

HITACHI LTD
Form 6-K
June 22, 2010
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FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the month of June 2010

Commission File Number 1-8320

Hitachi, Ltd.

(Translation of registrant's name into English)

6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8280, Japan

(Address of principal executive offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

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This report on Form 6-K contains the following:

1. Translation of Notice of the 141st Ordinary General Meeting of Shareholders
2. Press release dated June 22, 2010 regarding Hitachi and Mitsubishi Heavy Industries' agreement in principle to cooperate in railway systems for overseas markets

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Hitachi, Ltd.
(Registrant)

Date June 22, 2010

By /s/ Toshiaki Kuzuoka
Toshiaki Kuzuoka
Vice President and Executive Officer

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(Translation)

Hitachi, Ltd.

6-6, Marunouchi 1-chome

Chiyoda-ku, Tokyo

May 25, 2010

Notice of the 141st Ordinary General Meeting of Shareholders

Dear Shareholders:

You are cordially invited to attend the 141st Ordinary General Meeting of Shareholders of Hitachi, Ltd. (local code: 6501; the Company) to be held as follows:

In the event you are not able to attend, it is requested that you review the Reference Documentation for Ordinary General Meeting of Shareholders on pages 3 through 12 and exercise your voting rights by 5 p.m. of June 28, 2010 (Monday), as it is possible to exercise your voting rights in writing, via the Internet or by other means.

1. Date **Tuesday, June 29, 2010 at 10:00 a.m.**

2. Location **Sunplaza Hall, Nakano Sunplaza**

1-1 Nakano 4-chome, Nakano-ku, Tokyo

3. Agenda
Reporting Matter

Report on the Business Report, Financial Statements, and Consolidated Financial Statements for the 141st Business Term (from April 1, 2009 to March 31, 2010), and the results of the audit on the Consolidated Financial Statements by the Accounting Auditors and the Audit Committee

Matter to Be Resolved

Item Election of 12 Directors due to expiration of the term of office of all Directors
Business Report, Financial Statements, Consolidated Financial Statements and the audit report thereof are stated in Report on the 141st Business Term.

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4. Matters Concerning Exercise of Voting Rights

- (1) Should no indication is made of whether you approve or disapprove the agenda item in exercising your voting rights in writing, you will be deemed to have approved.
- (2) Should you exercise your voting rights via the Internet, your vote via the Internet will be deemed to be the official indication of your intent, even if you mail your voting form.
- (3) You may appoint only one proxy who exercises your voting rights on your behalf; provided, however, that such proxy must be a shareholder of the Company entitled to vote. In so doing, a document certifying the power of representation is required to be submitted to the Company.

Very truly yours,

Hiroaki Nakanishi
President

When attending the Ordinary General Meeting of Shareholders, you are requested to submit the enclosed voting right card at the reception desk.

In the event the Business Report, Financial Statements, Consolidated Financial Statements or Reference Documents for the Ordinary General Meeting of Shareholders need to be modified in the period from the dispatch of this notice to the preceding day of the general meeting, the Company will post such modification on its website (<http://www.hitachi.co.jp/>).

The Notice of the 141st Ordinary General Meeting of Shareholders and Report on the 141st Business Term are posted on the Company's website.

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Reference Documentation

Item Election of 12 Directors due to expiration of the term of office of all Directors

Due to expiration at the close of this Meeting of the term of office of all the present Directors, it is proposed that 12 Directors be elected. The nominees are as follows:

| No. | Name (Date of Birth) | Position and Responsibilities at the Company, and Other Principal Positions Held | Brief Biography | Share Ownership Shares |
|-----|---------------------------------------|--|--|------------------------------|
| 1 | Tadamichi Sakiyama (Jun. 13, 1941) | Board Director (Chair), Hitachi, Ltd. (Standing Member (Chair) of Audit Committee) Chairman of the Board, Hitachi High-Technologies Corporation | 4/1964 Joined Hitachi, Ltd. 6/1994 General Manager of Accounting Department 4/1999 General Manager of Internal Auditing Office 6/2001 Board Director, Senior Vice President, Hitachi Construction Machinery Co., Ltd. (Hitachi Construction Machinery) 4/2003 Executive Vice President and Representative Director, Hitachi Construction Machinery 6/2003 Representative Executive Officer, Executive Vice President, Executive Officer and Director, Hitachi Construction Machinery 4/2006 Director, Hitachi Construction Machinery 6/2006 Director, Hitachi, Ltd. 6/2009 Board Director (Chair), Hitachi, Ltd. (currently in office) | 34,000 |

[Reasons for selection as director nominee]

Mr. Sakiyama has rich experience and a proven performance record, having been involved in accounting, financial affairs, management auditing and other fields at the Company and a Group Company. Mr. Sakiyama was selected as a director nominee, since he can be expected to reinforce the supervisory function of the Board of Directors by supervising the execution of duties by Executive Officers and others based on his rich experience and performance record.

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| No. | Name (Date of Birth) | Position and Responsibilities at the Company, and Other | | Share Ownership Shares | |
|-----|--|--|-----------------|---|--------|
| | | Principal Positions Held | Brief Biography | | |
| 2 | Yoshie Ota (Sep. 1, 1942) | Director, Hitachi, Ltd. | 4/1966 | Joined Ministry of Labour | 15,000 |
| | | (Member of Nominating Committee and Audit Committee) | 12/1991 | Vice Governor of Ishikawa Prefecture | |
| | | | 7/1994 | Director-General, Minister's Secretariat, Ministry of Labour | |
| | | Corporate Auditor, Takara Holdings Inc. | 6/1995 | Director-General, Women's Bureau, Ministry of Labour | |
| | | | 7/1998 | Chairman, Japan Institute of Workers' Evolution | |
| | | | 7/2005 | Advisor, Japan Institute of Workers' Evolution (Retired in March 2010) | |
| | | Representative Director, Kabushiki Kaisha Kokusai Kenshu Service (Retired in October 2007) | | | |
| | | | 6/2007 | Director, Hitachi, Ltd. (currently in office) | |
| | [Reason for selection as outside director nominee] | | | | |
| | Ms. Ota was selected as an outside director nominee, since she can be expected to reinforce the functional aspects of the Company's Board of Directors by supervising the execution of duties by Executive Officers and others from an independent perspective based on her diverse experience and insight in such areas as public administration. | | | | |
| | It has been three years since she assumed office as the Company's outside Director. | | | | |
| 3 | Mitsuo Ohashi (Jan. 18, 1936) | Director, Hitachi, Ltd. | 3/1959 | Joined the Mitsui Bank Limited | 20,000 |
| | | (Member of Nominating Committee) | 12/1961 | Joined Showa Denko | |
| | | | 3/1989 | Director, Showa Denko | |
| | | | 3/1993 | Managing Director, Showa Denko | |
| | | Advisor, Showa Denko K.K. (Showa Denko) | 3/1995 | Senior Managing Director, Showa Denko | |
| | | | 3/1997 | President (CEO) and Representative Director, Showa Denko | |
| | | Director, Mizuho Financial Group, Inc. | 1/2005 | Chairman of the Board of Directors and Representative Director, Showa Denko | |
| | | | 3/2007 | Chairman of the Board, Showa Denko | |
| | | Director, Chugai Pharmaceutical Co., Ltd. | 6/2007 | Director, Hitachi, Ltd. (currently in office) | |
| | 3/2010 | Advisor, Showa Denko K.K. (currently in office) | | | |

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Statutory Auditor, Fukoku
Mutual Life Insurance Company

[Reason for selection as outside director nominee]

Mr. Ohashi was selected as an outside director nominee, since he can be expected to reinforce the functional aspects of the Company's Board of Directors by supervising the execution of duties by Executive Officers and others from an independent perspective based on his rich experience and insight as the top executive of a major global company.

It has been three years since he assumed office as the Company's outside Director.

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| No. | Name (Date of Birth) | Position and Responsibilities at the Company, and Other | | Share Ownership Shares | |
|-----|-----------------------------------|--|-----------------|---|-------|
| | | Principal Positions Held | Brief Biography | | |
| 4 | Akihiko Nomiya (Jun. 15, 1934) | Director, Hitachi, Ltd. | 4/1957 | Joined NIPPON MINING CO., LTD. | 7,000 |
| | | (Member of Audit Committee and Compensation Committee) | 6/1984 | Director, NIPPON MINING CO., LTD. | |
| | | | 6/1989 | Managing Director, NIPPON MINING CO., LTD. | |
| | | Special Advisor, NIPPON MINING HOLDINGS, INC. (NMH) | 12/1992 | Managing Director, NIKKO KYODO CO., LTD. | |
| | | | 12/1993 | Managing Director, JAPAN ENERGY CORPORATION (JEC) | |
| | | Director, Mizuho Financial Group, Inc. | 6/1994 | Senior Managing Director, JEC | |
| | | | 6/1996 | President and CEO and Representative Director, JEC | |
| | | | 6/2000 | Chairman of the Board, President and CEO and Representative Director, JEC | |
| | | | 4/2002 | Chairman of the Board and Representative Director, JEC | |
| | | | 9/2002 | President and CEO and Representative Director, NMH | |
| | | | 6/2003 | Chairman of the Board and Representative Director, NMH | |
| | | | 6/2006 | Special Advisor, NMH (currently in office) | |
| | 6/2007 | Director, Hitachi, Ltd. (currently in office) | | | |

[Reason for selection as outside director nominee]

Mr. Nomiya was selected as an outside director nominee, since he can be expected to reinforce the functional aspects of the Company's Board of Directors by supervising the execution of duties by Executive Officers and others from an independent perspective based on his rich experience and insight as the top executive of a major global company.

It has been three years since he assumed office as the Company's outside Director.

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| No. | Name (Date of Birth) | Position and Responsibilities at the Company, and Other Principal Positions Held | Brief Biography | Share Ownership Shares |
|-----|----------------------------------|--|---|---------------------------|
| | Kenji Miyahara (Nov. 5, 1935) | Director, Hitachi, Ltd. | 4/1958 Joined Sumitomo Corporation | |
| | | (Member of Audit Committee and Compensation Committee) | 6/1986 Director, Sumitomo Corporation 6/1990 Managing Director, Sumitomo Corporation | |
| | | Senior Advisor, Sumitomo Corporation | 6/1993 Senior Managing Director and Representative Director, Sumitomo Corporation | 7,000 |
| | | Director, NEC Corporation (NEC) | 6/1995 Executive Vice President and Representative Director, Sumitomo Corporation 6/1996 President and Chief Executive Officer and Representative Director, Sumitomo Corporation | |
| | | Statutory Auditor, Seiko Epson Corporation | 6/2001 Chairman of the Board and Representative Director, Sumitomo Corporation 6/2007 Senior Advisor, Sumitomo Corporation (currently in office) | |
| 5 | | | Director, Hitachi, Ltd. (currently in office) | |

[Reason for selection as outside director nominee]

Mr. Miyahara was selected as an outside director nominee, since he can be expected to reinforce the functional aspects of the Company's Board of Directors by supervising the execution of duties by Executive Officers and others from an independent perspective based on his rich experience and insight as the top executive of a major global company.

It has been three years since he assumed office as the Company's outside Director.

* NEC, where Mr. Kenji Miyahara is serving as an outside director, announced on September 21, 2007, that it was not able to complete the additional analysis on revenue recognition, which was required of NEC in the course of an audit of the consolidated financial statements for fiscal 2005, and is consequently not able to submit the annual report on said fiscal year and subsequent fiscal years to the U.S. Securities and Exchange Commission (the SEC). NEC entered into a settlement agreement with the SEC on this matter in June 2008, and the SEC issued an order stipulating that (i) NEC shall cease and desist in the future from violating the relevant U.S. laws and regulations, which the SEC found that NEC had violated, and (ii) the registration in the United States of securities issued by NEC shall be revoked. Mr. Miyahara, who is regularly expressing his views at NEC's Board of Directors meetings from such perspectives as ensuring the appropriateness of financial reporting, reinforcing compliance structures, including information disclosure, and reinforcing the risk management structure, deliberated on measures to be taken, information disclosure policies, and other matters upon receipt of reports on the subsequent status of the situation and the like, and made various recommendations, expressed his views, and otherwise provided input for the further enhancement of NEC's internal control system.

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| No. | Name (Date of Birth) | Position and Responsibilities at the Company, and Other | | Share Ownership Shares |
|-----|---|--|--|------------------------------|
| | | Principal Positions Held | Brief Biography | |
| 6 | Tohru Motobayashi (Jan. 5, 1938) | Director, Hitachi, Ltd. | 4/1963 Member of the Tokyo Bar Association | 34,750 |
| | | (Member of Nominating Committee and Compensation Committee) | 7/1971 Partner, Mori Sogo Law Offices | |
| | | | 4/2002 President of the Japan Federation of Bar Associations (Retired in March 2004) | |
| | | Attorney at Law | 6/2006 Director, Hitachi, Ltd. (currently in office) | |
| | | | 4/2008 Partner, Ihara and Motobayashi (currently in office) | |
| | | Corporate Auditor, Nippon Telegraph and Telephone Corporation | | |
| | Corporate Auditor, Sumitomo Life Insurance Company | | | |
| | [Reason for selection as outside director nominee] | | | |
| | Mr. Motobayashi was selected as an outside director nominee, since he can be expected to reinforce the functional aspects of the Company's Board of Directors by supervising the execution of duties by Executive Officers and others from an independent perspective based on his rich experience and insight as a legal expert. | | | |
| | Although Mr. Motobayashi has not been involved in the management of companies in the past outside of his capacities as an outside director, the Company has determined that he will be able to perform his duties as an outside director appropriately, since he is well versed in the practical applications of business law, including corporate governance and the establishment of compliance structures. | | | |
| | It has been four years since he assumed office as the Company's outside Director. | | | |
| 7 | Isao Ono (May 23, 1944) | Chairman of the Board, Hitachi Software Engineering Co., Ltd. (Hitachi Software Engineering) | 4/1968 Joined Hitachi, Ltd. | 107,000 |
| | | | 6/2002 Senior Vice President and Director | |
| | | | 6/2003 Senior Vice President and Executive Officer | |
| | | | 4/2004 Representative Executive Officer, Executive Vice President and Executive Officer (Retired in March 2006) | |
| | | | 6/2006 Representative Executive Officer, President, Chief Executive Officer and Director, Hitachi Software Engineering | |
| | | | 4/2010 Chairman of the Board, Hitachi Software Engineering (currently in office) | |
| | [Reason for selection as director nominee] | | | |

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Mr. Ono has rich experience and a proven performance record in the field of information and telecommunication systems business, having been involved in the management thereof for many years at the Company and a Group company. Mr. Ono was selected as a director nominee, since he can be expected to reinforce the decision-making and supervisory functions of the Board of Directors by participating in the determination of consolidated business management policies and the supervision of the execution of duties by Executive Officers, based on his experience and performance record.

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| No. | Name (Date of Birth) | Position and Responsibilities at the Company, and Other | | Share Ownership Shares |
|-----|-------------------------------------|--|---|------------------------------|
| | | Principal Positions Held | Brief Biography | |
| 8 | Takashi Kawamura (Dec. 19, 1939) | Representative Executive Officer, Chairman and Director, Hitachi, Ltd. | 4/1962 Joined Hitachi, Ltd. | 87,000 |
| | | | 6/1995 Director | |
| | | | 6/1997 Executive Managing Director | |
| | | (Nominating Committee (Chair), Compensation Committee (Chair)) | 4/1999 Executive Vice President and Representative Director | |
| | | | 4/2003 Director (Retired in June 2007) | |
| | | | 6/2003 Chairman of the Board and Representative Executive Officer, Hitachi Software Engineering Co., Ltd. | |
| | | | 6/2005 Chairman of the Board, Hitachi Plant Engineering & Construction Co., Ltd. (current Hitachi Plant Technologies, Ltd.) (Retired in June 2009) | |
| | | | 6/2006 Chairman of the Board, Hitachi Software Engineering Co., Ltd. (Retired in June 2007) | |
| | | | 6/2007 Chairman of the Board, Hitachi Maxell, Ltd. (Retired in June 2009) | |
| | | | 4/2009 Representative Executive Officer, Chairman, President and Chief Executive Officer, Hitachi, Ltd. | |
| | | | 6/2009 Representative Executive Officer, Chairman, President and Chief Executive Officer and Director | |
| | | | 4/2010 Representative Executive Officer, Chairman and Director (currently in office) | |

[Reason for selection as director nominee]

Mr. Kawamura has rich experience and a proven performance record, having been involved in business management in a broad range of fields, including power systems business and software, both at the Company and at Group companies. He has been involved in the management of the Company since April 2009 as Chairman, President and Chief Executive Officer, and as Chairman since April 2010. Mr. Kawamura was selected as a director nominee, since he can be expected to draw on his rich experience and performance record to continue to promote information sharing and reinforce the decision-making function of the Board of Directors as a member of the Board.

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| No. | Name (Date of Birth) | Position and Responsibilities at the Company, and Other | | Share Ownership Shares | |
|-----|-------------------------------------|--|--|--|--------|
| | | Principal Positions Held | Brief Biography | | |
| 9 | Masaharu Sumikawa (Jul. 2, 1943) | Chairman of the Board, Hitachi Plant Technologies, Ltd. (Hitachi Plant Technologies) | 4/1972 | Joined Hitachi, Ltd. | 47,000 |
| | | | 6/2002 | Senior Vice President and Director | |
| | | | 6/2003 | Senior Vice President and Executive Officer. | |
| | | | 2/2004 | Executive Officer | |
| | | | 10/2004 | Representative Executive Officer, Executive Vice President and Executive Officer (Retired in March 2006) | |
| | | 4/2006 | Representative Executive Officer, President and Chief Executive Officer and Director, Hitachi Plant Technologies | | |
| | | 4/2010 | Chairman of the Board and Representative Executive Officer, Hitachi Plant Technologies (currently in office; scheduled to retire in June 2010) | | |

[Reason for selection as director nominee]

Mr. Sumikawa has rich experience and a proven performance record in the fields of power systems business and social infrastructure & industrial systems business, having been involved in the management thereof for many years at the Company and a Group company. Mr. Sumikawa was selected as a director nominee, since he can be expected to reinforce the decision-making and supervisory functions of the Board of Directors by participating in the determination of consolidated business management policies and the supervision of the execution of duties by Executive Officers, based on his experience and performance record.

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| No. | Name (Date of Birth) | Position and Responsibilities at the Company, and Other | | Share Ownership Shares |
|-----|--|---|---|------------------------------|
| | | Principal Positions Held | Brief Biography | |
| 10 | Hiroaki Nakanishi (Mar. 14, 1946) | Representative Executive Officer and President, Hitachi, Ltd. | 4/1970 Joined Hitachi, Ltd. | 60,000 |
| | | | 6/2003 Vice President and Executive Officer | |
| | | | 4/2004 Senior Vice President and Executive Officer | |
| | | | 6/2005 Chairman and Chief Executive Officer, Hitachi Global Storage Technologies, Inc. | |
| | | | 4/2006 Executive Vice President and Executive Officer, Hitachi, Ltd. (Retired in December 2006) | |
| | | | 4/2009 Representative Executive Officer, Executive Vice President and Executive Officer, Hitachi, Ltd. | |
| | | | Chairman of the Board, Hitachi Global Storage Technologies, Inc. (Retired in March 2010) | |
| | | 4/2010 Representative Executive Officer and President, Hitachi, Ltd. (currently in office) | | |
| | [Reason for selection as director nominee] | | | |
| | Mr. Nakanishi has rich experience and a proven performance record, having been involved in business management in the fields of information & telecommunication systems business, social infrastructure business and hard disk drives business, both at the Company and at overseas subsidiaries, as well as in the promotion of the Group's global business development. He has been involved in the management of the Company since April 2010 as President. Mr. Nakanishi was selected as a director nominee, since he can be expected to draw on his rich experience and performance record to promote information sharing and reinforce the decision-making function of the Board of Directors by becoming a member of the Board. | | | |
| 11 | Michiharu Nakamura (Sep. 9, 1942) | Director, Hitachi, Ltd. (Standing Member of Audit Committee) | 4/1967 Joined Hitachi, Ltd. | 92,000 |
| | | | 8/1992 General Manager of Central Research Laboratory | |
| | | Director, Hitachi Medical Corporation | 4/2001 General Manager of Research and Development Group | |
| | | | 6/2003 Senior Vice President and Executive Officer | |
| | | | 4/2004 Representative Executive Officer, Executive Vice President and Executive Officer | |
| | | | 4/2007 Fellow | |
| | | | 6/2008 Director (currently in office) | |
| | [Reason for selection as director nominee] | | | |

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Mr. Nakamura has rich experience and a proven performance record in the areas of new business development and research & development, having led and supervised the research & development department of the Company for many years. Mr. Nakamura was selected as a director nominee, since he can be expected to draw on his rich experience and performance record to reinforce supervisory function of the Board of Directors by supervising the execution of duties by Executive Officers and others.

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| No. | Name (Date of Birth) | Position and Responsibilities at the Company, and Other | | Share Ownership Shares |
|-----|------------------------------------|--|--|------------------------------|
| | | Principal Positions Held | Brief Biography | |
| | Takashi Miyoshi (Sep. 25, 1947) | Representative Executive Officer, Executive Vice President and Executive Officer and Director, Hitachi, Ltd. | 4/1970 Joined Hitachi, Ltd. 4/2003 General Manager, Finance 6/2003 Executive Officer 4/2004 Senior Vice President and Executive Officer 6/2004 Senior Vice President and Executive Officer and Director 4/2006 Representative Executive Officer, Executive Vice President and Executive Officer and Director 4/2007 Director (Retired in June 2007) 6/2007 Chairman of the Board, Hitachi Global Storage Technologies, Inc. (Retired in March 2008) 4/2008 Executive Vice President and Executive Officer, Hitachi Systems & Services, Ltd. 6/2008 Director, Representative Executive Officer, President and Chief Executive Officer, Hitachi Systems & Services, Ltd. (Retired in March 2009) 4/2009 Representative Executive Officer, Executive Vice President and Executive Officer, Hitachi, Ltd. 6/2009 Representative Executive Officer, Executive Vice President and Executive Officer and Director, Hitachi, Ltd. (currently in office) | 44,000 |

[Reason for selection as director nominee]

Mr. Miyoshi has rich experience and a proven performance record, having been involved in operations and management in such areas as accounting and financial affairs at the Company and Group companies. He has been executing duties as the Executive Vice President of the Company since April 2009. Mr. Miyoshi was selected as a director nominee, since he can be expected to draw on his rich experience and performance record to continue to perform duties from a wide perspective, ranging from supervision to execution of duties, as a member of the Board.

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- Notes: 1. Ms. Yoshie Ota, Messrs. Mitsuo Ohashi, Akihiko Nomiyama, Kenji Miyahara and Tohru Motobayashi are nominees who fulfill the qualification requirements to be outside director nominees as provided for in Article 2, Paragraph 3, Item 7 of the Enforcement Regulations of the Companies Act.
2. The Company has a limited liability agreement (hereinafter referred to as Agreement) stipulated in Article 427, Paragraph 1 of the Companies Act with Ms. Yoshie Ota and Messrs. Mitsuo Ohashi, Akihiko Nomiyama, Kenji Miyahara and Tohru Motobayashi. The general intent of the Agreement is to limit the liability of outside Directors to the aggregate amount of the sums stipulated in each item under Article 425, Paragraph 1 of the Companies Act, and the Agreement will be extended should the aforementioned individuals be reappointed at this Meeting.
3. In the event this agenda is approved, the members and the chair of the committees are expected to be as follows:

| | |
|------------------------|--|
| Nominating Committee | Takashi Kawamura (Chair), Yoshie Ota, Mitsuo Ohashi, Tohru Motobayashi |
| Audit Committee | Tadamichi Sakiyama (Chair), Yoshie Ota, Akihiko Nomiyama, Kenji Miyahara, Michiharu Nakamura |
| Compensation Committee | Hiroaki Nakanishi (Chair), Akihiko Nomiyama, Kenji Miyahara, Tohru Motobayashi |

4. The Company has reported Ms. Yoshie Ota and Messrs. Mitsuo Ohashi, Akihiko Nomiyama, Kenji Miyahara and Tohru Motobayashi as independent directors to each Japanese stock exchange where the Company is listed. Should the foregoing nominees be re-elected at this General Meeting of Shareholders, the Company will continue to retain them on the record as independent directors.

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(Translation)

Report on the 141st Business Term

(For the period from April 1, 2009 to March 31, 2010)

Hitachi, Ltd.

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1. Business Report (from April 1, 2009 to March 31, 2010)

(1) Business Overview and Results of Hitachi Group

Business Results

Although the deterioration of the Japanese economy was brought under control during the period under review, it did not lead to a full-fledged recovery, due in part to stagnant capital expenditure and sluggish consumer spending resulting from the worsening of employment and income situations. Global economic conditions remained harsh with the U.S. and European economies remaining weak, despite the Chinese economy entering the recovery phase led mainly by domestic demand.

To report on the consolidated business result of the Hitachi Group in this harsh economic environment, the revenues for the year ended March 31, 2010 decreased by 10% from the preceding fiscal year to JPY8,968.5 billion. Operating income increased by 59% from the preceding fiscal year to JPY202.1 billion, due mainly to solid performance in the fields of social infrastructure, such as power systems, and high functional materials and components, as well as the significant improvement in the profitability of the automotive products business and the consumer business centered around flat-panel TV, owing to the promotion of business structural reform. Net loss attributable to Hitachi, Ltd. amounted to JPY106.9 billion, which was a considerable improvement attributable mainly to decreases in expenses related to business structural reform and revaluation loss on deferred tax assets compared with the preceding fiscal year.

Regrettably, a decision has been made to forgo the payment of year-end dividends to our shareholders as a result of careful consideration, taking into account the Group's performance during the period under review.

The Company intends to continue to devote its efforts to an early improvement of its performance and dividend payments in order to meet shareholder expectations.

Measures Taken

In order to survive global competition and achieve new growth, the Hitachi Group is promoting the strengthening of the Social Innovation Business which provides highly sophisticated social infrastructure utilizing information and telecommunication systems technology.

During the period under review, the Company conducted tender offers for the shares of the five listed subsidiaries (Hitachi Information Systems, Ltd., Hitachi Software Engineering Co., Ltd., Hitachi Systems & Services, Ltd., Hitachi Plant Technologies, Ltd. and Hitachi Maxell, Ltd.) playing primary roles in the information & telecommunication systems business, the social infrastructure business and the lithium ion batteries business, which are the core of the Social Innovation Business, in order to further strengthen the business structure through converting these companies into wholly owned subsidiaries.

Additionally, the Company System was introduced as a measure to enhance competitiveness by establishing a structure, wherein the focus of consolidated business management is placed on a total of approximately 40 companies, including the in-house companies and Group companies. Further, public offering was also made in December 2009 in order to raise funds for investments for strengthening the Social Innovation Business and to reinforce the financial base.

As of April 1, 2010, Takashi Kawamura assumed office as Chairman and Hiroaki Nakanishi assumed office as President. Further understanding and support of the shareholders would be appreciated as the Group endeavors to enhance its corporate value.

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Results by Business Segment

[Information & Telecommunication Systems]

Revenues and operating income decreased by 12% and 32%, respectively, from the preceding fiscal year, due primarily to the poor performance of both the software & services and the hardware businesses due mainly to the cutback in IT investments in the stagnant Japanese economy.

[Power Systems]

Revenues increased by 2% from the preceding fiscal year and operating income improved significantly, owing mainly to the solid performance of the thermal power systems for overseas market.

[Social Infrastructure & Industrial Systems]

While revenues decreased by 6% from the preceding fiscal year as a result of stagnant capital investment, operating income increased by 22%, due to successful cost reduction measures.

[Electronic Systems & Equipment]

In spite of an increase in revenues by 2% from the preceding fiscal year, operating loss was posted due mainly to a decline in the profitability of Hitachi High-Technologies Corporation.

[Construction Machinery]

Revenues and operating income decreased by 19% and 66%, respectively, from the preceding fiscal year as a result of a downturn in the demand for construction machinery.

[High Functional Materials & Components]

While revenues fell by 20% from the preceding fiscal year, operating income increased by 76% owing to a significant improvement in the performance of Hitachi Chemical Co., Ltd.

[Automotive Systems]

Revenues decreased by 6% from the preceding fiscal year. Operating loss was posted again this fiscal year, which was a significant improvement from the preceding fiscal year.

[Components & Devices]

Revenues and operating income decreased by 23% and 80%, respectively, from the preceding fiscal year.

[Digital Media & Consumer Products]

Revenues decreased by 16% from the preceding fiscal year. Operating loss was posted again this fiscal year, which was a significant improvement from the preceding fiscal year.

[Financial Services]

Revenues and operating income increased by 5% and 28%, respectively, from the preceding fiscal year.

[Others]

Revenues and operating income decreased by 8% and 21%, respectively, from the preceding fiscal year.

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Note: Effective April 1, 2009, the business segmentation has been changed.

Table of Contents**[Revenues and Operating Income by Business Segment]**

| Business Segment | Revenues | | | (Billions of yen) Operating Income (Loss) | | |
|--|-----------|-----------|---------|--|---------|---------|
| | Fiscal | Fiscal | (B)/(A) | Fiscal | Fiscal | (B)/(A) |
| | 2008(A) | 2009(B) | | 2008(A) | 2009(B) | |
| Information & Telecommunication Systems | 1,945.3 | 1,705.5 | 88% | 138.4 | 94.5 | 68% |
| Power Systems | 862.3 | 882.1 | 102% | 3.4 | 22.0 | 633% |
| Social Infrastructure & Industrial Systems | 1,334.2 | 1,250.2 | 94% | 34.4 | 42.0 | 122% |
| Electronic Systems & Equipment | 983.8 | 998.6 | 102% | 25.7 | (5.2) | |
| Construction Machinery | 724.6 | 583.6 | 81% | 51.3 | 17.6 | 34% |
| High Functional Materials & Components | 1,561.0 | 1,249.3 | 80% | 25.2 | 44.4 | 176% |
| Automotive Systems | 681.7 | 638.8 | 94% | (60.5) | (5.4) | |
| Components & Devices | 978.2 | 754.8 | 77% | 5.7 | 1.1 | 20% |
| Digital Media & Consumer Products | 1,103.8 | 929.2 | 84% | (110.5) | (7.2) | |
| Financial Services | 401.3 | 419.6 | 105% | 6.6 | 8.5 | 128% |
| Others | 830.8 | 763.6 | 92% | 24.5 | 19.4 | 79% |
| Subtotal | 11,407.5 | 10,175.8 | 89% | 144.6 | 231.9 | 160% |
| Eliminations & Corporate Items | (1,407.2) | (1,207.2) | | (17.4) | (29.8) | |
| Total | 10,000.3 | 8,968.5 | 90% | 127.1 | 202.1 | 159% |

- Notes: 1. The consolidated figures of the Company have been prepared in conformity with accounting principles generally accepted in the United States, while operating income has been prepared in conformity with accounting principles generally accepted in Japan.
2. Restructuring charges etc. are included as part of other income or other deductions in conformity with accounting principles generally accepted in Japan, while they are included as part of operating income (loss) under accounting principles generally accepted in the United States.
3. Revenues by business segment include intersegment transactions.
4. The businesses of each segment are set out in (2) Main Products and Services of Hitachi Group.
5. Effective April 1, 2009, the business segmentation has been changed. As such, revenues and operating income by business segment for fiscal 2008 have been reclassified accordingly.

(2) Main Products and Services of Hitachi Group (As of March 31, 2010)

| Business Segment | Main Products and Services | Percentage to Total Revenues |
|--|--|------------------------------|
| Information & Telecommunication Systems | Systems Integration, Outsourcing Services, Software, Disk Array Subsystems, Servers, Mainframes, Telecommunications Equipment, ATMs | 17% |
| Power Systems | Thermal, Nuclear, Hydroelectric, and Wind Power Generation Systems | 9 |
| Social Infrastructure & Industrial Systems | Industrial Machinery and Plants, Elevators, Escalators, Railway Vehicles and Systems | 12 |
| Electronic Systems & Equipment | Semiconductor and LCDs Manufacturing Equipment, Test and Measurement Equipment, Medical Electronics Equipment, Power Tools, Electronic Part Processing Equipment | 10 |
| Construction Machinery | Hydraulic Excavators, Wheel Loaders, Mining Dump Trucks | 6 |

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| | | |
|--|--|----|
| High Functional Materials & Components | Wires and Cables, Copper Products, Semiconductor and Display Related Materials, Circuit Boards and Materials, Specialty Steels, Magnetic Materials and Components, High Grade Casting Components and Materials | 12 |
| Automotive Systems | Engine Management Systems, Electric Powertrain Systems, Drive Control Systems, Car Information Systems | 6 |
| Components & Devices | Hard Disk Drives, LCDs, Information Storage Media, Batteries | 7 |
| Digital Media & Consumer Products | Optical Disk Drives, Flat-Panel TVs, LCD Projectors, Mobile Phones, Room Air Conditioners, Refrigerators, Washing Machines, Air-Conditioning Equipment | 9 |
| Financial Services | Leasing, Loan Guarantees | 4 |
| Others | General Trading, Logistics, Property Management | 8 |

Table of Contents**(3) Major Facilities of Hitachi Group** (As of March 31, 2010)**Major Facilities of the Company**

| | Location |
|---------------------------------------|---|
| Head Office | Tokyo (Chiyoda-ku) |
| R&D | Tokyo (Chiyoda-ku, Kokubunji), Ibaraki (Hitachi, Hitachinaka), Saitama (Hatoyama), Kanagawa (Yokohama, Kawasaki) |
| Manufacturing, Design and Engineering | Tokyo (Chiyoda-ku, Koto-ku, Shinagawa-ku, Ome), Ibaraki (Hitachi, Hitachinaka), Kanagawa (Yokohama, Odawara, Kawasaki, Hadano), Yamaguchi (Kudamatsu) |
| Sales and Area Operations | Tokyo (Chiyoda-ku, Koto-ku, Shinagawa-ku), Hokkaido Area Operation (Chuo-ku, Sapporo), Tohoku Area Operation (Aoba-ku, Sendai), Kanto Area Operation (Chiyoda-ku, Tokyo), Yokohama Area Operation (Nishi-ku, Yokohama), Hokuriku Area Operation (Toyama), Chubu Area Operation (Naka-ku, Nagoya), Kansai Area Operation (Kita-ku, Osaka), Chugoku Area Operation (Naka-ku, Hiroshima), Shikoku Area Operation (Takamatsu), Kyushu Area Operation (Sawara-ku, Fukuoka) |

Major Facilities of Consolidated Subsidiaries of the Company

Major consolidated subsidiaries of the Company and their locations are as stated in (5) Major Hitachi Group Companies.

(4) Employees of Hitachi Group (As of March 31, 2010)

| Business Segment | Number of Employees | Change from the End of the Preceding Year |
|--|----------------------------|--|
| Information & Telecommunication Systems | 68,409 | +581 |
| Power Systems | 15,977 | +366 |
| Social Infrastructure & Industrial Systems | 42,980 | +894 |
| Electronic Systems & Equipment | 24,576 | -475 |
| Construction Machinery | 19,063 | +2,173 |
| High Functional Materials & Components | 47,342 | -2,066 |
| Automotive Systems | 24,602 | -2,237 |
| Components & Devices | 51,304 | +1,219 |
| Digital Media & Consumer Products | 26,491 | -3,158 |
| Financial Services | 3,429 | -110 |
| Others | 32,538 | +909 |
| Corporate (Head Office and others) | 3,035 | -146 |
| Total | 359,746 | -2,050 |
| (the Company) | (31,065) | (-6,218) |

Note: The total number of employees of Hitachi Group and the Company including part-time employees was 402,630 and 34,208, respectively.

Table of Contents**(5) Major Hitachi Group Companies** (As of March 31, 2010)

| Business Segment | Name of Company | Location |
|--|---|----------------------|
| Information & Telecommunication Systems | Hitachi Electronics Services Co., Ltd. | Yokohama, Kanagawa |
| | Hitachi Information & Control Solutions, Ltd. | Hitachi, Ibaraki |
| | Hitachi Information Systems, Ltd. | Shinagawa-ku, Tokyo |
| | Hitachi-Omron Terminal Solutions, Corp. | Shinagawa-ku, Tokyo |
| | Hitachi Software Engineering Co., Ltd. | Shinagawa-ku, Tokyo |
| | Hitachi Systems & Services, Ltd. | Minato-ku, Tokyo |
| | Hitachi Computer Products (America), Inc. | U.S.A. |
| | Hitachi Computer Products (Europe) S.A.S. | France |
| | Hitachi Data Systems Corporation | U.S.A. |
| | *Hitachi Information & Telecommunication Systems Global Holding Corporation | U.S.A. |
| Power Systems | Babcock-Hitachi Kabushiki Kaisha | Chiyoda-ku, Tokyo |
| | Hitachi Engineering & Services Co., Ltd. | Hitachi, Ibaraki |
| | Hitachi-GE Nuclear Energy, Ltd. | Hitachi, Ibaraki |
| | Hitachi Power Europe GmbH | Germany |
| | Hitachi Power Systems America, Ltd. | U.S.A. |
| Social Infrastructure & Industrial Systems | Hitachi Building Systems Co., Ltd. | Chiyoda-ku, Tokyo |
| | Hitachi Industrial Equipment Systems Co., Ltd. | Chiyoda-ku, Tokyo |
| | Hitachi Plant Technologies, Ltd. | Toshima-ku, Tokyo |
| | Hitachi Elevator (China) Co., Ltd. | China |
| Electronic Systems & Equipment | Hitachi High-Technologies Corporation | Minato-ku, Tokyo |
| | Hitachi Koki Co., Ltd. | Minato-ku, Tokyo |
| | Hitachi Kokusai Electric Inc. | Chiyoda-ku, Tokyo |
| | Hitachi Medical Corporation | Chiyoda-ku, Tokyo |
| | Hitachi Via Mechanics, Ltd. | Ebina, Kanagawa |
| Construction Machinery | Hitachi Construction Machinery Co., Ltd. | Bunkyo-ku, Tokyo |
| High Functional Materials & Components | Hitachi Cable, Ltd. | Chiyoda-ku, Tokyo |
| | Hitachi Chemical Co., Ltd. | Shinjuku-ku, Tokyo |
| | Hitachi Metals, Ltd. | Minato-ku, Tokyo |
| Automotive Systems | Clarion Co., Ltd. | Bunkyo-ku, Tokyo |
| | Hitachi Automotive Systems, Ltd. | Hitachinaka, Ibaraki |
| | Hitachi Auto Parts & Service Co., Ltd. | Shinagawa-ku, Tokyo |
| | Hitachi Automotive Products (USA), Inc. | U.S.A. |
| Components & Devices | Hitachi Displays, Ltd. | Mobara, Chiba |
| | Hitachi Maxell, Ltd. | Ibaraki, Osaka |
| | Hitachi Display Device (Suzhou) Co., Ltd. | China |
| | *Hitachi Global Storage Technologies Netherlands B.V. | Netherlands |
| Digital Media & Consumer Products | Hitachi Appliances, Inc. | Minato-ku, Tokyo |
| | Hitachi Consumer Electronics Co., Ltd. | Chiyoda-ku, Tokyo |
| | Hitachi-LG Data Storage, Inc. | Minato-ku, Tokyo |
| | Hitachi Media Electronics Co., Ltd. | Oshu, Iwate |
| | Hitachi Consumer Products (Thailand), Ltd. | Thailand |
| Financial Services | Hitachi Capital Corporation | Minato-ku, Tokyo |
| Others | Chuo Shoji, Ltd. | Chiyoda-ku, Tokyo |
| | Hitachi Life, Ltd. | Hitachi, Ibaraki |
| | Hitachi Transport System, Ltd. | Koto-ku, Tokyo |
| | Nikkyo Create, Ltd. | Chiyoda-ku, Tokyo |
| | Hitachi America, Ltd. | U.S.A. |

Hitachi Asia Ltd.
Hitachi (China), Ltd.
Hitachi Europe Ltd.

Singapore
China
U.K.

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- Notes:
1. The total number of consolidated subsidiaries (including variable interest entities) is 900.
 2. The number of equity-method affiliates is 157. The major equity-method affiliates are, Japan AE Power Systems Corporation, Casio Hitachi Mobile Communications Co., Ltd. and Renesas Technology Corp. Renesas Technology Corp. merged with NEC Electronics Corporation as of April 1, 2010 to become Renesas Electronics Corporation.
 3. The companies marked with * are holding companies; their major operating companies are located in the United States.
 4. The Company separated its automotive systems business to form Hitachi Automotive Systems, Ltd. on July 1, 2009.
 5. Hitachi Mobile Co., Ltd. changed its name to Hitachi Auto Parts & Service Co., Ltd. as of April 1, 2009.
 6. The Company separated its consumer business, mainly comprising digital media-related products such as flat-panel TVs, to form Hitachi Consumer Electronics Co., Ltd. on July 1, 2009.

Table of Contents**(6) Capital Investment of Hitachi Group**

Although investment was made mainly to strengthen the Company's priority businesses, as a result of promoting the careful selection, capital investment decreased by JPY242.1 billion from the preceding fiscal year to JPY546.3 billion. A breakdown of capital investment by business segment is shown below.

| Business Segment | (Billions of yen) Amount |
|--|-------------------------------------|
| Information & Telecommunication Systems | 24.2 |
| Power Systems | 31.1 |
| Social Infrastructure & Industrial Systems | 25.3 |
| Electronic Systems & Equipment | 10.3 |
| Construction Machinery | 32.8 |
| High Functional Materials & Components | 49.7 |
| Automotive Systems | 15.2 |
| Components & Devices | 39.0 |
| Digital Media & Consumer Products | 14.7 |
| Financial Services | 295.6 |
| Others | 25.2 |
| Subtotal | 563.5 |
| Eliminations & Corporate Items | (17.1) |
| Total | 546.3 |

Note: The figures above include JPY298.9 billion of investment in assets to be leased. This mainly includes the investment relating to leasing business in the Financial Services segment.

(7) Research and Development of Hitachi Group

Expenditures on research and development during the year amounted to JPY372.4 billion. R&D activities were focused on strengthening leading-edge and basic technologies, and accelerating start-up of new businesses and the development of new products. Notable achievements included the development of high-capacity lithium ion batteries, which provide both durability and instantaneous force, for plug-in hybrid electric vehicles, as well as the development of basic recording head technologies for a dramatic increase in the recording density of hard disk drives. A breakdown of R&D expenses by business segment is shown below.

| Business Segment | (Billions of yen) Amount |
|--|-------------------------------------|
| Information & Telecommunication Systems | 82.2 |
| Power Systems | 17.6 |
| Social Infrastructure & Industrial Systems | 19.9 |
| Electronic Systems & Equipment | 44.1 |
| Construction Machinery | 15.4 |
| High Functional Materials & Components | 44.8 |
| Automotive Systems | 38.4 |
| Components & Devices | 69.1 |
| Digital Media & Consumer Products | 18.7 |

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| | |
|--------------------|-------|
| Financial Services | 0.1 |
| Others | 4.6 |
| Corporate Items | 17.0 |
| Total | 372.4 |

Table of Contents**(8) Borrowings and Financing Activity of Hitachi Group****Major Financing Activities**

Hitachi, Ltd. issued new shares and 130% call option attached unsecured convertible bond type-bonds with stock acquisition rights (8th series) in December 2009, procuring JPY352.4 billion mainly to fund capital expenditure and investments for strengthening the Social Innovation Business.

Hitachi Construction Machinery Co., Ltd. issued unsecured straight debentures in June and December 2009, procuring a total of JPY50.0 billion mainly to fund business operations, investments and loans.

Hitachi Capital Corporation issued unsecured straight debentures in October 2009 and January 2010, procuring a total of JPY60.0 billion mainly to fund the redemption of short-term debentures.

Major Borrowings (As of March 31, 2010)

| Name of Company | Creditor | Balance of Borrowings |
|-----------------------------|--|------------------------------|
| The Company | Development Bank of Japan Inc. | 40.0 billion yen |
| | Nippon Life Insurance Company | 35.0 billion yen |
| | Mizuho Corporate Bank, Ltd. | 24.0 billion yen |
| | Meiji Yasuda Life Insurance Company | 23.0 billion yen |
| Hitachi Capital Corporation | Mizuho Corporate Bank, Ltd. | 41.2 billion yen |
| | The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 29.0 billion yen |
| | Nippon Life Insurance Company | 21.7 billion yen |

Note: In addition to the figures shown above, the Company owes JPY150.0 billion of long-term borrowings by means of syndicated loan agreements.

(9) Problems Facing Hitachi Group

The Company will seek to achieve strong growth through the following strategies in order to improve earnings and drive growth going forward, recognizing the increasing demand for infrastructure in emerging countries and measures regarding global environmental issues, among others, primarily in advanced countries as a golden opportunity for business.

Emphasis will be placed on the Social Innovation Business in allocating business resources. That is, the Hitachi Group will make collective efforts to achieve social innovation through the fusion of the information & telecommunication systems business and the social infrastructure business.

The Hitachi Group will leverage its superior environmental technology to contribute to the preservation of global environment through providing products and services that reduce environmental load.

Global expansion of the Social Innovation Business will be vigorously promoted. Efforts will be made to further cooperation with partners and to localize operations in order to address customer needs. Further, diverse human capital will be secured from various regions for development.

Further, the Company, which marked its 100th anniversary in 2010, will engage in the following strategies in order to achieve the revival of a strong Hitachi as it heads into the next 100 years.

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The Company will adhere to the founding principle of contributing to society through technology in conducting the research and development of cutting-edge technology and utilizing intellectual property rights.

Businesses will be restructured as necessary from the perspectives of profitability and synergy with the Social Innovation Business, the possibilities of which include withdrawals from and sales of businesses, in order to continue to optimize the business portfolio.

Efforts will be made to strengthen the management base by continuing to reduce costs, mainly through the reduction of fixed and material costs, as well as to improve cash flows mainly by reducing inventories and quickly collecting accounts receivables.

Hitachi will rigidly adhere to manufacturing principles that yield high quality in order to provide customers with safe and reliable products.

Hitachi will affirm the importance of living up to the trust placed in it by society and emphasize the importance of sticking to the straight and narrow, so as to eliminate any violations of laws and enhance the value of Hitachi brand.

Table of Contents**(10) Five-year Summary of Assets and Results of Operation of Hitachi Group****Consolidated Basis**

| Fiscal Year | (Billions of yen) | | | | |
|---|-------------------|----------|----------|----------|---------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Revenues | 9,464.8 | 10,247.9 | 11,226.7 | 10,000.3 | 8,968.5 |
| Operating Income | 256.0 | 182.5 | 345.5 | 127.1 | 202.1 |
| Income (Loss) Before Income Taxes | 274.8 | 202.3 | 324.7 | (289.8) | 63.5 |
| Net Income (Loss) Attributable to Hitachi, Ltd. | 37.3 | (32.7) | (58.1) | (787.3) | (106.9) |
| Total Assets | 10,021.1 | 10,644.2 | 10,530.8 | 9,403.7 | 8,951.7 |

- Notes:
- The consolidated figures shown above have been prepared in conformity with accounting principles generally accepted in the United States.
 - Restructuring charges etc. are included as part of other income or other deductions in conformity with accounting principles generally accepted in Japan, while they are included as part of operating income (loss) under accounting principles generally accepted in the United States.
 - In accordance with the changes in the accounting principles generally accepted in the United States, the heading Net Income (Loss) has been changed to Net Income (Loss) Attributable to Hitachi, Ltd. effective April 1, 2009.
 - In fiscal 2006, both the operating income and income before income taxes decreased from the preceding fiscal year, forcing Hitachi to post a net loss attributable to Hitachi, Ltd., due primarily to a large decrease in operating income in the Power & Industrial Systems segment and an increase in operating loss in the Digital Media & Consumer Products segment.
 - In fiscal 2007, the Company was forced to post a net loss attributable to Hitachi, Ltd., following the previous fiscal year, due mainly to the posting of expenses related to the structural reform of the flat-panel TV business and an impairment loss primarily on the plasma display.
 - In fiscal 2008, the Company was forced to post a large amount of net loss attributable to Hitachi, Ltd., due mainly to the posting of expenses related to the structural reform of the flat-panel TV business and an equity in loss of affiliates relating to an affiliate engaged in the semiconductor business, in addition to valuation allowance for deferred tax assets.

Unconsolidated Basis

| Fiscal Year | (Billions of yen) | | | | |
|-------------------------|-------------------|---------|---------|---------|---------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Revenues | 2,713.3 | 2,785.1 | 2,807.2 | 2,610.0 | 1,938.8 |
| Operating Income (Loss) | 1.0 | (66.2) | (74.1) | (32.2) | 3.5 |
| Ordinary Income (Loss) | 42.6 | (37.2) | (45.9) | 204.7 | 59.2 |
| Net Income (Loss) | 37.0 | (178.0) | (127.8) | (294.5) | (35.1) |
| Total Assets | 3,834.2 | 3,873.9 | 3,659.9 | 3,673.7 | 3,327.6 |

- Notes:
- In fiscal 2006, the Company posted a large amount of loss due primarily to a decrease in prices of plasma TVs and an impairment loss on shares of an affiliated company engaging in hard disk drive business.
 - In fiscal 2007, operating loss increased due to the deterioration of performance in the flat-panel TV business. The Company posted a loss, following the preceding fiscal year, due primarily to posting an impairment loss on shares of, and an allowance for doubtful

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receivables for an affiliated company engaging in the plasma display panel operations.

3. In fiscal 2008, the Company was forced to post a loss following the preceding fiscal year, due primarily to the posting of an impairment loss on shares of an affiliated company engaging in the semiconductor business, and such extraordinary losses as structural reform expenses for the consumer business and the automotive systems business.
4. In fiscal 2009, the Company was forced to post a loss following the preceding fiscal year, due primarily to the posting of an impairment loss on shares of an affiliated company engaging in the semiconductor business, and such extraordinary losses as structural reform expenses for the automotive systems business and the consumer business.

Table of Contents**(11) Directors and Executive Officers****1) Directors**

Name, Position and Responsibilities, etc. (As of March 31, 2010)

| Name | Position | Committee Membership | Other Principal Positions Held |
|--------------------------------|------------------------|--|---|
| Tadamichi Sakiyama | Board Director (Chair) | Audit Committee (Chair) | Chairman of the Board, Hitachi High-Technologies Corporation Chairman of the Board, Hitachi Transport System, Ltd. |
| *Takashi Kawamura | Director | Nominating Committee (Chair) Compensation Committee (Chair) | |
| Michiharu Nakamura | Director | Audit Committee | Chairman of the Board, Hitachi Medical Corporation Director, Hitachi Maxell, Ltd. |
| *Takashi Miyoshi Yoshie Ota | Director Director | Nominating Committee Audit Committee | Advisor, Japan Institute of Workers Evolution Corporate Auditor, Takara Holdings Inc.** |
| Mitsuo Ohashi | Director | Nominating Committee | Advisor, Showa Denko K.K. Director, Mizuho Financial Group, Inc.** Director, Chugai Pharmaceutical Co., Ltd.** Statutory Auditor, Fukoku Mutual Life Insurance Company** |
| Akihiko Nomiyama | Director | Audit Committee Compensation Committee | Special Advisor, NIPPON MINING HOLDINGS, INC. Director, Mizuho Financial Group, Inc.** |
| Kenji Miyahara | Director | Audit Committee Compensation Committee | Senior Advisor, Sumitomo Corporation Director, NEC Corporation** Statutory Auditor, Seiko Epson Corporation** |

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| | | | |
|-------------------|----------|------------------------|---|
| Tohru Motobayashi | Director | Nominating Committee | Attorney at Law |
| | | Compensation Committee | Corporate Auditor, Nippon Telegraph and Telephone Corporation** |
| | | | Corporate Auditor, Sumitomo Life Insurance Company** |
| Takeo Ueno | Director | | Senior Adviser, Hitachi Via Mechanics, Ltd. |
| | | | Director, Hitachi Information Systems, Ltd. |
| | | | Director, Hitachi Kokusai Electric Inc. |
| | | | Director, Hitachi Construction Machinery Co., Ltd. |
| | | | Corporate Auditor, Hitachi Koki Co., Ltd. |
| Shungo Dazai | Director | | Chairman of the Board, Hitachi Construction Machinery Co., Ltd. |
| | | | Director, Hitachi Kokusai Electric Inc. |
| Michihiro Honda | Director | | Chairman of the Board, Hitachi Metals, Ltd. |
| | | | Director, Hitachi Transport System, Ltd. |

- Notes: 1. The Directors marked with * were newly elected and assumed their positions at the 140th Ordinary General Meeting of Shareholders on June 23, 2009.
2. Mr. Tadamichi Sakiyama, Board Director (Chair) (Audit Committee (Chair)), has considerable knowledge of finance and accounting due to his long experience as General Manager of Accounting Department and General Manager of Internal Auditing Office of the Company, and as Director and Executive Officer responsible for accounting, finance and audit of Hitachi Construction Machinery Co., Ltd.
3. Directors, Ms. Yoshie Ota, Messrs. Mitsuo Ohashi, Akihiko Nomiyama, Kenji Miyahara, and Tohru Motobayashi are outside directors who fulfill the qualification requirements as provided for in Article 2, Item 15 of the Companies Act of Japan and have been reported as independent directors to each Japanese stock exchange where the Company is listed. Of the five individuals, those with ** in the Other Principal Positions Held column serve as an outside Director or an outside Auditor of the company listed in said column.
4. The Company has continuous transactions, including the sales of products and purchase of products and/or services with Showa Denko K.K, NIPPON MINING HOLDINGS, INC. and its subsidiaries which are business companies, Sumitomo Corporation, Chugai Pharmaceutical Co., Ltd., NEC Corporation, Seiko Epson Corporation, and Nippon Telegraph and Telephone Corporation and its subsidiaries which are business companies. The volume of transactions with each of the companies is negligible in comparison to the total business volume of the Company and to the total business volume of the corresponding company. Further, the Company has continuous transactions, including the sales of products and borrowing of money, with the subsidiaries of Mizuho Financial Group, Inc. which are banks or securities companies, Fukoku Mutual Life Insurance Company, and Sumitomo Life Insurance Company. Monetary borrowings from Mizuho Corporate Bank, Ltd., a subsidiary of Mizuho Financial Group, Inc., is as indicated in (8) Borrowings and Financing Activity of Hitachi Group. The volume of transactions with each of the other companies is negligible in comparison to the total business volume of the Company and to the total business volume of the corresponding company.

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Matters Concerning Outside Directors

(Major Activities of Outside Directors)

| Name | Major activities |
|-------------------|--|
| Yoshie Ota | Ms. Ota attended 11 days of the Board of Directors meetings held during this business term (12 days during her incumbency), as well as all meetings of the Nominating Committee (6 days during her incumbency) and 10 days of the Audit Committee (12 days during her incumbency). Ms. Ota stated her opinions at the Board and Audit Committee meetings from an objective perspective, mainly on the importance of compliance based on her extensive experience in such areas as public administration. |
| Mitsuo Ohashi | Mr. Ohashi attended 11 days of the Board of Directors meetings held during this business term (12 days during his incumbency), as well as all meetings of the Nominating Committee (6 days during his incumbency). Mr. Ohashi stated his opinions at the Board meetings mainly from the perspective of risk management responsive to changes in the market environment based on his management experience with a major global manufacturer. |
| Akihiko Nomiyama | Mr. Nomiyama attended 11 days of the Board of Directors meetings held during this business term (12 days during his incumbency), as well as 11 days of the Audit Committee meetings (12 days during his incumbency) and all meetings of the Compensation Committee (5 days during his incumbency). Mr. Nomiyama stated his opinions at the Board and Audit Committee meetings mainly from the perspective of appropriate allocation of management resources based on his management experience with a major global business corporation. |
| Kenji Miyahara | Mr. Miyahara attended 9 days of the Board of Directors meetings held during this business term (12 days during his incumbency), 10 days of Audit Committee meetings (12 days during his incumbency), and all meetings of the Compensation Committee (5 days during his incumbency). Mr. Miyahara stated his opinions at the Board and Audit Committee meetings mainly from the perspective of promoting global business development based on his management experience with a global general trading company. |
| Tohru Motobayashi | Mr. Motobayashi attended all meetings of the Board of Directors held during this business term (12 days during his incumbency), as well as all meetings of the Nominating Committee (6 days during his incumbency) and the Compensation Committee (5 days during his incumbency). Mr. Motobayashi stated his opinions at the Board meetings mainly from the perspective of operational risk management based on his experience as a legal expert. |

General Intent of Limited Liability Agreement with Outside Directors

The Company has entered into a limited liability agreement stipulated in Article 427, Paragraph 1 of the Companies Act with each of Ms. Yoshie Ota, Messrs. Mitsuo Ohashi, Akihiko Nomiyama, Kenji Miyahara and Tohru Motobayashi. The general intent of the agreement is to limit the liability of outside Directors to the aggregate amount of the sums stipulated in each item under Article 425, Paragraph 1 of the Companies Act.

Table of Contents**(2) Executive Officers**

Name, Position and Responsibilities, etc. (As of March 31, 2010)

| Name | Position | Responsibilities | Other Principal Positions Held |
|-------------------|---|---|---|
| *Takashi Kawamura | Representative Executive Officer, Chairman, President and Chief Executive Officer | Overall management | |
| Kazuhiro Mori | Representative Executive Officer, Executive Vice President and Executive Officer | Sales operations, Hitachi group global business, corporate export regulation and business incubation | Director, Hitachi Capital Corporation |
| Hiroaki Nakanishi | Representative Executive Officer, Executive Vice President and Executive Officer | Power systems business, industrial systems business, urban planning and development systems business, automotive systems business, quality assurance and production engineering | Director, Hitachi Plant Technologies, Ltd. |
| Takashi Hatchoji | Representative Executive Officer, Executive Vice President and Executive Officer | Corporate planning, environmental strategies, human capital, legal and corporate communications, corporate brand and corporate auditing | Director, Hitachi Metals, Ltd. Statutory Auditor, WOWOW Inc. |
| *Takashi Miyoshi | Representative Executive Officer, Executive Vice President and Executive Officer | Management reform, finance, corporate pension system, Hitachi group management, business development and consumer business | |
| Naoya Takahashi | Representative Executive Officer, Executive Vice President and Executive Officer | Information & telecommunication systems business, research & development and information technology | Director, Hitachi Chemical Co., Ltd. |
| Junzo Nakajima | Senior Vice President and Executive Officer | Information & telecommunication systems business | |

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| | | | |
|--------------------|---|---|---|
| Koichiro Nishikawa | Senior Vice President and Executive Officer | Business development | Director, Hitachi Software Engineering Co., Ltd. |
| Toyoaki Nakamura | Representative Executive Officer, Senior Vice President and Executive Officer | Finance, corporate pension system and Hitachi group management | |
| Taiji Hasegawa | Representative Executive Officer, Senior Vice President and Executive Officer | Procurement, motor power systems and battery systems business | Director, Hitachi Medical Corporation |
| Shozo Saito | Senior Vice President and Executive Officer | Environmental strategies, quality assurance, production engineering and power systems engineering | Director, Hitachi Systems & Services, Ltd. Director, Hitachi Medical Corporation |
| Tadahiko Ishigaki | Senior Vice President and Executive Officer | Hitachi group global business (Americas) | |
| Stephen Gomersall | Senior Vice President and Executive Officer | Hitachi group global business (Europe) | |

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| Name | Position | Responsibilities | Other Principal Positions Held |
|-------------------|--------------------------------------|---|---|
| Koji Tanaka | Vice President and Executive Officer | Power systems business | |
| Akira Maru | Vice President and Executive Officer | Power systems business (nuclear power systems business promotion) | |
| Hitoshi Isa | Vice President and Executive Officer | Power systems business (thermal power systems business promotion) | |
| Gaku Suzuki | Vice President and Executive Officer | Industrial systems business | |
| Hideaki Takahashi | Vice President and Executive Officer | Urban planning and development systems business | |
| Shinjiro Iwata | Vice President and Executive Officer | Information & telecommunication systems business (services business (global)) | Director, Opnext, Inc. (U.S.A.) |
| Kaichiro Sakuma | Vice President and Executive Officer | Information & telecommunication systems business (system solutions business) | |
| Masahiro Kitano | Vice President and Executive Officer | Information & telecommunication systems business (platform systems business) | |
| Koushi Nagano | Vice President and Executive Officer | Sales operations and Hitachi group global business | |
| Masao Hisada | Vice President and Executive Officer | Hitachi group global business and corporate export regulation | |
| Takao Koyama | Vice President and Executive Officer | Sales operations (Kansai Area) | Corporate Auditor, ShinMaywa Industries, Ltd. |
| Shigeru Azuhata | Vice President and Executive Officer | Research & development and environmental strategies | |
| Kenji Ohno | Vice President and Executive Officer | Human capital | |

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| | | |
|------------------|--------------------------------------|---|
| Toshiaki Kuzuoka | Vice President and Executive Officer | Legal and corporate communications, corporate brand and corporate auditing |
| Makoto Ebata | Vice President and Executive Officer | Procurement |
| Nobuyuki Ohno | Vice President and Executive Officer | Hitachi group global business (China) |
| Osamu Ohno | Vice President and Executive Officer | Information technology |

- Notes: 1. Mr. Makoto Ehata assumed office as Vice President and Executive Officer as of July 1, 2009. Further, motor power systems and battery systems business were added to the responsibilities of Mr. Taiji Hasegawa, Representative Executive Officer, Senior Vice President and Executive Officer.
2. The Executive Officers marked with * concurrently hold the position of Director.
- Executive Officer Who Left Office during the Fiscal Year** (As of June 23, 2009)

| Name | Position | Responsibilities |
|----------------|--|-----------------------|
| Kazuo Furukawa | Representative Executive Officer, Vice Chairman and Executive Officer | Management in general |

Table of Contents**Other Material Information Concerning Directors and Executive Officers of the Company**

The Company changed its Executive Officers as of April 1, 2010 as follows.

Executive Officers (As of April 1, 2010)

| Name | Position | Responsibilities |
|-------------------|--|--|
| Takashi Kawamura | Representative Executive Officer and Chairman | Management in general |
| Hiroaki Nakanishi | Representative Executive Officer and President | Overall management, power systems business, industrial & social infrastructure systems business and automotive systems business |
| Naoya Takahashi | Representative Executive Officer, Executive Vice President and Executive Officer | Information & telecommunications systems business, information & control systems business, research & development and information technology |
| Takashi Hatchoji | Representative Executive Officer, Executive Vice President and Executive Officer | Urban planning and development systems business, defense systems business, corporate planning, environmental strategies, human capital, legal and corporate communications, corporate brand and corporate auditing |
| Takashi Miyoshi | Representative Executive Officer, Executive Vice President and Executive Officer | Management reform, finance, corporate pension system, business development and consumer business |
| Nobuo Mochida | Representative Executive Officer, Executive Vice President and Executive Officer | Corporate planning, high functional materials & components, quality assurance and production engineering |
| Kazuhiro Mori | Representative Executive Officer, Executive Vice President and Executive Officer | Motor power systems, battery systems business, sales operations, Hitachi group global business, procurement, corporate export regulation, medical systems business and business incubation |
| Tadahiko Ishigaki | Senior Vice President and Executive Officer | Hitachi group global business (Americas) |
| Stephen Gomersall | Senior Vice President and Executive Officer | Hitachi group global business (Europe) |
| Yoshito Tsunoda | Senior Vice President and Executive Officer | Motor power systems and battery systems business |

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| | | |
|------------------|---|--|
| Junzo Nakajima | Senior Vice President and Executive Officer | Information & telecommunication systems business |
| Toyoaki Nakamura | Representative Executive Officer, Senior Vice President and Executive Officer | Finance and corporate pension system |

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| Name | Position | Responsibilities |
|-------------------|--------------------------------------|---|
| Shigeru Azuhata | Vice President and Executive Officer | Research & development, environmental strategies and medical systems business |
| Hitoshi Isa | Vice President and Executive Officer | Power systems business (thermal power systems business promotion) |
| Shinjiro Iwata | Vice President and Executive Officer | Information & telecommunication systems business (services business (global)) |
| Makoto Ebata | Vice President and Executive Officer | Procurement |
| Osamu Ohno | Vice President and Executive Officer | Information technology |
| Kenji Ohno | Vice President and Executive Officer | Human capital |
| Nobuyuki Ohno | Vice President and Executive Officer | Hitachi group global business (China) |
| Masahiro Kitano | Vice President and Executive Officer | Environmental strategies, quality assurance and production engineering |
| Ryuichi Kitayama | Vice President and Executive Officer | Sales operations |
| Toshiaki Kuzuoka | Vice President and Executive Officer | Legal and corporate communications, corporate brand and corporate auditing |
| Takao Koyama | Vice President and Executive Officer | Sales operations (Kansai Area) |
| Yutaka Saito | Vice President and Executive Officer | Information & control systems business |
| Kaichiro Sakuma | Vice President and Executive Officer | Information & telecommunication systems business (platform systems business) |
| Gaku Suzuki | Vice President and Executive Officer | Industrial & social infrastructure systems business |
| Hideaki Takahashi | Vice President and Executive Officer | Urban planning and development systems business |

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| | | |
|-------------------|--------------------------------------|---|
| Koji Tanaka | Vice President and Executive Officer | Power systems business |
| Masahide Tanigaki | Vice President and Executive Officer | Sales operations, Hitachi group global business and corporate export regulation |
| Akira Maru | Vice President and Executive Officer | Power systems business (nuclear power systems business promotion) |
| Yoshihiko Mogami | Vice President and Executive Officer | Information & telecommunication systems business (system solutions business) |

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3) Compensation for Directors and Executive Officers

Policy on the Determination of Compensation of Directors and Executive Officers

[Method of Determination of Policy]

The Company's Compensation Committee sets forth the policy on the determination of the amount of compensation, etc. of each Director and Executive Officer pursuant to applicable provisions of the Companies Act concerning companies with the Committee System.

[Summary of Policy]

(i) Matters relating to both Directors and Executive Officers

Compensation will be commensurate with the ability required of, and the responsibilities to be borne by, the Company's Directors and Executive Officers, taking into consideration compensation packages at other companies.

(ii) Matters relating to Directors

Compensation for Directors will consist of a monthly salary and a year-end allowance.

Monthly salary will be decided by making adjustments to basic salary that reflect full-time or part-time status, committee membership and position.

Year-end allowance will be a pre-determined amount equivalent to about twenty percent of the Director's annual income based on monthly salary, although this amount may be reduced depending on Company performance.

A Director concurrently serving as an Executive Officer will not be paid compensation as a Director.

(iii) Matters relating to Executive Officers

Compensation for Executive Officers will consist of a monthly salary and a performance-linked component.

Monthly salary will be decided by adjusting a basic amount set in accordance with the relevant position to reflect the results of an assessment.

The performance-linked component will be set within a range equivalent to about thirty percent of the Executive Officer's annual income, adjusted based on Company and individual performance.

(iv) Miscellaneous

It was decided at the Compensation Committee meetings held on December 18, 2007 and March 26, 2008 that the compensation structure for Directors and Executive Officers will be re-examined starting with the compensation for fiscal 2008 and that the retirement allowance will be abolished. The payment of retirement allowance to Directors and Executive Officers due to the abolition of the retirement allowance system will be in an amount determined by the Compensation Committee at the time of the retirement of a relevant Director or Executive Officer.

Total Amount of Compensation to and the Number of Directors and Executive Officers in Fiscal 2009

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| | Number | Amount (millions of yen) |
|---------------------|-----------|-----------------------------|
| Directors | 11 | 246 |
| (Outside Directors) | (5) | (87) |
| Executive Officers | 28 | 1,076 |
| Total | 39 | 1,322 |

- Notes:
1. The number of Directors indicated excludes the four Directors who serve concurrently as Executive Officers.
 2. The compensation to Directors includes the monthly salary of one Director, who retired due to expiration of his term of office at the close of the 140th Ordinary General Meeting of Shareholders held on June 23, 2009, for his term of office of this year.
 3. The compensation to Executive Officers includes the monthly salary of one Executive Officer, who retired on June 23, 2009, for his term of office of this year.
 4. In addition to the above, there are retirement allowance of JPY1 million for one Director who will be retiring as of June 29, 2010, and of JPY250 million for the five Executive Officers who retired as of March 31, 2010.
 5. The amount of compensation to 13 Directors in the preceding fiscal year was JPY410 million (of which JPY95 million was for the five outside Directors), and the amount to the 26 Executive Officers was JPY1,135 million.

Table of Contents**(12) Matters Concerning the Company's Stock** (As of March 31, 2010)

- 1) **Authorized** 10,000,000,000 shares
- 2) **Number of Shares per Unit** 1,000 shares
- 3) **10 Largest Shareholders**

| Name | Shareholder's Equity in the Company | |
|---|-------------------------------------|-------------------------|
| | Share Ownership shares | Shareholding Ratio % |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 315,868,000 | 7.06 |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 261,910,000 | 5.85 |
| NATS CUMCO | 146,022,890 | 3.26 |
| Hitachi Employees' Shareholding Association | 116,632,952 | 2.61 |
| State Street Bank and Trust Company 505224 | 98,912,340 | 2.21 |
| Nippon Life Insurance Company | 98,173,195 | 2.19 |
| SSBT OD05 Omnibus Account China Treaty Clients 808150 | 74,371,713 | 1.66 |
| The Dai-Ichi Mutual Life Insurance Company | 71,361,222 | 1.59 |
| State Street Bank and Trust Company 505225 | 49,506,769 | 1.11 |
| Meiji Yasuda Life Insurance Company | 46,959,618 | 1.05 |

- Notes: 1. NATS CUMCO is the nominee name of the depositary bank, Citibank, N.A., for the aggregate of the Company's American Depositary Receipts (ADRs) holders.
2. The number of shares held by The Dai-Ichi Mutual Life Insurance Company includes its contribution of 6,560,000 shares to the retirement allowance trust (the holder of said shares, as listed in the Shareholders' Register, is Dai-Ichi Life Insurance Account, Retirement Allowance Trust, Mizuho Trust & Banking Co., Ltd.).
3. Treasury stock (43,891,177 shares) is not included in the calculation of Shareholding Ratio.

4) Shareholders Composition

| Class of Shareholders | Number of Shareholders | Share Ownership (shares) | Percentage of Total (%) |
|---|---------------------------|-----------------------------|----------------------------|
| Financial Institution and Securities Firm | 368 | 1,332,581,699 | 29.49 |
| Individual | 454,808 | 1,427,987,157 | 31.61 |
| Foreign Investor | 1,199 | 1,603,494,980 | 35.49 |
| Other | 3,940 | 153,827,965 | 3.40 |
| Government and Municipality | 5 | 240,564 | 0.01 |
| Total | 460,320 | 4,518,132,365 | 100.00 |

Note: Treasury stock is included in Other.

(13) Matters Concerning Stock Acquisition Rights, etc. (As of March 31, 2010)

130% Call Option Attached Unsecured Convertible Bond
Type-bonds with Stock Acquisition Rights

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**Class and Number of Shares to Be Issued
upon Exercise of Stock Acquisition Rights**

(8th Series) (With Inter-Bond Pari Passu Clause)
Common Stock

**Amount to Be Paid upon Exercise of Stock Acquisition Rights
Period during Which Stock Acquisition Rights May Be Exercised**

315,451,104 shares
JPY317 per share
From January 4, 2010 to December 10, 2014

Note: The number of shares to be issued upon exercise of stock acquisition rights which were issued as bonds with stock acquisition rights is calculated based on the conversion price as of March 31, 2010.

Table of Contents**(14) Matters Concerning Accounting Auditor**

1) **Name of accounting auditor** Ernst & Young ShinNihon LLC

2) **Fees to accounting auditor in Fiscal 2009**

| Category | (Millions of yen) Amount |
|---|-----------------------------|
| Total amount of cash and other financial benefits by the Company and its subsidiaries | 2,061 |
| Fees etc. by the Company* | 472 |

Note: The column marked with * includes fees for audits under applicable Financial Instruments and Exchange Act.

3) **Description of non-audit services**

The Company commissioned various advisory services to Ernst & Young ShinNihon LLC and paid fees.

4) **Subsidiaries whose financial statements are audited by certified public accountants, etc. other than Company's accounting auditors**

Of the major Hitachi Group companies (listed in (5) Major Hitachi Group Companies), overseas subsidiaries have certified public accountants (CPA) or auditing firms other than Ernst & Young ShinNihon LLC audit their financial statements.

5) **Dismissal and non-retention policy on accounting auditors**

Dismissal

- (i) In the event an accounting auditor, which is an auditing firm, is ordered by the Prime Minister of Japan to suspend its operation related to the audit of financial statements, in whole or in part, or to dissolve the firm pursuant to Article 34-21, Paragraph 2 of the Certified Public Accountant Act, the accounting auditor shall automatically resign, since said order constitutes a cause for disqualification as accounting auditor provided for in Article 337, Paragraph 3, Item 1 of the Companies Act.
- (ii) In addition to (i) above, in the event the Audit Committee determines that the causes provided for in Articles 340, Paragraph 1, Item 1 or 2 of the Companies Act apply to an accounting auditor, due to such reasons as that it can reasonably be expected that the Prime Minister of Japan shall issue an order to suspend operations, in whole or in part, or to dissolve the firm, the Audit Committee shall determine the contents of the agenda on the dismissal of the accounting auditor to be submitted to the general meeting of shareholders.
- (iii) In the event significant adverse effects on the audit of financial statements are reasonably expected in the case of (ii) above, the Audit Committee shall dismiss the accounting auditor by unanimity. Should this occur, the Audit Committee member

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selected by the Audit Committee shall give a report on the dismissal of the accounting auditor and the reason therefor at the first general meeting of shareholders to be convened after said dismissal.

Non-retention

- (i) In the event individuals selected by an accounting auditor, which is an auditing firm, from among its employees to perform their duties as accounting auditors are found to fall under any or all of the items under Article 340, Paragraph 1 of the Companies Act or breach the obligation(s) of CPAs provided for in the Certified Public Accountant Act, should said auditing firm fail to select promptly individuals to perform their duties as accounting auditors in the place of the former, the Audit Committee shall determine the contents of the agenda item on the non-retention of the accounting auditor to be submitted to the general meeting of shareholders.

- (ii) In the event it is determined that an adequate performance of duties cannot be ensured with respect to the matters related to the performance of duties by accounting auditors provided for in the Regulations of Companies Financial Statements, the Audit Committee shall determine the contents of the agenda item on the non-retention of the accounting auditor to be submitted to the general meeting of shareholders.

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(15) Policy on Determination of Distribution of Surplus etc.

The Company views enhancement of the long-term and overall interests of shareholders as an important management objective. The industrial sector encompassing energy, information systems, social infrastructure and other primary businesses of the Company is undergoing rapid technological innovation and changes in market structure. This makes vigorous upfront investment in R&D and plant and equipment essential for securing and maintaining market competitiveness and improving profitability. Dividends are therefore decided based on medium-to-long term business plans with an eye to ensuring the availability of internal funds for reinvestment and the stable growth of dividends, with appropriate consideration of a range of factors, including the Company's financial condition, results of operations and dividend payout ratio.

The Company believes that the repurchase of its shares should be undertaken, when necessary, as part of its policy on distribution to shareholders to complement the dividend payout. In addition, the Company will repurchase its own shares on an ongoing basis in order to flexibly implement a capital strategy, including business restructuring, to maximize shareholder value so far as consistent with the dividend policy. Such action will be taken by the Company after considering its future capital requirement under its business plans, market conditions and other relevant factors.

(16) Summary of Resolution of Board of Directors on Enhancing Structures and Other Things to Ensure Adequacy of Business Operations

- 1) Board of Directors Office (the Office) shall be established specifically to assist with the duties of each Committee and the Board of Directors and staffed with personnel who are not subject to orders and instructions of Executive Officers.
- 2) In order to ensure the independence of the Office personnel from Executive Officers, the Audit Committee shall be informed in advance of planned transfers of the Office personnel.
- 3) Executive Officers and employees shall report without delay to the members of the Audit Committee significant matters affecting the whole Company, results of internal audits, and the implementation status of reporting under the internal reporting system.
- 4) In order to ensure the effectiveness of audits by the Audit Committee, standing Committee member(s) shall be appointed to the Audit Committee, and activity plans of the Audit Committee shall be prepared in coordination with the audit plans of Internal Auditing Office.
- 5) A reporting system to Directors shall be established to ensure that the execution of duties by Executive Officers is in compliance with laws, regulations, and the Articles of Incorporation.
- 6) Information pertaining to the execution of duties by Executive Officers shall be prepared and maintained in accordance with internal rules.
- 7) A structure shall be established in which each relevant department shall establish regulations and guidelines, conduct training, prepare and distribute manuals, and carry out other such measures with respect to various risks. Efforts shall be made to identify possible new risks through such things as progress reports on business operations and, should it become necessary to respond to a new risk, an Executive Officer responsible for responding thereto shall be appointed promptly.
- 8) Efficient performance of duties shall be ensured through the following business management systems.

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The Senior Executive Committee shall be established in order to deliberate on and facilitate the formulation of decisions based on due consideration of diverse factors regarding important issues that affect the Company and/or the Hitachi Group.

Based on the management policy, medium-term business plans and annual budgets, on which performance management is based, shall be prepared in order to operate business in a planned and efficient manner.

Internal audits shall be conducted by Internal Auditing Office to monitor and identify the status of business operations and to facilitate improvements.

The Audit Committee shall receive the audit plans of the accounting auditors in advance, and the prior approval of the Audit Committee shall be required with respect to the fees to be paid to and non-audit services to be requested of the accounting auditors.

Documented business processes shall be executed, and internal and external auditors shall examine said processes in order to ensure the reliability of financial reports.

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- 9) Continuous maintenance of a legal and regulatory compliance structure shall be ensured through the following business management systems.

Internal audits shall be conducted, and various committees shall be established for legal and regulatory compliance activities. Furthermore, an internal reporting system shall be established and education on legal and regulatory compliance shall be provided.

Various corporate rules and regulations shall be established, and efforts shall be made to ensure that the employees are aware of the internal control systems overall and that the systems are effective.

- 10) The following measures shall be effected to ensure the adequacy of business operations within the Hitachi Group.

Such fundamental policies as the emphasis of the social responsibilities of business enterprises shall be shared with the Group companies.

A group-wide policy for compliance with applicable laws and regulations shall be established as necessary.

Internal audits of Company departments and Group companies shall be conducted periodically, and Directors and Corporate Auditors shall be sent from the Company to Group companies. Each company shall execute documented business processes on matters that should be reflected in financial reports, and Corporate Auditors and others shall examine said processes.

A structure for the adequate and efficient conduct of business operations common to Group companies shall be established.

The policy on transactions within the Hitachi Group is to trade fairly based on market prices.

(17) Fundamental Policy on the Conduct of Persons Influencing Decision on the Company's Financial and Business Policies

The Group invests a great deal of business resources in fundamental research and in the development of market-leading products and businesses that will bear fruit in the future, and realizing the benefits from these management policies requires that they be continued for a set period of time. For this purpose, the Company keeps its shareholders and investors well informed of not just the business results for each period but also of the Company's business policies for creating value in the future.

The Company does not deny the significance of the vitalization of business activities and performance that can be brought about through a change in management control, but it recognizes the necessity of determining the impact on company value and the interests of all shareholders of the buying activities and buyout proposals of parties attempting to acquire a large share of stock of the Company or a Group company by duly examining the business description, future business plans, past investment activities, and other necessary aspects of such a party.

There is no party that is currently attempting to acquire a large share of the Company's stocks nor is there a specific threat, neither does the Company intend to implement specified so-called anti-takeover measures in advance of the appearance of such a party, but the Company does understand that it is one of the natural duties bestowed upon it by the shareholders and investors to continuously monitor the state of trading of the Company's stock and then to immediately take what the Company deems to be the best action in the event of the appearance of a party attempting to purchase a large share of the Company's stock. In particular, together with outside experts, the Company will evaluate the buyout proposal of the party and hold negotiations with the buyer, and if the Company deems that said buyout will not maintain the Company's value and is not in the best interest of the shareholders, then the Company will quickly determine the necessity, content, etc., of specific countermeasures and prepare to implement them. The same response will also be taken in the event a party attempts to acquire a large percentage of the shares of a Group company.

Table of Contents**2. Consolidated Balance Sheets**

| | Fiscal 2009 (As of March 31, 2010) | Fiscal 2008 (As of March 31, 2009) |
|---|---------------------------------------|---------------------------------------|
| | (Millions of yen) | |
| (Assets) | | |
| Current assets | 4,775,197 | 5,065,399 |
| Cash and cash equivalents | 577,584 | 807,926 |
| Short-term investments | 53,575 | 8,654 |
| Trade receivables, net | | |
| Notes | 104,353 | 105,218 |
| Accounts | 2,138,139 | 2,028,060 |
| Investments in leases | 194,108 | 170,340 |
| Inventories | 1,222,077 | 1,456,271 |
| Other current assets | 485,361 | 488,930 |
| Investments and advances | 712,993 | 693,487 |
| Property, plant and equipment | 2,219,804 | 2,393,946 |
| Land | 471,123 | 464,935 |
| Buildings | 1,931,104 | 1,915,992 |
| Machinery and equipment | 5,554,953 | 5,640,623 |
| Construction in progress | 62,717 | 86,842 |
| Less accumulated depreciation | (5,800,093) | (5,714,446) |
| Intangible assets | 505,348 | 455,095 |
| Goodwill | 190,254 | 134,430 |
| Other intangible assets | 315,094 | 320,665 |
| Other assets | 738,420 | 795,782 |
| Total assets | 8,951,762 | 9,403,709 |
| (Liabilities) | | |
| Current liabilities | 3,931,203 | 4,621,904 |
| Short-term debt | 451,451 | 998,822 |
| Current portion of long-term debt | 303,730 | 531,635 |
| Trade payables | | |
| Notes | 25,737 | 39,811 |
| Accounts | 1,229,546 | 1,138,770 |
| Accrued expenses | 919,849 | 878,454 |
| Income taxes | 50,446 | 24,689 |
| Advances received | 385,199 | 386,519 |
| Other current liabilities | 565,245 | 623,204 |
| Long-term debt | 1,611,962 | 1,289,652 |
| Retirement and severance benefits | 905,183 | 1,049,597 |
| Other liabilities | 235,569 | 263,204 |
| Total liabilities | 6,683,917 | 7,224,357 |
| (Stockholders' equity) | | |
| Total Hitachi, Ltd. stockholders' equity | 1,284,658 | 1,049,951 |
| Common stock | 408,810 | 282,033 |
| Capital surplus | 620,577 | 560,066 |
| Legal reserve and retained earnings | 713,479 | 820,440 |
| Accumulated other comprehensive loss | (432,057) | (586,351) |
| Treasury stock, at cost | (26,151) | (26,237) |
| Noncontrolling interests | 983,187 | 1,129,401 |
| Total stockholders' equity | 2,267,845 | 2,179,352 |
| Total liabilities and stockholders' equity | 8,951,762 | 9,403,709 |

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(Notes to Consolidated Balance Sheet)

1. Deferred tax assets included in Other current assets and Other assets are JPY130,071 million and JPY114,113 million, respectively. Deferred tax liabilities included in Other current liabilities and Other liabilities are JPY7,317 million and JPY84,401 million, respectively.

2. Accumulated other comprehensive loss of JPY432,057 million includes: loss on foreign currency translation adjustments of JPY182,783 million, loss on pension liability adjustments of JPY272,410 million, net unrealized holding gain on available-for-sale securities of JPY25,564 million and loss on cash flow hedges of JPY2,428 million.

3. Collateralized assets: Cash and cash equivalents of JPY1,780 million, other current assets of JPY1,603 million, investments and advances of JPY351 million, land of JPY3,345 million, buildings of JPY5,213 million, and machinery and equipment of JPY5,951 million.

Secured debts: Short-term debt of JPY2,236 million, current portion of long-term debt of JPY49 million, accounts payable of JPY273 million, advances received of JPY1,732 million, other current liabilities of JPY75 million, and long-term debt of JPY1,980 million.

4. Allowance deducted directly from assets: JPY46,907 million from current assets, JPY4,638 million from investments and advances, and JPY10,744 million from other assets.

5.

| | |
|--|--------------------|
| Notes discounted | JPY3,497 million |
| Notes endorsed | JPY2,538 million |
| Guarantees | JPY463,527 million |
| Transferred export receivables with recourse obligations | JPY11,322 million |

(Note to Per Share Information)

Hitachi, Ltd. stockholders' equity per share JPY287.13

Table of Contents**3. Consolidated Statements of Operations**

| | Years ended March 31 | |
|--|----------------------|------------------|
| | 2010 | 2009 |
| | (Millions of yen) | |
| Revenues | 8,968,546 | 10,000,369 |
| Cost of sales | 6,849,255 | 7,816,180 |
| Gross profit | 2,119,291 | 2,184,189 |
| Selling, general and administrative expenses | 1,917,132 | 2,057,043 |
| Operating income | 202,159 | 127,146 |
| Other income | 18,185 | 33,284 |
| Interest income | 12,017 | 19,177 |
| Dividends income | 5,799 | 8,544 |
| Gains on sales of stock by subsidiaries or affiliated companies | 183 | 360 |
| Other | 186 | 5,203 |
| Other deductions | 156,764 | 450,301 |
| Interest charges | 26,252 | 33,809 |
| Equity in net loss of affiliates | 58,186 | 162,205 |
| Impairment losses for long-lived assets | 25,196 | 128,400 |
| Restructuring charges | 25,154 | 22,927 |
| Other | 21,976 | 102,960 |
| Income (loss) before income taxes | 63,580 | (289,871) |
| Income taxes | 147,971 | 505,249 |
| Net Income (loss) | (84,391) | (795,120) |
| Less: Net income (loss) attributable to noncontrolling interests | 22,570 | (7,783) |
| Net income (loss) attributable to Hitachi, Ltd. | (106,961) | (787,337) |

(Note to Consolidated Statement of Operations)

Income taxes of JPY147,971 million includes current tax expense of JPY87,531 million and deferred tax expense of JPY60,440 million.

(Note to Per Share Information)

Net loss attributable to Hitachi, Ltd. stockholders per share JPY29.20

Table of Contents**4. Consolidated Statement of Stockholders Equity** (April 1, 2009 to March 31, 2010)

| | (Millions of yen) |
|---|-------------------|
| Common stock | |
| Balance at end of previous year | 282,033 |
| Change during year | |
| Issuance of common stock | 126,776 |
| Conversion of convertible bonds | 1 |
| Total change during year | 126,777 |
| Balance at end of year | 408,810 |
| Capital surplus | |
| Balance at end of previous year | 560,066 |
| Change during year | |
| Issuance of common stock | 125,644 |
| Conversion of convertible bonds | 1 |
| Decrease due to equity transactions, etc. | (64,998) |
| Sales of treasury stock | (136) |
| Total change during year | 60,511 |
| Balance at end of year | 620,577 |
| Legal reserve and retained earnings | |
| Balance at end of previous year | 820,440 |
| Change during year | |
| Net loss | (106,961) |
| Total change during year | (106,961) |
| Balance at end of year | 713,479 |
| Accumulated other comprehensive loss | |
| Balance at end of previous year | (586,351) |
| Change during year | |
| Decrease due to equity transactions, etc. | (14,132) |
| Other comprehensive income | 168,426 |
| Total change during year | 154,294 |
| Balance at end of year | (432,057) |
| Treasury stock, at cost | |
| Balance at end of previous year | (26,237) |
| Change during year | |
| Acquisition of treasury stock | (115) |
| Sales of treasury stock | 201 |
| Total change during year | 86 |
| Balance at end of year | (26,151) |
| Total Hitachi, Ltd. stockholders equity | |
| Balance at end of previous year | 1,049,951 |
| Change during year | |
| Issuance of common stock | 252,420 |

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| | |
|---|------------------|
| Conversion of convertible bonds | 2 |
| Decrease due to equity transactions, etc. | (79,130) |
| Net loss | (106,961) |
| Other comprehensive income | 168,426 |
| Acquisition of treasury stock | (115) |
| Sales of treasury stock | 65 |
| Total change during year | 234,707 |
| Balance at end of year | 1,284,658 |
| Noncontrolling interests | |
| Balance at end of previous year | 1,129,401 |
| Change during year | |
| Decrease due to equity transactions, etc. | (174,675) |
| Net income | 22,570 |
| Other comprehensive income | 30,509 |
| Dividends to noncontrolling interests | (24,618) |
| Total change during year | (146,214) |
| Balance at end of year | 983,187 |

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| | (Millions of yen) |
|---|-------------------|
| Total equity | |
| Balance at end of previous year | 2,179,352 |
| Change during year | |
| Issuance of common stock | 252,420 |
| Conversion of convertible bonds | 2 |
| Decrease due to equity transactions, etc. | (253,805) |
| Net loss | (84,391) |
| Other comprehensive income | 198,935 |
| Dividends to noncontrolling interests | (24,618) |
| Acquisition of treasury stock | (115) |
| Sales of treasury stock | 65 |
| Total change during year | 88,493 |
| Balance at end of year | 2,267,845 |
| Comprehensive income attributable to Hitachi, Ltd. | |
| Net loss attributable to Hitachi, Ltd. | (106,961) |
| Other comprehensive income attributable to Hitachi, Ltd. arising during year | |
| Foreign currency translation adjustment | 4,289 |
| Pension liability adjustment | 141,761 |
| Net unrealized holding gain on available-for-sale securities | 23,209 |
| Cash flow hedges | (833) |
| Total other comprehensive income attributable to Hitachi, Ltd. | 168,426 |
| Comprehensive income attributable to Hitachi, Ltd. | 61,465 |
| Comprehensive income attributable to noncontrolling interests | |
| Net income attributable to noncontrolling interests | 22,570 |
| Other comprehensive income attributable to noncontrolling interests arising during year | |
| Foreign currency translation adjustment | 2,618 |
| Pension liability adjustment | 22,262 |
| Net unrealized holding gain on available-for-sale securities | 5,467 |
| Cash flow hedges | 162 |
| Total other comprehensive income attributable to noncontrolling interest | 30,509 |
| Comprehensive income attributable to noncontrolling interests | 53,079 |
| Total comprehensive income | |
| Net loss | (84,391) |
| Other comprehensive income arising during year | |
| Gain on foreign currency translation adjustments | 6,907 |
| Gain on pension liability adjustments | 164,023 |
| Net unrealized holding gain on available-for-sale securities | 28,676 |
| Cash flow hedges | (671) |
| Total comprehensive income | 198,935 |
| Comprehensive loss during year | 114,544 |

(Notes to Consolidated Statement of Stockholders - Equity)

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1. Class and number of issued shares at end of year

| | |
|--------------|----------------------|
| Common stock | 4,474,074,440 shares |
|--------------|----------------------|

2. Cash dividends

(1) Total amount of cash dividends

Not applicable.

(2) Cash dividends of which record date falls in fiscal 2009 and of which effective date falls in fiscal 2010

Not applicable.

3. Class and number of shares to be issued upon exercise of stock acquisition rights (excluding those of which exercise date has not arrived) at end of year

| | |
|--------------|--------------------|
| Common stock | 315,451,104 shares |
|--------------|--------------------|

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5. Notes to Consolidated Financial Statements

(Notes on Important Matters for Basis of Presentation of Consolidated Financial Statements)

1. Basis of presentation

The consolidated financial statements presented herein, under Article 3, Paragraph 1 of the Supplementary Provisions of the Regulations of Companies Financial Statements (Ordinance of the Ministry of Justice No. 46 of 2009), have been prepared in conformity with accounting principles generally accepted in the United States. However, under the above provision, some descriptions and notes required under the accounting principles generally accepted in the United States are omitted.

The Company adopted the Accounting Standards Codification (hereinafter ASC) of the U.S. Financial Accounting Standards Board during fiscal 2009. The ASC, published as official accounting principles generally accepted in the United States, does not make changes to the traditional accounting standards. With the exception of the manner of reference to the accounting standards applied, the adoption thereof did not affect on the Company's financial statement.

2. Inventories

Finished goods, semi-finished goods and work-in-process: Lower of cost or market. Cost is determined by the specific identification method or the moving average method.

Raw materials: Lower of cost or market. Cost is generally determined by the moving average method.

3. Investments in securities

The Company accounts for investments in securities in accordance with the provision of ASC 320 Investments - Debt and Equity Securities.

Held-to-maturity securities: Amortized cost.

Trading securities: Fair value, with unrealized gains and losses included in earnings. Cost is determined by the moving average method.

Available-for-sale securities: Fair value, with unrealized gains and losses reported in other comprehensive income. Cost is determined by the moving average method.

4. Depreciation of fixed assets

Property, plant and equipment: Principally depreciated by the declining-balance method, except for some assets which are depreciated by the straight-line method.

Software for internal use: Capitalized and amortized on a straight-line basis over their estimated useful lives.

Selling, leasing, or otherwise marketing software: Depreciated based on expected gross revenues ratably.

5. Goodwill and other intangible assets

The Company accounts for goodwill and other intangible assets in accordance with ASC 350 Intangibles - Goodwill and Other. Goodwill and intangible assets with indefinite useful lives are no longer amortized, but instead are tested for impairment at least annually in accordance with the provisions of the ASC. Intangible assets with finite useful lives are amortized over their respective estimated useful lives and are tested for

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impairment in accordance with the provisions of ASC 360 Property, Plant and Equipment concerning impairment or disposal of long-lived assets.

6. Allowances

Allowance for doubtful receivables

Estimated uncollectible amounts are accounted for based mainly on the current economic conditions, inherent risks, the financial position of the relevant debtor and the past record.

Retirement and severance benefits

ASC 715 Compensation Retirement Benefits is applied. Unrecognized prior service benefits & cost and actuarial gain or loss, which are posted under other total comprehensive loss are amortized by the straight-line method over the average remaining service years of active employees.

7. Consumption tax is accounted for based on the tax segregated method, under which consumption tax is excluded from presentation of revenues, cost of sales and expenses.

8. Changes in Accounting Principles

Effective April 1, 2009, the Company adopted the provisions of ASC 805 Business Combinations. All recognizable assets, assumed liabilities, and noncontrolling interests of a company acquired in a business combination are posted on the consolidated balance sheet at the fair value as of the date of acquisition. The adoption thereof did not have a significant effect on the financial position or the business results of the Company as of April 1, 2009.

Effective April 1, 2009, the Company adopted the provisions of ASC 810 Consolidation concerning noncontrolling interests, resulting in the inclusion of noncontrolling interests in Stockholders equity. Transactions relating to changes in a parent's ownership interests in subsidiaries, which do not result in the exclusion of the relevant subsidiaries from the scope of consolidation, are accounted for as capital transactions in the consolidated statement of stockholders equity.

9. Special purpose companies subject to disclosure

The Company and some of its subsidiaries are securitizing lease, accounts and other receivables for the purpose of diversifying funding for stable procurement of capital.

Special purpose companies established in the Caymans by a number of subsidiaries are used for a part of said securitization, with the Company and some of its subsidiaries receiving capital procured by qualified special purpose companies through the issuance of commercial paper or the borrowing of money, backed by the assets transferred. In some cases, subordinated rights on the transferred assets may be retained, or said assets may be repurchased under certain terms and conditions. The Company and some of its subsidiaries retain the obligation to provide services, and a number of subsidiaries are engaged in the business primarily of advancing money to qualified special purpose companies in connection with the outsourcing of clerical services.

As of March 31, 2010, there are three special purpose companies with which there are transactions or transaction balance. The combined total assets of the three qualified special purpose companies as of March 31, 2010 are JPY 117,159 million. These qualified special purpose companies are also engaged in the purchase of accounts receivable and the like from customers other than the Company and its subsidiaries. Neither the Company nor its subsidiaries hold share(s), with voting rights, of or have sent a Director to any of the qualified special purpose companies.

The transaction volumes between the qualified special purpose companies, and Hitachi and its subsidiaries for the year ended March 31, 2010 are as follows.

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| | Major transaction volume | Balance as of March 31, 2010 | Major losses and gains Amount | |
|--|-------------------------------------|---|--|--------------------------|
| | (Millions of yen) | (Millions of yen) | Item | (Millions of yen) |
| Assets Transferred Notes and accounts receivable | 362,147 | 75,654 | Loss on transfer | (616) |

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(Notes on Financial Instruments)

1. Status of Financial Instruments

The Company and its subsidiaries, in an endeavor to optimize the capital efficiency of their business activities through efficient management of operating funds, include highly liquid short-term investments, which mature within three months of the date of acquisition and pose little risk of fluctuation in value, in cash equivalents as immediately available financial resources.

Credit risk on customer credit risk regarding receivables is managed based mainly on the current economic conditions, inherent risks, the financial position of the relevant customer and the past record.

Investments in available-for-sale securities mainly comprise equity securities, which are managed by constantly tracking the market value in the case of listed stocks and the financial position of the entity subject to investment in the case of unlisted stocks.

Short-term and long-term debts were used mainly to fund business operations and capital expenditures.

As regards derivatives, foreign currency and interest rate risks are managed by constantly measuring and assessing the net exposures thereto, as well as by examining effective hedging relationships. Further, derivatives are not held for investment purposes as a matter of basic policy.

Subordinated interests retained in securitizations are partial interests in receivables, which were securitized for the purpose of diversifying the means of procuring capital, retained by the Company and subsidiaries pursuant to the agreement with the assignee of said receivables.

2. Market Value, etc. of Financial Instruments

Information on the estimated fair value of financial instruments held by the Company and its subsidiaries as of March 31, 2010 is as follows:

| | Consolidated Balance Sheet | |
|--|-----------------------------------|-----------------------------|
| | Amount | Estimated Fair Value |
| | (Millions of yen) | (Millions of yen) |
| Available-for-sale securities | | |
| Short-term investment | 53,575 | 53,575 |
| Investments and loans receivable | 200,326 | 200,326 |
| Derivatives (assets) | 26,880 | 26,880 |
| Subordinated interests retained in securitizations | 115,417 | 115,417 |
| Long-term debts | 1,915,692 | 1,954,713 |
| Derivatives (liabilities) | 15,135 | 15,135 |

The premises and methods for estimating fair values are as follows:

Cash and cash equivalents, receivables, short-term debts, payables:

The consolidated balance sheet amounts approximate the estimated fair values due to their short maturity.

Available-for-sale securities:

The market value of the relevant available-for-sale security or the market value of an available-for-sale security similar thereto is mainly used as the estimated fair value. On the rare occasion that a key indicator for the measurement of the relevant fair value is not observable, pertinent information provided by financial institutions is verified mainly by the income approach or the market approach for use as the estimated fair value. Since fair value measurement involves excessive cost in the case of unlisted stocks, due to the absence of market values therefore, fair value estimates are not provided for such stocks as a general rule. The consolidated balance sheet amount for such unlisted stocks as of March 31, 2010 was JPY48,222 million.

Derivatives:

The market rate of respective derivatives is used as the estimated fair value.

Subordinated interests retained in securitizations:

The present value of future cash flows from subordinated interests retained mainly in securitization of leases subject to relatively long original contracts is used as the estimated fair value.

Long-term debts:

The market value of the relevant debt or the present value of future cash flows based on the interest rate applicable to an additional debt of the same form is used as the estimated fair value.

Table of Contents**6. Consolidated Statements of Cash Flows (Supplementary Information)**

| | Years ended March 31 | |
|---|-----------------------------|-----------------|
| | 2010 | 2009 |
| | (Millions of yen) | |
| 1. Cash flows from operating activities | | |
| Net Income (loss) | (84,391) | (795,120) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities | | |
| Depreciation | 441,697 | 478,759 |
| Amortization | 116,065 | 178,164 |
| Deferred income taxes | 60,440 | 403,968 |
| Loss on disposal of tangible rental assets and other property | 22,670 | 24,483 |
| Decrease (Increase) in receivables | (138,785) | 342,008 |
| Decrease (Increase) in inventories | 205,848 | (57,206) |
| Increase (Decrease) in payables | 62,295 | (359,230) |
| Other | 112,460 | 343,121 |
| Net cash provided by operating activities | 798,299 | 558,947 |
| 2. Cash flows from investing activities | | |
| Purchase of property, plant and equipment, net | (265,438) | (408,999) |
| Purchase of intangible assets, net | (85,092) | (107,949) |
| Purchase of tangible assets and software to be leased, net | (248,669) | (323,678) |
| Proceeds from sale (purchase) of investments in securities and share of consolidated subsidiaries resulting in deconsolidation, net | (129,579) | 52,434 |
| Collection of investments in leases | 172,327 | 234,984 |
| Other | 25,856 | 3,200 |
| Net cash used in investing activities | (530,595) | (550,008) |
| Free Cash Flow | 267,704 | 8,939 |
| 3. Cash flows from financing activities | | |
| Increase (Decrease) in interest-bearing debt | (459,488) | 340,690 |
| Proceeds from issuance of common stock | 252,420 | |
| Dividends paid to stockholders | (134) | (19,826) |
| Dividends paid to noncontrolling interests | (24,852) | (28,406) |
| Other | (270,290) | (8,070) |
| Net cash provided by (used in) financing activities | (502,344) | 284,388 |
| 4. Effect of exchange rate changes on cash and cash equivalents | 4,298 | (46,361) |
| 5. Net increase (decrease) in cash and cash equivalents | (230,342) | 246,966 |
| 6. Cash and cash equivalents at beginning of year | 807,926 | 560,960 |
| 7. Cash and cash equivalents at end of year | 577,584 | 807,926 |

Table of Contents**7. Unconsolidated Balance Sheets**

| | Fiscal 2009 (As of March 31, 2010) | Fiscal 2008 (As of March 31, 2009) |
|--|---------------------------------------|---------------------------------------|
| | (Millions of yen) | |
| (Assets) | | |
| Current assets | 1,314,489 | 1,881,472 |
| Cash | 57,473 | 98,314 |
| Notes receivable | 2,624 | 1,384 |
| Accounts receivable | 485,366 | 542,493 |
| Marketable securities | 40,987 | 226,502 |
| Money held in trust | | 94 |
| Finished goods | 31,674 | 45,205 |
| Semi-finished goods | 31,705 | 37,459 |
| Raw materials | 27,492 | 34,660 |
| Work in process | 102,351 | 100,849 |
| Advances paid | 21,210 | 24,119 |
| Short-term loan receivables | 570,765 | 600,632 |
| Deferred tax assets | | 171 |
| Others | 89,064 | 275,582 |
| Allowance for doubtful receivables | (146,227) | (105,996) |
| Fixed assets | 2,013,208 | 1,792,234 |
| Tangible fixed assets | 245,406 | 312,922 |
| Buildings | 104,751 | 115,373 |
| Structures | 10,374 | 12,770 |
| Machinery | 36,556 | 76,418 |
| Vehicles | 238 | 363 |
| Tools and equipment | 34,733 | 44,971 |
| Land | 33,167 | 42,768 |
| Lease assets | 8,860 | 3,685 |
| Construction in progress | 16,724 | 16,571 |
| Intangible fixed assets | 72,108 | 98,332 |
| Patents | 3,790 | 21,768 |
| Software | 58,842 | 65,933 |
| Railway and public utility installation | 503 | 536 |
| Lease assets | 145 | 12 |
| Others | 8,827 | 10,080 |
| Investments and others | 1,695,694 | 1,380,979 |
| Affiliated companies common stock | 1,378,288 | 1,082,158 |
| Other securities of affiliated companies | 794 | 1,182 |
| Investments in affiliated companies | 40,242 | 47,792 |
| Investments in securities | 110,231 | 106,212 |
| Long-term loan receivables | 130,270 | 87,196 |
| Others | 35,887 | 56,461 |
| Allowance for doubtful receivables | (21) | (23) |
| Total assets | 3,327,698 | 3,673,706 |

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| | Fiscal 2009 (As of March 31, 2010) | Fiscal 2008 (As of March 31, 2009) |
|---|---------------------------------------|---------------------------------------|
| | (Millions of yen) | |
| (Liabilities) | | |
| Current liabilities | 1,700,390 | 2,250,149 |
| Trade accounts payable | 388,601 | 520,041 |
| Short-term debt | 65,860 | 214,757 |
| Commercial paper | | 170,000 |
| Current installments of debentures | 55,000 | 100,000 |
| Lease liabilities | 1,872 | 648 |
| Other accounts payable | 45,305 | 37,723 |
| Accrued expenses | 143,157 | 196,334 |
| Advances received from customers | 102,600 | 113,434 |
| Deposits received | 871,871 | 883,486 |
| Warranty reserve | 719 | 11,292 |
| Reserve for loss on construction contracts | 23,543 | |
| Deferred tax liabilities | 18 | |
| Others | 1,839 | 2,430 |
| Noncurrent liabilities | 739,623 | 759,031 |
| Debentures | 229,998 | 185,000 |
| Long-term debt | 387,608 | 318,146 |
| Lease liabilities | 7,144 | 3,181 |
| Accrued pension liability | 70,198 | 94,180 |
| Reserve for loss on repurchasing computers | 4,675 | 4,900 |
| Reserve for retirement benefits for senior executives | 2,432 | 3,794 |
| Reserve for loss on guarantees | 808 | 3,808 |
| Reserve for loss on business of affiliated companies | 4,290 | 70,069 |
| Deferred tax liabilities | 14,504 | 10,918 |
| Others | 17,962 | 65,032 |
| Total liabilities | 2,440,013 | 3,009,180 |
| (Net assets) | | |
| Stockholders equity | 872,788 | 654,346 |
| Common stock | 408,810 | 282,033 |
| Capital surplus | 410,468 | 283,800 |
| Capital reserve | 126,777 | 270,763 |
| Others | 283,691 | 13,037 |
| Retained Earnings | 81,035 | 116,134 |
| Earned surplus reserve | | 70,438 |
| Others | 81,035 | 45,695 |
| Retained earnings carried forward | 81,035 | 45,695 |
| Treasury stock | (27,525) | (27,621) |
| Valuation and translation adjustments | 14,895 | 10,179 |
| Unrealized holding gains on securities | 16,094 | 10,787 |
| Deferred profit or loss on hedges | (1,199) | (607) |
| Total net assets | 887,684 | 664,526 |
| Total liabilities and net assets | 3,327,698 | 3,673,706 |

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(Notes to Unconsolidated Balance Sheet)

1. Collateralized assets

(Millions of yen)

| Type of asset | Year-end book value | Description |
|-----------------------------------|------------------------|--|
| Affiliated companies common stock | 71 | Collaterals for borrowings by affiliated companies |
| Investments in securities | 8 | Collaterals for borrowings by investees |
| Long-term loan receivables | 110 | Collaterals for borrowings by affiliated companies and investees |
| Total | 189 | |

2. Accumulated depreciation of tangible fixed assets

| | |
|---------------------|---------------------|
| Buildings | JPY 173,714 million |
| Structures | JPY 28,032 million |
| Machinery | JPY 299,034 million |
| Vehicles | JPY 1,293 million |
| Tools and equipment | JPY 209,369 million |
| Lease assets | JPY 1,502 million |

3. Guarantees

(Millions of yen)

| Guarantee | Year-end balance | Description |
|-----------------------------|---------------------|--|
| Hitachi East Asia Ltd. | 4,168 | Guarantee for a borrowing of USD44 million from Japan Bank for International Cooperation |
| Kohki Railway Systems, Ltd. | 1,900 | Joint and several guarantee for East Japan Railway Company (JR East) pursuant to the Agreement on License to Execute and Use Patents, etc. between JR East and Kohki Railway Systems |
| Other | 172 | Guarantee for borrowings from financial institutions, etc. |
| Total | 6,240 | |

In addition to the foregoing, the Company has entered into an agreement with each of the following overseas affiliated companies on maintaining their finances in a sound condition, etc., mainly to enhance their credit in order to support their financing activities:

Hitachi America Capital, Ltd., Hitachi International (Holland) B.V., Hitachi International Treasury Ltd., Hitachi (China) Finance Co., Ltd. and Hitachi Power Europe GmbH

| | |
|---|-----------------------|
| 4. Short-term receivables from affiliated companies | JPY 807,422 million |
| Long-term receivables from affiliated companies | JPY 131,546 million |
| Short-term payables to affiliated companies | JPY 1,154,642 million |
| Long-term payables to affiliated companies | JPY 4,564 million |

(Note to Per Share Information)

Net assets per share JPY198.40

Table of Contents**8. Unconsolidated Statements of Operations**

| | Years ended March 31 | |
|--|-----------------------------|------------------|
| | 2010 | 2009 |
| | (Millions of yen) | |
| Revenues | 1,938,810 | 2,610,055 |
| Cost of sales | 1,471,552 | 2,116,177 |
| Gross profit on sales | 467,258 | 493,878 |
| Selling, general and administrative expenses | 463,757 | 526,103 |
| Operating income (loss) | 3,500 | (32,225) |
| Other income | 98,665 | 292,172 |
| Interest and dividends | 90,616 | 281,502 |
| Others | 8,049 | 10,670 |
| Other deductions | 42,961 | 55,232 |
| Interest | 11,795 | 13,047 |
| Others | 31,165 | 42,185 |
| Ordinary income | 59,204 | 204,714 |
| Extraordinary gain | 13,684 | 5,730 |
| Gain on extinguishment of tie-in shares | 9,937 | |
| Gain on sale of real property | 2,301 | 1,252 |
| Gain on sale of affiliated companies common stock | 1,445 | 1,743 |
| Gain on sale of investments in securities | | 2,735 |
| Extraordinary loss | 106,107 | 385,213 |
| Impairment loss on affiliated companies common stock | 95,183 | 185,232 |
| Extraordinary loss on restructuring charges | 10,923 | 186,828 |
| Impairment loss on investments in securities | | 7,013 |
| Loss on impairment of assets | | 6,138 |
| Income (loss) before income taxes | (33,217) | (174,767) |
| Income taxes | | |
| Current | (3,537) | (8,784) |
| Deferred | 5,440 | 128,601 |
| Net income (loss) | (35,120) | (294,584) |

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(Notes to Unconsolidated Statement of Operations)

1. The gain on extinguishment of tie-in shares of JPY9,937 million is due to the merger with Hitachi Communication Technologies, Ltd.

2. The extraordinary loss on restructuring charges of JPY10,923 million includes expenses relating to the business structural reform that were incurred in the implementation of such measures as business reorganization and consolidation of business sites, and re-examination of the workforce size, mainly for the structural conversion of the automotive systems business and the consumer business.

3.

| | | |
|--|--|-----------------------|
| Sales to affiliated companies | | JPY 627,110 million |
| Purchases from affiliated companies | | JPY 1,116,583 million |
| Non-operating transactions with affiliated companies | | JPY 28,916 million |

(Note to Per Share Information)

Net loss per share JPY9.59

Table of Contents**9. Unconsolidated Statement of Changes in Stockholders' Equity etc.** (April 1, 2009 to March 31, 2010)

| | (Millions of yen) |
|------------------------------------|-------------------|
| Stockholders' equity | |
| Common stock | |
| Balance at end of previous year | 282,033 |
| Change during year | |
| Issuance of common stock | 126,776 |
| Conversion of convertible bonds | 1 |
| Total change during year | 126,777 |
| Balance at end of year | 408,810 |
| Capital surplus | |
| Capital reserve | |
| Balance at end of previous year | 270,763 |
| Change during year | |
| Issuance of common stock | 126,776 |
| Conversion of convertible bonds | 1 |
| Reversal of capital reserve | (270,763) |
| Total change during year | (143,986) |
| Balance at end of year | 126,777 |
| Others | |
| Balance at end of previous year | 13,037 |
| Change during year | |
| Reversal of capital reserve | 270,763 |
| Disposition of treasury stock | (109) |
| Total change during year | 270,653 |
| Balance at end of year | 283,691 |
| Total capital surplus | |
| Balance at end of previous year | 283,800 |
| Change during year | |
| Issuance of common stock | 126,776 |
| Conversion of convertible bonds | 1 |
| Disposition of treasury stock | (109) |
| Total change during year | 126,667 |
| Balance at end of year | 410,468 |
| Retained earnings | |
| Earned surplus reserve | |
| Balance at end of previous year | 70,438 |
| Change during year | |
| Reversal of earned surplus reserve | (70,438) |
| Total change during year | (70,438) |
| Balance at end of year | 410,468 |
| Others | |

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| | |
|--|-----|
| Reserve for special depreciation | |
| Balance at end of previous year | |
| Change during year | |
| Increase by merger | 0 |
| Reversal of reserve for special depreciation | (0) |
| Total change during year | |
| Balance at end of year | |

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| | (Millions of yen) |
|---|-------------------|
| Reserve for advanced depreciation of fixed assets | |
| Balance at end of previous year | |
| Change during year | |
| Increase by merger | 20 |
| Reversal of reserve for advanced depreciation of fixed assets | (20) |
| Total change during the year | |
| Balance at end of year | |
| Retained earnings (losses) carried forward | |
| Balance at end of previous year | 45,695 |
| Change during year | |
| Reversal of earned surplus reserve | 70,438 |
| Reversal of reserve for special depreciation | 0 |
| Reversal of reserve for advanced depreciation of fixed assets | 20 |
| Net loss | (35,120) |
| Total change during year | 35,339 |
| Balance at end of year | 81,035 |
| Total retained earnings | |
| Balance at end of previous year | 116,134 |
| Change during year | |
| Increase by merger | 21 |
| Net loss | (35,120) |
| Total change during year | (35,098) |
| Balance at end of year | 81,035 |
| Treasury Stock | |
| Balance at end of previous year | (27,621) |
| Change during year | |
| Acquisition of treasury stock | (115) |
| Disposition of treasury stock | 211 |
| Total change during year | 95 |
| Balance at end of year | (27,525) |
| Total stockholders' equity | |
| Balance at end of previous year | 654,346 |
| Change during year | |
| Issuance of common stock | 253,552 |
| Conversion of convertible bonds | 2 |
| Increase by merger | 21 |
| Net loss | (35,120) |
| Acquisition of treasury stock | (115) |
| Disposition of treasury stock | 102 |
| Total change during year | 218,442 |
| Balance at end of year | 872,788 |
| Valuation and translation adjustments | |
| Unrealized holding gains on securities | |

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| | |
|---|----------------|
| Balance at end of previous year | 10,787 |
| Change during year | |
| (Net) Change in items other than stockholders' equity during year | 5,307 |
| Total change during year | 5,307 |
| Balance at end of year | 16,094 |
| Deferred profit or loss on hedges | |
| Balance at end of previous year | (607) |
| Change during year | |
| (Net) Change in items other than stockholders' equity during year | (591) |
| Total change during year | (591) |
| Balance at end of year | (1,199) |

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| | (Millions of yen) |
|---|-------------------|
| Total valuation and translation adjustments | |
| Balance at end of previous year | 10,179 |
| Change during year | |
| (Net) Change in items other than stockholders' equity during year | 4,715 |
| Total change during year | 4,715 |
| Balance at end of year | 14,895 |
| Total net assets | |
| Balance at end of previous year | 664,526 |
| Change during year | |
| Issuance of common stock | 253,552 |
| Conversion of convertible bonds | 2 |
| Increase by merger | 21 |
| Net loss | (35,120) |
| Acquisition of treasury stock | (115) |
| Disposition of treasury stock | 102 |
| (Net) Change in items other than stockholders' equity during year | 4,715 |
| Total change during year | 223,157 |
| Balance at end of year | 887,684 |

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(Note to Unconsolidated Statement of Changes in Stockholders' Equity etc.)

Matters related to Class and Number of Treasury Stock

| Class | (Shares) Number of shares | | | At end of year |
|--------------|------------------------------|-------------------------|-------------------------|-------------------|
| | At end of previous year | Increase during year | Decrease during year | |
| Common stock | 43,850,890 | 376,025 | 335,738 | 43,891,177 |

(Summary of Reason for Change)

The increase this fiscal year by 376,025 shares is due to the purchase of 350,025 shares from less-than-one unit shareholders at their request, and the purchase pursuant to Article 797, Paragraph 1 of the Companies Act of 26,000 shares from shareholders opposing the merger with Hitachi Communication Technologies, Ltd. The decrease this fiscal year by 335,738 shares is due to the sale to less-than-one-unit shareholders at their request.

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10. Notes to Unconsolidated Financial Statements

(Notes on Important Accounting Policy)

1. Inventories

Finished goods, semi-finished goods and work in process: Stated at cost. Cost is determined by the specific identification method or the moving average method. (The figures shown in the Balance Sheet have been calculated in accordance with the write-down approach based on decline in profitability.)

Raw materials: Stated at cost. Cost is determined by the moving average method. (The figures shown in the Balance Sheet have been calculated in accordance with the write-down approach based on decline in profitability.)

2. Securities

Affiliated companies common stock and investments in affiliated companies are stated at cost. Cost is determined by the moving average method.

Other securities which had readily determinable fair values are stated at fair value. The difference between acquisition cost and carrying cost of other securities is recognized in Unrealized holding gains on securities. The cost of other securities sold is computed based on the moving average method.

Other securities which did not have readily determinable fair values are stated at cost determined by the moving average method.

3. Derivatives

Derivatives are stated at fair value.

4. Depreciation of tangible fixed assets (excluding lease assets)

Buildings: Straight-line method.

Other tangible fixed assets: Declining-balance method.

5. Depreciation of intangible fixed assets (excluding lease assets)

Selling, leasing, or otherwise marketing software: Depreciated based on expected gross revenues ratably.

Other intangible fixed assets: Straight-line method.

6. Depreciation of lease assets

Financial leases other than those that are deemed to transfer the ownership of the leased property to the lessee: Depreciation is calculated by the straight-line method with no residual value, using the lease term as useful life.

Of the financial leases other than those that are deemed to transfer the ownership of the leased property to the lessee, leases commencing on or before March 31, 2008 are accounted for based on accounting methods applied to ordinary lease transactions.

7. Allowances

Allowance for doubtful receivables:

Estimated uncollectible amounts are accounted for based on loan loss ratios in the case of general receivables and based on case-by-case examination of collectibility in the case of specific receivables including doubtful receivables.

Warranty reserve:

In order to prepare for expenditures related to after-sales product services, estimated in-warranty service costs are accounted for based on past records.

Reserve for loss on construction contracts:

In order to provide for losses relating to construction contracts and made-to-order software, an estimated loss for subsequent fiscal years is accounted for.

Accrued pension liability:

Accrued pension liability is provided for employees' retirement and severance benefits. Such liability is determined based on projected benefit obligation and expected plan assets as of March 31, 2009.

Prior service cost is amortized by the straight-line method over the estimated average remaining service years of employees. Unrecognized actuarial gain or loss is amortized by the straight-line method over the estimated average remaining service years of employees from the next fiscal year.

Reserve for loss on repurchasing computers:

Projected loss on previously rented computers being returned is accounted for based on past records.

Reserve for retirement benefits for senior executives:

In order to provide for the payment of retirement benefits to senior executives, corporate officers, and the like, the Company accounted for the amount of payment required as of the end of this fiscal year according to the stipulations in the Company's internal rules.

Decisions were made at the Compensation Committee meetings held on December 18, 2007 and March 26, 2008 to abolish the retirement allowance system and to pay the retirement allowance for the applicable period to senior executives, corporate officers, and the like at the time of their retirement, subject to resolutions of the Compensation Committee following decisions on their retirement.

Reserve for loss on guarantees:

In order to provide for losses relating to guarantees, an estimated loss is accounted for in view of the financial conditions and the like of the parties guaranteed.

Reserve for loss on business of affiliated companies:

In order to provide for losses relating to the business of affiliated companies, the amount the Company is expected to bear in excess of the amounts invested in, loaned to, and guarantees for such companies is accounted for.

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8. Accounting standard for income and expenses

Accounting standard for income on construction contracts and made-to-order software

Income is accounted for on the percentage of completion basis for progress made by the end of the relevant fiscal year, if said progress is deemed certain to yield results (as a general rule, the estimated percentage of progress is obtained by the cost-to-cost method). Income is accounted for on the completion basis in all other cases.

(Changes in accounting policy)

Effective April 1, 2009, the Company adopted the Accounting Standard for Construction Contracts (ASBJ Statement No. 15 dated December 27, 2007) and Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18 dated December 27, 2007). The adoption thereof had minimal effect on the revenues, operating income, ordinary income, and net loss before income taxes, since the Company has traditionally accounted for the progress made on construction contracts and made-to-order software by the end of the relevant fiscal year on the percentage of completion basis, should said progress be deemed certain to yield results. The estimated loss on construction contracts and made-to-order software in subsequent fiscal years, which had heretofore been included in accrued expenses (balance as of March 31, 2009 JPY21,424 million), is posted as reserve for loss on construction contracts effective April 1, 2009.

9. Consumption tax

Consumption tax is accounted for based on the tax segregated method, under which consumption tax is excluded from presentation of revenues, cost of sales and expenses.

10. Hedge accounting

Deferral hedge accounting is employed.

(Notes on Accounting for Deferred Taxes)

The major cause of deferred tax liabilities was unrealized holding gains on securities.

(Notes on Leased Fixed Assets)

In addition to the capitalized fixed assets, as significant equipment, the Company utilizes power generation equipment under lease arrangements.

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(Notes on Transactions with Related Parties)

| | | | | | | | (Millions of yen) |
|------------|--|----------------------------------|---|---|---|---|--------------------------|
| Attribute | Name of company etc. | % of voting rights held | Relationship with the related parties | Description of transaction | Transaction amount | Classification | Year-end balance |
| Subsidiary | Hitachi Home Electronics (America), Inc. | Indirect: 100.0% | Sale of the Company's products | Payment of expenses related to business structural reform (Note 1) | 10,936 | - | - |
| Subsidiary | Hitachi Power Europe GmbH | Direct: 60.0% Indirect: 40.0% | Sale of the Company's products | Loan (Note 2) | 4,770 | Long-term loan receivables | 43,722 |
| Subsidiary | Hitachi Asset Funding Corporation | Direct: 100.0% | Loans based on the pooling system | Loan (Note 3) Interest received (Note 3) | (63,383) 748 | Short-term loan receivables | 175,125 |
| Subsidiary | Hitachi Plasma Display Limited | Direct: 100.0% | Loans, etc. | Loan (Note 3) Loan (Note 4) Interest received (Note 3) Interest received (Note 4) Deposit received (Note 3) Interest paid (Note 3) | (87,928) 144,955 102 607 - | Short-term loan receivables Deposit | 146,875 - |
| Subsidiary | Hitachi Displays, Ltd. | Direct: 50.2% | Outsourcing of facility maintenance to the Company | Loan (Note 3) Interest received (Note 3) | 11,282 499 | Short-term loan receivables | 99,498 |
| Subsidiary | Chuo Shoji, Ltd. | Direct: 100.0% | Outsourcing of the management of the Company's welfare facilities, etc. | Loan (Note 3) Interest received (Note 3) Loan (Note 3) Interest received (Note 3) Deposit received | 30,000 12 2,830 193 (6,483) | Long-term loan receivables Short-term loan receivables | 30,000 3,034 |

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| | | | | | | | |
|------------|-----------------------------|---------------------------------|---|---|---------------------|-----------------------------|---------|
| | | | | (Note 3) Interest paid | 2 | Deposit | - |
| | | | | (Note 3) | | | |
| Subsidiary | Hitachi Appliances, Inc. | Direct: 100.0% | Purchase of Hitachi Appliance products | Loan (Note 3) Interest received | 6,133 189 | Short-term loan receivables | 29,958 |
| | | | | (Note 3) | | | |
| Subsidiary | Hitachi Capital Corporation | Direct: 58.5% Indirect: 2.2% | Leasing equipment and devices to the Company, leasing and sale on credit of the Company's products | Deposit received (Note 3) Interest paid (Note 3) | (42,884) 734 | Deposit | 184,857 |

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| | | | | | | | (Millions of yen) |
|------------|--|-------------------------|---|-------------------------------|--------------------|----------------|-------------------|
| Attribute | Name of company etc. | % of voting rights held | Relationship with the related parties | Description of transaction | Transaction amount | Classification | Year-end balance |
| Subsidiary | Hitachi High-Technologies Corporation | Direct: 51.7% | Sale of the Company's products | Deposit received | 7,691 | Deposit | 75,246 |
| | | Indirect: 0.1% | | Interest paid (Note 3) | 273 | | |
| Subsidiary | Hitachi-GE Nuclear Energy, Ltd. | Direct: 80.0% | Sale of the Company's products | Deposit received | (22,594) | Deposit | 64,483 |
| | | | | Interest paid | 185 | | |
| | | | | (Note 3) | | | |
| Subsidiary | Hitachi Kasei Business Service Co., Ltd. | Indirect: 100.0% | Sale of the Company's products | Deposit received | 19,052 | Deposit | 61,001 |
| | | | | Interest paid (Note 3) | 148 | | |
| Subsidiary | Hitachi Building Systems Co., Ltd. | Direct: 100.0% | Sale of the Company's products | Deposit received | (2,492) | Deposit | 56,106 |
| | | | | Interest paid | 173 | | |
| | | | | (Note 3) | | | |
| Subsidiary | Hitachi Maxell, Ltd. | Direct: 94.3% | Purchase of Hitachi Maxell products | Deposit received | (7,600) | Deposit | 31,288 |
| | | | | Interest paid | 108 | | |
| | | | | (Note 3) | | | |
| Subsidiary | Hitachi Kokusai Electric Inc. | Direct: 51.8% | Purchase of Hitachi Kokusai Electric products | Deposit received | 27,978 | Deposit | 28,102 |
| | | Indirect: 0.6% | | Interest paid | 111 | | |
| | | | | (Note 3) | | | |
| Subsidiary | Hitachi Information Systems, Ltd. | Direct: 100.0% | Outsourcing of the Company's software development | Deposit received | (7,710) | Deposit | 22,152 |
| | | | | Interest paid | 198 | | |
| | | | | (Note 3) | | | |
| Affiliate | Renesas Technology | Direct: 55.0% | Outsourcing of research and development to the | Underwriting capital increase | 39,435 | - | - |

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Corp.

Company

The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers at above companies, with the exception Hitachi Plasma Display Limited. and Hitachi Kasei Business Service Co., Ltd.

Terms of Transactions, Policy on Determining Terms of Transactions, etc.

- Notes:
1. This is a payment of expenses related to the business structural reform of flat-panel TV and other businesses.
 2. This is a subordinated loan granted for repayment of the principal and payment of interests by December 18, 2013 and December 24, 2014. The interest rate was determined with due consideration to market interest rates.
 3. These are loans or deposits made based on the pooling system wherein the funds of affiliated companies are concentrated at the Company to be loaned to affiliated companies who have financing needs. The interest rates on loans and deposits are determined with due consideration to market interest rates. The transaction amounts indicate the increase or decrease from the balance at the end of the previous fiscal year.
 4. This is a loan by a sight bill. The interest rate was determined with due consideration to market interest rates.

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11. Transcript of Accounting Auditors Audit Report on Consolidated Financial Statements

INDEPENDENT AUDITORS REPORT

May 10, 2010

To Mr. Hiroaki Nakanishi, President
Hitachi, Ltd.

Ernst & Young ShinNihon LLC

Limited Liability Shitei Shain

Gyomu Shikko Shain CPA Hitoshi Matsuoka

Limited Liability Shitei Shain

Gyomu Shikko Shain CPA Satoshi Fukui

Limited Liability Shitei Shain

Gyomu Shikko Shain CPA Takashi Ouchida

We have audited the consolidated balance sheet, the consolidated statement of operations, the consolidated statement of stockholders' equity, and the notes to the consolidated financial statements of Hitachi, Ltd. for the business year ended March 31, 2010 for the purpose of reporting under Article 444, Paragraph 4 of the Companies Act. Management of the Company is responsible for preparing such consolidated financial statements and our responsibility is to express our opinion thereon from an independent standpoint.

Our audit was conducted in accordance with auditing standards generally accepted in Japan. The auditing standards require us to obtain reasonable assurance whether any material misstatement exists in the consolidated financial statements or not. Our audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. Our audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We consider that as a result of our audit, we have obtained reasonable basis for expressing our opinion. The auditing procedures also include those considered necessary for the subsidiaries.

In our opinion, the consolidated financial statements referred to above presented fairly, in every significant aspect, the financial position and the results of operations of the Company and its consolidated subsidiaries for the period of the consolidated financial statements in accordance with the accounting principles generally accepted in the United States, pursuant to the provision of Article 3, Paragraph 1 of the Supplementary Provisions of the Regulations of Companies' Financial Statements (Ordinance of the Ministry of Justice No. 46 of 2009) (See Item 1 of the Notes concerning Important Matters for Basis of Presentation of Consolidated Financial Statements in the Notes to Consolidated Financial Statements).

Additional Information

As indicated in 8. Changes in Accounting Principles of Notes on Important Matters for Basis of Presentation of Consolidated Financial Statements in Notes to the Consolidated Financial Statements, the Company adopted the provisions of ASC 810 Consolidation concerning noncontrolling interests of the Federal Accounting Standards Board, effective April 1, 2009.

We have no interest in the Company which should be disclosed pursuant to the provision of the Certified Public Accountants Act.

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12. Transcript of Audit Committee s Audit Report on Consolidated Financial Statements

AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We, the Audit Committee of the Company, audited the consolidated financial statements of the Company (the consolidated balance sheet, the consolidated statement of operations, the consolidated statement of stockholders equity, and the notes to consolidated financial statements) during the 141st business term (from April 1, 2009 to March 31, 2010). We hereby report as follows on the method and result thereof:

1. Method of Audit

We received reports from the Executive Officers and others in accordance with the audit policy, assignment of audit duties, etc., as determined by the Audit Committee, on the consolidated financial statements, and requested explanations as necessary. Further, we monitored and examined whether the Accounting Auditors maintained their independence and performed their auditing duties adequately, as well as received reports from the Accounting Auditors on the performance status of their duties, and requested explanations as necessary. We also received a notice from the Accounting Auditors to the effect that structures for ensuring that duties are appropriately performed (matters stipulated in each item under Article 131 of the Regulations of Companies Financial Statements) were being developed pursuant to the Quality Management Standards for Auditing (Business Accounting Council, October 28, 2005) and requested explanations as necessary.

We examined the consolidated financial statements for this business term in accordance with the foregoing method.

2. Result of Audit

We are of the opinion that the method and result of the audit made by the Company s Accounting Auditors, Ernst & Young ShinNihon LLC, are appropriate.

May 11, 2010

Audit Committee, Hitachi, Ltd.
Tadamichi Sakiyama (Standing)

Michiharu Nakamura (Standing)

Yoshie Ota

Akihiko Nomiya

Kenji Miyahara

Note: Ms. Yoshie Ota, Mr. Akihiko Nomiya and Mr. Kenji Miyahara are outside Directors pursuant to Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.

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13. Transcript of Accounting Auditors Audit Report on Unconsolidated Financial Statements

INDEPENDENT AUDITORS REPORT

May 10, 2010

To Mr. Hiroaki Nakanishi, President
Hitachi, Ltd.

Ernst & Young ShinNihon LLC

Limited Liability Shitei Shain

Gyomu Shikko Shain CPA Hitoshi Matsuoka

Limited Liability Shitei Shain

Gyomu Shikko Shain CPA Satoshi Fukui

Limited Liability Shitei Shain

Gyomu Shikko Shain CPA Takashi Ouchida

We have audited the unconsolidated balance sheet, the unconsolidated statement of operations, the unconsolidated statement of changes in stockholders' equity etc., the notes to the unconsolidated financial statements, and their supporting schedules of Hitachi, Ltd. for the 141st business year ended March 31, 2010 pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act. Management of the Company is responsible for preparing such unconsolidated financial statements and their supporting schedules and our responsibility is to express our opinions thereon from an independent standpoint.

Our audit was conducted in accordance with auditing standards generally accepted in Japan. The auditing standards require us to obtain reasonable assurance whether any material misstatement exists in the unconsolidated financial statements and their supporting schedules or not. Our audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the unconsolidated financial statements. Our audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall unconsolidated financial statement presentation. We consider that as a result of our audit, we have obtained reasonable basis for expressing our opinions.

In our opinion, the unconsolidated financial statements and their supporting schedules referred to above presented fairly, in every significant aspect, the financial position and the results of operations of the Company for the period of the unconsolidated financial statements and their supporting schedules based on the accounting standards generally accepted in Japan.

We have no interest in the Company which should be disclosed pursuant to the provision of the Certified Public Accountants Act.

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14. Transcript of Audit Committee's Audit Report on Unconsolidated Financial Statements

AUDIT REPORT

We, the Audit Committee of the Company, audited the performance by Directors and Executive Officers of their duties during the 141st business term (from April 1, 2009 to March 31, 2010). We hereby report as follows on the method and results thereof:

1. Method of Audit

We monitored and examined the contents of the resolutions of the Board of Directors concerning the matters as listed in Article 416, Paragraph 1, Item 1 (*ro*) and (*ho*) of the Companies Act and the status of the systems (internal control systems) established thereunder, and in accordance with the audit policy, assignment of audit duties, etc., as determined by the Audit Committee and in collaboration with the relevant departments, attended important meetings, received reports or heard from the Directors, Executive Officers, etc. on matters concerning the execution of their duties, inspected important decision documents, etc., made investigation into the state of activities and property at the head office and principal business offices of the Company. We examined the contents of the fundamental policy on the conduct of persons influencing decision on the Company's financial and business policies set forth in the business report giving due consideration to such things as the circumstances of deliberations by the Board of Directors and others. As regards subsidiaries, we sought to communicate and exchange information with the Directors, Executive Officers, Auditors, and others of the subsidiaries, and received reports on their business operations as necessary.

Further, we monitored and examined whether the Accounting Auditors maintained their independence and performed their auditing duties adequately, as well as received reports from the Accounting Auditors on the performance status of their duties and requested explanations as necessary. We also received a notice from the Accounting Auditors to the effect that structures for ensuring that duties are appropriately performed (matters stipulated in each item under Article 131 of the Regulations of Companies' Financial Statements) were being developed pursuant to the Quality Management Standards for Auditing (Business Accounting Council, October 28, 2005) and requested explanations as necessary.

We examined the business reports, the unconsolidated financial statements (the unconsolidated balance sheet, the unconsolidated statement of operations, the unconsolidated statement of changes in stockholders' equity etc., and the notes to unconsolidated financial statements), and their supporting schedules for this business term in accordance with the foregoing method.

2. Results of Audit

(1) Results of Audit on Business Report etc.

We are of the opinion:

- 1) that the business report and its supporting schedules fairly present the state of the Company in accordance with the laws, regulations and the Articles of Incorporation;
- 2) that, in connection with the performance by Directors and Executive Officers of their duties, no dishonest act or material fact of violation of laws, regulations or the Articles of Incorporation exists;
- 3) that the contents of the resolution by the Board of Directors concerning internal control systems are appropriate. Further, there is nothing to note with respect to the performance by Directors and Executive Officers of their duties related to said internal control systems;
- 4)

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that the fundamental policy on the conduct of persons influencing decision on the Company's financial and business policies set forth in the business report are appropriate.

(2) Results of Audit on Unconsolidated Financial Statements and Their Supporting Schedules

We are of the opinion that the method and results of the audit made by the Company's Accounting Auditors, Ernst & Young ShinNihon LLC are appropriate.

May 11, 2010

Audit Committee, Hitachi, Ltd.

Tadamichi Sakiyama (Standing)

Michiharu Nakamura (Standing)

Yoshie Ota

Akihiko Nomiyama

Kenji Miyahara

Note: Ms. Yoshie Ota, Mr. Akihiko Nomiyama and Mr. Kenji Miyahara are outside Directors pursuant to Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.

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(Supplementary Information on Consolidated Basis)

Revenues by Market

| | 2009(A) (Billions of yen) | Years ended March 31 2010(B) Percentage to total | | (B)/(A) |
|-------------------|------------------------------|---|-----|---------|
| | | | | |
| Domestic revenues | 5,861.4 | 5,313.7 | 59% | 91% |
| Overseas revenues | | | | |
| Asia | 1,911.2 | 1,699.0 | 19 | 89 |
| North America | 899.5 | 729.6 | 8 | 81 |
| Europe | 904.4 | 824.6 | 9 | 91 |
| Other Areas | 423.6 | 401.2 | 5 | 95 |
| Subtotal | 4,138.9 | 3,654.7 | 41 | 88 |
| Total | 10,000.3 | 8,968.5 | 100 | 90 |

Five-Year Summary

| | 2006 | Years ended March 31 | | | 2010 |
|------------------------------|---------|----------------------|---------|---------|---------|
| | | 2007 | 2008 | 2009 | |
| Overseas revenues | 3,639.6 | 4,154.2 | 4,742.2 | 4,138.9 | 3,654.7 |
| Percentage to total revenues | 38% | 41% | 42% | 41% | 41% |
| Capital investment | 954.7 | 1,048.5 | 969.0 | 788.4 | 546.3 |
| R&D expenditure | 405.0 | 412.5 | 428.1 | 416.5 | 372.4 |

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FOR IMMEDIATE RELEASE

**Hitachi and Mitsubishi Heavy Industries Agree in Principle to
Cooperate in Railway Systems for Overseas Markets**

Tokyo, June 22, 2010 Hitachi, Ltd. (NYSE:HIT / TSE:6501) and Mitsubishi Heavy Industries, Ltd. (MHI) today announced that they have entered into a basic agreement to work cooperatively in the field of intra-city railway systems for overseas markets, with the goals of strengthening competitiveness in global markets and expanding business as a result. Hitachi and MHI find overseas intra-city railway systems are the area where the two companies can demonstrate their competitiveness most, thus they decide to work together ranging from marketing to construction, installation and maintenance in the field.

Social infrastructure such as power systems and railway systems, is expected to expand as a market, particularly in emerging countries. Even in developed nations and regions, which already have a certain level of social infrastructure, there is demand for upgrading social infrastructure supported by advanced information and telecommunications systems.

Railway systems, which are a form of green mobility, are winning increasing recognition as a means of transporting large volumes of passengers and freight with a small environmental impact. As a consequence of this, there are active moves in a host of regions around the world, including Europe, Asia, the Middle East, North America, and Central and South America, to build new railway systems or extend existing ones, or make systems faster with improved railcars and systems. The overseas railway systems market is thus continuing to grow.

Today's agreement seeks to capitalize on these sorts of market trends. Hitachi and MHI will work together as appropriate in a broad range of fields in overseas intra-city railway system projects, ranging from marketing to design, manufacturing, procurement, engineering, construction, installation, maintenance and development. With their complementary product lineups, Hitachi and MHI will respond to various railway system needs in the urban transportation field. The mixed product lineups include conventional commuter trains for subways and other systems; new transportation systems such as automated people movers (APM) and light rail transit (LRT); and monorails.

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Hitachi and MHI each boast advanced product lineups, technologies and know-how concerning entire railway systems, as well as their individual constituent elements, including railcars, signaling systems, telecommunications, power systems and tracks. Above all else, the two companies have earned the trust of markets, Hitachi for its railway systems hardware and software development capabilities, and system engineering strengths, and MHI for its technological development capabilities, overseas project record, plant engineering know-how, and wide range of partnerships.

Under this agreement, Hitachi and MHI aim to leverage each other's experience and expertise to actively develop the railway systems business overseas.

About Hitachi, Ltd.

Hitachi, Ltd., (NYSE: HIT / TSE: 6501), headquartered in Tokyo, Japan, is a leading global electronics company with approximately 360,000 employees worldwide. Fiscal 2009 (ended March 31, 2010) consolidated revenues totaled 8,968 billion yen (\$96.4 billion). Hitachi will focus more than ever on the Social Innovation Business, which includes information and telecommunication systems, power systems, environmental, industrial and transportation systems, and social and urban systems, as well as the sophisticated materials and key devices that support them. For more information on Hitachi, please visit the company's website at <http://www.hitachi.com>.

About Mitsubishi Heavy Industries, Ltd.

Mitsubishi Heavy Industries, Ltd. (MHI), headquartered in Tokyo, Japan, is one of the world's leading heavy machinery manufacturers, with consolidated sales of 2,940.8 billion yen in fiscal 2009 (year ended March 31, 2010). MHI's diverse lineup of products and services encompasses shipbuilding, power plants, chemical plants, environmental equipment, steel structures, industrial and general machinery, aircraft, space rocketry and air-conditioning systems.

For more information, please visit the MHI website (<http://www.mhi.co.jp/en/index.html>).

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