

# Outline of Consolidated Financial Results for Fiscal 2010

May 11, 2011  
Hitachi, Ltd.

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May 11, 2011



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1. Outline of Consolidated Financial Results for Fiscal 2010
2. Overview by Business Segment

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1. Outline of Consolidated Financial Results for Fiscal 2010
2. Overview by Business Segment

# 1-1. Financial Results Highlights

## Highlights of Fiscal 2010 Results

Revenues	<p><u>Revenues rose 4% YoY</u></p> <ul style="list-style-type: none"> <li>- The increase reflected recovering demand in the automotive- and electronics-related fields, and came despite the impact of the Great East Japan Earthquake.</li> </ul>
Operating income	<p><u>Operating income rose 242.3 billion yen YoY</u></p> <ul style="list-style-type: none"> <li>- Exceeded 400.0 billion yen for the first time since fiscal 1990.</li> <li>- Attributable to progress with business structure reforms, reduced materials procurement costs, better project management, etc.</li> </ul>
Net other income (deductions)	<p><u>Net other deductions improved 126.2 billion yen YoY</u></p> <ul style="list-style-type: none"> <li>- Gains on the sale of marketable securities improved due to gains on the transfer of management rights related to IPS Alpha Technology.</li> <li>- Improvement in equity in net earnings of affiliated companies.</li> </ul>
Net income (loss) attributable to Hitachi, Ltd.	<p><u>Improved 345.8 billion yen YoY</u></p> <ul style="list-style-type: none"> <li>- The bottom-line result was a record.</li> </ul>
Free cash flows	<p><u>Free cash flows was a positive 581.2 billion yen (313.5 billion yen YoY increase)</u></p> <ul style="list-style-type: none"> <li>- 336.6 billion yen impact associated with consolidating securitized entities in accordance with the application of new accounting guidances.</li> </ul>

# 1-2. Consolidated Statements of Operations

Billions of yen

	Fiscal 2009	Fiscal 2010	Year-over-year	Previous forecast Comparison*
Revenues	8,968.5	9,315.8	347.2 [104%]	15.8 [100%]
Operating income	202.1	444.5	242.3	4.5
Net other income (deductions)	(138.5)	(12.3)	126.2	(2.3)
Income before income taxes	63.5	432.2	368.6	2.2
Income taxes	147.9	129.0	(18.8)	(4.0)
Net Income (loss)	(84.3)	303.1	387.5	(1.8)
Net income attributable to noncontrolling interests	22.5	64.2	41.6	(10.7)
Net income (loss) attributable to Hitachi, Ltd.	(106.9)	238.8	345.8	8.8

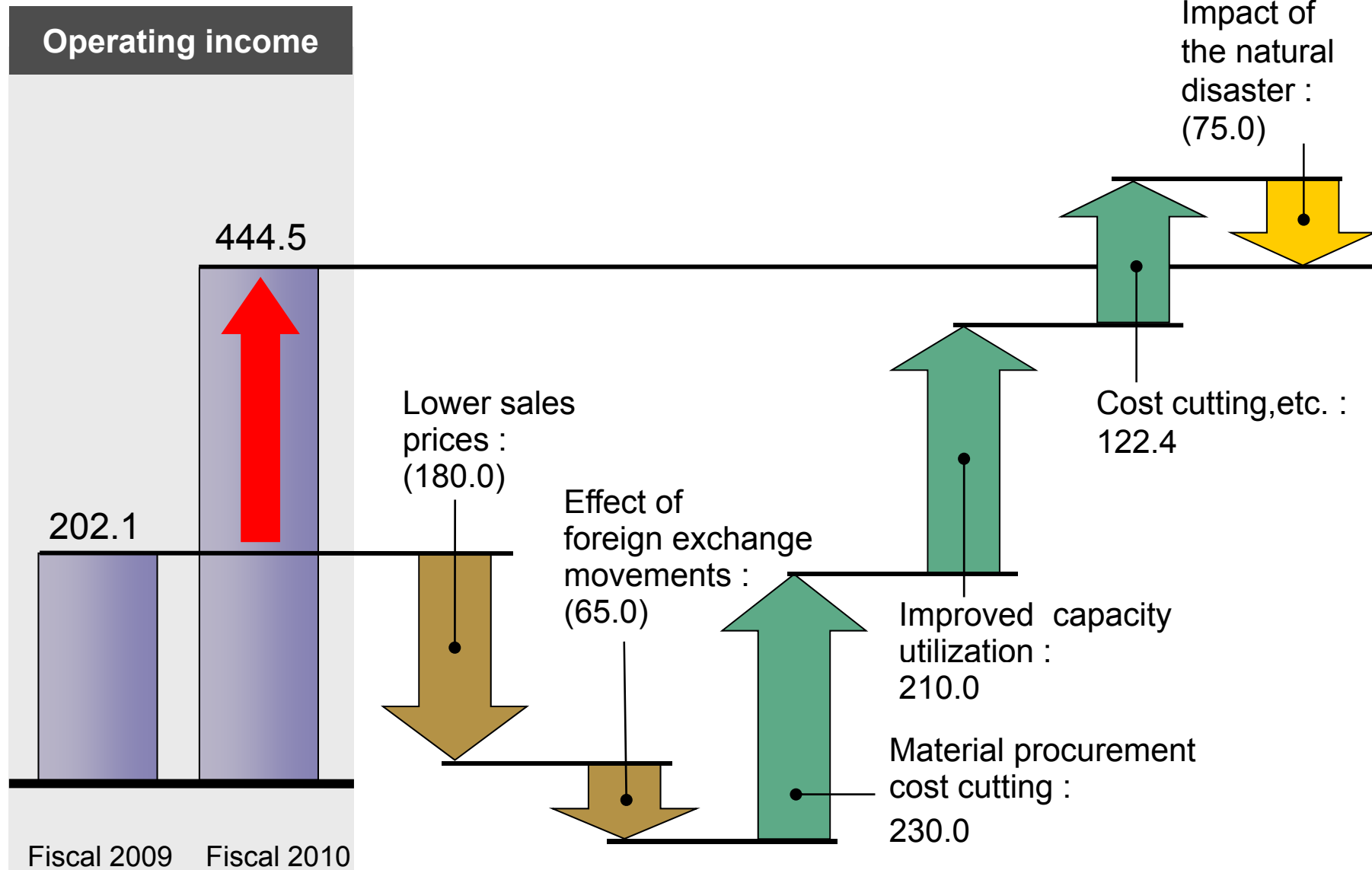
\* previous forecast announced on February 3, 2011

## 1-3. Impacts of the Great East Japan Earthquake

Revenues	<u>(130.0) billion yen</u> Lower shipments in line with capacity utilization drop, and customer delays inspecting products.
Operating loss	<u>(75.0) billion yen</u> Damage, write-down, repairs, inspection and removal of inventory, and delivery delays, etc.
Other deductions	<u>(25.0) billion yen</u> Damage to and impairment of fixed assets, impact on equity-method affiliates, etc.
Net loss attributable to Hitachi, Ltd.	<u>(75.0) billion yen</u>
Status of Recovery	<ul style="list-style-type: none"> <li>✓ Many business sites, particularly in the Tohoku region and Ibaraki Prefecture, were affected</li> <li>✓ Realized an extraordinary fast recovery due to Group-wide efforts</li> <li>✓ Operations resumed at the end of March, 2011, and most facilities returned to full production after mid-April.</li> </ul>

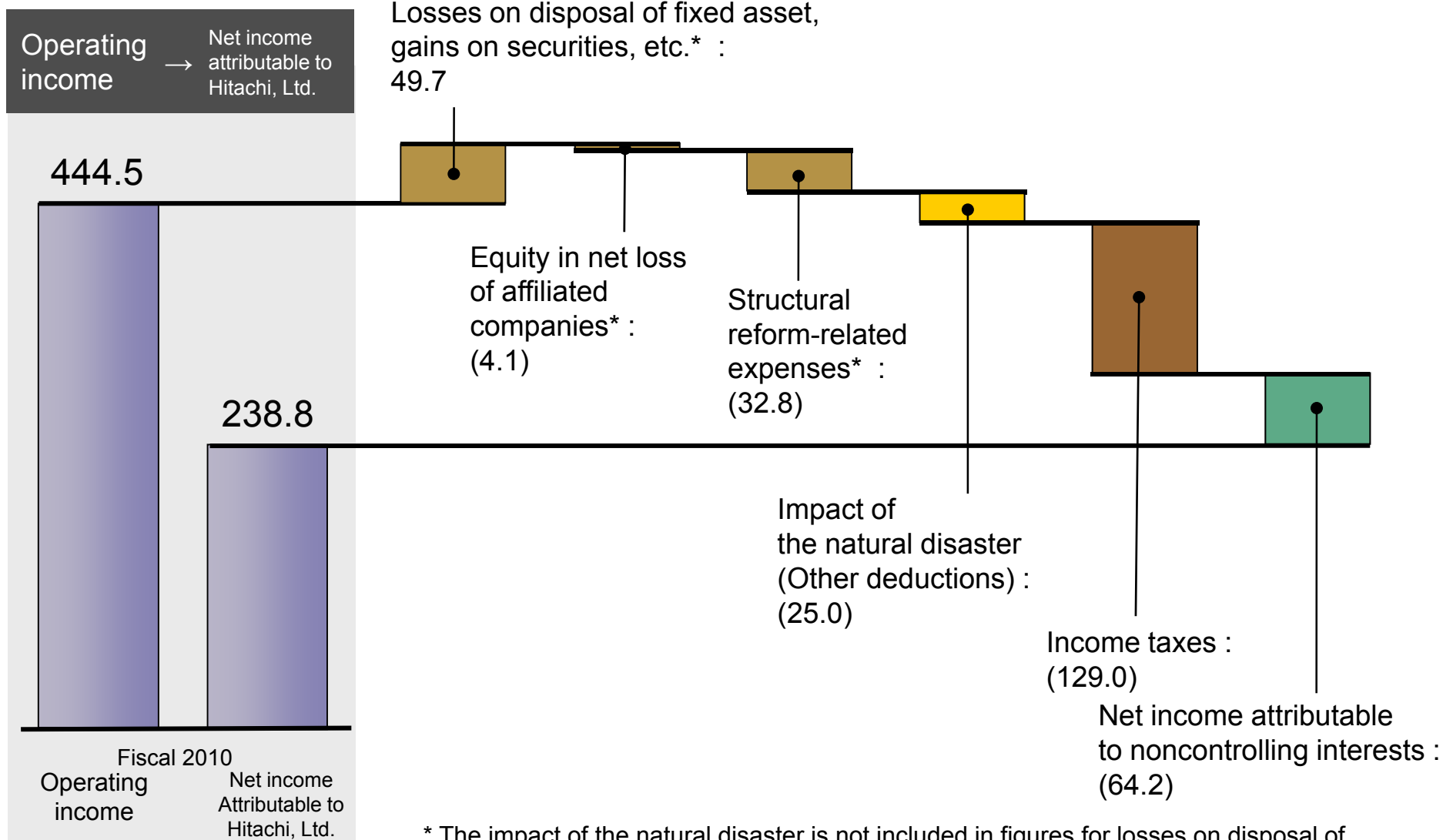
# 1-4. Major Factors for Change in Operating Income (Year-over-Year)

Billions of yen



# 1-5. Major Factors for Change in Net Income Attributable to Hitachi, Ltd.

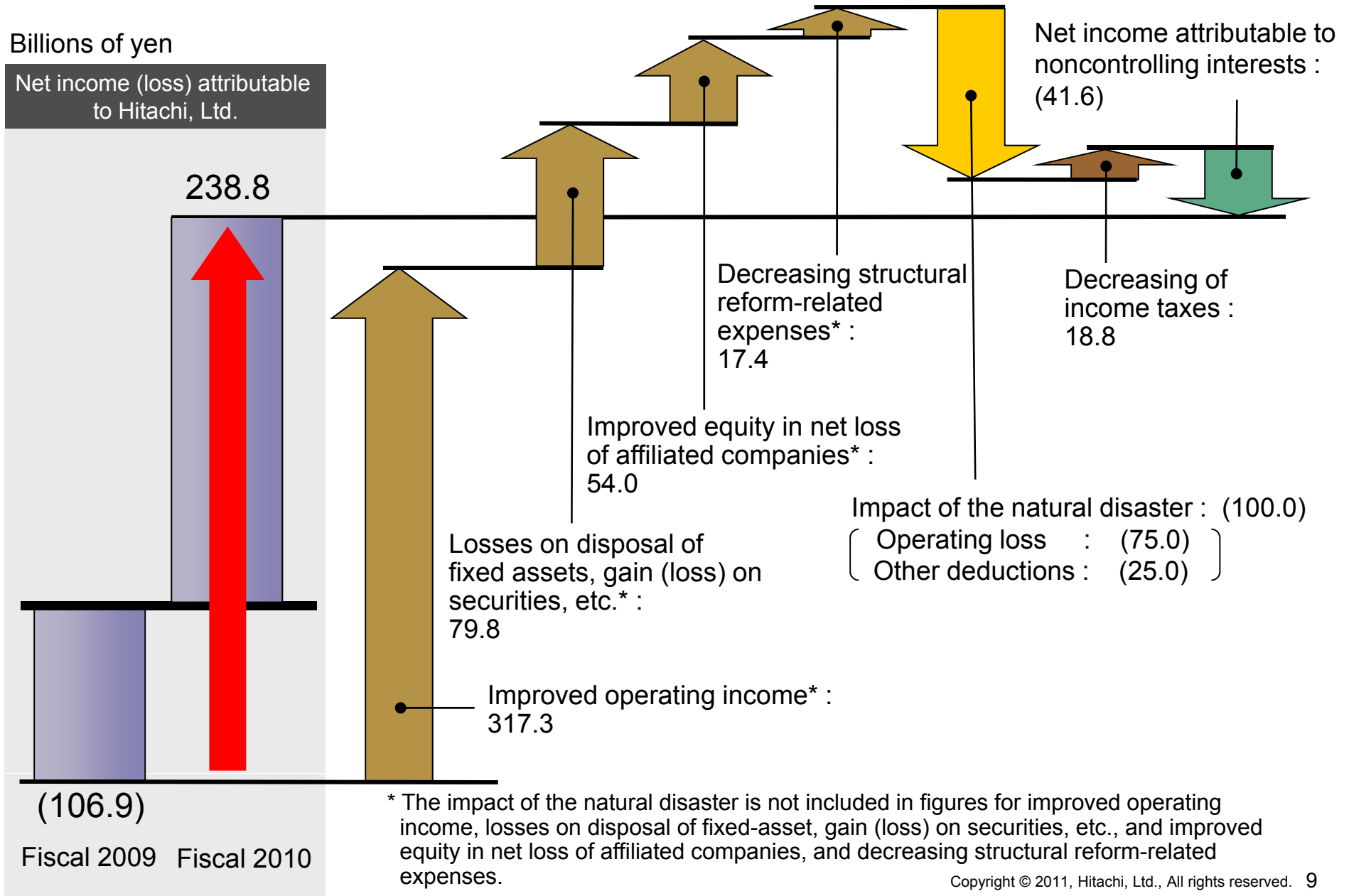
Billions of yen



\* The impact of the natural disaster is not included in figures for losses on disposal of fixed-asset, gains on securities, etc., and equity in net loss of affiliated companies, and structural reform-related expenses.



# 1-6. Major Factors for Change in Net Income (Loss) Attributable to Hitachi, Ltd. (Year-over-Year)



# 1-7. Revenues by Market

Billions of yen

	Fiscal 2009	Ratio	Fiscal 2010	Ratio	Year-over-year
Japan	5,313.7	59%	5,269.2	57%	99%
Outside Japan	3,654.7	41%	4,046.5	43%	111%
Asia	1,699.0	19%	2,073.7	22%	122%
China	991.6	11%	1,188.5	13%	120%
North America	729.6	8%	781.1	8%	107%
Europe	824.6	9%	760.0	8%	92%
Other Areas	401.2	5%	431.6	5%	108%
<b>Total</b>	<b>8,968.5</b>	<b>100%</b>	<b>9,315.8</b>	<b>100%</b>	<b>104%</b>

Ratio of overseas revenues 41 % → 43 %

# 1-8. Consolidated Balance Sheets

Billions of yen

	As of March 31, 2010*	As of March 31, 2011	Change from March 31, 2010
Total assets	8,964.4	9,185.6	221.1
Total liabilities	6,696.6	6,744.2	47.6
Interest-bearing debt	2,367.1	2,521.5	154.4
Total Hitachi, Ltd. stockholders' equity	1,284.6	1,439.8	155.2
Noncontrolling interests	983.1	1,001.5	18.3
Total Hitachi, Ltd. stockholders' equity ratio	14.3%	15.7%	1.4 points Improvement
D/E ratio (Including noncontrolling interests) *1	1.38 times	1.03 times	0.35 points improvement
D/E ratio (Including noncontrolling interests) *2	1.04 times	0.86 times	0.18 points improvement

\* Figures as of March 31, 2010 have been adjusted to the final figures in accordance with the provisions of the Accounting Standards Codification (ASC) No. 805, "Business Combinations," because the fair value valuation concerning business combinations conducted in the fiscal year ended March 31, 2010 was concluded in the first quarter of the fiscal year ended March 31, 2011.

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

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

# 1-9. Consolidated Statements of Cash Flows

Billions of yen

	As of March 31, 2010	As of March 31, 2011	Change from March 31, 2010
Cash flows from operating activities	798.2	841.5	43.2
Cash flows from investing activities	(530.5)	(260.3)	270.2
Free cash flows	267.7	581.2	313.5
Cash flows from financing activities	(502.3)	(584.1)	(81.8)
Effect of consolidation of securitized entities upon previous adoption of new accounting guidances	-	336.6	-

# 1-10. Summary Financial Statements by “Manufacturing, Services and Others” and “Financial Services”

## Summary Consolidated Balance Sheets

Billions of yen

	Manufacturing, Services and Others*	Financial Services*	Total
Total assets	7,677.7	1,937.6	9,185.6
Total liabilities	5,467.4	1,695.5	6,744.2
Interest-bearing debt	1,513.6	1,220.3	2,521.5
Total Hitachi, Ltd. stockholders' equity	1,308.9	142.8	1,439.8
Noncontrolling interests	901.3	99.1	1,001.5
Total Hitachi, Ltd. stockholders' equity ratio	17.0%	7.4%	15.7%
D/E ratio (Including noncontrolling interests) *1	0.68 times	5.04 times	1.03 times
D/E ratio (Including noncontrolling interests) *2	0.67 times	3.44 times	0.86 times

## Summary Consolidated Statements of Cash Flows

Billions of yen

	Manufacturing, Services and Others*	Financial Services*	Total
Cash flows from operating activities	671.5	190.9	841.5
Cash flows from operating activities	(399.9)	126.9	(260.3)
Free cash flows	271.5	317.9	581.2
Cash flows from financing activities	(255.3)	(434.2)	(584.1)

\* Figures are before offsets and eliminations related to transactions between Manufacturing, Services and Others, and Financial Services.

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

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

## 1-11. Consolidated Capital Investment, Consolidated R&D Expenditure

### (1) Consolidated capital investment

Billions of yen

	Fiscal 2009	Fiscal 2010	Year-over-year
Consolidated capital investment	546.3	556.8	102%
Internal use assets	247.4	273.1	110%
Leasing assets	298.9	283.7	95%

### (2) Consolidated R&D expenditure

Billions of yen

	Fiscal 2009	Fiscal 2010	Year-over-year
Consolidated R&D expenditures	372.4	395.1	106%
Percentage of revenues	4.2%	4.2%	-

# 1-12. Revenues by Business Segment

Billions of yen

	Fiscal 2009	Fiscal 2010	Year-over-year	Previous forecast Comparison*
Information & Telecommunication Systems	1,705.5	1,652.0	97%	95%
Power Systems	882.1	813.2	92%	97%
Social Infrastructure & Industrial Systems	1,250.2	1,156.9	93%	99%
Electronic Systems & Equipment	998.6	1,079.3	108%	99%
Construction Machinery	583.6	751.3	129%	104%
High Functional Materials & Components	1,249.3	1,408.1	113%	101%
Automotive Systems	638.8	737.9	116%	100%
Components & Devices	754.8	809.8	107%	100%
Digital Media & Consumer Products	929.2	951.5	102%	100%
Financial Services	419.6	372.9	89%	107%
Others	763.6	767.4	100%	101%
Eliminations & Corporate Items	(1,207.2)	(1,185.0)	-	-
<b>Total</b>	<b>8,968.5</b>	<b>9,315.8</b>	<b>104%</b>	<b>100%</b>

\* previous forecast announced on February 3, 2011

# 1-13. Operating Income (Loss) by Business Segment

Billions of yen

	Fiscal 2009	Fiscal 2010	Year-over-year	Previous forecast Comparison*
Information & Telecommunication Systems	94.5	98.6	4.0	(1.3)
Power Systems	22.0	22.0	0	(6.9)
Social Infrastructure & Industrial Systems	42.0	39.9	(2.1)	(8.0)
Electronic Systems & Equipment	(5.2)	37.2	42.5	(2.7)
Construction Machinery	17.6	49.1	31.5	5.1
High Functional Materials & Components	44.4	84.5	40.0	(0.4)
Automotive Systems	(5.4)	23.7	29.2	1.7
Components & Devices	1.1	43.6	42.5	(2.3)
Digital Media & Consumer Products	(7.2)	14.9	22.1	0
Financial Services	8.5	14.2	5.7	(6.7)
Others	19.4	28.9	9.5	5.9
Eliminations & Corporate Items	(29.8)	(12.6)	17.1	20.3
<b>Total</b>	<b>202.1</b>	<b>444.5</b>	<b>242.3</b>	<b>4.5</b>

\* previous forecast announced on February 3, 2011



## ● Main Initiatives

### Fixed cost cutting

- Reduced indirect material costs  
Cost reductions of approximately 35.0 billion yen exceeded target.  
Rolled out the “Indirect Material Cost Reduction Project” across the Group.

### Material procurement cost cutting

- Reduced material costs  
→ Despite an approximate 27.0 billion yen jump in materials costs, cost reductions of approximately 230.0 billion yen exceeded target.
- Expand global procurement, procurement from emerging countries  
→ 36% reduction exceeded target.  
Reinforcing procurement functions in Brazil, Vietnam, India, etc.
- Promote centralized purchasing  
→ 28% reduction exceeded target.

### Realize speedier management

- Accelerate management decision-making and rigorously promoted 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

## Expansion of Social Innovation Business

Accelerate global development

Use of M&As

## Economic environment

### Japan

Lower economic growth expected in the first half of fiscal 2011 due to the direct impact of the natural disaster, as well as resulting constraints on components and materials supply chains, power supply shortages, etc. However, growth is expected to pick-up in the second half due to demand related to Japan's recovery efforts.

### U.S.

Gradual recovery likely to continue, despite concerns about a self-sustainable recovery caused by slow pick-up in the job market, etc.

### Europe

Firm export growth is expected due to the weak euro, although there are concerns about the sovereign debt crisis deepening.

### China

Monetary tightening to combat inflationary pressures, including soaring grain and resource prices and rising wages, is a concern for economic growth. However, internal demand is set to continue expanding, in part because of the government's new 5-year plan.

## Hitachi's initiatives

### Forcefully promote measures to counter changes in the operating environment

#### Japan

- Play an instrumental role in helping restore social infrastructure.
- Build a production framework that addresses concerns about supply chain constraints and electricity supply stability.

#### Global

- Step up efforts based on regional strategies to promote the Social Innovation Business.

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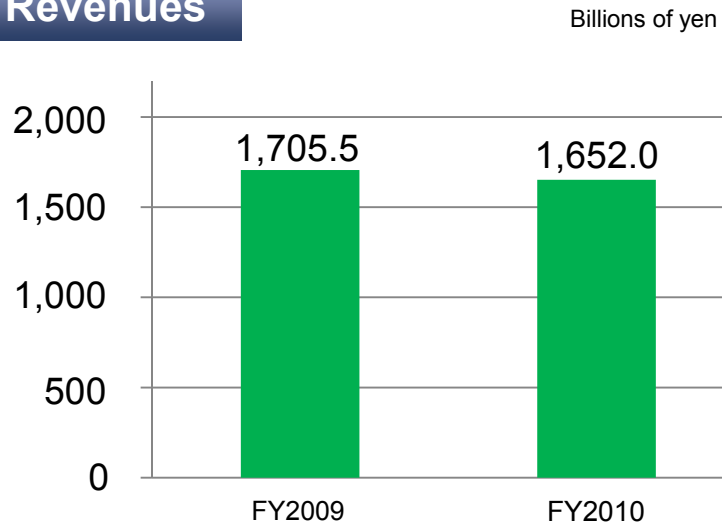


## Contents

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# 2-1. Information & Telecommunication Systems

## Revenues



## Fiscal 2010 (Full-Year Results)

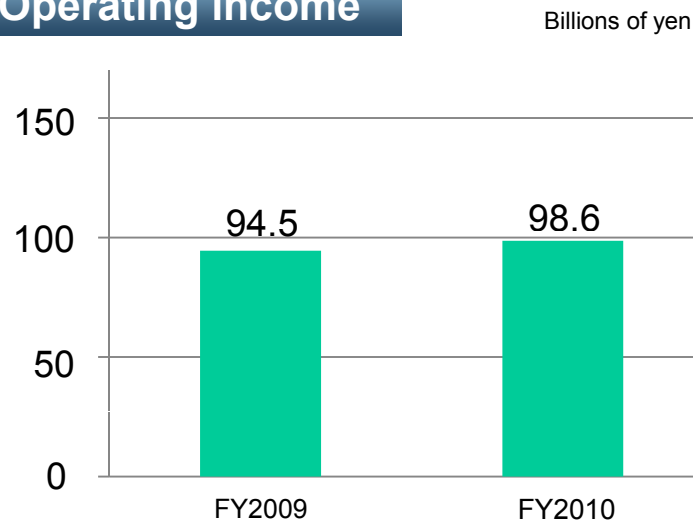
Revenues declined reflecting impact of constrained IT investment in Japan, although storage solutions saw sales growth overseas.

Operating income rose due to better project management and cost cutting, etc.

## Fiscal 2011 Outlook

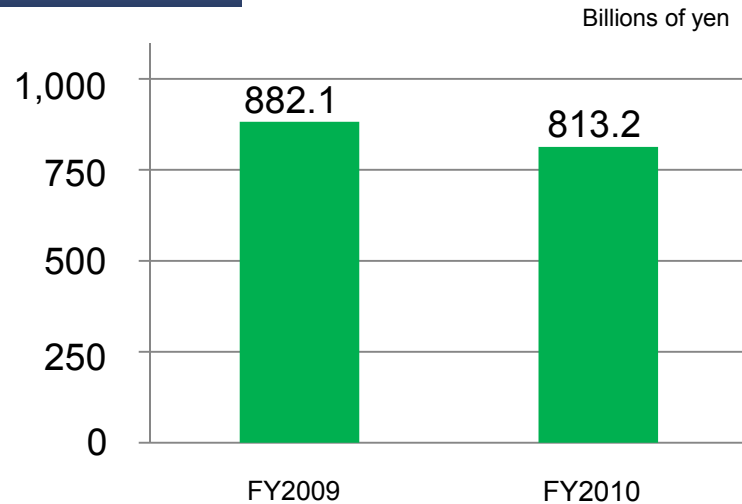
Expect to find it difficult to win orders in the first half because of the natural disaster's impact. However, a gradual recovery is expected due to faster development of overseas markets, particularly in the storage solutions business, and efforts in the second half to capture demand targeting improved BCP (business continuity plan).

## Operating income



## 2-2. Power Systems

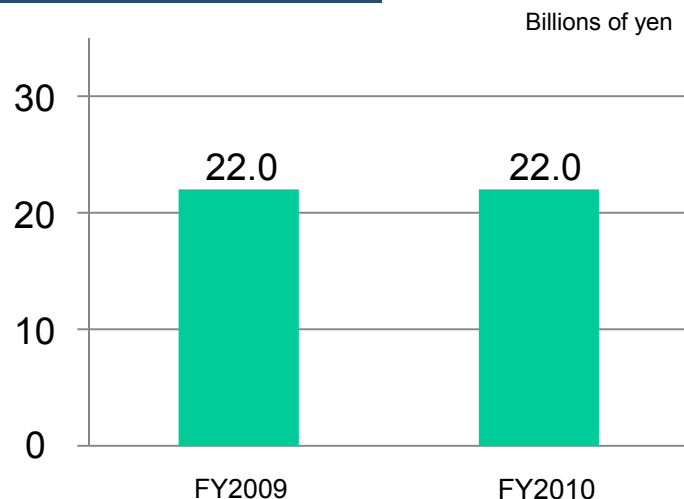
### Revenues



### Fiscal 2010 (Full-Year Results)

Revenues declined due to delays with thermal power generation projects, lower sales of preventative maintenance services for nuclear power generation systems, and the natural disaster's impact. Despite the lower revenues, operating income was on a par with fiscal 2009 due to better project management, cost cutting, etc.

### Operating income

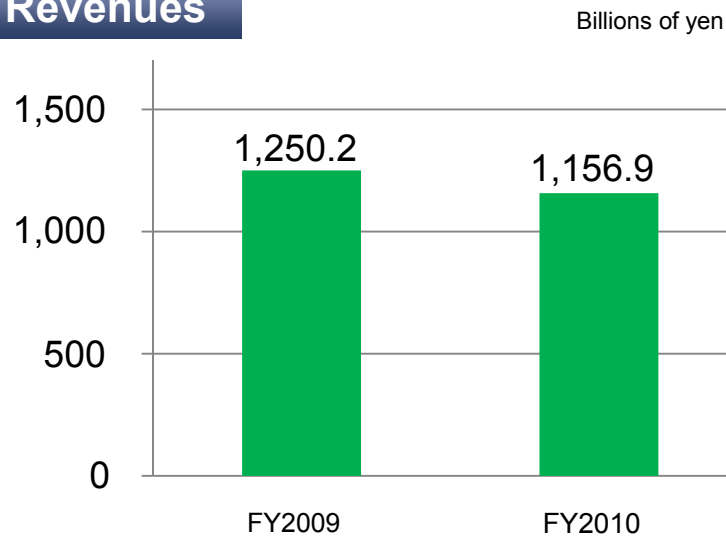


### Fiscal 2011 Outlook

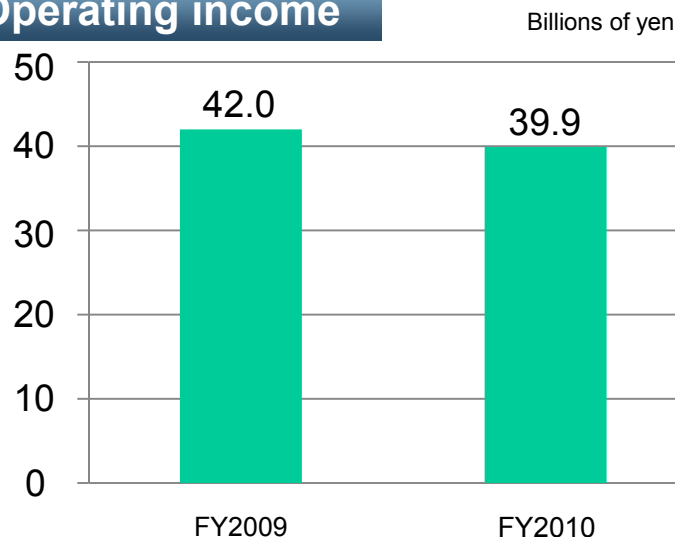
First-quarter revenues are expected to decline because of the natural disaster. However, Hitachi aims to achieve the same revenues as in fiscal 2010 through initiatives to ensure power supply stability, and by accelerating global development from the second quarter onwards.

## 2-3. Social Infrastructure & Industrial Systems

### Revenues



### Operating income



### Fiscal 2010 (Full-Year Results)

Revenues dropped due to the natural disaster's impact, etc. However, elevator and escalator sales grew strongly in China. Operating income decreased despite progress with cost cutting. The decline reflected the lower revenues and natural disaster's impact.

### Fiscal 2011 Outlook

#### ■ Social Infrastructure and Industrial Systems

Social Infrastructure and Industrial Systems Company + Hitachi Plant Technologies, Ltd. + Hitachi Industrial Equipment Systems Co., Ltd.

Revenues are forecast to rise year over year despite the impact of supply chain constraints. This forecast is based on efforts to help with Japan's recovery, further acceleration of global development and other measures.

#### ■ Transportation Systems

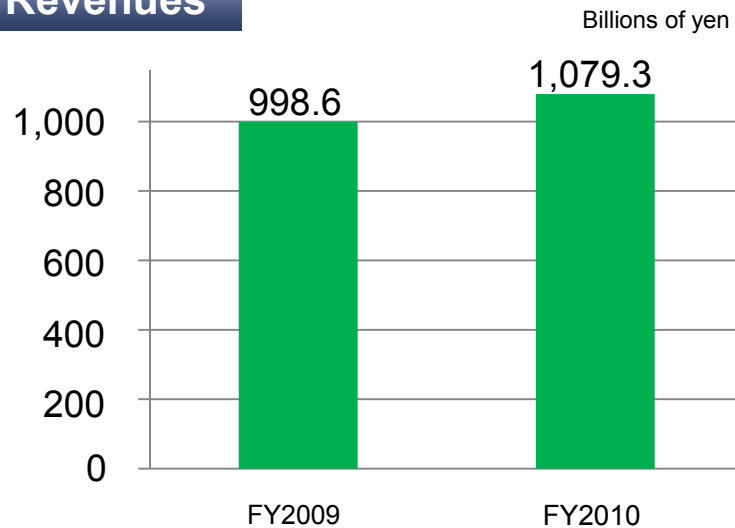
Revenues are expected to fall year over year, due to the impact of supply chain constraints caused by the natural disaster. However, the company will promote global development in this area.

#### ■ Urban Planning and Development Systems

Revenues are expected to be on a par with fiscal 2010 for the full year. While the natural disaster's impact will see lower sales in Japan, the overseas elevator and escalator business is expected to expand further.

## 2-4. Electronic Systems & Equipment

### Revenues



### Fiscal 2010 (Full-Year Results)

Revenues rose despite the natural disaster's impact. The main reason was firm growth in semiconductor manufacturing equipment, etc.

The segment returned to profitability in terms of operating income thanks to higher revenues and fixed cost cutting.

### Fiscal 2011 Outlook

#### ■ Hitachi High-Technologies Corporation

First-quarter revenues are expected to drop due to the natural disaster's impact. However, revenues are expected to grow year over year from the third quarter onward due to a recovering operating environment.

#### ■ Hitachi Medical Corporation

Revenues are projected to rise year over year due to the acquisition of Aloka. However, the natural disaster will still constrain supply chains, etc.

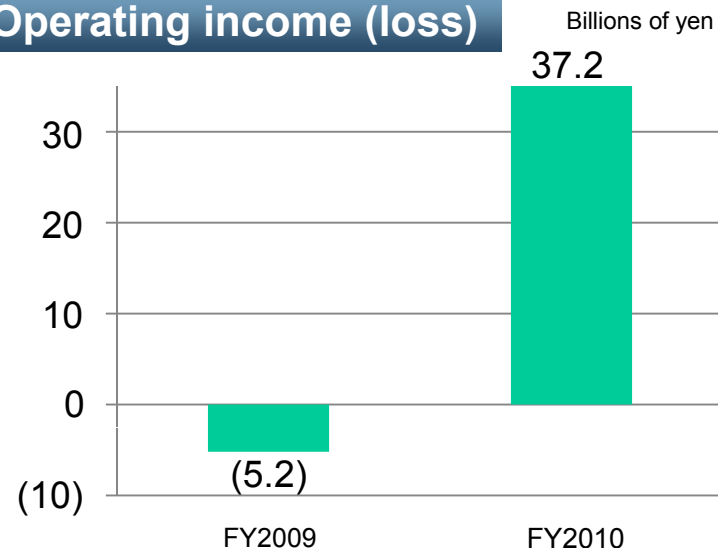
#### ■ Hitachi Kokusai Electric Inc.

Revenues are expected to rise 1% despite the natural disaster's impact. This forecast is based on successful efforts to capture demand related to Japan's recovery, etc.

#### ■ Hitachi Koki Co., Ltd.

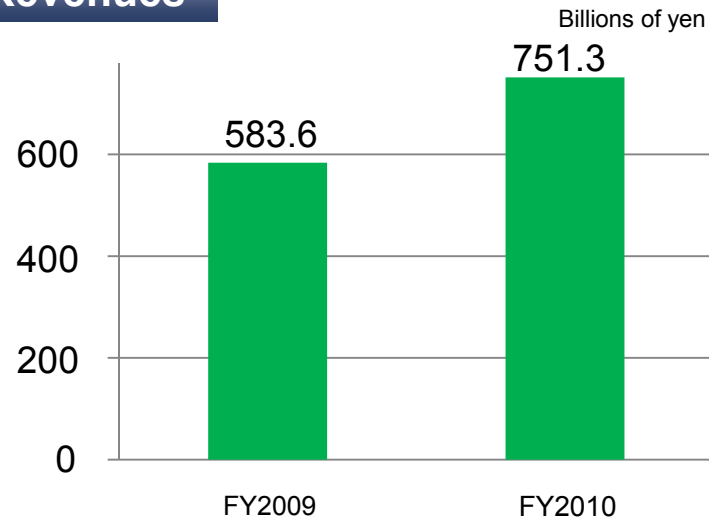
Revenues are projected to grow 7% despite the natural disaster's impact. This forecast is based mainly on successful efforts to capture demand related to Japan's recovery, and expanding sales in emerging markets.

### Operating income (loss)



## 2-5. Construction Machinery

### Revenues



### Fiscal 2010 (Full-Year Results)

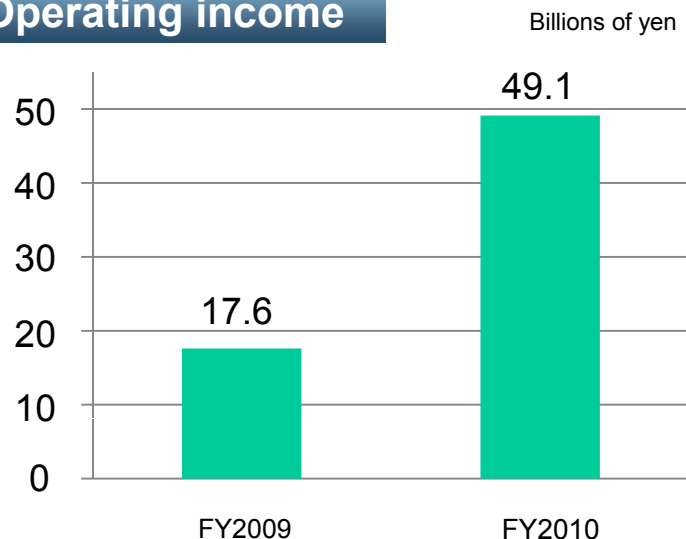
Revenues rose due to firm growth centered on emerging economies and the impact of making Indian company Telco Construction Equipment a consolidated subsidiary.

Operating income rose despite the natural disaster's impact due to higher revenues.

### Fiscal 2011 Outlook

Revenues are expected to rise year over year on projected robust demand centered on emerging economies.

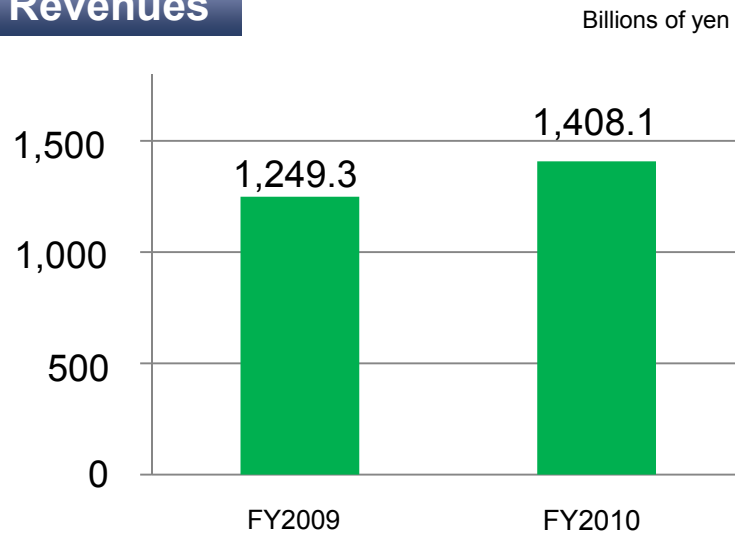
### Operating income





## 2-6. High Functional Materials & Components

### Revenues



### Fiscal 2010 (Full-Year Results)

Revenues rose on the back of firm demand for automobiles.

Operating income increased despite the natural disaster's impact due to the higher revenues.

### Fiscal 2011 Outlook

#### ■ Hitachi Metals, Ltd.

Although there are concerns about supply chain constraints, particularly in the automotive-related sectors, the company expects demand for social infrastructure- and energy-related products.

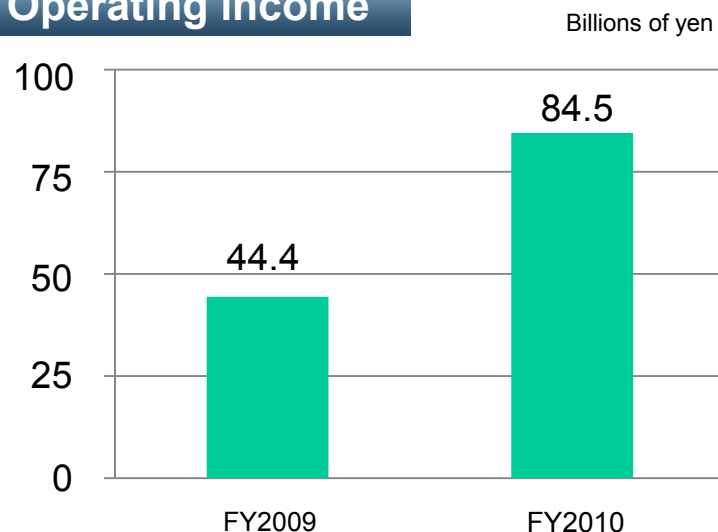
#### ■ Hitachi Cable, Ltd.

Although there are concerns about power supplies and supply chain constraints in the wake of the natural disaster, demand particularly for industrial infrastructure-related products is recovering, and special demand related to recovery efforts is also expected.

#### ■ Hitachi Chemical Co., Ltd.

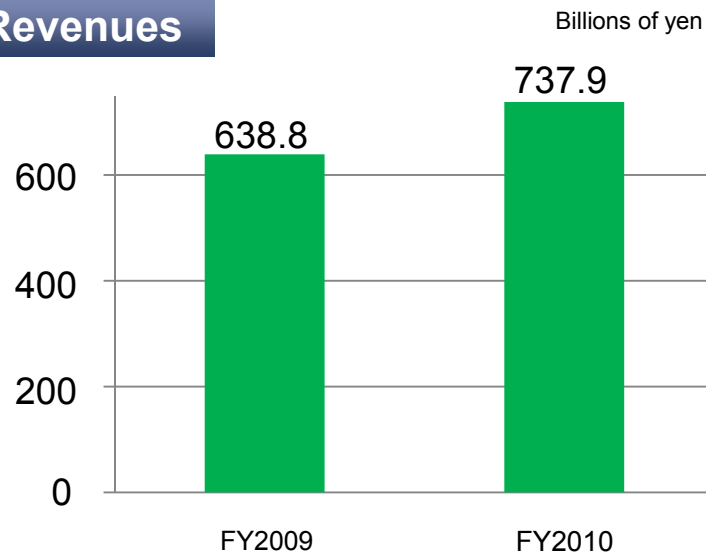
Demand is expected to recover for industrial batteries. However, results will be impacted by supply chain constraints and the suspension of operations at some production.

### Operating income



## 2-7. Automotive Systems

### Revenues



### Fiscal 2010 (Full-Year Results)

Despite the natural disaster's impact, revenues rose thanks to demand mainly in emerging markets and the boost from the Japanese government's program to spur sales of eco-vehicles.

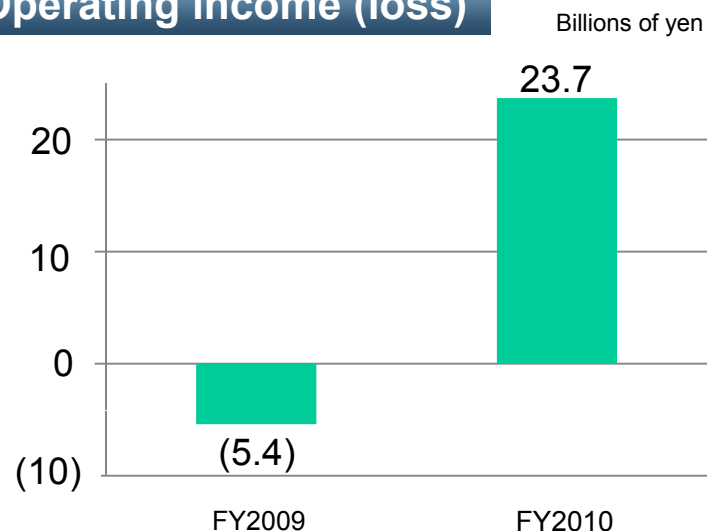
Operating income rose due to the benefits of business structure reforms and improved capacity utilization, etc.

### Fiscal 2011 Outlook

The revenue outlook for the first half is unclear partly because of uncertainty surrounding the production plans of automakers with the impact of supply chains constraints.

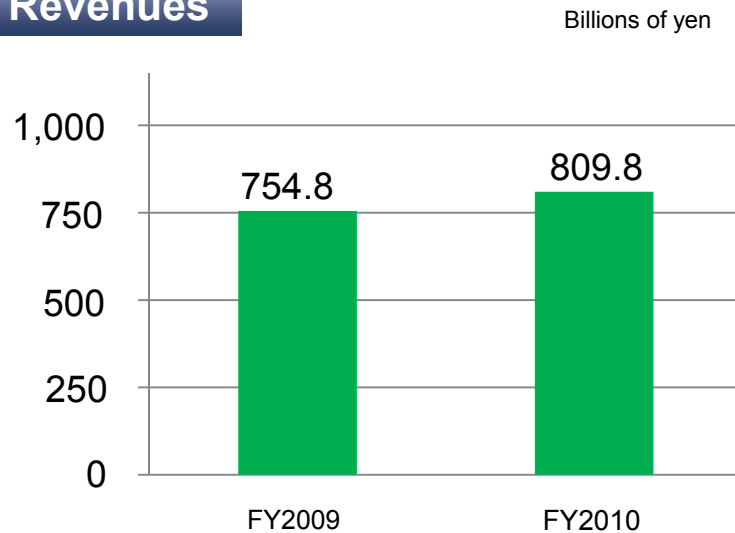
However, a second-half recovery is expected.

### Operating income (loss)



## 2-8. Components & Devices (1)

### Revenues



### Fiscal 2010 (Full-Year Results)

Revenues increased due to firm growth in HDD operations.

Operating income increased due to higher HDD sales.

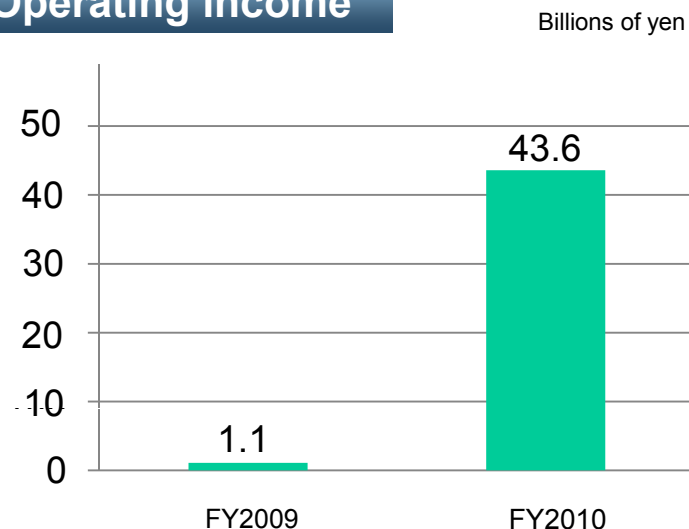
### Fiscal 2011 Outlook

#### ■ Hitachi Displays, Ltd.

The lingering effects of the natural disaster are expected to impact first-half performance. However, a rebound is expected in the second half due mainly to higher consigned production resulting from buoyant demand for small and medium-sized LCDs.

■ Hitachi Global Storage Technologies  
Refer to following page.

### Operating income



## 2-8. Components & Devices (2) (Overview of Hard Disk Drive Business)

		FY 2009 Total (A)	FY 2010			FY 2011	
			Three months ended June 30 (B)	Total (C)	(C)/(A)	Three months ended June 30 (D) (Preliminary)	(D)/(B)
Shipment Period		Jan – Dec.2009	Jan – Mar. 2010	Jan – Dec.2010	-	Jan – Mar. 2011	-
Revenues	Billions of yen	451.7	132.3	526.8	117%	115.4	87%
	Millions of dollars	4,821	1,459	6,003	125%	1,402	96%
Operating Income	Billions of yen	9.2	19.7	57.2	621%	6.6	34%
	Millions of dollars	106	217	645	606%	80	37%

### Fiscal 2010 (Full-Year Results)

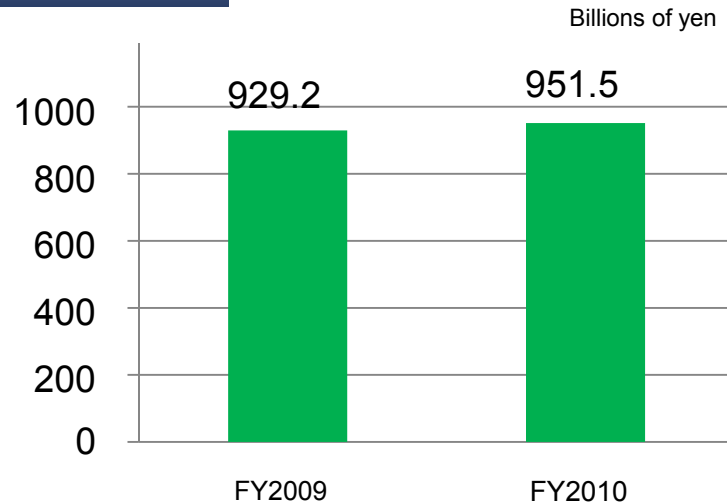
Revenues rose due to strong growth in shipments of all products, including for notebook PCs. Operating income rose on the higher revenues, an improved product mix, cost reductions, etc.

### Fiscal 2011 Outlook

Despite concerns about the natural disaster's ongoing impact on supply chains for certain components, the company aims to quickly restore production levels by switching to alternative components and taking other actions.

## 2-9. Digital Media & Consumer Products

### Revenues

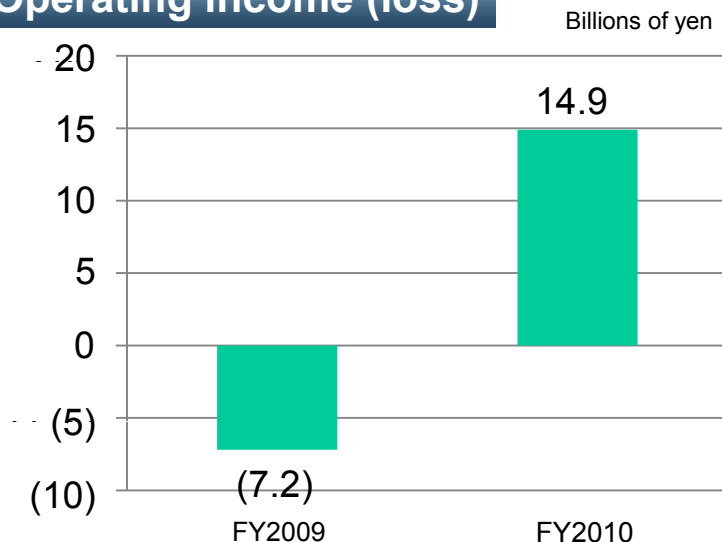


### Fiscal 2010 (Full-Year Results)

Revenues rose despite sluggish sales for optical disk drives. The revenue growth reflected firm expansion in sales of products eligible for eco-points incentives in Japan.

Operating income rose despite the natural disaster's impact. In addition to the benefits of business structure reforms in flat-panel TVs and other businesses, the higher earnings resulted from a strong performance from air-conditioners.

### Operating income (loss)



### Fiscal 2011 Outlook

#### ■ Hitachi Consumer Electronics Co., Ltd.

Despite concerns about the natural disaster's ongoing impact on supply chains, flat-panel TV demand is expected to pick up ahead of the end of analog broadcasting in Japan and following a downturn in demand in March 2011.

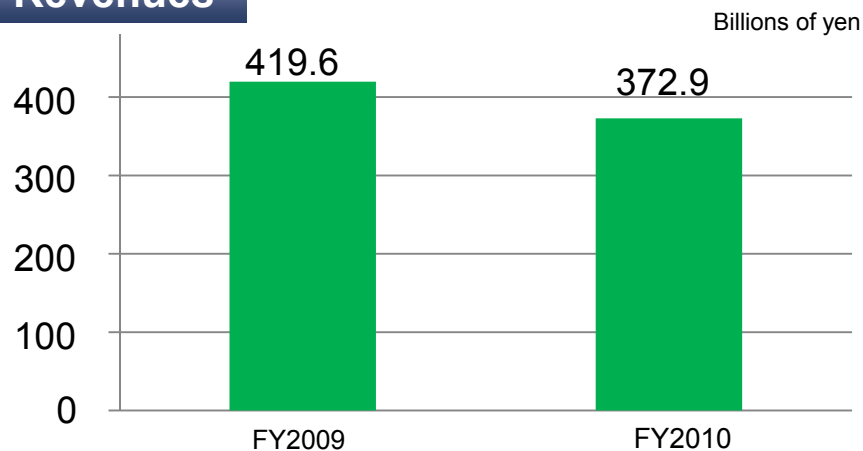
#### ■ Hitachi Appliances, Inc.

Despite concerns about the natural disaster's ongoing impact on supply chains, firm growth is expected in emerging markets.

## 2-10. Financial Services / Others

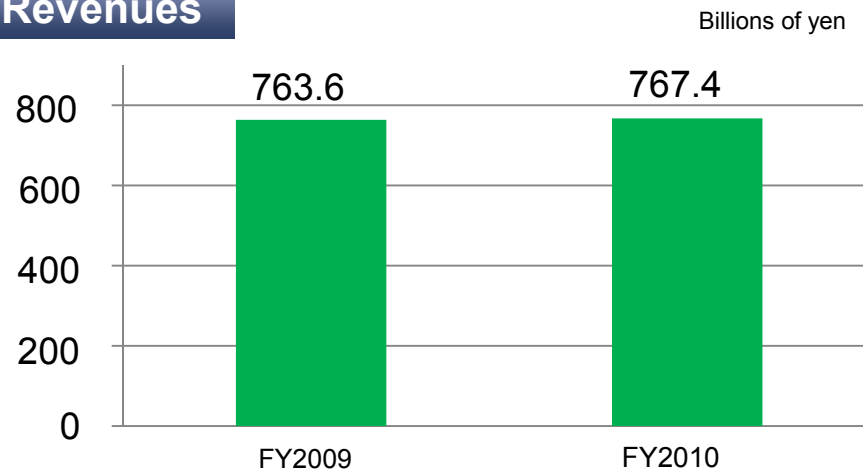
### Financial Services

#### Revenues

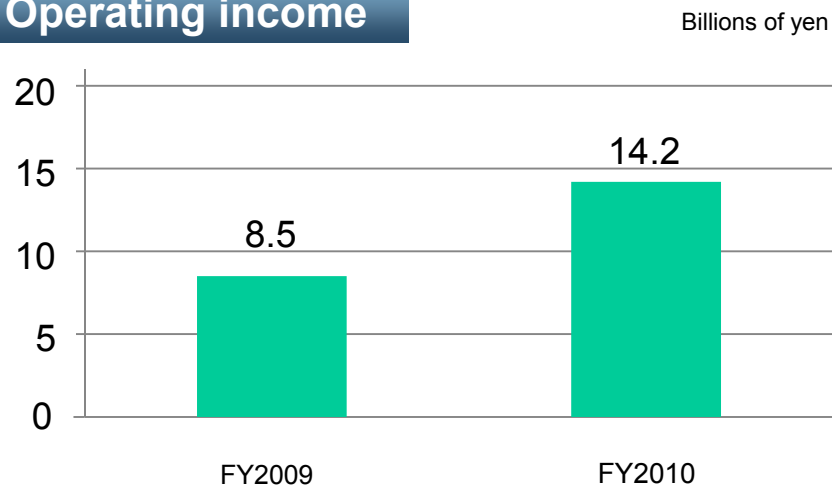


### Others

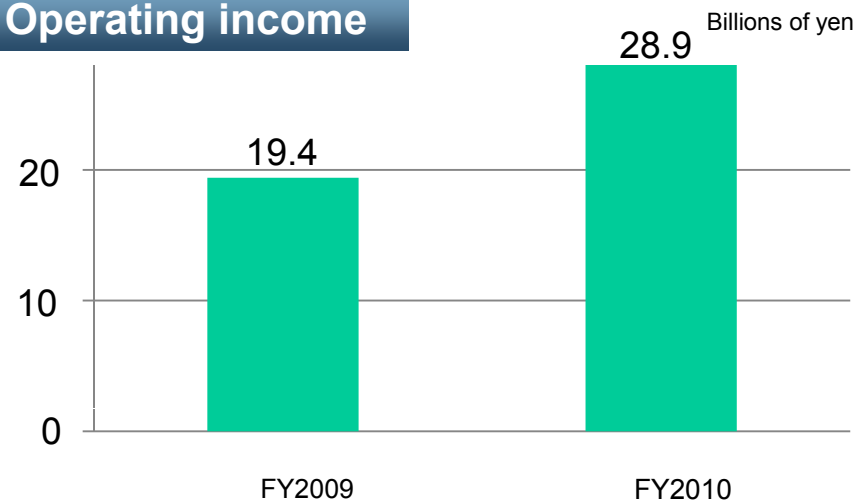
#### Revenues



#### Operating income



#### Operating income



## 2-11. Initiatives for Expanding the Social Innovation Business (1)

### Leverage Hitachi's strengths to promote a global growth strategy

#### ● Promote and expand global localization centered on the “Asian belt”

- ✓IT consulting - Established new companies in China and India.
- ✓Thermal power generation systems - Established joint venture with BGR Energy Systems (India) .
- ✓Water environment solutions - Agreed on cooperation in the water environment solutions business with Xingrong Group (China) .
- ✓Railway systems - Decided to build a new plant in China to supply electrical components for rolling stock.
- ✓Elevators and escalators - Established a Regional HQ in Singapore for Southeast Asia, India, and the Middle East.
- ✓High functional materials & components - Hitachi Chemical established a powder metal product manufacturing base in Indonesia.  
- Hitachi Cable decided to establish an industrial wire manufacturing facility in China.
- ✓Construction machinery - Hitachi Construction Machinery made Indian company Telco Construction Equipment 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 offices in China and India.

## 2-12. Initiatives for Expanding the Social Innovation Business (2)

### Leverage Hitachi's strengths to promote a global growth strategy

#### ● Expand business opportunities through partnerships

##### ✓ Data centers

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

##### ✓ IT consulting

- Acquired Sierra Atlantic (U.S.) and Sociedad de Consultores Activo (Spain).

##### ✓ Smart cities

- 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.
- Participation in the construction of Guangzhou Knowledge City (China).
- Participation in Smart Community System Demonstration Project in Spain.
- Participation in demonstration project in the UK.

##### ✓ Nuclear powers

- GE-Hitachi Nuclear Energy's ESBWR\*1 passed a critical safety review performed by NRC\*2.
- Participation in International Nuclear Energy Development of Japan.

##### ✓ Overseas railway systems

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

##### ✓ High functional materials & components

- Hitachi Metals established a joint venture with Kobe Steel, IHI and Kawasaki Heavy Industries to manufacture large forgings for use in aircraft and power plants.

##### ✓ Batteries

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

\* 1 : Economic and Simplified Boiling Water Reactor

\* 2 : U.S. Nuclear Regulatory Commission



## 2-13. Initiatives for Expanding the Social Innovation Business (3)

### Focusing business resources on the Social Innovation Business

#### ● Make capex and strategic investments and focus on advanced technology

- ✓ **Data centers** - Reinforced framework in China.
- ✓ **Cloud computing** - Accelerated supplying high reliabilities cloud computing service by new business management.
- ✓ **IT consulting** - Acquired Sierra Atlantic (U.S.) and Sociedad de Consultores Aptivo (Spain).
- ✓ **Smart cities** - Launched smart grid demonstration project with an isolated grid at Rokkasho Village, Aomori Prefecture.
- ✓ **Thermal power generation** - Cooperating with the Government of Saskatchewan (Canada) in development of energy and environment- related technologies.
- ✓ **Hydroelectric power generation** - Agreed on business integration with Mitsubishi Electric and Mitsubishi Heavy Industries.
- ✓ **Railways Systems** - Resumed negotiations for a formal contract for planning high-speed intercity railways in the UK.
- ✓ **Batteries** - Developed technology to extend the life of industrial lithium-ion batteries.
- ✓ **Healthcare** - Acquired Aloka to strengthen the medical equipment business.  
- Won an order for a proton beam therapy systems from Mayo Clinic, a major U.S. general hospital.
- ✓ **Others** - Integrated Hitachi Software Engineering and Hitachi Systems & Services.  
- Merged Casio Hitachi Mobile Communications with NEC's mobile terminal unit.  
- Transferred shares of IPS Alpha Technology to Panasonic.  
- Decided to transfer HDD operations to Western Digital.  
- Decided to merge Hitachi Electronics Services and Hitachi Information Systems.

# 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 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 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 and synthetic resins 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 and other 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 in Japan by earthquakes, tsunamis or other natural disasters, including the possibility of continuing adverse effects on Hitachi’s operations as a result of the earthquake and tsunami that struck northeastern Japan on March 11, 2011;
- 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 Hitachi’s periodic filings with the U.S. Securities and Exchange Commission and in other materials published by Hitachi.

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