

## 1. Business Results

### (1) Summary of Fiscal 2008 Third-Quarter (Three Months and Nine Months Ended December 31, 2008) Consolidated Business Results

	Three months ended December 31, 2008			Nine months ended December 31, 2008		
	Yen (billions)	Year-over-year % change	U.S. dollars (millions)	Yen (billions)	Year-over-year % change	U.S. dollars (millions)
Revenues	2,260.5	(16%)	24,841	7,571.1	(5%)	83,199
Operating income (loss)	(14.5)	-	(160)	182.5	(9%)	2,006
Loss before income taxes and minority interests	(173.6)	-	(1,908)	(35.4)	-	(390)
Loss before minority interests	(398.9)	-	(4,384)	(334.6)	-	(3,678)
Net loss	(371.0)	-	(4,078)	(356.9)	-	(3,922)

During the third quarter of fiscal 2008, the year ending March 31, 2009, the global economy saw the subprime loan problem escalate into a worldwide financial crisis, triggered by the collapse of Lehman Brothers on September 15, 2008. Furthermore, turmoil in financial markets spread to the real economy and industrialized nations experienced rapid economic downturns.

The Chinese and emerging economies generally posted strong growth in comparison to industrialized nations. However, the impact of the economic downturns in industrialized nations led to slower economic growth in China and emerging economies.

Japan, meanwhile, witnessed a rapid economic downturn due to a large contraction in demand, which was highlighted by much lower exports. Companies also slashed capital investment amid the turmoil in financial markets and as corporate earnings declined.

In this operating environment, Hitachi's consolidated revenues for the third quarter of fiscal 2008 dropped 16% year over year, to 2,260.5 billion yen. Revenues declined in all segments, but especially in the Power & Industrial Systems, the Digital Media & Consumer Products, and the High Functional Materials & Components segments, in tandem with rapidly falling demand for automobiles, semiconductors, industrial equipment and other products.

Overseas revenues dropped 20% year over year, to 959.1 billion yen as falling worldwide demand took its toll.

Hitachi posted a consolidated operating loss of 14.5 billion yen, 92.3 billion yen worse than the operating income reported in the corresponding period of fiscal 2007. While the Information & Telecommunication Systems segment recorded higher earnings, the Power & Industrial Systems and the High Functional Materials & Components segments saw earnings decline sharply as revenues dropped.

Hitachi posted net other deductions of 159.1 billion yen, 161.3 billion yen worse year over year. This chiefly reflected net equity in losses of affiliated companies due to worsening performances at equity-method semiconductor affiliates, exchange losses resulting from the yen's appreciation, and write-downs of securities due to the share market crash.

As a result, Hitachi posted a loss before income taxes and minority interests of 173.6 billion yen, 253.7 billion yen worse year over year.

Income taxes increased 188.6 billion yen year over year, to 225.3 billion yen mainly due to write-downs resulting from a reduction in the period of time available for realizing deferred tax assets because of a dramatic decline in taxable income at companies subject to consolidated taxation, including the Company.

As a result, Hitachi posted a loss before minority interests of 398.9 billion yen, 442.4 billion yen worse year over year. After minority interests of minus 27.8 billion yen, Hitachi reported a net loss of 371.0 billion yen, 383.6 billion yen worse than the net income reported in the corresponding period of fiscal 2007.

For the nine-month period ended December 31, 2008, consolidated revenues decreased 5% year over year, to 7,571.1 billion yen. Hitachi recorded operating income of 182.5 billion yen, down 9% year over year, but reported a net loss of 356.9 billion yen, which was 356.3 billion yen worse than the same period of fiscal 2007.

## (2) Revenues and Operating Income (Loss) by Segment

Results by segment were as follows:

### [Information & Telecommunication Systems]

	Three months ended December 31, 2008			Nine months ended December 31, 2008		
	Yen (billions)	Year-over-year % change	U.S. dollars (millions)	Yen (billions)	Year-over-year % change	U.S. dollars (millions)
Revenues	600.9	(4%)	6,604	1,882.7	0%	20,690
Operating income	38.3	169%	422	110.5	314%	1,215

For the third quarter of fiscal 2008, this segment recorded revenues of 600.9 billion yen, down 4% year over year. Revenues in software and services were flat, with firm growth in services negated by a drop in software revenues. Hardware revenues declined year over year, as lower storage revenues due to the impact of foreign currency exchange rate fluctuations negated higher sales of telecommunications networks.

Segment operating income increased 169% year over year, to 38.3 billion yen. Earnings in software and services rose year over year due to higher earnings in services, resulting primarily from stronger project management initiatives. Hardware posted profit growth due to the fourth straight quarter of earnings in HDD operations dating back to the fourth quarter of fiscal 2007, reflecting the benefits of cost reductions and new products. Higher earnings from telecommunications networks also contributed to the increased hardware earnings.

For the first nine months of fiscal 2008, the segment recorded flat revenues of 1,882.7 billion yen, while operating income climbed 314%, to 110.5 billion yen due to profits from hardware, on the back of improved HDD business profitability, in addition to higher earnings from services.

Note: The HDD operations are conducted by Hitachi Global Storage Technologies (Hitachi GST), which has a December 31 fiscal year-end, different from Hitachi's March 31 year-end. Hitachi's results for the three months ended December 31, 2008 include the operating results of Hitachi GST for the three months ended September 30, 2008.

**[Electronic Devices]**

	Three months ended December 31, 2008			Nine months ended December 31, 2008		
	Yen (billions)	Year-over-year % change	U.S. dollars (millions)	Yen (billions)	Year-over-year % change	U.S. dollars (millions)
Revenues	258.2	(13%)	2,838	899.4	(4%)	9,884
Operating income	4.0	(60%)	45	32.6	(9%)	358

For the third quarter of fiscal 2008, Electronic Devices revenues were 258.2 billion yen, 13% down year over year. Although display business revenues were largely unchanged, overall revenues declined due to lower revenues at Hitachi High-Technologies Corporation resulting from decreased global demand for semiconductor-related production equipment, and the sale of a semiconductor manufacturing subsidiary overseas.

Segment operating income dropped 60%, to 4.0 billion yen, due to the marked decline in sales at Hitachi High-Technologies.

For the first nine months of fiscal 2008, segment revenues declined 4%, to 899.4 billion yen, and operating income declined 9%, to 32.6 billion yen.

**[Power & Industrial Systems]**

	Three months ended December 31, 2008			Nine months ended December 31, 2008		
	Yen (billions)	Year-over-year % change	U.S. dollars (millions)	Yen (billions)	Year-over-year % change	U.S. dollars (millions)
Revenues	702.5	(15%)	7,721	2,396.4	(1%)	26,335
Operating income (loss)	(25.4)	-	(280)	38.0	(61%)	418

For the third quarter of fiscal 2008, Power & Industrial Systems revenues declined 15%, to 702.5 billion yen, despite firm sales growth in railway vehicles and systems for overseas markets. The overall decline in segment revenues was the result of sharply lower sales in the automotive systems business and at Hitachi Construction Machinery Co., Ltd. as demand softened worldwide for automobiles and construction machinery.

The segment recorded an operating loss of 25.4 billion yen, 58.8 billion yen worse than the operating income recorded in the same period of fiscal 2007. This result reflected sharply lower sales in the automotive systems business and at Hitachi Construction Machinery, as well as the impact of the yen's dramatic appreciation.

For the first nine months of fiscal 2008, segment revenues were nearly flat at 2,396.4 billion yen. Operating income, however, declined 61%, to 38.0 billion yen due mainly to lower sales in the automotive systems business and at Hitachi Construction Machinery.

**[Digital Media & Consumer Products]**

	Three months ended December 31, 2008			Nine months ended December 31, 2008		
	Yen (billions)	Year-over-year % change	U.S. dollars (millions)	Yen (billions)	Year-over-year % change	U.S. dollars (millions)
Revenues	309.3	(25%)	3,400	1,004.8	(12%)	11,043
Operating loss	(16.1)	-	(177)	(42.7)	-	(470)

For the third quarter of fiscal 2008, Digital Media & Consumer Products revenues declined 25%, to 309.3 billion yen. The lower overall segment revenues reflected the impact of the reduction of sales volumes of flat-panel TVs overseas as part of business structural reforms, as well as lower sales of optical disk drives and other digital media products and room air-conditioners due to deteriorating economic conditions.

The segment posted an operating loss of 16.1 billion yen, 1.1 billion yen worse than the loss in the third quarter of fiscal 2007. This was the result of decreased sales and lower sales prices and came despite a smaller loss in the flat-panel TV business due to the benefits of business structural reform initiatives.

For the first nine months of fiscal 2008, segment revenues declined 12%, to 1,004.8 billion yen. The segment recorded an operating loss of 42.7 billion yen, although this was 23.0 billion yen better year over year, due primarily to a smaller loss in the flat-panel TV business resulting from the benefits of business structural reform initiatives.

Note: The 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 three months ended December 31, 2008 include the operating results of HLDS for the three months ended September 30, 2008.

**[High Functional Materials & Components]**

	Three months ended December 31, 2008			Nine months ended December 31, 2008		
	Yen (billions)	Year-over-year % change	U.S. dollars (millions)	Yen (billions)	Year-over-year % change	U.S. dollars (millions)
Revenues	376.5	(22%)	4,138	1,297.7	(8%)	14,261
Operating income (loss)	(0.5)	-	(6)	68.3	(35%)	751

For the third quarter of fiscal 2008, High Functional Materials & Components revenues were 376.5 billion yen, down 22% year over year. This decline reflected a large drop in sales of products for automotive- and semiconductor-related businesses at Hitachi Cable, Ltd., Hitachi Metals, Ltd., and Hitachi Chemical Co., Ltd. due to softening worldwide demand for automobiles and semiconductors. The sale of a subsidiary at Hitachi Chemical also had an impact on overall revenues.

The segment reported an operating loss of 0.5 billion yen, 41.5 billion yen worse than the operating income reported in the third quarter of fiscal 2007, due to sharply lower revenues and

inventory write-downs because of falling copper prices at Hitachi Cable.

For the first nine months of fiscal 2008, segment revenues declined 8%, to 1,297.7 billion yen, and operating income dropped 35%, to 68.3 billion yen due to lower revenues.

**[Logistics, Services & Others]**

	Three months ended December 31, 2008			Nine months ended December 31, 2008		
	Yen (billions)	Year-over-year % change	U.S. dollars (millions)	Yen (billions)	Year-over-year % change	U.S. dollars (millions)
Revenues	246.5	(26%)	2,709	821.5	(14%)	9,028
Operating income	4.6	(20%)	51	16.3	(2%)	180

For the third quarter of fiscal 2008, Logistics, Services & Others revenues declined 26% year over year, to 246.5 billion yen. Although Hitachi Transport System, Ltd. recorded higher revenues, primarily in the third-party logistics solutions business and from new projects, overseas sales subsidiaries experienced lower sales.

Segment operating income declined 20%, to 4.6 billion yen because of decreased revenues and other factors.

For the first nine months of fiscal 2008, segment revenues declined 14%, to 821.5 billion yen. Operating income declined 2% year over year, to 16.3 billion yen due mainly to lower revenues at overseas sales subsidiaries, despite higher earnings at Hitachi Transport System due to improved efficiency.

**[Financial Services]**

	Three months ended December 31, 2008			Nine months ended December 31, 2008		
	Yen (billions)	Year-over-year % change	U.S. dollars (millions)	Yen (billions)	Year-over-year % change	U.S. dollars (millions)
Revenues	84.3	(21%)	927	274.3	(17%)	3,015
Operating income	2.1	(60%)	24	9.6	(48%)	106

For the third quarter of fiscal 2008, financial services revenues were 84.3 billion yen, 21% lower year over year, primarily due to lower revenues at Hitachi Capital Corporation, which saw falling demand for leases amid declining capital investment.

Segment operating income dropped 60%, to 2.1 billion yen, mainly due to lower lease transaction volumes at Hitachi Capital and an increased bad debt expense.

For the first nine months of fiscal 2008, segment revenues declined 17%, to 274.3 billion yen, while operating income declined 48%, to 9.6 billion yen.

### (3) Revenues by Market

	Three months ended December 31, 2008			Nine months ended December 31, 2008		
	Yen (billions)	Year-over-year % change	U.S. dollars (millions)	Yen (billions)	Year-over-year % change	U.S. dollars (millions)
Japan	1,301.4	(14%)	14,302	4,309.6	(4%)	47,359
Outside Japan	959.1	(20%)	10,540	3,261.4	(6%)	35,840
Asia	452.6	(17%)	4,974	1,527.9	(3%)	16,790
North America	207.3	(18%)	2,279	691.6	(10%)	7,600
Europe	202.0	(30%)	2,220	710.3	(11%)	7,806
Other Areas	97.0	(12%)	1,066	331.5	(3%)	3,643

For the third quarter of fiscal 2008, revenues in Japan were 1,301.4 billion yen, down 14% year over year.

Overseas revenues declined 20%, to 959.1 billion yen, mainly due to falling demand worldwide. As a result, the ratio of overseas revenues to consolidated revenues declined 2%, to 42%.

For the first nine months of fiscal 2008, revenues in Japan were 4,309.6 billion yen, down 4% year over year. Overseas revenues declined 6% year over year, to 3,261.4 billion yen.

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

For the third quarter of fiscal 2008, capital investment on a completion basis, excluding leasing assets, decreased 3% year over year, to 98.9 billion yen. While Hitachi concentrated investments mainly on manufacturing equipment for small and medium-sized LCDs and automotive systems, the decrease reflected the stricter selection of investments.

Depreciation, excluding leasing assets, decreased 5%, to 107.6 billion yen, due mainly to the stricter selection of capital investments.

R&D expenditures declined 2%, to 99.7 billion yen, due to the stricter selection of development investment. R&D expenditures corresponded to 4.4% of consolidated revenues.

For the first nine months of fiscal 2008, capital investment on a completion basis, excluding leasing assets, decreased 15%, to 319.7 billion yen. Depreciation, excluding leasing assets, declined 5%, to 301.1 billion yen. R&D expenditures were largely flat at 310.4 billion yen, and corresponded to 4.1% of consolidated revenues.

## 2. Financial Position

### (1) Financial Position

	As of December 31, 2008		
	Yen (billions)	Change from March 31, 2008	U.S. dollars (millions)
Total assets	9,834.4	(696.3)	108,071
Total liabilities	7,023.5	(194.1)	77,182
Interest-bearing debt	2,779.5	248.0	30,545
Minority interests	1,100.0	(42.4)	12,089
Stockholders' equity	1,710.8	(459.8)	18,800
Stockholders' equity ratio	17.4%	3.2 point deterioration	-
D/E ratio (including minority interests)	0.99 times	0.22 point deterioration	-

Total assets as of December 31, 2008 were 9,834.4 billion yen, a decrease of 696.3 billion yen from March 31, 2008. Interest-bearing debt increased 248.0 billion yen, to 2,779.5 billion yen. Stockholders' equity decreased 459.8 billion yen from March 31, 2008 to 1,710.8 billion yen due primarily to a decrease in retained earnings. As a result of the above changes, the stockholders' equity ratio decreased 3.2 percentage points from March 31, 2008 to 17.4%. The debt-to-equity ratio (including minority interests) was 0.99, 0.22 of a point worse than March 31, 2008.

### (2) Cash Flows

	Three months ended December 31, 2008			Nine months ended December 31, 2008		
	Yen (billions)	Year-over-year change	U.S. dollars (millions)	Yen (billions)	Year-over-year change	U.S. dollars (millions)
Cash flows from operating activities	(120.2)	(144.6)	(1,321)	126.6	(276.3)	1,392
Cash flows from investing activities	(134.1)	36.1	(1,475)	(376.9)	218.3	(4,142)
Free cash flows	(254.4)	(108.5)	(2,796)	(250.2)	(58.0)	(2,750)
Cash flows from financing activities	344.4	202.8	3,785	277.5	166.5	3,049

For the third quarter of fiscal 2008, operating activities used net cash of 120.2 billion yen, a 144.6 billion yen change from the net cash provided in the third quarter of fiscal 2007. This mainly reflected a decline in operating cash inflows accompanying lower revenues.

Investing activities used net cash of 134.1 billion yen, 36.1 billion yen less than in the third quarter of fiscal 2007, reflecting stricter selection of investments, including property, plant and equipment and share purchases.

Free cash flows, the sum of cash flows from operating and investing activities, were a negative 254.4 billion yen, 108.5 billion yen more than the third quarter of fiscal 2007.

Financing activities provided net cash of 344.4 billion yen, 202.8 billion yen more than the third quarter of fiscal 2007, because of an increase in short-term debt through the issuance of commercial paper.

### 3. Outlook for Fiscal 2008

	Year ending March 31, 2009		
	Yen (billions)	Year-over-year % change	U.S. dollars (millions)
Revenues	10,020.0	(11%)	101,212
Operating income	40.0	(88%)	404
Loss before income taxes and minority interests	(380.0)	-	(3,838)
Loss before minority interests	(710.0)	-	(7,172)
Net loss	(700.0)	-	(7,071)

Note: All fiscal 2008 outlook figures were converted using 99 yen to the U.S. dollar.

The overall business environment going forward is filled with increasing uncertainty, with financial markets remaining volatile in the wake of the collapse of Lehman Brothers and as economic conditions worsen in the U.S. and other industrialized nations. The economic outlook also remains unpredictable against a backdrop of concerns about slowing economic growth in China and emerging economies, the yen's run-up and falling share prices.

Under these conditions, Hitachi is now forecasting the results shown above for fiscal 2008. On January 30, 2009, Hitachi revised the fiscal 2008 forecasts announced on October 30, 2008.

Hitachi is assuming exchange rates of 90 yen to the U.S. dollar and 120 yen to the euro for the fourth quarter of fiscal 2008.

### **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:

- increased commoditization of information technology products and digital media related products and intensifying price competition 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 innovation, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- exchange rate fluctuation for the yen and other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated, particularly against the U.S. dollar and the euro;
- increases in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum and synthetic resins;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in product demand, exchange rate fluctuation and/or increases in the price of raw materials;
- general socio-economic and political conditions and the regulatory and trade environment of Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, including, without limitation, a return to stagnation or a deterioration of the Japanese economy, direct or indirect restrictions by other nations on imports, or differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property rights, particularly those related to electronics and data processing technologies;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity method affiliates have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- 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 other materials published by Hitachi.