

Outline of Consolidated Financial Results for the Second
Quarter ended September 30, 2010

November 2, 2010

Hitachi, Ltd.

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Outline of Consolidated Financial Results for the Second Quarter ended September 30, 2010



Contents

1. Outline of Consolidated Financial Results for the Second Quarter ended September 30, 2010
2. Outlook for Fiscal 2010
3. Progress of 2012 Mid-term Management Plan

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Contents

1. Outline of Consolidated Financial Results for the Second Quarter ended September 30, 2010
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3. Progress of 2012 Mid-term Management Plan

1-1. Financial Results Highlights

Highlights of Fiscal 2010 First-Half Results

Revenues

Revenues rose 9% YoY

- Revenues increased year over year mainly in the High Functional Materials & Components, Automotive Systems, and Electronic Systems & Equipment segments in line with recovering demand in automotive- and electronics-related fields.

Operating income

Consolidated operating income rose 242.8 billion yen YoY

- Reduced fixed costs and materials procurement costs Companywide.
- Earnings improved year over year in all business segments, particularly High Functional Materials & Components, and Components & Devices, due primarily to the increased revenues and benefits of business structure reforms.

Net other income

Net other income improved 131.1 billion yen YoY

- Gains on the sale of marketable securities improved due to gains on the transfer to Panasonic Corporation of management rights related to IPS Alpha Technology, Ltd.
- Improvement in equity in net earnings of affiliated companies, decrease in business restructuring expenses.

Net income attributable to Hitachi, Ltd.

Net income attributable to Hitachi, Ltd. improved 291.2 billion yen YoY

- The bottom-line result was a record for a half-year period.

Free cash flows

Free cash flows was a positive 271.8 billion yen (195.2 billion yen YoY improvement)

- Reflected increase in cash flows from operating activities due to higher operating Income.
- The increase also reflected improved cash flows in investing activities due to some share sales and strict selection of capital expenditures, etc..

1-2. Consolidated Statements of Operations

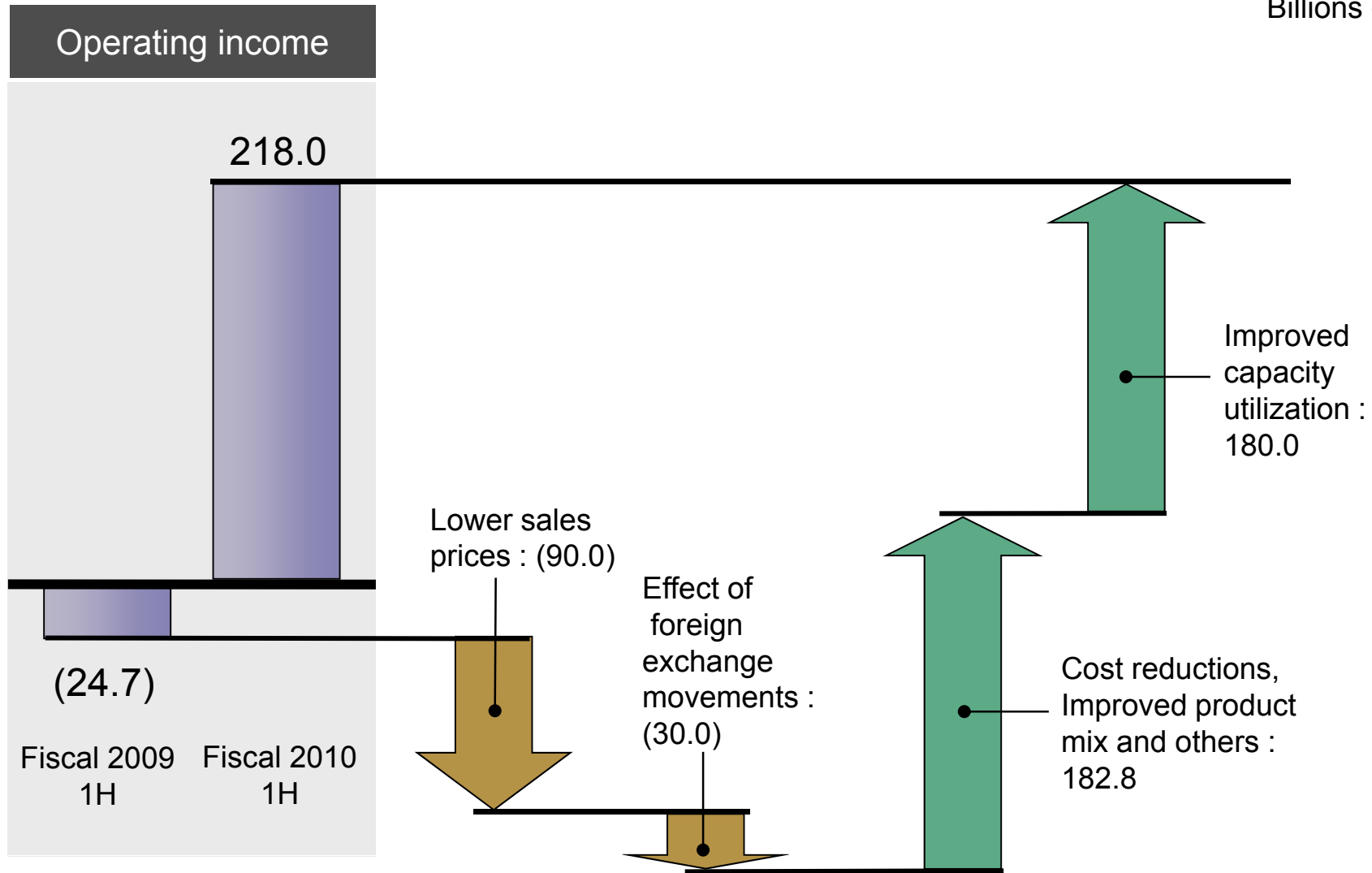
Billions of yen

	Fiscal 2009/ 1H	Fiscal 2010/ 1H	Year-over-year	Previous forecast comparison(*)
Revenues	4,124.9	4,502.4	[109%] 377.4	[102%] 102.4
Operating income (loss)	(24.7)	218.0	242.8	48.0
Net other income (deduction)	(85.3)	45.7	131.1	15.7
Income (loss) before income taxes	(110.1)	263.8	373.9	63.8
Income taxes	28.7	59.3	30.6	(6.3)
Net income (loss)	(138.8)	204.4	343.3	57.4
Net income (loss) attributable to noncontrolling interests	(5.6)	46.3	52.0	(0.6)
Net income (loss) attributable to Hitachi, Ltd.	(133.2)	158.0	291.2	58.0

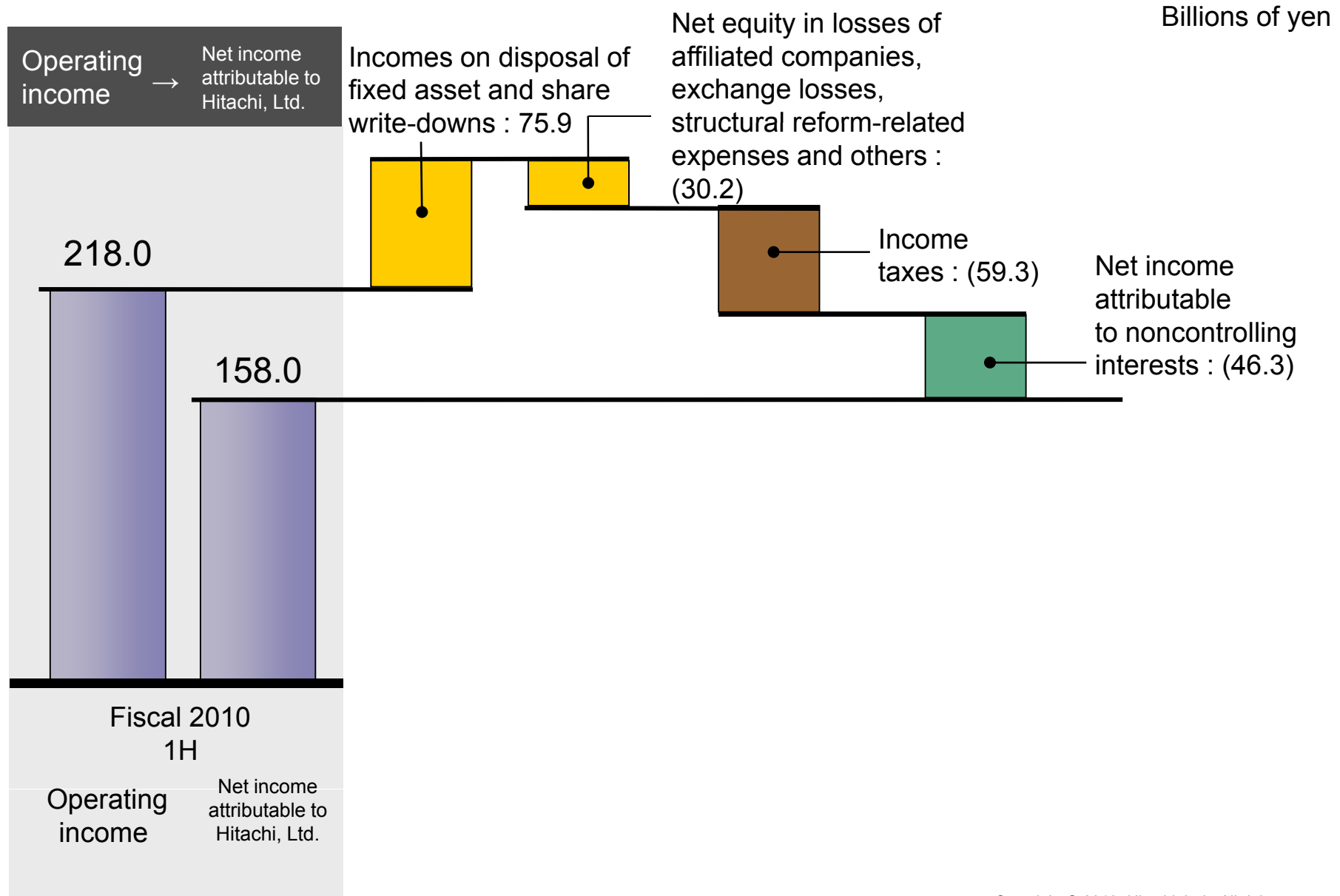
(*) previous forecast announced on July 30, 2010

1-3. Major Factors for Change in Operating Income (Year-over-Year)

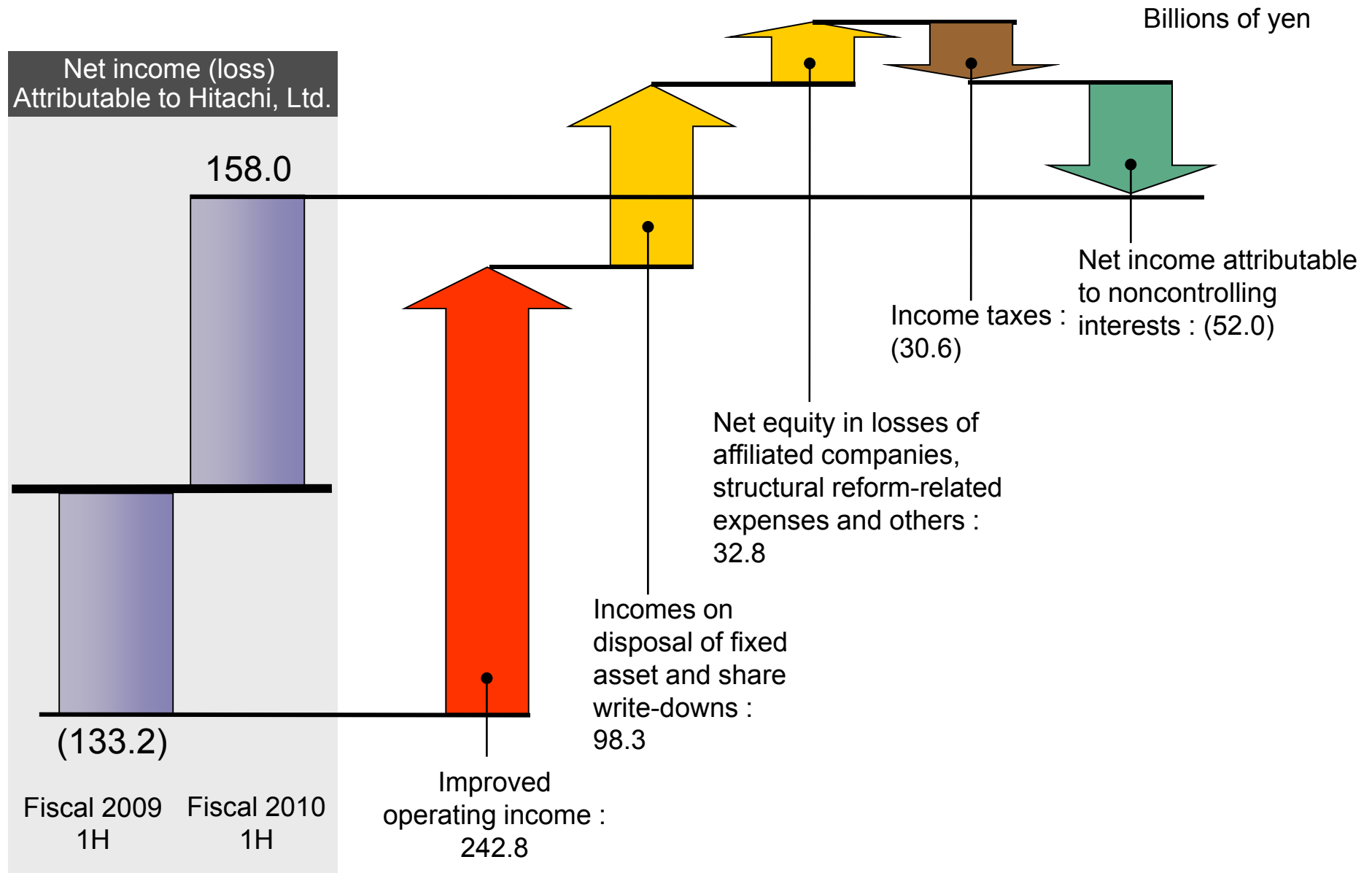
Billions of yen



1-4. Major Factors for Change in Net Income Attributable to Hitachi, Ltd.



1-5. Major Factors for Change in Net Income (Loss) Attributable to Hitachi, Ltd. (Year-over-Year)



1-6. Revenues by Market

Billions of yen

	Fiscal 2009 1H	Ratio	Fiscal 2010 1H	Ratio	Year- over-year
Japan	2,420.3	59%	2,523.5	56%	104%
Outside Japan	1,704.5	41%	1,978.8	44%	116%
Asia	782.8	19%	1,022.6	23%	131%
China	439.1	11%	575.4	13%	131%
North America	353.9	9%	380.5	8%	108%
Europe	379.8	9%	363.2	8%	96%
Other Areas	187.9	4%	212.4	5%	113%
Total	4,124.9	100%	4,502.4	100%	109%

Ratio of overseas revenues 41 % → 44 %

1-7. Consolidated Balance Sheets

Billions of yen

	As of March 31, 2010	As of September 30, 2010	Change from March 31, 2010
Total assets	8,964.4	9,318.4	353.9
Total liabilities	6,696.6	6,914.4	217.8
Interest-bearing debt	2,367.1	2,864.7	497.6
Total Hitachi, Ltd. stockholders' equity	1,284.6	1,415.0	130.4
Noncontrolling interests	983.1	988.9	5.7
Total Hitachi, Ltd. stockholders' equity ratio	14.3%	15.2%	0.9 improvement
D/E ratio (Including noncontrolling interests) *1	1.38times	1.19times	0.19 improvement
D/E ratio (Including noncontrolling interests)*2	1.04times	0.96times	0.08 improvement

Figures of Intangible assets and Other liabilities as of March 31, 2010 have been restated since the fair value measurement related to a business combination recorded in March 31, 2010 was finalized in this six-month period.

*1: Including liabilities associated with the consolidation of securitized entities.

*2: Excluding liabilities associated with the consolidation of securitized entities.

1-8. Consolidated Statements of Cash Flows

Billions of yen

	Fiscal 2009/ 1H	Fiscal 2010/ 1H	Year-over-year
Cash flows from operating activities	332.5	377.5	44.9
Cash flows from investing activities	(255.8)	(105.6)	150.2
Free cash flows	76.6	271.8	195.2
Cash flows from financing activities	(265.5)	(193.8)	71.6
Effect of consolidation of securitized entities upon previous adoption of new accounting guidances	-	213.5	-

1-9. Consolidated Capital Investment, Consolidated R&D Expenditure

(1) Consolidated capital investment

Billions of yen

	Fiscal 2009/ 1H	Fiscal 2010/ 1H	Year-over-year
Consolidated capital investment	271.3	263.5	97%
Internal use assets	127.3	120.2	94%
Leasing assets	143.9	143.2	99%

(2) Consolidated R&D expenditure

Billions of yen

	Fiscal 2009/ 1H	Fiscal 2010/ 1H	Year-over-year
Consolidated R&D expenditures	178.9	194.8	109%
Percentage of revenues	4.3%	4.3%	-

1-10. Revenues by Industry Segment

Billions of yen

	Fiscal 2009/ 1H	Fiscal 2010/ 1H	Year-over-year	Previous forecast comparison(*)
Information & Telecommunication Systems	794.7	774.8	97%	102%
Power Systems	389.6	384.8	99%	96%
Social Infrastructure & Industrial Systems	534.6	508.9	95%	102%
Electronic Systems & Equipment	451.3	529.0	117%	104%
Construction Machinery	259.0	334.4	129%	101%
High Functional Materials & Components	580.4	700.4	121%	100%
Automotive Systems	286.6	364.6	127%	104%
Components & Devices	355.8	414.7	117%	101%
Digital media & Consumer Products	461.3	506.9	110%	101%
Financial Services	230.1	186.6	81%	104%
Others	366.4	375.2	102%	101%
Eliminations & Corporate items	(585.4)	(578.2)	-	-
Total	4,124.9	4,502.4	109%	102%

(*) previous forecast announced on July 30, 2010

1-11. Operating Income (Loss) by Industry Segment

Billions of yen

	Fiscal 2009/ 1H	Fiscal 2010/ 1H	Year-over-year	Previous forecast comparison(*)
Information & Telecommunication Systems	32.3	34.5	2.2	5.5
Power Systems	3.8	14.3	10.4	2.3
Social Infrastructure & Industrial Systems	(0.9)	10.7	11.7	4.7
Electronic Systems & Equipment	(13.3)	16.2	29.6	6.2
Construction Machinery	1.5	18.2	16.6	7.2
High Functional Materials & Components	5.0	50.2	45.1	3.2
Automotive Systems	(17.1)	10.9	28.0	2.9
Components & Devices	(13.1)	30.2	43.4	4.2
Digital media & Consumer Products	(11.2)	10.9	22.2	3.4
Financial Services	2.5	11.2	8.7	2.2
Others	7.3	12.8	5.5	4.8
Eliminations & Corporate items	(21.6)	(2.6)	18.9	0.8
Total	(24.7)	218.0	242.8	48.0

(*) previous forecast announced on July 30, 2010

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2-1. Fiscal 2010 Full-year Forecasts (YoY Comparison)

Hitachi is projecting an operating income ratio of 4.4%, despite the expected impact of the yen's appreciation and uncertainty surrounding the global economic outlook. The revised forecasts are based on a steady contribution from the Social Innovation Business, faster global development, the benefits of business structure reforms, and progress with ongoing cost-containment initiatives to reduce procurement costs and fixed expenses.

Revenues	<p>Revenues: Projecting a 4% YoY increase</p> <p>Operating income: Projecting a 207.8 billion yen increase</p> <ul style="list-style-type: none">- Slowing recovery in demand due to global economic sluggishness.- Impact of foreign currency movements.
Operating income	<p>However, Hitachi is projecting higher revenues and earnings year over year because it expects reductions in procurement costs and indirect expenses, the benefits of efforts to constrain fixed expenses and benefits of business structure reforms to outweigh the abovementioned negative factors.</p>
Net other deductions	<p>YoY improvement of 118.5 billion yen</p> <ul style="list-style-type: none">- FY2010 forecast: net other deductions of 20.0 billion yen1H FY2010: net other income of 45.7 billion yen2H FY2010: net other expenses (projected) of 65.7 billion yen
Net income attributable to Hitachi, Ltd.	<p>Projected 306.9 billion yen YoY improvement</p>

2-2. Outlook for Fiscal 2010

Projections for fiscal 2010 assume an exchange rate of 80 yen to the U.S. dollar and 110 yen to the euro.

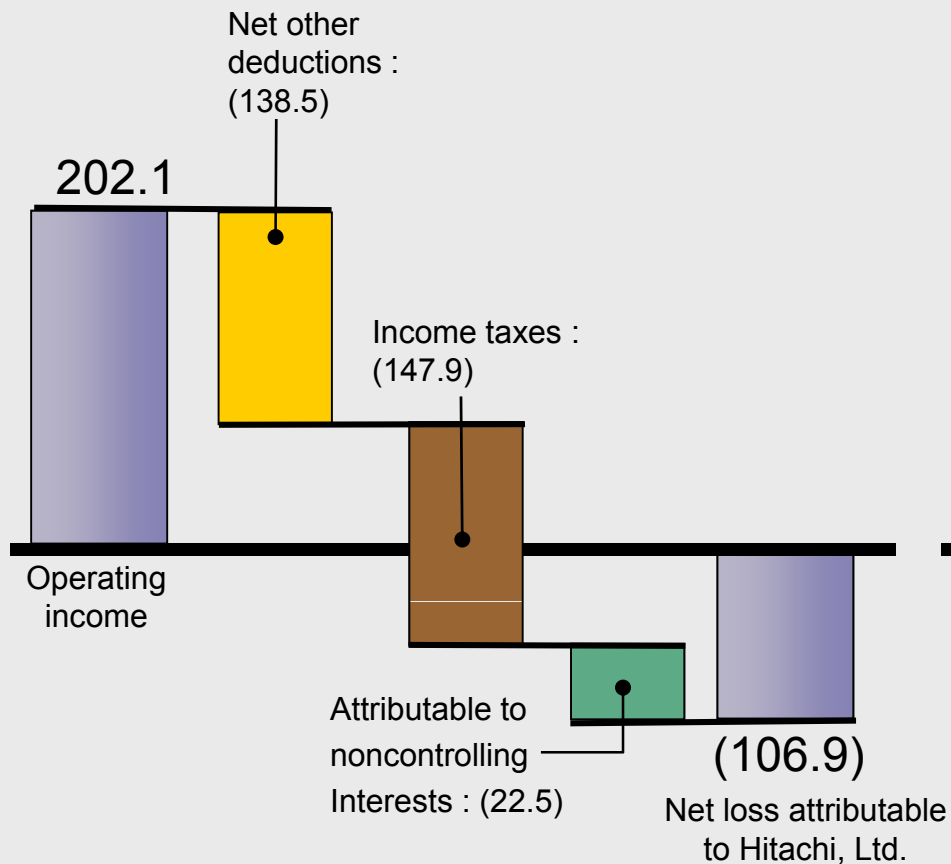
Billions of yen

	Fiscal 2009	previous fiscal 2010 (Forecast) (*)	Fiscal 2010 (Forecast)	Year-over-year	Previous forecast comparison(*)
Revenues	8,968.5	9,200.0	9,300.0	[104%] 331.4	[101%] 100.0
Operating income	202.1	340.0	410.0	207.8	70.0
Net other deductions	(138.5)	(25.0)	(20.0)	118.5	5.0
Income before income taxes	63.5	315.0	390.0	326.4	75.0
Income taxes	147.9	110.0	110.0	(37.9)	0.0
Net income (loss)	(84.3)	205.0	280.0	364.3	75.0
Net income attributable to noncontrolling interests	22.5	75.0	80.0	57.4	5.0
Net income (loss) attributable to Hitachi, Ltd.	(106.9)	130.0	200.0	306.9	70.0

(*) previous forecast announced on May 11, 2010

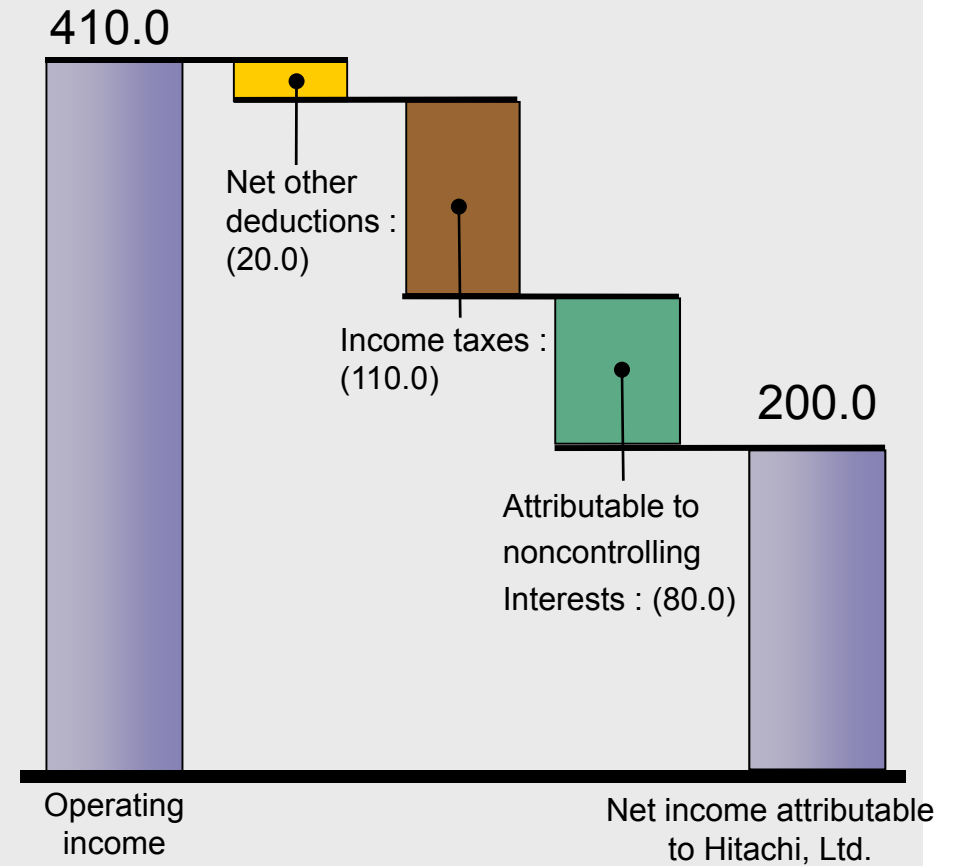
2-3. Major Factors for Change in Net Income (Loss) Attributable to Hitachi, Ltd.

【Fiscal 2009】



【Fiscal 2010】

Billions of yen



2-4. Outlook for Fiscal 2010 Revenues by Industry Segment

YoY and Difference from previous Forecast

Billions of yen

	Fiscal 2009	Fiscal 2010 (Forecast)	Year-over- year	Previous forecast comparison(*)
Information & Telecommunication Systems	1,705.5	1,730.0	101%	100%
Power Systems	882.1	880.0	100%	100%
Social Infrastructure & Industrial Systems	1,250.2	1,160.0	93%	106%
Electronic Systems & Equipment	998.6	1,090.0	109%	102%
Construction Machinery	583.6	720.0	123%	100%
High Functional Materials & Components	1,249.3	1,420.0	114%	101%
Automotive Systems	638.8	710.0	111%	104%
Components & Devices	754.8	800.0	106%	92%
Digital media & Consumer Products	929.2	930.0	100%	101%
Financial Services	419.6	350.0	83%	97%
Others	763.6	760.0	100%	97%
Eliminations & Corporate items	(1,207.2)	(1,250.0)	-	-
Total	8,968.5	9,300.0	104%	101%

(*) previous forecast announced on May 11, 2010

2-5. Outlook for Fiscal 2010 Operating Income (Loss) by Industry Segment

YoY and Difference from previous Forecast

Billions of yen

	Fiscal 2009	Fiscal 2010 (Forecast)	Year-over- year	Previous forecast comparison(*)
Information & Telecommunication Systems	94.5	100.0	5.4	0.0
Power Systems	22.0	29.0	6.9	0.0
Social Infrastructure & Industrial Systems	42.0	46.0	3.9	9.0
Electronic Systems & Equipment	(5.2)	40.0	45.2	12.0
Construction Machinery	17.6	44.0	26.3	9.0
High Functional Materials & Components	44.4	88.0	43.5	6.0
Automotive Systems	(5.4)	21.0	26.4	4.0
Components & Devices	1.1	43.0	41.8	(11.0)
Digital media & Consumer Products	(7.2)	11.0	18.2	4.0
Financial Services	8.5	21.0	12.4	6.0
Others	19.4	23.0	3.5	3.0
Eliminations & Corporate items	(29.8)	(56.0)	(26.1)	28.0
Total	202.1	410.0	207.8	70.0

(*) previous forecast announced on May 11, 2010

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Leverage Hitachi's strengths to promote a global growth strategy

- Promote and expand global localization centered on the “Asian belt”
 - ✓ **Thermal power generation systems:**
 - Established joint venture with BGR Energy Systems Limited (India).
 - ✓ **Elevators and escalators:**
 - Established a Regional HQ in Singapore for Southeast Asia, India, and the Middle East.
 - ✓ **Consulting:**
 - Established a new company in China.
 - ✓ **High Functional Materials & Components:**
 - Established a powder metal product manufacturing base in Indonesia.
 - ✓ **Construction Machinery:**
 - Made Indian company Telco Construction Equipment Company Limited. a subsidiary.
 - ✓ **Others:**
 - Reached an agreement to cooperate with Singapore Economic Development Board.
 - Strengthened corporate research divisions in China and India.
 - Hitachi Research Institute established an office in China, and plans to open one in India.

Leverage Hitachi's strengths to promote a global growth strategy

● Expand business opportunities through partnerships

✓ Smart cities :

- Cooperative relationship with Osaki Electric Co., Ltd. in overseas smart grid-related business.
- Promoting concrete initiatives in Sino-Singapore Tianjin Eco-City (China).
- Collaboration with Dalian City (China) in the field of recycling resources and low-carbon economy.
- Cooperating in the energy management field with Panasonic Corporation

✓ Nuclear power generation systems:

- Plan to establish joint sale offices with Hitachi-GE Nuclear Energy and GE-Hitachi Nuclear Energy.
- GE-Hitachi Nuclear Energy 's ESBWR* passed a critical safety review performed by NRC* .
- Participate in International Nuclear Energy Development of Japan.

✓ Overseas railway systems :

- Collaboration with Mitsubishi Heavy Industries, Ltd. in the intra-city railway business.
- Business and capital alliance with Toyo Denki Seizo K.K. for electrical components.

✓ Data centers :

- Formed alliances with local companies in the UK and the Netherlands.

✓ Batteries :

- Studying opportunities for collaboration with Johnson Controls, Inc. (U.S.) in the field of advanced energy storage.

* ESBWR: Economic and Simplified Boiling Water Reactor

* NRC: U.S. Nuclear Regulatory Commission

Focusing business resources on the Social Innovation Business

- **Make capex and strategic investments and focus on advanced technology**
 - 1H FY2010 R&D investment: 100 billion yen (51% of total)
 - ⇒ FY2010-FY2012 R&D investment: 600 billion yen
 - ✓ **Smart cities :**
 - Plan to establish R&D base within Sino-Singapore Tianjin Eco-City.
 - Launched smart grid demonstration project with an isolated grid at Rokkasho Village, Aomori Prefecture.
 - ✓ **Thermal power generation:**
 - Cooperated with the Government of Saskatchewan (Canada) in development of energy and environment-related technologies.
 - ✓ **Hydroelectric power generation:**
 - Considering business integration with Mitsubishi Heavy Industries, Ltd. and Mitsubishi Electric Corporation.
 - ✓ **Water business:**
 - Established Water Environment Solutions Division (FY2015 revenue target: 200 billion yen).
 - ✓ **Cloud computing :**
 - Accelerated supplying high reliabilities cloud computing service by new business management.
(FY2015 revenue target: 500 billion yen).
 - ✓ **Data centers :**
 - Reinforced framework in China.
 - ✓ **Batteries :**
 - Developed technology to extend the life of industrial lithium-ion batteries.
 - ✓ **Others :**
 - Established strategic marketing and business organization in the field of social and industrial systems.
 - Integrated Hitachi Software Engineering Co., Ltd. and Hitachi Systems & Services, Ltd.
 - Merged mobile terminal business with that of NEC Corporation
 - Transferred shares of IPS Alpha Technology, Ltd.

3-4. Progress of 2012 Mid-term Management Plan (4)

Strengthen the business structure to stabilize profitability

● Reduce material costs

→ Cost cuts achieved in 1H FY2010: Approx. 100 billion yen ⇒ **FY2010 target: Approx. 220 billion yen**

✓ Expand global procurement, procurement from emerging countries

→ 1H FY2010: 30% (FY2010 target: 35%) ⇒ FY2012 target: 50%

Reinforce procurement functions around Brazil, Vietnam, India and others.

✓ Promote centralized purchasing

→ 1H FY2010: 25% (FY2010 target: 27%) ⇒ **FY2012 target: 35%**

● Continue to promote fixed cost-reductions

✓ Reduce indirect material costs

→ Deploy the “Indirect Material Cost Reduction Project” across the Group.

→ Cost reduction effect in 1H FY2010: Approx. 15 billion yen

⇒ **FY2010 target: Reduction of approx. 30 billion yen**

● Realize speedier management

✓ Accelerate management decision-making and strengthen autonomous management through full deployment of in-house company system.

✓ Expand each company’s discretion to make decisions through internal rating system

✓ Reinforce Group IT systems to enhance management infrastructure.

→ Compatibility with IFRS, global financial and accounting system, procurement system, HR statistics system.

3-5. Progress of 2012 Mid-term Management Plan (5)

	Fiscal 2009	Fiscal 2010 (Forecast)	FY2012 Targets
Revenues	8,968.5 billion yen	9,300.0 billion yen	10,500.0 billion yen
Operating income	[2.3%] 202.1 billion yen	[4.4%] 410.0 billion yen	Over 5%
Net income (loss) attributable to Hitachi, Ltd.	(106.9) billion yen	200.0 billion yen	Consistently generate at least 200 billion yen
D/E Ratio	1.04 times	1.19times ^{*1, *2}	0.8 times or below
Total Hitachi, Ltd. Stockholders' equity Ratio	14.3%	15.2% ^{*2}	20%

(*1) Including liabilities associated with the consolidation of securitized entities.

(*2) As of September 30, 2010.

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 investments in Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors which Hitachi serves, including, without limitation, the information, electronics, automotive, construction and financial sectors;
- exchange rate fluctuations for the yen and 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 in Japan, 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 Components & Devices and the Digital Media & Consumer Products segments;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technology 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 and synthetic resins;
- 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;
- 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 and other cost reduction measures;
- general socio-economic and political conditions and the regulatory and trade environment of Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports, or 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 in Japan by earthquakes 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 and that of its customers;
- uncertainty as to the accuracy of key assumptions Hitachi uses to value 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 Hitachi’s periodic filings with the U.S. Securities and Exchange Commission and in other materials published by Hitachi.

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