	2,798	499.8	(2%)	5,101
Operating income	10.3	0.0	105	10.6	(9.1)	109
EBIT	8.0	(0.6)	82	9.3	(7.8)	95

For the first half of fiscal 2013, segment revenues declined 2% year over year to 499.8 billion yen. Although sales of power tools increased at Hitachi Koki Co., Ltd., sales of semiconductor manufacturing systems and medical analysis systems declined at Hitachi High-Technologies Corporation.

Segment operating income declined 9.1 billion yen to 10.6 billion yen, due mainly to lower earnings at Hitachi High-Technologies in line with lower sales.

EBIT declined 7.8 billion yen year over year to 9.3 billion yen, despite the recording of foreign exchange gains. This decline mainly reflected lower operating income and business structure reform-related expenses.

For the second quarter of fiscal 2013, the segment recorded revenues of 274.2 billion yen, a 3% increase year over year. Operating income was 10.3 billion yen, which is on par with the second quarter of fiscal 2012. EBIT declined 0.6 billion yen year over year to 8.0 billion yen, due mainly to the booking of business structure reform-related expenses.

[Construction Machinery]

	Three months ended September 30, 2013			Six months ended September 30, 2013		
	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)
Revenues	179.4	5%	1,831	358.0	(3%)	3,654
Operating income	17.6	8.9	180	29.4	6.6	300
EBIT	20.5	1.4	210	26.6	(3.1)	272

For the first half of fiscal 2013, the segment recorded revenues of 358.0 billion yen, down 3% year over year, despite higher sales of hydraulic excavators in China and Japan. The overall decline mainly reflected lower sales of mining machinery in Asia and Oceania.

Segment operating income rose 6.6 billion yen year over year to 29.4 billion yen, due mainly to progress with cost-cutting programs.

EBIT declined 3.1 billion yen year over year to 26.6 billion yen, despite an increase in operating income. The decline mainly reflected the recording of large gains on the sale of subsidiary shares due to business restructuring during the same period of fiscal 2012 and foreign exchange losses in the first half of fiscal 2013.

For the second quarter of fiscal 2013, segment revenues increased 5% year over year to 179.4 billion yen. Operating income increased 8.9 billion yen year over year to 17.6 billion yen. Despite the absence of the aforementioned gains on the sale of shares recorded in the second quarter of fiscal 2012, EBIT rose 1.4 billion yen year over year to 20.5 billion yen, due mainly to higher operating income in the second quarter and gains on the sale of fixed assets.

[High Functional Materials & Components]

	Three months ended September 30, 2013			Six months ended September 30, 2013		
	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)
Revenues	331.4	0%	3,382	669.5	(1%)	6,833
Operating income	23.2	5.0	237	49.2	11.0	503
EBIT	23.9	6.7	245	49.2	11.6	502

For the first half of fiscal 2013, segment revenues declined 1% year over year to 669.5 billion yen. Although the segment benefited from increased demand for automobile products and certain electronics-related materials, segment revenues were impacted by weak demand for hard disk drives.

Segment operating income increased 11.0 billion yen year over year to 49.2 billion yen. This mainly reflected strong sales of automobile products and the benefits of business structure reforms.

EBIT increased 11.6 billion yen year over year to 49.2 billion yen, due mainly to the increase in operating income.

For the second quarter of fiscal 2013, the segment recorded revenues of 331.4 billion yen, which is largely the same as the corresponding period of fiscal 2012. Operating income increased 5.0 billion yen year over year to 23.2 billion yen. EBIT rose 6.7 billion yen year over year to 23.9 billion yen, due mainly to the higher operating income and foreign exchange gains.

[Automotive Systems]

	Three months ended September 30, 2013			Six months ended September 30, 2013		
	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)
Revenues	218.9	11%	2,234	426.7	6%	4,355
Operating income	11.1	1.1	113	20.8	1.5	213
EBIT	(7.8)	(17.8)	(80)	2.0	(16.2)	21

For the first half of fiscal 2013, the segment recorded revenues of 426.7 billion yen, up 6% year over year. The increase was mainly due to robust demand in the overseas automotive markets, especially in North America and China.

Operating income increased 1.5 billion yen year over year to 20.8 billion yen, due mainly to higher revenues and associated improvement in capacity utilization.

EBIT decreased 16.2 billion yen year over year to 2.0 billion yen. This was mainly attributable to the U.S. \$195 million (19.0 billion yen) fine levied by the United States Department of Justice for violating U.S. antitrust laws.

For the second quarter of fiscal 2013, segment revenues increased 11% year over year to 218.9 billion yen. Operating income increased 1.1 billion yen year over year to 11.1 billion yen. EBIT was negative 7.8 billion yen, worse 17.8 billion yen year over year, due mainly to the aforementioned fine.

[Digital Media & Consumer Products]

	Three months ended September 30, 2013			Six months ended September 30, 2013		
	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)
Revenues	231.5	10%	2,362	459.1	7%	4,685
Operating income	(1.4)	0.9	(15)	(0.8)	1.5	(9)
EBIT	(2.8)	(0.7)	(29)	(1.0)	0.9	(11)

For the first half of fiscal 2013, segment revenues increased 7% year over year to 459.1 billion yen. This result reflected mainly growth in sales of air-conditioning equipment and home appliances, primarily in overseas markets.

The segment recorded an operating loss of 0.8 billion yen, an improvement of 1.5 billion yen year over year. In addition to higher revenues, this result was attributable mainly to the benefits of business structure reforms in the digital media business.

EBIT was negative 1.0 billion yen, an improvement of 0.9 billion yen year over year. A narrower operating loss was the main reason for the improvement.

For the second quarter of fiscal 2013, segment revenues increased 10% year over year to 231.5 billion yen. The segment recorded an operating loss of 1.4 billion yen, an improvement of 0.9 billion yen year over year. EBIT was negative 2.8 billion yen, worse 0.7 billion yen year over year. Although the operating loss narrowed, the segment recorded expenses related to business structure reforms.

Note: The optical disk drive operations are conducted by Hitachi-LG Data Storage, Inc. (HLDS), which has a December 31 fiscal year-end, different from Hitachi's March 31 year-end. Hitachi's results for the six months ended September 30, 2013 include operating results of HLDS for the six months ended June 30, 2013.

[Others (Logistics and Other services)]

	Three months ended September 30, 2013			Six months ended September 30, 2013		
	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)
Revenues	311.9	12%	3,183	574.9	3%	5,867
Operating income	11.5	(0.3)	117	18.5	(2.2)	190
EBIT	12.2	(0.1)	125	22.5	1.0	230

For the first half of fiscal 2013, segment revenues increased 3% year over year to 574.9 billion yen. In addition to higher revenues at Hitachi Transport System, Ltd., sales of batteries for consumer applications and certain other products increased year over year.

Segment operating income declined 2.2 billion yen year over year to 18.5 billion yen. This decline mainly reflected lower earnings due to a decline in freight volume for automotive-related customers in Japan and cost increases for new projects at Hitachi Transport System, Ltd.

EBIT increased 1.0 billion yen year over year to 22.5 billion yen. Although operating income declined, the segment recorded higher dividends received, as well as gains on the sale of fixed assets and through foreign exchange.

For the second quarter of fiscal 2013, the segment recorded revenues of 311.9 billion yen, up 12% year over year. Operating income declined 0.3 billion yen year over year to 11.5 billion yen. EBIT declined 0.1 billion yen year over year to 12.2 billion yen, due mainly to lower operating income.

Note: On April 1, 2013, the former "Others" was renamed "Others (Logistics and Other services)".

[Financial Services]

	Three months ended September 30, 2013			Six months ended September 30, 2013		
	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)
Revenues	81.9	(4%)	836	163.6	(9%)	1,670
Operating income	7.7	1.2	80	16.0	2.3	164
EBIT	7.9	0.1	81	17.4	1.8	178

For the first half of fiscal 2013, segment revenues declined 9% year over year to 163.6 billion yen, despite Hitachi Capital Corporation's strong results in the overseas business. The year-over-year decline mainly reflected the absence of sales recorded in the same period of the previous fiscal year related to a large cancellation.

Segment operating income increased 2.3 billion yen year over year to 16.0 billion yen. This result mainly reflected the consolidation of NBL CO., LTD. in April 2013 as well as higher revenues in the overseas business at Hitachi Capital Corporation.

EBIT increased 1.8 billion yen year over year to 17.4 billion yen, reflecting higher operating income.

For the second quarter of fiscal 2013, segment revenues were 81.9 billion yen, down 4% year over year. Operating income rose 1.2 billion yen year over year to 7.7 billion yen. EBIT increased 0.1 billion yen year over year to 7.9 billion yen, due mainly to the higher operating income.

(3) Revenues by Market

	Three months ended September 30, 2013			Six months ended September 30, 2013		
	Yen (billions)	Year over year % change	U.S. dollars (millions)	Yen (billions)	Year over year % change	U.S. dollars (millions)
Japan	1,325.3	(2%)	13,524	2,413.0	(5%)	24,623
Outside Japan	1,062.4	20%	10,841	2,057.6	14%	20,996
Asia	512.0	19%	5,225	994.0	17%	10,144
North America	227.4	24%	2,321	443.4	14%	4,525
Europe	187.8	29%	1,917	355.4	15%	3,628
Other Areas	135.0	5%	1,378	264.6	2%	2,700

For the first half of fiscal 2013, revenues in Japan were 2,413.0 billion yen, down 5% year over year. This mainly reflected lower revenues in the Power Systems Segment, due to lower sales of nuclear power generation systems and in the High Functional Materials & Components Segment, due to decreased revenues because of the withdrawal from unprofitable businesses, and in the Financial Services Segment.

Overseas revenues increased 14% year over year to 2,057.6 billion yen. This mainly reflected higher revenues in the Information & Telecommunication Systems, the Social Infrastructure & Industrial Systems, the Digital Media & Consumer Products, and the High Functional Materials & Components segments.

As a result, the ratio of overseas revenues to consolidated revenues was 46%, 5 points higher year over year.

For the second quarter of fiscal 2013, revenues in Japan declined 2% year over year to 1,325.3 billion yen. Overseas revenues increased 20% year over year to 1,062.4 billion yen.

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

	Three months ended September 30, 2013			Six months ended September 30, 2013		
	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)
Capital expenditures [Manufacturing, Services and Others]	105.7	(2.5)	1,079	198.0	0.0	2,021
Depreciation [Manufacturing, Services and Others]	65.3	6.9	667	129.0	14.0	1,317
R&D expenditures	93.2	6.5	952	175.1	9.3	1,787

For the first half of fiscal 2013, capital expenditures in Manufacturing, Services and Others were 198.0 billion yen, largely unchanged from the corresponding period of the

previous fiscal year. As in the previous fiscal year, this was mainly the result of making investments in global business expansion for the Social Innovation Business.

Depreciation in Manufacturing, Services and Others increased 12% year over year to 129.0 billion yen. This was mainly due to continued investments in global business expansion for the Social Innovation Business.

Including Financial Services, capital expenditures were 417.3 billion yen, while depreciation was 161.6 billion yen.

R&D expenditures increased 6% year over year to 175.1 billion yen, reflecting continued investments in research and development to strengthen the Social Innovation Business. R&D expenditures corresponded to 3.9% of consolidated revenues.

For the second quarter of fiscal 2013, capital expenditures in Manufacturing, Services and Others were 105.7 billion yen, down 2% year over year. Depreciation in Manufacturing, Services and Others increased 12% year over year to 65.3 billion yen. R&D expenditures increased 8% year over year to 93.2 billion yen. R&D expenditures corresponded to 3.9% of consolidated revenues.

2. Financial Position

(1) Financial Position

	As of September 30, 2013		
	Yen (billions)	Change from March 31, 2013	U.S. dollars (millions)
Total assets	10,467.2	658.0	106,809
Total liabilities	7,069.3	439.4	72,137
Interest-bearing debt	2,792.3	422.2	28,493
Total Hitachi, Ltd. stockholders' equity	2,250.2	167.7	22,962
Noncontrolling interests	1,147.6	50.8	11,710
Total Hitachi, Ltd. stockholders' equity ratio	21.5%	0.3 point increase	-
D/E ratio (including noncontrolling interests)	0.82 times	0.07 point increase	-

[Manufacturing, Services and Others]

	As of September 30, 2013		
	Yen (billions)	Change from March 31, 2013	U.S. dollars (millions)
Total assets	8,649.8	325.4	88,264
Total liabilities	5,536.2	121.5	56,492
Interest-bearing debt	1,495.1	126.2	15,256
Total Hitachi, Ltd. stockholders' equity	2,090.0	157.6	21,327
Noncontrolling interests	1,023.5	46.2	10,445
Total Hitachi, Ltd. stockholders' equity ratio	24.2%	1.0 point increase	-
D/E ratio (including noncontrolling interests)	0.48 times	0.01 point increase	-

Total assets in Manufacturing, Services and Others as of September 30, 2013 increased 325.4 billion yen from March 31, 2013 to 8,649.8 billion yen. One reason was an increase in property, plant and equipment due to capital expenditures for global business expansion in the Social Innovation Business. In addition, Hitachi recorded an increase resulting from the translation of foreign currency-denominated assets due to the yen's further depreciation, and an increase in marketable securities in line with rising share prices. Interest-bearing debt in Manufacturing, Services and Others increased 126.2 billion yen to 1,495.1 billion yen, mainly reflecting the procurement of new long-term debt to meet demand for growth of the Social Innovation Business. Stockholders' equity in Manufacturing, Services and Others increased 157.6 billion yen from March 31, 2013 to 2,090.0 billion yen, mainly reflecting a decrease in the accumulated other comprehensive loss due to the yen's depreciation and rising share prices. As a result, the total Hitachi, Ltd. stockholders' equity ratio in Manufacturing, Services and Other was 24.2%. The debt-to-equity ratio, including noncontrolling interests, was 0.48 times.

[Financial Services]

	As of September 30, 2013		
	Yen (billions)	Change from March 31, 2013	U.S. dollars (millions)
Total assets	2,275.5	314.6	23,220
Total liabilities	1,979.4	299.2	20,199
Interest-bearing debt	1,530.6	305.7	15,619
Total Hitachi, Ltd. stockholders' equity	171.3	10.2	1,749
Noncontrolling interests	124.7	5.1	1,273
Total Hitachi, Ltd. stockholders' equity ratio	7.5%	0.7 point decrease	-
D/E ratio (including noncontrolling interests)	5.17 times	0.81 point increase	-

Total assets in Financial Services as of September 30, 2013 increased 314.6 billion yen from March 31, 2013 to 2,275.5 billion yen. This mainly reflected the impact of making NBL CO., LTD. a subsidiary which was done to strengthen the financial services business and an increase in accounts receivable, mainly overseas. Interest-bearing debt in Financial Services increased 305.7 billion yen to 1,530.6 billion yen, mainly reflecting an increase due to the consolidation of NBL CO., LTD. and an increase in demand for funds in line with an increase in the scale of assets. Stockholders' equity in Financial Services increased 10.2 billion yen from March 31, 2013 to 171.3 billion yen, mainly reflecting net income attributable to Hitachi, Ltd. stockholders. As a result, the total Hitachi, Ltd. stockholders' equity ratio in Financial Services was 7.5%. The debt-to-equity ratio, including noncontrolling interests, was 5.17 times.

Accordingly, consolidated total assets as of September 30, 2013 increased 658.0 billion yen from March 31, 2013 to 10,467.2 billion yen. Interest-bearing debt increased 422.2 billion yen to 2,792.3 billion yen, and stockholders' equity increased 167.7 billion yen to 2,250.2 billion yen. As a result, the total Hitachi, Ltd. stockholders' equity ratio was 21.5%. The debt-to-equity ratio, including noncontrolling interests, was 0.82 times.

(2) Cash Flows

	Six months ended September 30, 2013		
	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)
Cash flows from operating activities	203.1	(59.9)	2,073
Cash flows from investing activities	(245.5)	(24.6)	(2,505)
Free cash flows	(42.3)	(84.6)	(432)
Core free cash flows	(98.3)	(101.6)	(1,003)
Cash flows from financing activities	143.5	199.4	1,464

Cash Flows [Manufacturing, Services and Others]

	Three months ended September 30, 2013		
	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)
Cash flows from operating activities	238.0	9.6	2,429
Cash flows from investing activities	(208.3)	(49.5)	(2,126)
Free cash flows	29.7	(39.9)	303
Core free cash flows	6.4	17.9	66
Cash flows from financing activities	64.2	146.8	656

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

In the first half of fiscal 2013, operating activities in Manufacturing, Services and Others provided net cash of 238.0 billion yen, up 9.6 billion yen year over year. This increase mainly reflected progress in collecting accounts receivable recorded as of March 31, 2013. Investing activities in Manufacturing, Services and Others used net cash of 208.3 billion yen, 49.5 billion yen more than in the first half of fiscal 2012. This mainly reflected the absence of large proceeds from the sale of subsidiary shares due to business restructuring during the corresponding period of fiscal 2012. Free cash flows in Manufacturing, Services and Others, the sum of cash flows from operating and investing activities, were 29.7 billion yen, 39.9 billion yen less year over year. Core free cash flows in Manufacturing, Services and Others were 6.4 billion yen, an improvement of 17.9 billion yen year over year. Financing activities in Manufacturing, Services and Others provided net cash of 64.2 billion yen, a 146.8 billion yen year over year increase, mainly reflecting the procurement of new long-term debt to meet the demand for growth in the Social Innovation Business.

[Financial Services]

	Six months ended September 30, 2013		
	Yen (billions)	Year over year change (billion yen)	U.S. dollars (millions)
Cash flows from operating activities	(21.8)	(63.0)	(223)
Cash flows from investing activities	(53.0)	(13.6)	(541)
Free cash flows	(74.8)	(76.7)	(764)
Core free cash flows	(99.6)	(126.2)	(1,017)
Cash flows from financing activities	81.8	83.8	835

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

In the first half of fiscal 2013, operating activities in Financial Services used net cash of 21.8 billion yen, 63.0 billion yen more year over year. Hitachi is increasing accounts receivable, mainly overseas, for strengthening the financial services business, and the absence of proceeds from large lease cancellations that occurred in the same period of the previous fiscal year. Investing activities in Financial Services used net cash of 53.0 billion yen, 13.6 billion yen more than in the first half of fiscal 2012. This mainly reflected an increase in the purchase of assets to be leased due to NBL CO., LTD. becoming a subsidiary. Free cash flows in Financial Services, the sum of cash flows from operating and investing activities, were negative 74.8 billion yen, 76.7 billion yen more year over year. Core free cash flows in Financial Services were negative 99.6 billion yen, 126.2 billion yen more year over year. Financing activities in Financial Services provided net cash of 81.8 billion yen, 83.8 billion yen more year over year, mainly reflecting fund procurement to meet demand for funds to strengthen the financial services business.

As a result, consolidated cash flows from operating activities were 203.1 billion yen, down 59.9 billion yen year over year, and investing activities were 245.5 billion yen, 24.6 billion yen more year over year. Free cash flows were negative 42.3 billion yen, 84.6 billion yen more year over year. Core free cash flows were negative 98.3 billion yen, 101.6 billion yen worse year over year. Financing activities provided net cash of 143.5 billion yen, 199.4 billion yen more year over year.

The net result was an increase of 121.2 billion yen in cash and cash equivalents to 648.8 billion yen.

3. Outlook for Fiscal 2013

	Year ending March 31, 2013		
	Yen (billions)	Year over year change (% or billion yen)	U.S. dollars (millions)
Revenues	9,200.0	2%	93,878
Operating income	500.0	77.9	5,102
EBIT	440.0	81.9	4,490
Income before income taxes	425.0	80.4	4,337
Net income	305.0	67.2	3,112
Net income attributable to Hitachi, Ltd. stockholders	210.0	34.6	2,143

Note: All fiscal 2013 outlook figures were converted using 98 yen to the U.S. dollar.

In terms of the overall business environment going forward, there are concerns about the impact of the debt ceiling problem in the U.S., persistent government finance and employment problems in Europe, and slowing economic growth in China, India, Brazil and other markets. In this overall business environment, Hitachi will work to expand orders in global markets centered on its Social Innovation Business. At the same time, Hitachi will promote reforms to strengthen its management base through the Hitachi Smart Transformation Project. While working to achieve growth in global markets, Hitachi also aims to become a major global player.

Hitachi has not revised its forecasts for fiscal 2013 that were announced on July 30, 2013, due to uncertainty surrounding global economic trends, exchange rates and changes in raw material prices, among other factors.

Hitachi is assuming exchange rates of 95 yen to the U.S. dollar and 125 yen to the euro for the third and fourth quarters of fiscal 2013.

Other

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

None

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

Yes

Hitachi computes interim income tax provisions by applying an estimated annual effective tax rate, which is reasonably determined considering the factors that will affect the tax rate including non-taxable transactions, tax credits and valuation allowances, to income before income taxes.

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

None

Cautionary Statement

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

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

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

- 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;
- 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 possibility of disruption of Hitachi's operations by earthquakes, tsunamis or other natural disasters;
- uncertainty as to Hitachi's ability to maintain the integrity of its information systems, as well as Hitachi's ability to protect its confidential information or that of its customers;
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its significant employee benefit-related costs; and
- uncertainty as to Hitachi's ability to attract and retain skilled personnel.

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