1. Qualitative Information Concerning Consolidated Business Results

(1) Summary of Fiscal 2009 Third-Quarter (Three Months and Nine Months Ended December 31, 2009) Consolidated Business Results

	Three months ended December 31, 2009			Nine months ended December 31, 2009		
	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	2,157.9	(5%)	23,456	6,282.8	(17%)	68,292
Operating income	66.3	80.8	721	41.6	(140.9)	452
Income (loss) before income taxes	57.6	231.2	626	(52.5)	(17.0)	(571)
Net income (loss)	31.2	430.1	339	(107.6)	227.0	(1,170)
Net income (loss) attributable to Hitachi, Ltd.	21.8	392.9	238	(111.3)	245.5	(1,210)

<Third Quarter Ended December 31, 2009>

During the third quarter of fiscal 2009, the world economy maintained a recovery course, albeit a modest one, from the previous quarter, in part due to the bolstering effect of economic stimulus measures by countries around the world. However, consumption and production have yet to return to levels seen before the Lehman Shock of September 2008. The financial system that was regarded to be recovering showed it was still fragile when the Dubai Shock occurred at the end of November 2009. Both the real economy and financial economy thus remained unstable.

The U.S., European and other industrialized economies remained lackluster, with employment and personal incomes yet to rebound. These economies, however, have generally turned the corner and are heading for recovery. The Chinese economy, meanwhile, has been the fastest to rebound, as highlighted by 10.7% year-over-year real GDP growth in the October-December quarter, spurred by massive government pump-priming measures centered on expanding domestic demand.

In Japan, the economy continued to recover, with exports to China picking up and progress being made adjusting inventories of semiconductors and automobiles. Government economic stimulus measures such as the eco-point program have also boosted the Japanese economy. Still, the recovery is slow at best, with corporate capital investment persistently low and consumer spending flagging as employment and personal incomes worsen.

In this environment, Hitachi concentrated on the Social Innovation Business, centered on the information and telecommunication systems and social infrastructure fields. At the same time, it rigorously implemented measures across the group to cut fixed costs, procurement costs and other expenses. It also pushed through business structural reforms with the July 2009 corporate separation of the automotive systems and consumer businesses. In these and other ways, Hitachi made steady progress with measures designed to improve its earnings power. In order to bolster the financial base to strengthen and promote the Social Innovation business, in December 2009 the Company implemented an approximately 350 billion yen issuance of shares and convertible bonds.

Hitachi's consolidated revenues for the third quarter of fiscal 2009 declined 5% year over year, to 2,157.9 billion yen, the result mainly of the impact of foreign currency fluctuations and reduction of unprofitable product lines. The lower overall revenues came despite a year-over-year improvement in the Power & Industrial Systems segment, where there was an upturn in automotive systems following a round of inventory adjustments and strong performances in power systems and other social infrastructure fields.

Overseas revenues decreased 4% year over year, to 925.1 billion yen due to the anemic recovery in North America and other regions. There was, however, an increase in revenues in Europe centered on thermal power plant equipment.

Hitachi posted consolidated operating income of 66.3 billion yen, 80.8 billion yen better year over year, with all segments reporting profits. The Power & Industrial Systems segment returned to profitability due to an improved performance in the automotive systems business that reflected progress with business structural reforms and a partial recovery in the industry's capacity utilization; higher sales in the social infrastructure field also underpinned the earnings turnaround in the Power & Industrial Systems segment. Besides this segment, the Digital Media & Consumer Products segment also became profitable again because of business restructuring and the beneficial impact of the eco-point program. The return to profitability of the High Functional Materials & Components segment also contributed to the turnaround in consolidated operating income.

Hitachi posted net other deductions of 8.7 billion yen, but this was 150.3 billion yen better than in the third quarter of fiscal 2008. In addition to an improvement in equity in losses due to a narrower loss at a semiconductor-affiliated company, this reflected lower expenses related to business restructuring, including impairment losses on fixed assets, and decreased losses on disposal of fixed assets and improved foreign currency fluctuations.

As a result of the above, Hitachi recorded income before income taxes of 57.6 billion yen, 231.2 billion yen better year over year. Hitachi also posted net income of 31.2 billion yen, a year-over-year improvement of 430.1 billion yen. Furthermore, Hitachi recorded net income attributable to Hitachi, Ltd. of 21.8 billion yen, a year-over-year improvement of 392.9 billion yen.

<Nine Months Ended December 31, 2009>

For the nine-month period ended December 31, 2009, consolidated revenues decreased 17% year over year, to 6,282.8 billion yen. Hitachi recorded operating income of 41.6 billion yen, down 140.9 billion yen from the corresponding period of the previous fiscal year. However, earnings have improved for three consecutive quarters now due to fixed cost reductions and other factors. Hitachi reported a net loss attributable to Hitachi, Ltd. of 111.3 billion yen, a year-over-year improvement of 245.5 billion yen, because of a large decrease in losses related to business restructuring and valuation losses on deferred tax assets.

(2) Revenues and Operating Income (Loss) by Segment
Results by segment were as follows:

[Information & Telecommunication Systems]

	Three months ended December 31, 2009			Nine months ended December 31, 2009		
	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	532.0	(11%)	5,784	1,568.8	(17%)	17,052
Operating income	23.8	(14.5)	259	50.8	(59.6)	553

<Third Quarter Ended December 31, 2009>

For the third quarter of fiscal 2009, the Information & Telecommunication Systems segment recorded revenues of 532.0 billion yen, a decrease of 11% year over year. Software and services posted lower revenues year over year, with revenues flat in software but lower in services mainly due to the impact of constrained IT investment in Japan in the financial and industrial sectors. Hardware revenues also fell year over year, despite the consolidation of Hitachi Kokusai Electric Inc., as well as strong sales of disk array subsystems, especially overseas. The decline in hardware revenues was attributable to a decrease due mainly to the effect of foreign currency fluctuations in the HDD business, as well as the end of a cycle of initial investment related to Next Generation Networks (NGNs) in the telecommunications networks business.

Segment operating income dropped 14.5 billion yen, to 23.8 billion yen. Software and services recorded lower operating income, reflecting lower services revenues and the flat result in software. Hardware also posted lower operating income due to lower earnings from telecommunications networks because of lower sales, although earnings from disk array subsystems were solid. The HDD business, which recorded a loss in the period from January through June 2009, returned to profitability in the July-September quarter and was profitable for the full year.

<Nine Months Ended December 31, 2009>

For the first nine months of fiscal 2009, the segment recorded a 17% year-over-year decline in revenues to 1,568.8 billion yen, and operating income dropped 59.6 billion yen, to 50.8 billion yen.

Note: The HDD operations are conducted by Hitachi Global Storage Technologies (Hitachi GST), which has a December 31 fiscal year-end, different from Hitachi's March 31 year-end. Hitachi's results for the three months ended December 31, 2009 include the operating results of Hitachi GST for the three months ended September 30, 2009.

[Electronic Devices]

	Three months ended December 31, 2009			Nine months ended December 31, 2009		
	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	209.8	(19%)	2,281	630.2	(30%)	6,850
Operating income (loss)	0.5	(3.4)	6	(3.2)	(35.8)	(36)

<Third Quarter Ended December 31, 2009>

For the third quarter of fiscal 2009, Electronic Devices revenues were 209.8 billion yen, 19% down year over year, despite rising orders for semiconductor-related production equipment and electronic components on the back of a rebound in investment in the electronics sector, including semiconductors. The lower segment revenues reflect lower sales at Hitachi High-Technologies Corporation due to the fact that most of the deliveries for the increasing orders will take place in 2010 and thereafter. Another factor behind the decline in segment revenues was lower sales of displays for game consoles and certain other products.

The segment recorded operating income of 0.5 billion yen, down 3.4 billion yen year over year, due mainly to lower earnings at Hitachi High-Technologies because of lower sales.

<Nine Months Ended December 31, 2009>

For the first nine months of fiscal 2009, segment revenues decreased 30%, to 630.2 billion yen. The segment also posted an operating loss of 3.2 billion yen, which was 35.8 billion yen worse year over year.

[Power & Industrial Systems]

	Three months ended December 31, 2009			Nine months ended December 31, 2009		
	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	760.6	8%	8,268	2,196.2	(8%)	23,872
Operating income	23.6	49.1	258	1.0	(37.0)	11

<Third Quarter Ended December 31, 2009>

For the third quarter of fiscal 2009, Power & Industrial Systems revenues increased 8% year over year to 760.6 billion yen, despite Hitachi Construction Machinery Co., Ltd. recording lower sales due to the effect of falling global demand. The higher overall segment revenues reflected firm growth in sales of thermal power plant equipment in Europe and in sales of elevators and escalators to China, in addition to higher automotive systems sales thanks to the beneficial impact of various countries' economic stimulus measures. The consolidation of Hitachi Koki Co., Ltd. in March 2009 also boosted sales.

The segment recorded operating income of 23.6 billion yen, a 49.1 billion yen improvement over the previous fiscal year. Although Hitachi Construction Machinery recorded lower earnings because of falling sales, earnings from automotive systems improved due to the benefits of business structural reforms and a partial recovery in the industry's capacity utilization, and the power systems business posted improved earnings due mainly to better project management.

<Nine Months Ended December 31, 2009>

For the first nine months of fiscal 2009, segment revenues decreased 8% year over year, to 2,196.2 billion yen. Furthermore, operating income dropped 37.0 billion yen, to 1.0 billion yen.

[Digital Media & Consumer Products]

	Three months ended December 31, 2009			Nine months ended December 31, 2009		
	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	262.3	(15%)	2,852	781.7	(22%)	8,497
Operating income (loss)	4.1	20.3	46	(4.9)	37.8	(54)

<Third Quarter Ended December 31, 2009>

The Digital Media & Consumer Products segment saw revenues drop 15%, to 262.3 billion yen, despite continued strong sales of optical disk drive-related products. The lower overall segment revenues reflected the impact of the large reduction of overseas sales channels for flat-panel TVs as part of business structural reforms designed to lower operational risk, as well as lower sales of air conditioners due to constrained capital investment.

The segment posted operating income of 4.1 billion yen, 20.3 billion yen better than in the third quarter of fiscal 2008, despite the decrease in sales and sales prices. This was the result of continuing profitability in the flat-panel TV business resulting from the switch to procuring plasma panels from outside the Hitachi Group, reducing overseas sales channels and implementing other structural reforms as well as the fillip from the eco-points program. Moreover, optical disk drive-related products delivered increased earnings in line with higher sales.

<Nine Months Ended December 31, 2009>

For the first nine months of fiscal 2009, revenues dropped 22%, to 781.7 billion yen, and the segment recorded an operating loss of 4.9 billion yen, representing a 37.8 billion yen year-over-year improvement.

[High Functional Materials & Components]

	Three months ended December 31, 2009			Nine months ended December 31, 2009		
	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	326.6	(13%)	3,551	905.5	(30%)	9,843
Operating income	18.7	19.2	203	25.1	(43.2)	273

<Third Quarter Ended December 31, 2009>

For the third quarter of fiscal 2009, High Functional Materials & Components revenues decreased 13%, to 326.6 billion yen. This mainly reflected sales decreases at Hitachi Metals, Ltd. and Hitachi Cable, Ltd. Hitachi Chemical Co., Ltd., meanwhile, reported higher sales on signs of an up-tick in automotive components and LCD- and semiconductor-related products.

The segment reported operating income of 18.7 billion yen, a year-over-year improvement of 19.2 billion yen, the result of improved earnings at Hitachi Cable, Hitachi Chemical and Hitachi Metals on the back of higher sales of products for LCD- and semiconductor-related applications and the benefits of cutting fixed costs, procurement costs and other expenses.

<Nine Months Ended December 31, 2009>

For the first nine months of fiscal 2009, segment revenues decreased 30% year over year, to 905.5 billion yen, and operating income declined 43.2 billion yen, to 25.1 billion yen.

[Logistics, Services & Others]

	Three months ended December 31, 2009			Nine months ended December 31, 2009		
	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	241.5	(2%)	2,626	696.5	(15%)	7,571
Operating income	4.8	0.2	53	8.4	(7.9)	92

<Third Quarter Ended December 31, 2009>

For the third quarter of fiscal 2009, Logistics, Services & Others revenues edged down 2%, to 241.5 billion yen due to lower revenues at Hitachi Transport System, Ltd. on account of soft demand and lower sales at overseas sales subsidiaries.

Segment operating income increased 0.2 billion yen, to 4.8 billion yen year over year.

<Nine Months Ended December 31, 2009>

For the first nine months of fiscal 2009, Logistics, Services & Others revenues decreased 15%, to 696.5 billion yen, and operating income decreased 7.9 billion yen, to 8.4 billion yen.

[Financial Services]

	Three months ended December 31, 2009			Nine months ended December 31, 2009		
	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	92.4	10%	1,005	327.4	19%	3,559
Operating income	3.7	1.5	41	7.2	(2.4)	79

<Third Quarter Ended December 31, 2009>

For the third quarter of fiscal 2009, Financial Services revenues increased 10% year over year, to 92.4 billion yen due to the recording of large cancellation penalty payment receipts.

Segment operating income climbed 1.5 billion yen, to 3.7 billion yen, as Hitachi Capital Corporation made progress cutting operating costs and financing costs.

<Nine Months Ended December 31, 2009>

For the first nine months of fiscal 2009, segment revenues increased 19%, to 327.4 billion yen, while operating income declined 2.4 billion yen, to 7.2 billion yen.

(3) Revenues by Market

	Three months ended December 31, 2009			Nine months ended December 31, 2009		
	Yen (billions)	Year-over-year % change	U.S. dollars (millions)	Yen (billions)	Year-over-year % change	U.S. dollars (millions)
Japan	1,232.7	(5%)	13,399	3,653.1	(15%)	39,708
Outside Japan	925.1	(4%)	10,056	2,629.7	(19%)	28,584
Asia	428.0	(5%)	4,653	1,210.9	(21%)	13,162
North America	180.7	(13%)	1,965	534.7	(23%)	5,812
Europe	221.0	(9%)	2,403	600.8	(15%)	6,531
Other Areas	95.3	(2%)	1,036	283.2	(15%)	3,078

<Third Quarter Ended December 31, 2009>

Revenues in Japan were 1,232.7 billion yen, down 5% year over year, reflecting lower revenues mainly in the Electronic Devices segment.

Outside Japan revenues declined 4%, to 925.1 billion yen due to a lackluster global economy and the impact of exchange rate fluctuations. However, sales increased in Europe, mainly of thermal power plant equipment. Sales to China decreased 4% year over year, to 261.1 billion yen, due to the impact of reducing sales channels for flat-panel TVs, despite recovering construction machinery sales.

As a result, the ratio of overseas revenues to consolidated revenues increased 1 percentage point to 43%.

<Nine Months Ended December 31, 2009>

For the first nine months of fiscal 2009, revenues in Japan decreased 15% year over year, to 3,653.1 billion yen. Overseas revenues declined 19%, to 2,629.7 billion yen. However, revenues increased two quarters in a row. Furthermore, while revenues to China dropped 19% year over year, to 700.3 billion yen, sales of construction machinery and elevators and escalators have been recovering each quarter.

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

<Third Quarter Ended December 31, 2009>

For the third quarter of fiscal 2009, capital investment on a completion basis, excluding leasing assets, decreased 48% year over year, to 51.5 billion yen. Hitachi continued to strictly select investments, concentrating investments on strengthening the business base of the Power & Industrial Systems and the Information & Telecommunication Systems segments in order to bolster the Social Innovation Business.

Depreciation, excluding leasing assets, decreased 17%, to 89.0 billion yen, mainly due to the stricter selection of capital investments.

R&D expenditures declined 10%, to 90.2 billion yen, which corresponded to 4.2% of consolidated revenues. In line with its policy of strictly selecting development investments, the Company invested aggressively in strategic products that underpin the Social Innovation Business.

<Nine Months Ended December 31, 2009>

For the first nine months of fiscal 2009, capital investment on a completion basis, excluding leasing assets, decreased 44%, to 178.9 billion yen. Depreciation, excluding leasing assets, declined 11%, to 268.3 billion yen. R&D expenditures were down 13% at 269.1 billion yen, corresponding to 4.3% of consolidated revenues.

2. Financial Position

(1) Financial Position

	As of December 31, 2009		
	Yen (billions)	Change from March 31, 2009	U.S. dollars (millions)
Total assets	8,978.4	(425.2)	97,592
Total liabilities	6,882.0	(342.2)	74,805
Total debt	2,714.0	(106.1)	29,500
Hitachi, Ltd. stockholders’ equity	1,164.4	114.5	12,658
Noncontrolling interests	931.9	(197.4)	10,129
Hitachi, Ltd. stockholders’ equity ratio	13.0%	1.9 point improvement	-
D/E ratio (including noncontrolling interests)	1.29 times	No change	-

Total assets as of December 31, 2009 decreased from March 31, 2009 due to the strict selection of capital investments and reduction of cash on hand. Total liabilities also decreased from March 31, 2009 due to a reduction in interest-bearing liabilities as well as a decrease in accruals for capital investments and bonuses. Total Hitachi, Ltd. stockholders’ equity increased from March 31, 2009 despite the 111.3 billion yen net loss attributable to Hitachi, Ltd. The increase was chiefly due to capital raising of 252.4 billion yen during the term. Noncontrolling interests decreased due to the tender offers for five publicly listed subsidiaries during the term. As a result, the total Hitachi, Ltd. stockholders’ equity ratio improved 1.9 points, while the debt-to-equity ratio was largely unchanged.

(2) Cash Flows

	Three months ended December 31, 2009			Nine months ended December 31, 2009		
	Yen (billions)	Year-over-year Change	U.S. dollars (millions)	Yen (billions)	Year-over-year change	U.S. dollars (millions)
Cash flows from operating activities	54.6	174.8	594	387.1	260.5	4,209
Cash flows from investing activities	(88.3)	45.8	(961)	(344.2)	32.6	(3,742)
Free cash flows	(33.7)	220.6	(367)	42.9	293.1	466
Cash flows from financing activities	141.9	(202.4)	1,543	(123.5)	(401.0)	(1,343)

<Third Quarter Ended December 31, 2009>

Operating activities provided net cash of 54.6 billion yen, a 174.8 billion yen increase from the net cash used in the same period of the previous fiscal year. This was mainly the result of a substantial improvement in the net loss.

Investing activities used net cash of 88.3 billion yen, 45.8 billion yen less year over year. The decrease was due to the stricter selection of investments, including purchases of property, plant and equipment and shares.

Free cash flows, the sum of cash flows from operating and investing activities, improved 220.6 billion yen year over year, to a negative figure of 33.7 billion yen.

Financing activities provided net cash of 141.9 billion yen, a 202.4 billion yen increase from the net cash used in the same period of the previous fiscal year, despite cash outflows for tender offers for five publicly listed subsidiaries during the term. The change reflected the issuance of shares and convertible bonds.

The net result of the above items was an increase of 178.7 billion yen in cash and cash equivalents to 726.1 billion yen.

<Nine Months Ended December 31, 2009>

For the first nine months of fiscal 2009, operating activities provided net cash of 387.1 billion yen, 260.5 billion yen more year over year. This increase in operating cash flows was the result of quickly collecting accounts receivables and reducing inventories.

Investing activities used net cash of 344.2 billion yen, 32.6 billion yen less year over year despite subscription to an allotment of shares to shareholders to increase capital by Renesas Technology Corp. in September 2009 and a decrease in securitization of investments in leases. The decrease was due to the stricter selection of investments, including purchases of property, plant and equipment and shares.

Free cash flows, the sum of cash flows from operating and investing activities, improved 293.1 billion yen year over year, to a positive figure of 42.9 billion yen.

Financing activities used net cash of 123.5 billion yen, 401.0 billion yen more than the net cash provided in the previous fiscal year despite the issuance of shares and convertible bonds. This was due to cash outflows for tender offers for five publicly listed subsidiaries and repayment of debt during the term.

3. Outlook for Fiscal 2009

	Year ending March 31, 2010		
	Yen (billions)	Year-over-year change % or billion yen	U.S. dollars (millions)
Revenues	8,700.0	(87%)	95,604
Operating income	135.0	7.8	1,484
Loss before income taxes	(45.0)	244.8	(495)
Net loss	(195.0)	600.1	(2,143)
Net loss attributable to Hitachi, Ltd.	(210.0)	577.3	(2,308)

Note: All fiscal 2009 outlook figures were converted using 91 yen to the U.S. dollar.

In terms of the overall business environment going forward, the Japanese economy is expected to see exports continue rising, mainly to China, as well as ongoing stable sales of automobiles and household appliances, which have been stimulated by government spending programs. Nevertheless, consumer spending and corporate capital investment remain low. The Chinese economy registered high real GDP growth in the October-December 2009 quarter on the back of government economic stimulus measures. However, there is a high-profile movement to change government policy because of rising concerns that the economy is over-heating. The global economy as a whole has seen a modest economic recovery take place, but the outlook is for a protracted downturn in employment and personal incomes, with demand subdued especially in industrialized nations. Furthermore, a full-fledged recovery in capital investment is expected to take some time. The pace of economic recovery heretofore may slip somewhat or even stall in the first half of 2010 as countries around the world see the benefits of economic stimulus measures initiated in 2009 run their course and private-sector demand fail to recover sufficiently, with the exception of China and certain other countries.

Although the gradual economic recovery is expected to continue in the fourth quarter of fiscal 2009, Hitachi concerns the delay of recovery of private-sector capital investment and other factors. Therefore Hitachi is forecasting consolidated revenues for the full year of only the same level as previously forecast on October 29, 2009. In terms of earnings, Hitachi is projecting an improvement over previous forecasts thanks to cost-cutting measures and ongoing business restructuring as well as better project management in the Social Innovation Business.

Hitachi is assuming exchange rates of 85 yen to the U.S. dollar and 125 yen to the euro for the fourth quarter of fiscal 2009.