

1. Business Results

(1) Business Environment for the Nine Months Ended December 31, 2007

During the nine months to December 31, 2007, the world economy remained firm, driven by strong economies in the European Union (EU) and China. This was despite soaring crude oil prices and disruptions caused by fallout from the subprime loan problem in the latter half of the period. The U.S. economy experienced slower growth due to sluggish housing investment. The EU economy remained strong on the back of stable growth in the U.K., France, and Germany. The Chinese economy sustained a high rate of growth, centered on exports as well as capital expenditures and housing investment. Other Asian economies were also generally strong.

The Japanese economy continued to grow, albeit moderately, driven by capital investment and exports.

(2) Summary of the Nine-month and Three-month Consolidated Business Results Ended December 31, 2007

(Nine-Month Results)

	Nine months ended December 31, 2007		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	7,987.5	10%	70,067
Operating income	199.5	145%	1,750
Income before income taxes and minority interests	216.1	144%	1,896
Income before minority interests	79.4	-	697
Net loss	(0.5)	-	(5)

(Third-Quarter Results)

	Three months ended December 31, 2007		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	2,707.1	9%	23,747
Operating income	77.8	27%	683
Income before income taxes and minority interests	80.1	28%	703
Income before minority interests	43.4	65%	381
Net income	12.5	893%	110

Hitachi's consolidated revenues for the first nine months of fiscal 2007 were 7,987.5 billion yen, up 10% year on year. Revenues were higher year on year in the Information & Telecommunication Systems segment on growth in system integration and other areas. The Power & Industrial Systems segment also recorded higher revenues, mainly on growth in power systems, automotive systems, construction machinery and other areas. Other segments to see revenues rise included High Functional Materials & Components and other.

Consolidated operating income soared 145%, to 199.5 billion yen, due to much higher earnings in the Power & Industrial Systems segment, as well as growth in the Information & Telecommunication Systems and High Functional Materials & Components segments and other.

Other income increased 45%, to 75.9 billion yen, reflecting improvement in business results at equity-method affiliates. Other deductions increased 30% year on year, to 59.3 billion yen.

As a result, for the nine months to December 31, 2007, Hitachi recorded income before income taxes and minority interests of 216.1 billion yen, up 144% year on year. After income taxes of 136.7 billion yen, Hitachi posted income before minority interests of 79.4 billion yen, an 87.8 billion yen improvement year on year. Hitachi recorded a net loss of 0.5 billion yen, but was 76.2 billion yen better than the result in the same period of fiscal 2006.

For the third quarter alone, the three-month period to December 31, 2007, Hitachi recorded consolidated revenues of 2,707.1 billion yen, 9% higher year on year, due to growth in the Information & Telecommunication Systems, Power & Industrial Systems and other segments. For the same period, Hitachi recorded operating income of 77.8 billion yen, up 27%, and net income of 12.5 billion yen, up 893%.

(3) Revenues and Operating Income (Loss) by Segment

Results by segment were as follows.

[Information & Telecommunication Systems]

(Nine-Month Results)

	Nine months ended December 31, 2007		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	1,881.7	9%	16,507
Operating income	26.7	31%	234

(Third-Quarter Results)

	Three months ended December 31, 2007		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	627.2	8%	5,502
Operating income	14.2	120%	125

For the first nine months of fiscal 2007, the Information & Telecommunication Systems segment recorded revenues of 1,881.7 billion yen, up 9% year on year. Software and services posted firm revenue growth in software sales as well as strong growth in services, particularly in the outsourcing business and solutions for financial institutions. Hardware revenues also rose, the result of higher sales of disk array subsystems, ATMs, and HDDs, among other products.

Segment operating income climbed 31% year on year, to 26.7 billion yen. Earnings in software and services rose sharply due to solid earnings in software as well as higher earnings in services stemming from the success of stronger project management initiatives. Hardware, however, recorded a loss despite improved earnings in telecommunications and certain other areas. The loss reflected a year-on-year decline in HDDs.

For the three months ended December 31, 2007, the segment recorded revenues of 627.2 billion yen, up 8% year on year. It also saw operating income rise of 120%, to 14.2 billion yen, as hardware returned to profitability on improved HDD earnings and software and services delivered firm earnings growth.

Note: HDD operations are conducted by Hitachi Global Storage Technologies (Hitachi GST), which has a December 31 fiscal year-end, different from Hitachi's March 31 year-end. Hitachi's results for the third quarter ended December 31, 2007 include operating results of Hitachi GST for the period from July through September 2007.

**[Electronic Devices]
(Nine-Month Results)**

	Nine months ended December 31, 2007		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	939.5	(1%)	8,242
Operating income	36.0	(9%)	316

(Third-Quarter Results)

	Three months ended December 31, 2007		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	296.2	(3%)	2,599
Operating income	10.2	(33%)	90

Electronic Devices revenues for the first nine months of fiscal 2007 were 939.5 billion yen, almost the same as the previous fiscal year period. Whereas the display business recorded lower year-on-year sales as Hitachi focused on small and medium-sized LCDs, sales at Hitachi High-Technologies Corporation were almost unchanged.

Operating income declined 9% year on year, to 36.0 billion yen, reflecting the October 2006 sale of some operations of a semiconductor-related subsidiary and other factors. However, the display business saw earnings improve.

For the third quarter alone, the segment posted revenues of 296.2 billion yen, down 3% year on year. Third-quarter operating income declined 33% year on year, to 10.2 billion yen, mainly the result of lower earnings at Hitachi High-Technologies as sales of LCD-related manufacturing equipment and certain other products declined.

**[Power & Industrial Systems]
(Nine-Month Results)**

	Nine months ended December 31, 2007		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	2,427.9	24%	21,298
Operating income	97.0	-	851

(Third-Quarter Results)

	Three months ended December 31, 2007		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	829.6	23%	7,277
Operating income	33.3	21%	293

This segment's revenues rose 24%, to 2,427.9 billion yen the first nine months of fiscal 2007. One factor was sharp growth in sales in the power systems business due to higher sales of nuclear power plant equipment in Japan, and of coal-fired thermal power plant equipment overseas with a lower environmental impact. The overall segment revenue growth also reflected growth in railcars and systems, strong sales of elevators and escalators and industrial equipment, and robust revenues at Hitachi Construction Machinery Co., Ltd. Growth in automotive systems, due in part to Clarion Co., Ltd. becoming a consolidated subsidiary in December 2006, also lifted overall segment performance.

Nine-month segment operating income was 97.0 billion yen, a 114.6 billion yen improvement over the same period in fiscal 2006. There was a large improvement in earnings for the power systems business. In addition, automotive systems, elevators and escalators and Hitachi Construction Machinery maintained strong earnings.

For the three-month period ended December 31, 2007, the segment recorded revenues of 829.6 billion yen, 23% higher year on year. Operating income for this three-month period was 33.3 billion yen, a rise of 21% over the corresponding period of fiscal 2006.

[Digital Media & Consumer Products]

(Nine-Month Results)

	Nine months ended December 31, 2007		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	1,139.5	1%	9,996
Operating loss	(65.8)	-	(578)

(Third-Quarter Results)

	Three months ended December 31, 2007		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	411.5	11%	3,610
Operating loss	(15.0)	-	(132)

This segment's revenues for the first nine months of fiscal 2007 were 1,139.5 billion yen, largely unchanged from the same period in fiscal 2006. While home appliances saw sales rise and optical disk drive also maintained strong growth, the flat revenues were due to such factors as contraction in the projection TV business resulting from the shift to flat-panel TVs.

The segment saw its operating loss widen by 12.3 billion yen year on year, to 65.8 billion yen, due mainly to the effect on earnings in the flat-panel TV business of lower-than-expected sales and lower prices, among other factors. On a positive note, progress with business structural reforms resulted in fewer unprofitable products, and air conditioners recorded higher earnings. LCD projectors also continued to post strong earnings.

For the third quarter alone, the segment recorded revenues of 411.5 billion yen, up 11% year on year, on growth in sales of home appliances, optical disk drive, flat-panel TVs and other products. The segment also saw the operating loss improve by 4.0 billion yen, to 15.0 billion yen, owing to fewer unprofitable products and an improvement in home appliances and growth in optical disk drive.

Note: Optical disk drive operations are conducted by Hitachi-LG Data Storage, Inc (HLDS), which has a December 31 fiscal year-end, different from Hitachi's March 31 year-end. Hitachi's results for the third quarter ended December 31, 2007 include operating results of HLDS for the period from July through September 2007

[High Functional Materials & Components]

(Nine-Month Results)

	Nine months ended December 31, 2007		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	1,416.1	6%	12,422
Operating income	105.6	6%	926

(Third-Quarter Results)

	Three months ended December 31, 2007		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	482.5	3%	4,233
Operating income	40.9	13%	359

For the first nine months of fiscal 2007, the segment recorded revenues of 1,416.1 billion yen, 6% higher year on year. One factor was higher sales at Hitachi Metals, Ltd., principally in automotive-related products, IT equipment-related and digital electronics-related products such as for LCDs. Another factor was strong sales growth at Hitachi Chemical Co., Ltd., mainly in the semiconductor-related and automotive-related fields. Furthermore, Hitachi Cable, Ltd. posted increased sales, mainly due to higher sales of wires and cables as well as submarine optical fiber cables.

Segment operating income rose 6%, to 105.6 billion yen, due to higher earnings at Hitachi Metals, Hitachi Chemical and Hitachi Cable.

For the third quarter alone, segment revenues rose 3% year on year, to 482.5 billion yen, and operating income was 13% up, to 40.9 billion yen.

[Logistics, Services & Others]

(Nine-Month Results)

	Nine months ended December 31, 2007		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	950.9	1%	8,341
Operating income	16.6	47%	146

(Third-Quarter Results)

	Three months ended December 31, 2007		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	332.1	1%	2,914
Operating income	5.8	78%	51

For the first nine months of fiscal 2007, segment revenues were 950.9 billion yen, almost the same as for the corresponding period of fiscal 2006. Although sales rose at Hitachi Transport System, Ltd., due to expansion in the third-party logistics business and large orders, certain overseas sales subsidiaries recorded lower sales.

However, the segment posted a 47% year-on-year increase in operating income, to 16.6 billion yen, the result of strong earnings at Hitachi Transport System and other factors.

Third-quarter segment revenues were 332.1 billion yen, almost the same as the third quarter of fiscal 2006, while operating income jumped 78%, to 5.8 billion yen.

**[Financial Services]
(Nine-Month Results)**

	Nine months ended December 31, 2007		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	329.5	(16%)	2,890
Operating income	18.3	(17%)	161

(Third-Quarter Results)

	Three months ended December 31, 2007		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	107.1	(18%)	940
Operating income	5.4	(14%)	48

For the first nine months of fiscal 2007, this segment generated revenues of 329.5 billion yen, 16% lower year on year. Segment operating income for the same nine-month period was down 17% year on year, at 18.3 billion yen.

For the three months ended December 31, 2007, segment revenues were 107.1 billion yen, down 18%, and operating income was 5.4 billion yen, down 14%.

**(4) Revenues by Market
(Nine-Month Results)**

	Nine months ended December 31, 2007			
	Billions of yen	Composition ratio	Year-over-year % change	Millions of U.S. dollars
Japan	4,505.1	56%	6%	39,519
Overseas	3,482.3	44%	15%	30,547
Asia	1,574.7	20%	15%	13,814
North America	771.7	10%	(3%)	6,770
Europe	795.7	10%	33%	6,980
Other Areas	340.1	4%	33%	2,984

(Third-Quarter Results)

	Three months ended December 31, 2007			
	Billions of yen	Composition ratio	Year-over-year % change	Millions of U.S. dollars
Japan	1,509.7	56%	6%	13,243
Overseas	1,197.4	44%	12%	10,504
Asia	546.5	20%	14%	4,794
North America	251.6	9%	(10%)	2,207
Europe	288.7	11%	31%	2,533
Other Areas	110.5	4%	21%	970

For the first nine months of fiscal 2007, revenues in Japan rose 6% year on year, to 4,505.1 billion yen.

Overseas revenues during the same period rose 15%, to 3,482.3 billion yen on growth in Europe and Asia, mainly China. As a result, the ratio of overseas revenues to consolidated revenues rose 2 percentage points to 44%, the highest level ever for Hitachi.

For the three months to December 31, 2007, revenues in Japan rose 6%, to 1,509.7 billion yen, and overseas revenues rose 12%, to 1,197.4 billion yen.

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

For the first nine months of fiscal 2007, capital investment on a completion basis, excluding leasing assets, rose 8%, to 377.1 billion yen, mainly due to investments in power systems, construction machinery and HDD-related areas.

Depreciation, excluding leasing assets, increased 24% year on year, to 317.3 billion yen.

R&D expenditures, which were used to advance development primarily in HDDs, environmentally friendly power systems and automotive systems-related areas, rose 2% year on year, to 310.6 billion yen, and corresponded to 3.9% of consolidated revenues.

For the three months to December 31, 2007, capital investment on a completion basis, excluding leasing assets, declined 7%, to 102.1 billion yen. For the same period, depreciation, excluding leasing assets, increased 22%, to 113.3 billion yen. R&D expenditures were largely unchanged year on year, at 101.7 billion yen.

2. Financial Position

(1) Financial Position

As of December 31, 2007

	Billions of yen	Change from December 31, 2007	Millions of U.S. dollars
Total assets	10,898.6	159.9	95,603
Total liabilities	7,327.1	172.1	64,273
Interest-bearing debt	2,814.9	152.2	24,693
Minority interests	1,166.6	11.1	10,234
Stockholders' equity	2,404.9	(23.3)	21,096
Stockholders' equity ratio	22.1%	0.5 point decrease	-
D/E ratio (including minority interests)	0.79 times	0.05 point increase	-

Total assets as of December 31, 2007 were 10,898.6 billion yen, up 159.9 billion yen from September 30, 2007. Interest-bearing debt increased 152.2 billion yen over the same period, to 2,814.9 billion yen due to an increase in working capital and other factors. Stockholders' equity decreased 23.3 billion yen, to 2,404.9 billion yen. As a result of these changes, the stockholders' equity ratio decreased 0.5 of a point to 22.1%. The debt-to-equity ratio (including minority interests) increased 0.05 of a point to 0.79 times.

(2) Cash Flows

(Nine-Month Results)

	Nine months ended December 31, 2007		
	Billions of yen	Year-over-year change	Millions of U.S. dollars
Cash flows from operating activities	403.0	275.6	3,535
Cash flows from investing activities	(595.2)	9.6	(5,222)
Free cash flows	(192.2)	285.3	(1,687)
Cash flows from financing activities	110.9	(304.4)	973

(Third-Quarter Results)

	Three months ended December 31, 2007		
	Billions of yen	Year-over-year change	Millions of U.S. dollars
Cash flows from operating activities	24.4	74.5	214
Cash flows from investing activities	(170.3)	126.8	(1,494)
Free cash flows	(145.9)	201.4	(1,280)
Cash flows from financing activities	141.5	(151.8)	1,241

For the first nine months of fiscal 2007, operating activities provided net cash of 403.0 billion yen, an increase of 275.6 billion yen year on year, reflecting the growth in operating income.

During the same period, investing activities used net cash of 595.2 billion yen, an improvement of 9.6 billion yen year on year. This was the result of the strict selection of capital expenditures and other factors, despite the increased use of cash such as for the purchase of shares in GE-Hitachi Nuclear Energy Holdings LLC, which was established in June 2007.

Free cash flows, the sum of cash flows from operating and investing activities, were an outflow of 192.2 billion yen, 285.3 billion yen less than the same period of fiscal 2006.

Financing activities provided net cash of 110.9 billion yen, the result of increased borrowing to provide working capital.

The net result of the above changes was a decrease of 83.7 billion yen in cash and cash equivalents during the nine-month period under review to 534.1 billion yen.

3. Consolidated Business Forecast for Fiscal 2007

Year ending March 31, 2008

	Previous forecast (A) (Billions of yen)	Revised forecast (B) (Billions of yen)	(B)-(A) (Billions of yen)	(B) Year-over -year % change	(B) Millions Of U.S. dollars
Revenues	10,500.0	10,800.0	300.0	5%	102,857
Operating income	290.0	300.0	10.0	64%	2,857
Income before income taxes and minority interests	300.0	310.0	10.0	53%	2,952
Income before minority interests	130.0	110.0	(20.0)	178%	1,048
Net income	40.0	10.0	(30.0)	-	95

Note: Previous forecast figures are those announced on October 31, 2007, for fiscal 2007.

In terms of the outlook for the global economy, although Asian, especially China, and European economies are expected to continue growing at a healthy rate, surging crude oil prices, volatility in the foreign exchange market, and worldwide stock market weakness sparked by the subprime loan problem are clouding the outlook.

Regarding the Japanese economy, there is increasing uncertainty about the future, despite positive factors such as continued strong exports to China and the rest of Asia, and a moderate recovery in capital expenditures, in part due to the switch to systems and equipment with a lower environmental impact. The economic outlook is being clouded by soaring prices for crude oil and raw materials, intensifying price-based competition, sluggish consumer spending and other factors.

Under these circumstances, Hitachi has revised the forecasts it announced on October 31, 2007 for fiscal 2007, as above. The revisions reflect a solid performance due to growth in the Information & Telecommunication Systems, Power & Industrial Systems, High Functional Materials & Components and other segments. But the revisions also reflect the fact that Hitachi is studying initiatives to improve performance in the flat-panel TV business, which is part of the Digital Media & Consumer Products segment.

Regarding the flat-panel TV business, in a bid to quickly improve results, Hitachi is already implementing a business strategy designed to accelerate the creation of a stable profit structure. In addition to this, Hitachi is implementing new initiatives to strengthen this business.

Projections assume an exchange rate of 105 yen to the U.S. dollar and 155 yen to the euro for the fourth quarter of fiscal 2007.

4. Others

(1) Changes in significant subsidiaries during the period

None

(2) Use of simplified accounting procedures

None

(3) Change in accounting policies from the most recent consolidated fiscal year

None

Cautionary Statement

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this document.

Factors that could cause actual results to differ materially from those projected or implied in any “forward-looking statement” and from historical trends include, but are not limited to:

- increasing commoditization of information technology products, and intensifying price competition in the markets for such products, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- fluctuations in product demand and industry capacity, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technology on a timely and cost-effective basis and to achieve market acceptance for such products;
- rapid technological change, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- fluctuations in rates of exchange for the yen and other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated, particularly between the yen and the U.S. dollar;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in product demand and/or exchange rates;
- general socio-economic and political conditions and the regulatory and trade environment of Hitachi’s major markets, particularly the United States, Japan and elsewhere in Asia, including, without limitation, a return to stagnation or deterioration of the Japanese economy, or direct or indirect restrictions by other nations on imports;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property rights, particularly those related to electronics and data processing technologies;
- uncertainty as to the results of litigation and legal proceedings of which the Company, its subsidiaries or its equity method affiliates have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- uncertainty as to the success of restructuring efforts to improve management efficiency and to strengthen competitiveness;
- uncertainty as to the success of alliances upon which Hitachi depends, some of which Hitachi may not control, with other corporations in the design and development of certain key products;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing; and
- uncertainty as to general market price levels for equity securities in Japan, declines in which may require Hitachi to write down equity securities it holds.

The factors listed above are not all-inclusive and are in addition to other factors contained in Hitachi’s periodic filings with the U.S. Securities and Exchange Commission and in order materials published by Hitachi.