

Outline of Consolidated Financial Results for the Second  
Quarter ended September 30, 2008

October 30, 2008

Hitachi, Ltd.

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September 30, 2008  
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2. Outlook for Fiscal 2008
3. Overview by Industry Segment

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# 1-1. Financial Results Highlights

## ● Highlights of Fiscal 2008 First-Half Results

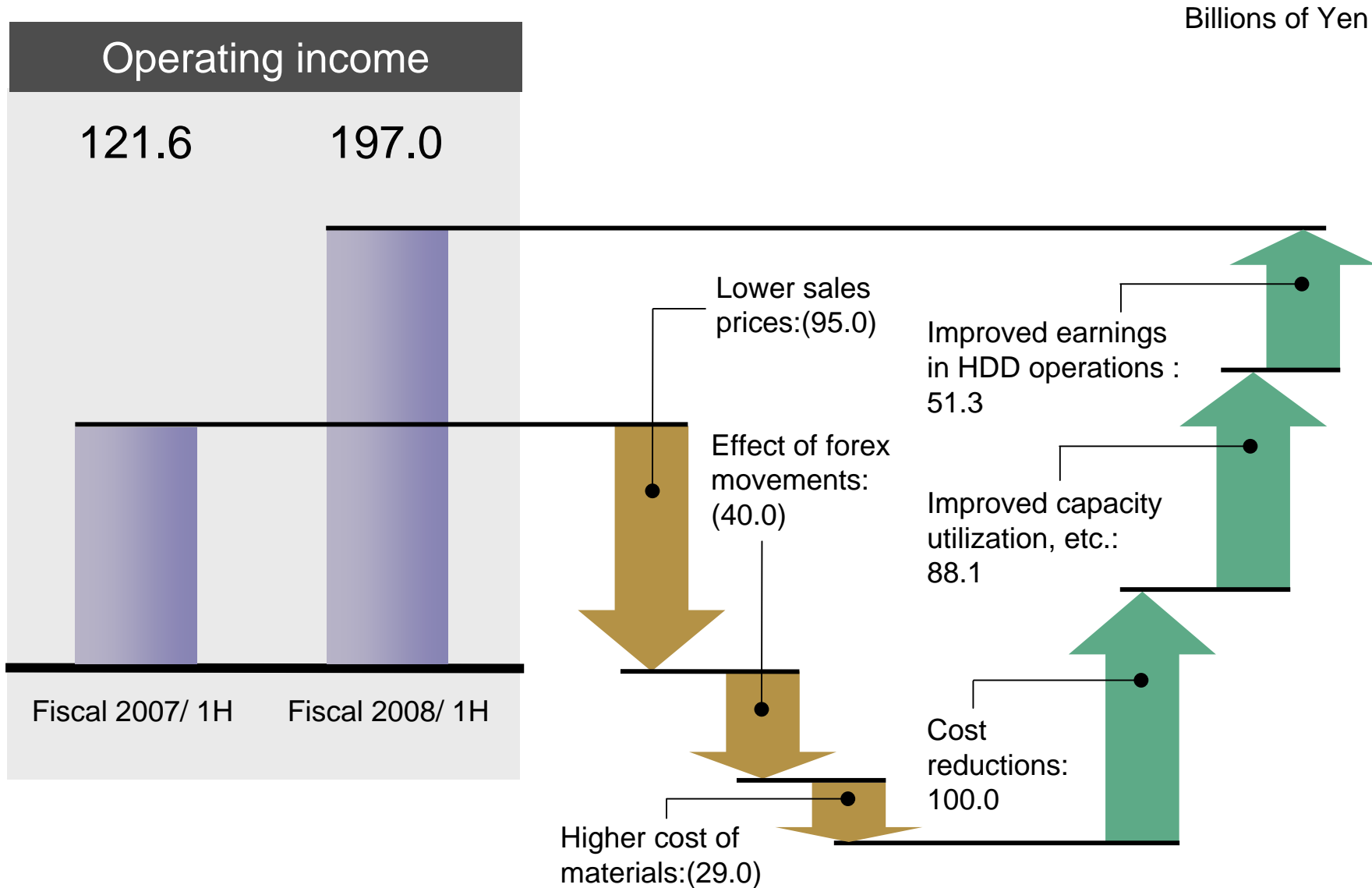
Revenues	<u>Up 1% year-over-year</u> ▪ Increases in Information & Telecommunication Systems and Power & Industrial Systems segments offset declines in Digital Media & Consumer Products and other segments
Operating income	<u>Rose 75.4 billion yen year-over-year</u> (72.0 billion yen better than May 13, 2008 forecasts) ▪ HDD operations profitable in the first half of fiscal 2008 following on from profitable fiscal 2007 fourth quarter ▪ Narrower loss in digital media products
Other income (other deductions)	▪ Booked impairment losses mainly on plasma glass panel component manufacturing facilities (approx. 40.0 billion yen) ▪ Recorded write down of securities due to falling share prices (approx. 10.0 billion yen)
Net income	<u>Improved 27.2 billion yen year-over-year</u> (Positive, in line with May 13, 2008 forecasts)
Free cash flows	<u>Positive 4.1 billion yen</u> (50.5 billion yen year-over-year improvement)

# 1-2. Consolidated Statements of Operations

Billions of Yen

	Fiscal 2007/ 1H	Fiscal 2008/ 1H	Year-over-year
Revenues	5,280.4	5,310.5	101%
Operating income	121.6	197.0	162%
Income before income taxes and minority interests	136.0	138.1	102%
Income taxes	100.1	73.8	74%
Income before minority interests	35.9	64.2	179%
Minority interests	49.0	50.0	102%
Net income(loss)	(13.0)	14.1	-

# 1-3. Major Factors for Change in Operating Income (Year-over-Year)



# 1-4. Revenues by Market

Billions of Yen

	Fiscal 2007/ 1H	Ratio	Fiscal 2008/ 1H	Ratio	Year-over-year
Japan	2,995.4	57%	3,008.2	57%	100%
Outside Japan	2,284.9	43%	2,302.3	43%	101%
Asia	1,028.2	19%	1,075.2	20%	105%
North America	520.1	10%	484.2	9%	93%
Europe	506.9	10%	508.2	10%	100%
Other Areas	229.6	4%	234.5	4%	102%
<b>Total</b>	<b>5,280.4</b>	<b>100%</b>	<b>5,310.5</b>	<b>100%</b>	<b>101%</b>

Ratio of overseas revenues was unchanged at 43%



# 1-5. Consolidated Balance Sheets

Billions of Yen

	As of March 31, 2008	As of Sept. 30, 2008	Change from March 31, 2008
Total assets	10,530.8	10,323.2	(207.6)
Total liabilities	7,217.7	6,993.0	(224.6)
Interest-bearing debt	2,531.5	2,477.6	(53.8)
Minority interests	1,142.5	1,172.0	29.5
Stockholders' equity	2,170.6	2,158.0	(12.5)
Stockholders' equity ratio	20.6%	20.9%	0.3 improvement
D/E ratio (Including minority interests)	0.76 times	0.74 times	0.02 improvement



# 1-6. Consolidated Statements of Cash Flows

Billions of Yen

	Fiscal 2007/ 1H	Fiscal 2008/ 1H	Year-over-year change
Cash flows from operating activities	378.5	246.9	(131.6)
Cash flows from investing activities	(424.9)	(242.7)	182.1
Free cash flows	(46.3)	4.1	50.5
Cash flows from financing activities	(30.5)	(66.9)	(36.3)

## 1-7. Consolidated Capital Investment, Consolidated R&D Expenditures

### (1) Consolidated capital investment

Billions of Yen

	Fiscal 2007/ 1H	Fiscal 2008/ 1H	Year-over-year
Consolidated capital investment	499.5	412.4	83%
Internal use assets	274.9	220.7	80%
Leasing assets	224.6	191.6	85%

### (2) Consolidated R&D expenditure

Billions of Yen

	Fiscal 2007/ 1H	Fiscal 2008/ 1H	Year-over-year
Consolidated R&D expenditure	208.8	210.6	101%
Percentage of revenues	4.0%	4.0%	-

# 1-8. Revenues by Industry Segment

Billions of Yen

	Fiscal 2007/ 1H	Fiscal 2008/ 1H	Year-over-year
Information & Telecommunication Systems	1,254.5	1,281.7	102%
Electronic Devices	643.3	641.1	100%
Power & Industrial Systems	1,598.3	1,693.8	106%
Digital Media & Consumer Products	728.0	695.5	96%
High Functional Materials & Components	933.5	921.1	99%
Logistics, Services & Others	618.7	574.9	93%
Financial Services	222.3	189.9	85%
Eliminations & Corporate items	(718.3)	(687.9)	-
<b>Total</b>	<b>5,280.4</b>	<b>5,310.5</b>	<b>101%</b>

# 1-9. Operating Income (Loss) by Industry Segment

Billions of Yen

	Fiscal 2007/ 1H	Fiscal 2008/ 1H	Year-over-year
Information & Telecommunication Systems	12.4	72.1	579%
Electronic Devices	25.8	28.5	111%
Power & Industrial Systems	63.6	63.5	100%
Digital Media & Consumer Products	(50.8)	(26.6)	-
High Functional Materials & Components	64.6	68.9	107%
Logistics, Services & Others	10.7	11.6	108%
Financial Services	12.9	7.4	58%
Eliminations & Corporate items	(17.7)	(28.5)	-
<b>Total</b>	<b>121.6</b>	<b>197.0</b>	<b>162%</b>

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## 2-1. Outlook for Fiscal 2008

Billions of Yen

	Fiscal 2007	Fiscal 2008 (Forecast)	Year-over-year
Revenues	11,226.7	10,900.0	97%
Operating income	345.5	410.0	119%
Income before income taxes and minority interests	324.7	310.0	95%
Income before minority interests	52.6	120.0	228%
Net income (loss)	(58.1)	15.0	-

## 2-2. Outlook for Fiscal 2008 Revenues by Industry Segment

Billions of Yen

	Fiscal 2007	Fiscal 2008 (Forecast)	Year-over-year
Information & Telecommunication Systems	2,761.1	2,630.0	95%
Electronic Devices	1,293.5	1,250.0	97%
Power & Industrial Systems	3,568.1	3,650.0	102%
Digital Media & Consumer Products	1,504.6	1,430.0	95%
High Functional Materials & Components	1,875.0	1,830.0	98%
Logistics, Services & Others	1,271.4	1,120.0	88%
Financial Services	445.4	400.0	90%
Eliminations & Corporate items	(1,492.6)	(1,410.0)	-
<b>Total</b>	<b>11,226.7</b>	<b>10,900.0</b>	<b>97%</b>



## 2-3. Outlook for Fiscal 2008 Operating Income (Loss) by Industry Segment

Billions of Yen

	Fiscal 2007	Fiscal 2008 (Forecast)	Year-over-year
Information & Telecommunication Systems	116.1	173.0	149%
Electronic Devices	54.0	43.0	80%
Power & Industrial Systems	138.4	157.0	113%
Digital Media & Consumer Products	(109.9)	(55.0)	-
High Functional Materials & Components	141.0	120.0	85%
Logistics, Services & Others	27.8	22.0	79%
Financial Services	25.4	20.0	78%
Eliminations & Corporate items	(47.5)	(70.0)	-
<b>Total</b>	<b>345.5</b>	<b>410.0</b>	<b>119%</b>

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# 3-1. Information & Telecommunication Systems (1)

## (1) Overview

Billions of Yen

	Fiscal 2007/ 1H	Fiscal 2008/ 1H	YoY	Fiscal 2008 (Forecast)	YoY
Revenues	1,254.5	1,281.7	102%	2,630.0	95%
Software/Services	594.8	610.7	103%	1,250.0	96%
Hardware	659.7	671.0	102%	1,380.0	95%
Operating income (loss)	12.4	72.1	579%	173.0	149%
Software/Services	37.7	46.2	123%	108.0	100%
Hardware	(25.3)	25.9	-	65.0	774%

YoY: Year-over-year

## (2) Overview of Financial Results for the First Half ended September 30, 2008

- Higher revenues and earnings in Software and Services
  - Increased revenues from system integration, particularly for financial institutions
  - Increased revenues from outsourcing and consulting businesses
  - Higher earnings due to increased revenues and stronger project management
  
- Higher revenues and return to profitability in Hardware
  - Higher sales of telecommunications networks and ATMs
  - Return to profitability in HDDs due to benefits of structural reforms
  - Increased earnings from telecommunications networks

## 3-1. Information & Telecommunication Systems (2)

### (3) Overview of Hard Disk Drive Business (HDD)

Millions of Dollars

	Fiscal 2007 First Half	Fiscal 2008 First Half	Year-over- year	Fiscal 2007 Third Quarter	Fiscal 2008 Third Quarter (Preliminary)	Year-over- year
	Jan. - Jun., 2007	Jan. - Jun., 2008		Jul. - Sep., 2007	Jul. - Sep., 2008	
Revenues	2,479	2,845	115%	1,450	1,477	102%
Operating income (loss)	(323)	118	-	(58)	85	-

### (4) Overview of HDD Business in the Third Quarter (Jul. - Sep.) of Fiscal 2008

- Profitable for four straight quarters since FY2007 4Q
  - Large cost reductions centered on heads and media
  - Timely launch of competitive new products and optimized product mix

## 3-2. Electronic Devices

### (1) Overview

Billions of Yen

	Fiscal 2007/ 1H	Fiscal 2008/ 1H	YoY	Fiscal 2008 (Forecast)	YoY
Revenues	643.3	641.1	100%	1,250.0	97%
Operating income	25.8	28.5	111%	43.0	80%

YoY: Year-over-year

### (2) Overview of Financial Results for the First Half ended September 30, 2008

- Lower revenues and earnings at Hitachi High-Technologies
  - Strong growth of medical analysis equipment to Europe
  - Lower revenues and earnings due to decreased demand for semiconductor-related production equipment
- Higher sales and return to profitability in display business
  - Focused business resources on small and medium-sized LCDs
  - Expansion of small and medium-sized IPS LCDs, particularly to high-value-added product market

## 3-3. Power & Industrial Systems

### (1) Overview

Billions of Yen

	Fiscal 2007/ 1H	Fiscal 2008/ 1H	YoY	Fiscal 2008 (Forecast)	YoY
Revenues	1,598.3	1,693.8	106%	3,650.0	102%
Operating income	63.6	63.5	100%	157.0	113%

YoY: Year-over-year

### (2) Overview of Financial Results for the First Half ended September 30, 2008

- Increased revenues and earnings in power systems business
  - Higher sales on expansion, especially overseas, in demand for coal-fired thermal power plant equipment with a lower environmental impact
  - Higher earnings in line with higher sales
- Lower sales in automotive systems business
  - Lower sales due to auto market downturn
- Higher revenues at Hitachi Construction Machinery
  - Increased revenues in overseas business, notably in China

## 3-4. Digital Media & Consumer Products

### (1) Overview

Billions of Yen

	Fiscal 2007/ 1H	Fiscal 2008/ 1H	YoY	Fiscal 2008 (Forecast)	YoY
Revenues	728.0	695.5	96%	1,430.0	95%
Operating loss	(50.8)	(26.6)	-	(55.0)	-

### (2) Overview of the Flat-Panel TV Business

YoY: Year-over-year

	Fiscal 2007/ 1H	Fiscal 2008/ 1H	Fiscal 2008(Forecast)
Plasma TV shipments	390,000 units	320,000 units	650,000 units
LCD TV shipments	310,000 units	330,000 units	850,000 units

### (3) Overview of Financial Results for the First Half ended September 30, 2008

- Revenues: Lower

- Lower revenues due to lower unit flat-panel TV sales resulting from narrowing down of sales channels and falling prices
- Lower revenues due to contraction in the overseas camcorder business
- Growth in air-conditioning equipment

- Operating loss: improved

- Smaller loss in the flat-panel TV business due to the benefits of structural reform initiatives



## 3-5. High Functional Materials & Components / Logistics, Services & Others / Financial Services

### (1) Overview of High Functional Materials & Components

Billions of Yen

	Fiscal 2007/ 1H	Fiscal 2008/ 1H	YoY	Fiscal 2008 (Forecast)	YoY
Revenues	933.5	921.1	99%	1,830.0	98%
Operating income	64.6	68.9	107%	120.0	85%

YoY: Year-over-year

### (2) Overview of Logistics, Services & Others

Billions of Yen

	Fiscal 2007/ 1H	Fiscal 2008/ 1H	YoY	Fiscal 2008 (Forecast)	YoY
Revenues	618.7	574.9	93%	1,120.0	88%
Operating income	10.7	11.6	108%	22.0	79%

### (3) Overview of Financial Services

Billions of Yen

	Fiscal 2007/ 1H	Fiscal 2008/ 1H	YoY	Fiscal 2008 (Forecast)	YoY
Revenues	222.3	189.9	85%	400.0	90%
Operating income	12.9	7.4	58%	20.0	78%

# 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.

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