

**Outline of Consolidated Financial Results
for the Second Quarter
ended September 30, 2016**

October 28, 2016

Hitachi, Ltd.

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for the Second Quarter ended September 30, 2016**
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**1. Outline of Consolidated Financial Results
for the Second Quarter ended September 30, 2016**

1-1. Highlights of 2nd Quarter (Jul. – Sep.) FY2016 Financial Results

Revenues	2,223.3 billion yen down 11% / 269.5 billion yen YoY <ul style="list-style-type: none"> ● Decreased YoY due to impact of foreign exchange fluctuation, conversion of Hitachi Transport System, Ltd. into an equity-method associate and reorganization of air-conditioning business.
Adjusted operating income*1	141.3 billion yen down 11% / 17.2 billion yen YoY <ul style="list-style-type: none"> ● Decreased YoY due mainly to lower revenues.
EBIT (Earnings before interest and taxes)*2	106.0 billion yen down 9% / 10.0 billion yen YoY <ul style="list-style-type: none"> ● Decreased YoY due mainly to lower adjusted operating income.
Net income attributable to Hitachi, Ltd. stockholders	57.0 billion yen up 34% / 14.4 billion yen YoY <ul style="list-style-type: none"> ● Increased YoY due to decrease in both income taxes and loss from discontinued operations.
Total Hitachi, Ltd. stockholders' equity ratio (Manufacturing, Services and Others)	26.9 % up 1.3 points from March 31, 2016
Free cash flows (Manufacturing, Services and Others)	90.4 billion yen up 44.2 billion yen YoY

*1 "Adjusted Operating Income" is presented as revenues less cost of sales as well as selling, general and administrative expenses.

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

1-2. Highlights of 1st Half (Apr. – Sep.) FY2016 Financial Results

Revenues	4,353.7 billion yen down 9% / 453.1 billion yen YoY <ul style="list-style-type: none"> ● Decreased YoY due to impact of foreign exchange fluctuation, conversion of Hitachi Transport System, Ltd. into an equity-method associate and reorganization of air-conditioning business.
Adjusted operating income	232.8 billion yen down 15% / 41.1 billion yen YoY <ul style="list-style-type: none"> ● Decreased YoY due mainly to lower revenues.
EBIT	218.5 billion yen down 17% / 44.0 billion yen YoY <ul style="list-style-type: none"> ● Decreased YoY due mainly to lower adjusted operating income.
Net income attributable to Hitachi, Ltd. stockholders	113.5 billion yen up 16% / 15.9 billion yen YoY
Total Hitachi, Ltd. stockholders' equity ratio (Manufacturing, Services and Others)	26.9 % up 1.3 points from March 31, 2016
Free cash flows (Manufacturing, Services and Others)	203.7 billion yen up 125.0 billion yen YoY
The interim dividend for FY2016	6 yen per share

1-3. Consolidated Statement of Profit or Loss

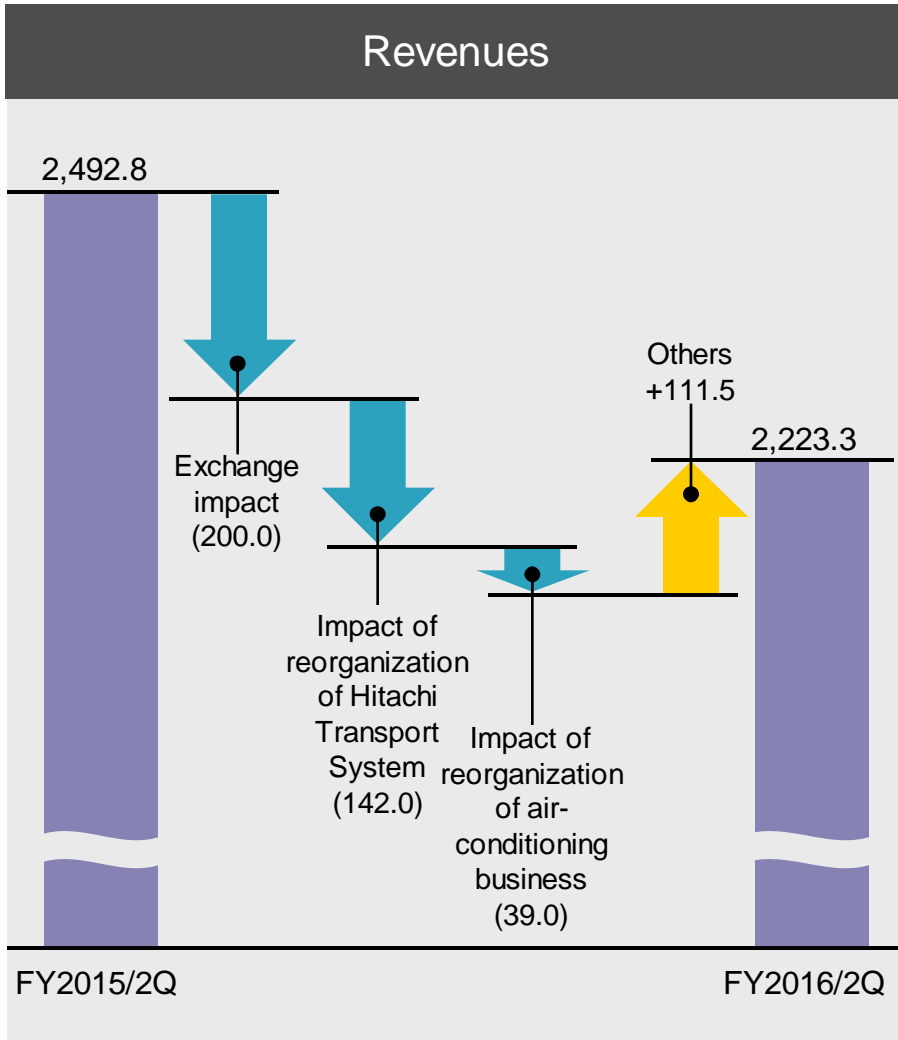
Billions of yen

	2Q (Jul. – Sep.)			1H (Apr. – Sep.)		
	FY2015	FY2016	Year over year	FY2015	FY2016	Year over year
Revenues	2,492.8	2,223.3	(269.5) [89%]	4,806.8	4,353.7	(453.1) [91%]
Adjusted operating income	158.6	141.3	(17.2)	274.0	232.8	(41.1)
EBIT	116.1	106.0	(10.0)	262.6	218.5	(44.0)
Income from continuing operations, before income taxes	111.9	104.4	(7.5)	254.6	214.1	(40.5)
Income taxes	(31.0)	(20.1)	+10.8	(77.0)	(53.5)	+23.5
Income from continuing operations	80.9	84.2	+3.2	177.6	160.6	(17.0)
Income (loss) from discontinued operations*	(10.1)	(0.4)	+9.7	(11.7)	0.0	+11.7
Net income	70.8	83.8	+13.0	165.8	160.6	(5.2)
Net income attributable to Hitachi, Ltd. stockholders	42.6	57.0	+14.4	97.5	113.5	+15.9

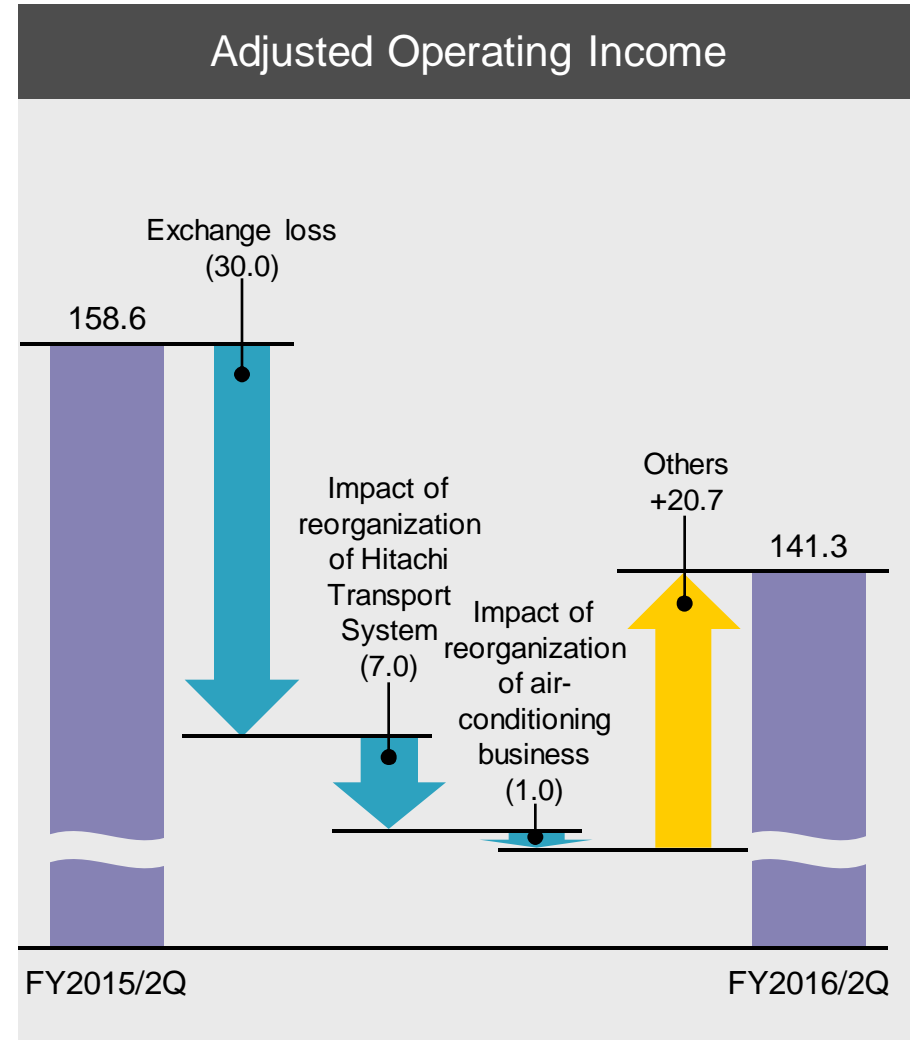
* A part of the thermal power generation systems business is classified as discontinued operations in accordance with the provision of IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations," which was not transferred to Mitsubishi Hitachi Power Systems, Ltd. as part of the business integration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

1-4. 2Q (Jul. – Sep.) FY2016 Factors Affecting Changes in Revenues and Adjusted Operating Income (year over year)

Billions of yen

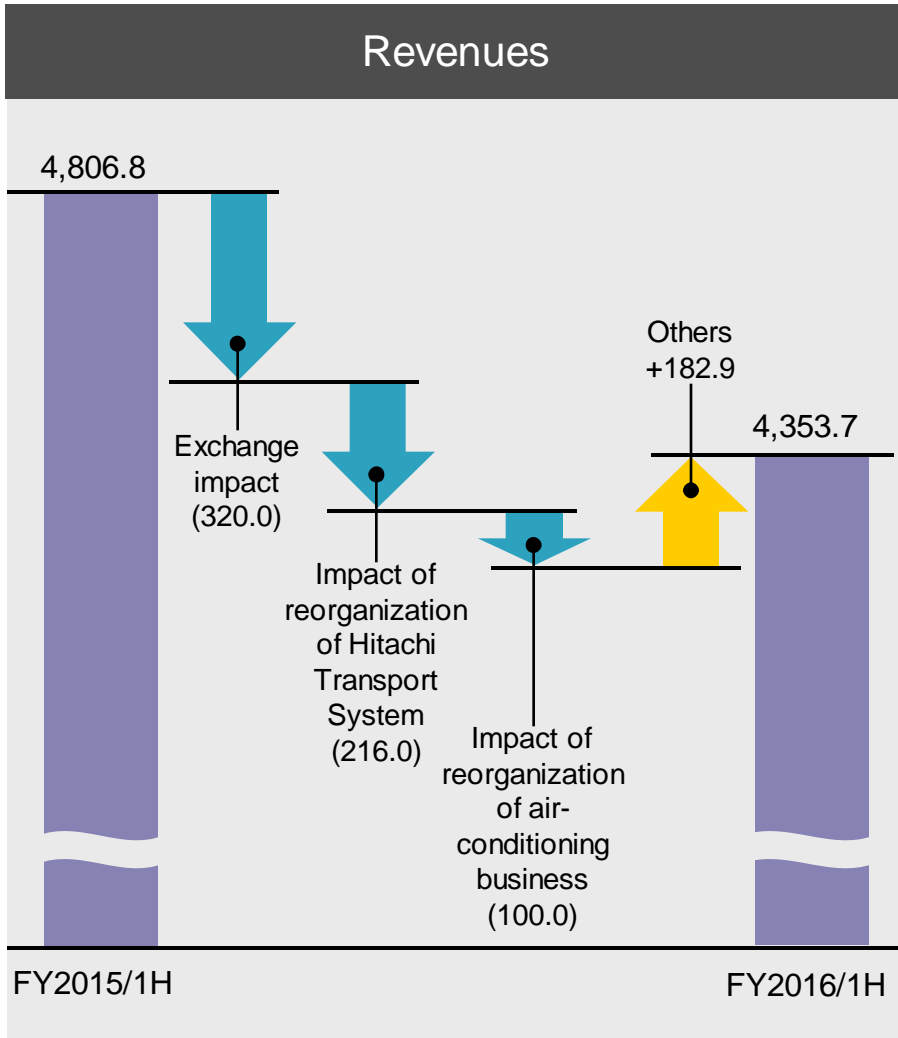


Billions of yen

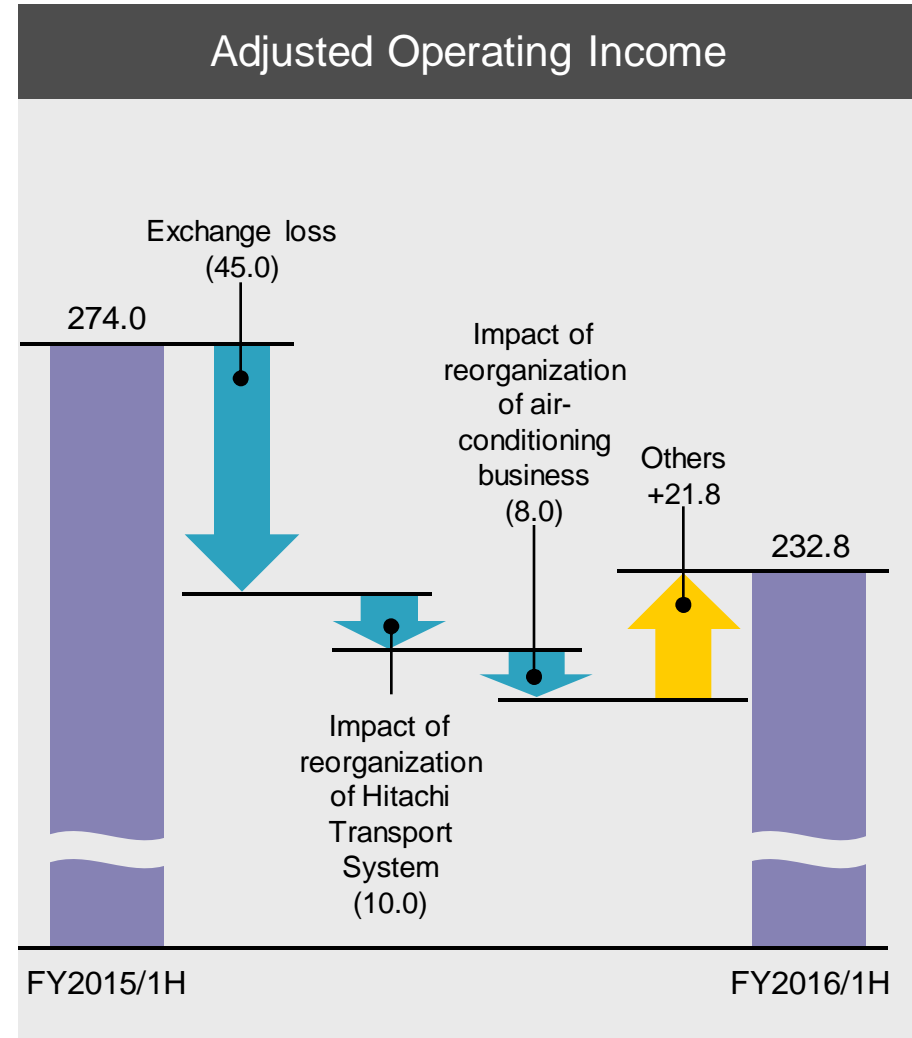


1-5. 1H (Apr. – Sep.) FY2016 Factors Affecting Changes in Revenues and Adjusted Operating Income (year over year)

Billions of yen



Billions of yen



1-6. Revenues by Market

Billions of yen

	2Q (Jul. – Sep.)					1H (Apr. – Sep.)				
	FY2015		FY2016		Year over year	FY2015		FY2016		Year over year
		Ratio		Ratio			Ratio		Ratio	
Japan	1,297.2	52%	1,176.0	53%	91%	2,416.1	50%	2,223.1	51%	92%
Outside Japan	1,195.6	48%	1,047.2	47%	88%	2,390.6	50%	2,130.6	49%	89%
Asia	543.7	22%	454.0	21%	84%	1,097.9	23%	890.7	21%	81%
China	273.3	11%	229.9	11%	84%	547.6	11%	451.1	11%	82%
ASEAN, India, other areas	270.3	11%	224.0	10%	83%	550.2	12%	439.6	10%	80%
North America	321.7	13%	273.8	12%	85%	643.8	13%	564.7	13%	88%
Europe	217.8	9%	227.9	10%	105%	424.9	9%	487.0	11%	115%
Other Areas	112.2	4%	91.3	4%	81%	223.9	5%	188.1	4%	84%
Total	2,492.8	100%	2,223.3	100%	89%	4,806.8	100%	4,353.7	100%	91%

1-7. 2Q (Jul. – Sep.) Summary of Consolidated Statements of Profit or Loss and Summary of Consolidated Statements of Cash Flows

■ Summary of Consolidated Statements of Profit or Loss

Billions of yen

	Manufacturing, Services and Others*			Total		
	FY2015/2Q	FY2016/2Q	Year over year	FY2015/2Q	FY2016/2Q	Year over year
Revenues	2,440.3	2,172.8	(267.4) [89%]	2,492.8	2,223.3	(269.5) [89%]
Adjusted operating income	146.3	132.4	(13.8)	158.6	141.3	(17.2)
EBIT	104.3	97.1	(7.1)	116.1	106.0	(10.0)

■ Summary of Consolidated Statements of Cash Flows

Billions of yen

	Manufacturing, Services and Others*			Total		
	FY2015/2Q	FY2016/2Q	Year over year	FY2015/2Q	FY2016/2Q	Year over year
Cash flows from operating activities	153.9	161.8	+7.8	204.1	199.9	(4.1)
Cash flows from investing activities	(107.7)	(71.3)	+36.4	(198.5)	(135.1)	+63.3
Free cash flows	46.1	90.4	+44.2	5.6	64.8	+59.1

* Figures here represent information voluntarily prepared by the Company.

1-8. 1H (Apr. – Sep.) Summary of Consolidated Statements of Profit or Loss and Summary of Consolidated Statements of Cash Flows

■ Summary of Consolidated Statements of Profit or Loss

Billions of yen

	Manufacturing, Services and Others*			Total		
	FY2015/1H	FY2016/1H	Year over year	FY2015/1H	FY2016/1H	Year over year
Revenues	4,698.1	4,244.8	(453.2) [90%]	4,806.8	4,353.7	(453.1) [91%]
Adjusted operating income	249.0	212.3	(36.6)	274.0	232.8	(41.1)
EBIT	240.5	201.5	(39.0)	262.6	218.5	(44.0)

■ Summary of Consolidated Statements of Cash Flows

Billions of yen

	Manufacturing, Services and Others*			Total		
	FY2015/1H	FY2016/1H	Year over year	FY2015/1H	FY2016/1H	Year over year
Cash flows from operating activities	314.0	294.1	(19.9)	309.5	284.9	(24.6)
Cash flows from investing activities	(235.4)	(90.4)	+145.0	(332.4)	(216.5)	+115.9
Free cash flows	78.6	203.7	+125.0	(22.8)	68.4	+91.2

* Figures here represent information voluntarily prepared by the Company.

1-9. Summary of Consolidated Financial Position

Billions of yen

	Manufacturing, Services and Others*			Total		
	As of March 31, 2016	As of September 30, 2016	Change from March 31, 2016	As of March 31, 2016	As of September 30, 2016	Change from March 31, 2016
Total assets	9,917.9	9,070.9	(846.9)	12,551.0	11,779.3	(771.6)
Trade receivables and Inventories	3,763.6	3,372.8	(390.7)	4,292.6	3,901.4	(391.2)
Total liabilities	6,133.5	5,538.3	(595.2)	8,425.4	7,914.5	(510.8)
Interest-bearing debt	1,515.0	1,405.2	(109.8)	3,604.4	3,576.8	(27.5)
Total Hitachi, Ltd. stockholders' equity	2,540.8	2,437.1	(103.6)	2,735.0	2,624.2	(110.7)
Non-controlling interests	1,243.5	1,095.4	(148.0)	1,390.4	1,240.5	(149.9)
Cash Conversion Cycle	71.6 days	64.5 days	7.1 days decrease	-	-	-
Total Hitachi, Ltd. stockholders' equity ratio	25.6%	26.9%	1.3 points increase	21.8%	22.3%	0.5 points increase
D/E ratio (Including non-controlling interests)	0.40 times	0.40 times	±0.00 point	0.87 times	0.93 times	0.06 points increase

* Figures here represent information voluntarily prepared by the Company.

1-10. Revenues, Adjusted Operating Income and EBIT by Business Segment (1)

Billions of yen

		2Q (Jul. – Sep.)			1H (Apr. – Sep.)		
		FY2015	FY2016	Year over year	FY2015	FY2016	Year over year
Information & Telecommunication Systems	Revenues	548.5	492.0	90%	1,000.1	927.0	93%
	Adjusted operating income	41.0	43.3	+2.3	49.9	55.6	+5.6
	EBIT	36.7	18.8	(17.9)	45.2	19.6	(25.6)
Social Infrastructure & Industrial Systems	Revenues	514.2	546.8	106%	950.0	1,029.8	108%
	Adjusted operating income	6.1	10.6	+4.5	16.7	15.0	(1.7)
	EBIT	4.2	9.5	+5.3	12.8	3.4	(9.4)
Electronic Systems & Equipment	Revenues	290.7	281.5	97%	549.4	537.5	98%
	Adjusted operating income	15.9	16.7	+0.8	31.6	30.4	(1.2)
	EBIT	14.7	14.9	+0.2	32.0	26.4	(5.5)
Construction Machinery	Revenues	187.7	173.6	92%	365.0	334.9	92%
	Adjusted operating income	10.9	3.2	(7.6)	15.9	5.4	(10.5)
	EBIT	6.5	2.1	(4.3)	11.7	3.5	(8.1)
High Functional Materials & Components	Revenues	397.8	351.8	88%	800.5	703.2	88%
	Adjusted operating income	29.3	28.0	(1.3)	60.6	55.6	(5.0)
	EBIT	23.8	26.3	+2.4	86.1	49.7	(36.4)

1-11. Revenues, Adjusted Operating Income and EBIT by Business Segment (2)

Billions of yen

		2Q (Jul. – Sep.)			1H (Apr. – Sep.)		
		FY2015	FY2016	Year over year	FY2015	FY2016	Year over year
Automotive Systems	Revenues	249.0	238.9	96%	490.1	471.8	96%
	Adjusted operating income	16.2	13.3	(2.9)	27.1	20.6	(6.4)
	EBIT	13.5	12.8	(0.7)	25.2	20.6	(4.6)
Smart Life & Ecofriendly Systems	Revenues	189.5	147.6	78%	393.2	287.4	73%
	Adjusted operating income	4.7	5.4	+0.7	11.9	6.1	(5.7)
	EBIT	4.6	6.4	+1.7	13.1	9.7	(3.3)
Others*	Revenues	317.6	146.2	46%	623.0	359.3	58%
	Adjusted operating income	16.2	7.6	(8.6)	27.1	14.6	(12.5)
	EBIT	12.1	7.7	(4.3)	24.3	12.5	(11.7)
Financial Services	Revenues	90.4	89.9	99%	181.2	179.2	99%
	Adjusted operating income	11.4	10.5	(0.8)	23.5	21.3	(2.2)
	EBIT	11.8	11.6	(0.2)	24.5	22.8	(1.7)
Corporate items & Eliminations	Revenues	(293.1)	(245.4)	-	(546.1)	(476.8)	-
	Adjusted operating income	6.5	2.1	(4.3)	9.2	7.9	(1.2)
	EBIT	(12.2)	(4.4)	+7.8	(12.7)	49.9	+62.6
Total	Revenues	2,492.8	2,223.3	89%	4,806.8	4,353.7	91%
	Adjusted operating income	158.6	141.3	(17.2)	274.0	232.8	(41.1)
	EBIT	116.1	106.0	(10.0)	262.6	218.5	(44.0)

* From FY2016, the "Others (Logistics and Other Services)" has been renamed to the "Others".

2. Outlook for Fiscal 2016

2-1. Outlook for FY2016

[Projections for the FY2016/2H assume an exchange rate of 100 yen to the U.S. dollar and 110 yen to the euro.]

Billions of yen

	FY2015	FY2016			(B) – (A)
		Previous forecast* (A)	Forecast (B)	Year over year	
Revenues	10,034.3	9,000.0	9,000.0	(1,034.3) [90%]	±0.0 [100%]
Adjusted operating income	634.8	540.0	540.0	(94.8)	±0.0
EBIT	531.0	450.0	450.0	(81.0)	±0.0
Income from continuing operations, before income taxes	517.0	430.0	430.0	(87.0)	±0.0
Income taxes	(165.2)	(130.0)	(130.0)	+35.2	±0.0
Income from continuing operations	351.8	300.0	300.0	(51.8)	±0.0
Loss from discontinued operations	(57.0)	(5.0)	(5.0)	+52.0	±0.0
Net income	294.7	295.0	295.0	+0.2	±0.0
Net income attributable to Hitachi, Ltd. stockholders	172.1	200.0	200.0	+27.8	±0.0

* Announced on July 29, 2016

2-2. Outlook for FY2016: Revenues, Adjusted Operating Income and EBIT by Business Segment (1)

Billions of yen

		FY2015	FY2016 (Forecast)	Year over year	Previous forecast* comparison
Information & Telecommunication Systems	Revenues	2,109.3	2,040.0	97%	100%
	Adjusted operating income	141.3	143.0	+1.6	±0.0
	EBIT	109.1	84.0	(25.1)	±0.0
Social Infrastructure & Industrial Systems	Revenues	2,333.1	2,340.0	100%	100%
	Adjusted operating income	81.3	100.0	+18.6	±0.0
	EBIT	29.1	110.0	+80.8	±0.0
Electronic Systems & Equipment	Revenues	1,127.6	1,150.0	102%	97%
	Adjusted operating income	67.0	71.0	+3.9	+6.0
	EBIT	64.3	61.0	(3.3)	±0.0
Construction Machinery	Revenues	758.3	700.0	92%	100%
	Adjusted operating income	22.6	26.0	+3.3	±0.0
	EBIT	25.8	16.0	(9.8)	±0.0
High Functional Materials & Components	Revenues	1,564.0	1,400.0	90%	93%
	Adjusted operating income	125.9	118.0	(7.9)	(14.0)
	EBIT	153.5	114.0	(39.5)	(10.0)

* Announced on July 29, 2016

2-3. Outlook for FY2016: Revenues, Adjusted Operating Income and EBIT by Business Segment (2)

Billions of yen

		FY2015	FY2016 (Forecast)* ¹	Year over year	Previous forecast* ² comparison
Automotive Systems	Revenues	1,001.1	970.0	97%	97%
	Adjusted operating income	61.9	55.0	(6.9)	(5.0)
	EBIT	53.9	55.0	+1.0	(4.0)
Smart Life & Ecofriendly Systems	Revenues	681.0	580.0	85%	95%
	Adjusted operating income	23.8	16.0	(7.8)	±0.0
	EBIT	41.9	19.0	(22.9)	±0.0
Others	Revenues	1,252.7	645.0	51%	100%
	Adjusted operating income	52.5	11.0	(41.5)	±0.0
	EBIT	40.6	9.0	(31.6)	±0.0
Financial Services	Revenues	365.3	179.0	49%	81%
	Adjusted operating income	45.2	21.0	(24.2)	(5.0)
	EBIT	46.6	22.0	(24.6)	(6.0)
Corporate items & Eliminations	Revenues	(1,158.4)	(1,004.0)	-	-
	Adjusted operating income	13.0	(21.0)	(34.0)	+18.0
	EBIT	(34.2)	(40.0)	(5.7)	+20.0
Total	Revenues	10,034.3	9,000.0	90%	100%
	Adjusted operating income	634.8	540.0	(94.8)	±0.0
	EBIT	531.0	450.0	(81.0)	±0.0

*1 Figures for FY2016(forecast) reflect the conversion of Hitachi Transport System, Ltd. and Hitachi Capital Corporation into equity-method associates, respectively in the "Others" and the "Financial Services".

*2 Announced on July 29, 2016

3. Topics

Business portfolio reform

- Some Hitachi Capital Corporation stock owned by Hitachi was transferred to Mitsubishi UFJ Financial Group, Inc. and Mitsubishi UFJ Lease & Finance Co., Ltd. aiming to strengthen the business of Hitachi Capital (transferred on October 3).
- Plan to transfer the information systems business of Hitachi Metals on December 1.
- Reached agreement with Mitsubishi Heavy Industries, Ltd. on the acquisition of its radiation therapy equipment business (to be acquired in April 2017).

Progress of IoT platform “Lumada”

- Number of use cases 170 (as of September 30): Targeting 200 cases by the end of fiscal 2016
Increased 10 cases during 2nd quarter mainly solutions for predictive maintenance and process improvement for manufacturing industry.
 - Implemented “Factory Simulator” and “Work Improvement Support System” in Omika Works.
Shortened the production lead time of the representative product by 50%, by connecting management-data and field-data, and visualizing those centrally.
 - Decreased inventory by detecting its root cause with newly created solution that manages multiple data relates to the fluctuation of parts stock, such as manufacturing and shipping plan, and captures the first sign of excessive inventory.
- Developed the “Lumada Competency Center”, a cloud-type collaborative creation environment, and began providing services.
 - Provided a verification environment menu that enables customers to use and apply data promptly and easily on the cloud.

Supplementary Information

Consolidated Overseas Revenues by Business Segment

Billions of yen

	FY2015		FY2016				Total (Forecast)	
	2Q	1H	2Q		1H		Total (Forecast)	Year over year
				Year over year		Year over year		
Information & Telecommunication Systems	183.0	343.6	138.4	76%	279.2	81%		
Social Infrastructure & Industrial Systems	192.9	369.2	225.8	117%	447.2	121%		
Electronic Systems & Equipment	165.3	326.8	169.1	102%	330.8	101%		
Construction Machinery	125.3	259.0	113.9	91%	233.0	90%		
High Functional Materials & Components	229.0	463.3	194.6	85%	394.7	85%		
Automotive Systems	140.0	279.8	133.5	95%	272.3	97%		
Smart Life & Ecofriendly Systems	68.4	163.3	26.5	39%	58.2	36%		
Others	93.5	184.9	37.4	40%	96.1	52%		
Financial Services	35.5	70.3	32.3	91%	64.4	92%		
Corporate items & Eliminations	(37.7)	(70.0)	(24.7)	-	(45.7)	-		
Total	1,195.6	2,390.6	1,047.2	88%	2,130.6	89%	4,500.0	94%

Consolidated Capital Expenditure by Business Segment (Completion basis)

Billions of yen

		FY2015		FY2016				Total (Forecast)	
		2Q	1H	2Q		1H			Year over year
					Year over year		Year over year		
	Information & Telecommunication Systems	12.0	24.9	8.1	68%	16.5	66%		
	Social Infrastructure & Industrial Systems	17.6	30.4	15.1	86%	29.2	96%		
	Electronic Systems & Equipment	6.1	10.1	3.9	64%	6.8	68%		
	Construction Machinery	4.8	8.3	3.8	80%	7.6	92%		
	High Functional Materials & Components	21.2	38.2	23.3	110%	40.3	105%		
	Automotive Systems	15.0	29.1	11.1	74%	22.5	78%		
	Smart Life & Ecofriendly Systems	8.0	12.9	1.8	23%	2.9	22%		
	Others	17.4	31.0	2.8	16%	8.8	28%		
	Corporate items	1.4	1.9	1.3	93%	2.5	132%		
	Manufacturing, Services and Others	103.9	187.2	71.6	69%	137.5	73%	350.0	89%
	Financial Services	33.9	60.8	37.5	111%	67.5	111%	67.5	51%
	Total	137.9	248.0	109.2	79%	205.0	83%	417.5	79%

Consolidated Depreciation by Business Segment

Billions of yen

		FY2015		FY2016				Total (Forecast)	
		2Q	1H	2Q		1H			Year over year
					Year over year		Year over year		
Manufacturing, Services and Others	Information & Telecommunication Systems	11.6	23.1	12.5	107%	25.1	108%	280.0	97%
	Social Infrastructure & Industrial Systems	7.6	15.0	6.9	91%	14.4	96%		
	Electronic Systems & Equipment	3.9	7.9	4.3	109%	8.3	104%		
	Construction Machinery	7.9	16.0	7.5	95%	15.4	96%		
	High Functional Materials & Components	15.7	32.0	15.4	98%	31.0	97%		
	Automotive Systems	9.5	18.6	10.0	106%	20.2	109%		
	Smart Life & Ecofriendly Systems	4.9	9.8	2.5	52%	5.1	53%		
	Others	8.8	17.5	4.0	46%	10.3	59%		
	Corporate items	0.7	1.5	0.8	109%	1.5	99%		
Manufacturing, Services and Others		70.9	141.9	64.3	91%	131.7	93%		
Financial Services		19.8	38.6	20.5	104%	39.1	101%	39.1	51%
Total		90.7	180.5	84.9	94%	170.8	95%	319.1	87%

Consolidated R&D Expenditure by Business Segment

Billions of yen

		FY2015		FY2016				Total (Forecast)	
		2Q	1H	2Q		1H			Year over year
					Year over year		Year over year		
	Information & Telecommunication Systems	15.5	30.4	12.9	83%	26.0	86%		
	Social Infrastructure & Industrial Systems	11.3	21.3	11.4	101%	22.4	105%		
	Electronic Systems & Equipment	13.3	24.3	14.5	109%	25.8	106%		
	Construction Machinery	4.8	9.4	5.2	107%	9.3	99%		
	High Functional Materials & Components	11.9	23.4	12.1	101%	23.3	100%		
	Automotive Systems	18.0	34.5	17.4	97%	35.6	103%		
	Smart Life & Ecofriendly Systems	3.2	6.2	1.6	50%	3.1	50%		
	Others	1.3	2.5	0.1	11%	1.0	42%		
	Corporate items	6.5	12.1	6.0	93%	11.0	91%		
	Manufacturing, Services and Others	86.2	164.4	81.5	95%	158.0	96%		
	Financial Services	0.0	0.0	0.0	-	0.0	-		
	Total	86.2	164.4	81.6	95%	158.1	96%	350.0	105%
	Percentage of revenues (%)	3.5	3.4	3.7	-	3.6	-	3.9	-

Revenues, Adjusted operating income and EBIT*2

Billions of yen

	FY2015		FY2016				Total (Forecast)		
	2Q	1H	2Q		1H		Year over year	Previous forecast ⁶ comparison	
				Year over year		Year over year			
Revenues	548.5	1,000.1	492.0	90%	927.0	93%	2,040.0	97%	100%
Front Business ^{*3}	376.5	681.8	352.7	94%	647.5	95%	1,420.0	99%	100%
IT Platform & Products ^{*4}	200.7	379.7	179.4	89%	351.0	92%	750.0	95%	100%
Eliminations & Others ^{*5}	(28.6)	(61.4)	(40.2)	-	(71.5)	-	(130.0)	-	-
Adjusted Operating Income	41.0	49.9	43.3	+2.3	55.6	+5.6	143.0	+1.6	±0.0
Front Business	35.0	45.4	36.5	+1.4	48.2	+2.7	120.0	(0.5)	±0.0
IT Platform & Products	4.5	3.0	6.3	+1.7	5.2	+2.2	27.0	+7.0	±0.0
Eliminations & Others	1.3	1.4	0.5	-	2.1	-	(4.0)	-	-
EBIT	36.7	45.2	18.8	(17.9)	19.6	(25.6)	84.0	(25.1)	±0.0
Front Business	32.8	43.6	35.3	+2.5	46.4	+2.7	117.0	+2.8	±0.0
IT Platform & Products	3.8	1.1	(15.4)	(19.3)	(25.7)	(26.9)	(16.0)	(26.7)	±0.0
Eliminations & Others	0.1	0.3	(1.0)	-	(1.1)	-	(17.0)	-	-

*1 From FY2016, "System Solutions" and "Platform" were renamed to "Front Business" and "IT Platform & Products".

*2 Figures for each subsegment include intersegment transactions.

*3 System integration, sales, maintenance and related services of software and hardware for financial, public, enterprise and social infrastructure (power, rail, telecommunication, etc.) sectors, consulting, etc.

*4 Sales, maintenance and services of server, storage, telecommunication & network equipment and related software, etc.

*5 Figures for intersegment transactions, etc.

*6 Announced on July 29, 2016

■ Average Foreign Exchange Rate*1

	FY2015				FY2016				Yen
	2Q	1H	2H	Total	2Q	1H	2H (Forecast)	Total (Forecast)	
	U.S. dollar	122	122	119	120	102	105	100	102
Euro	136	135	130	133	114	118	110	114	

■ Foreign Exchange Sensitivity*2,3

	Billions of yen	
	Revenues	Adjusted operating income
U.S. dollar	10.0	2.0
Euro	3.0	0.5

■ Number of employees and consolidated subsidiaries

	As of March 31, 2016	As of September 30, 2016
Number of employees	335,244	313,832
Japan	187,936	176,702
Overseas	147,308	137,130
Number of consolidated subsidiaries*4	1,056	947
Japan	262	247
Overseas	794	700

*1 Exchange rate applied for calculating profits and losses of overseas companies (average rate for the period)

*2 Impact of exchange rate fluctuation (FY2016-2H impact by one yen depreciation from 2H forecast rate.)

*3 Figures here represent information voluntarily prepared by the Company.

*4 Consolidated trust accounts are not included into the figures of consolidated subsidiaries.

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.

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