

**FOR IMMEDIATE RELEASE**

**Hitachi Announces Consolidated Financial Results  
for the Third Quarter ended December 31, 2006**

Tokyo, February 5, 2007 --- Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced its consolidated financial results for the third quarter of fiscal 2006, ended December 31, 2006.

- Notes: 1. All figures, except for the outlook for fiscal 2006, were converted at the rate of 119 yen to the U.S. dollar, the approximate exchange rate on the Tokyo Foreign Exchange Market as of December 29, 2006.  
2. Segment information and operating income (loss) are presented in accordance with financial reporting principles and practices generally accepted in Japan.

**1. Business Results for the Three Months Ended December 31, 2006**

**(1) Summary of Fiscal 2006 Third Quarter Consolidated Business Results**

	Three months ended December 31, 2006		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	2,488.3	10%	20,910
Operating income	61.5	57%	517
Income before income taxes and minority interests	62.6	5%	526
Income before minority interests	26.3	9%	221
Net income	1.2	(77%)	11

During the third quarter, the world economy remained steady as a whole. The U.S. economy, although experiencing a continued slowdown in housing investment, was firm on the back of strength in consumer spending. Asian economies grew strongly, reflecting a sustained high growth rate in China and other factors. European economies,

meanwhile, grew moderately.

The Japanese economy was generally healthy on the back of higher plant and equipment investment amid the continued improvement in corporate earnings, although growth in consumer spending was lackluster.

Under these conditions, the Hitachi Group worked to strengthen its competitiveness on a consolidated basis. Hitachi continued to make substantial investments in businesses targeted for growth and, at the same time, pushed ahead with ongoing structural business reforms.

During the third quarter, in flat-panel TVs, a business targeted for growth, volume production of plasma display panels was started at a third plant operated by Fujitsu Hitachi Plasma Display Limited (FHP), helping efforts to reduce panel production costs. In terms of business restructuring, Hitachi made Clarion Co., Ltd. a subsidiary after conducting a tender offer for the company's shares, with the aim of bolstering the Car Information Systems (CIS) business. In another move, Hitachi and General Electric Company (GE) agreed to establish companies in Japan and the U.S. through joint investment as part of a global strategic alliance in the nuclear power business.

Hitachi's consolidated revenues increased 10%, to 2,488.3 billion yen. Revenues were higher year on year in the Information & Telecommunication Systems segment on strong growth in software and services and storage products; the Power & Industrial Systems segment, reflecting growth in automotive systems, sales at Hitachi Construction Machinery Co., Ltd. and other factors; and the High Functional Materials & Components segment, mainly due to growth in sales of electronics- and automotive-related components and materials.

Overseas revenues climbed 13%, to 1,067.7 billion yen. Revenues were higher in the Information & Telecommunication Systems, Power & Industrial Systems, High Functional Materials & Components and other segments, particularly in China, which is a focus of the Hitachi Group's efforts overseas. Overseas revenues accounted for 43% of total consolidated revenues, up 1 percentage point year on year.

Operating income climbed 57%, to 61.5 billion yen, despite an operating loss in the Digital Media & Consumer Products segment. The overall increase in operating income reflected higher earnings in the Information & Telecommunication Systems, Electronic Devices, Power & Industrial Systems and other segments.

Other income decreased 52%, to 14.3 billion yen on account of lower earnings from net gains on securities and other factors. Other deductions increased 41%, to 13.2 billion yen.

As a result, Hitachi recorded income before income taxes and minority interests of 62.6 billion yen, up 5% year on year. After income taxes of 36.3 billion yen, Hitachi posted income before minority interests of 26.3 billion yen. Net income declined 77%, to 1.2 billion yen year on year.

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

Results by segment were as follows.

### [Information & Telecommunication Systems]

	Three months ended December 31, 2006		
	Billions of Yen	Year-over-year % change	Millions of U.S. dollars
Revenues	582.7	14%	4,897
Operating income	6.4	-	55

Information & Telecommunication Systems revenues rose 14%, to 582.7 billion yen. Software and services saw strong growth in software sales and services, particularly to financial institutions. In hardware, there was growth in Hard Disk Drive (HDDs), telecommunications equipment and ATMs, among other products.

The segment recorded operating income of 6.4 billion yen, up from 0.5 billion yen a year earlier. Although the loss widened in HDD operations, there was growth in earnings from software, ATMs and other products.

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, 2006 include operating results of Hitachi GST for the three-month from July through September 2006.

### [Electronic Devices]

	Three months ended December 31, 2006		
	Billions of Yen	Year-over-year % change	Millions of U.S. dollars
Revenues	305.9	3%	2,571
Operating income	15.3	136%	129

Electronic Devices revenues were 305.9 billion yen, on a par with the previous fiscal year, reflecting lower revenues in the display business due to the transfer of operations

for large LCD TVs to equity-method affiliate IPS Alpha Technology, Ltd. and other factors, offset by strong sales at Hitachi High-Technologies Corporation.

Operating income climbed 136%, to 15.3 billion yen, mainly due to the display business regained profitability and higher earnings at Hitachi High-Technologies.

**[Power & Industrial Systems]**

	Three months ended December 31, 2006		
	Billions of Yen	Year-over-year % change	Millions of U.S. dollars
Revenues	676.9	12%	5,689
Operating income	27.7	114%	233

Power & Industrial Systems revenues increased 12%, to 676.9 billion yen due to higher sales in automotive systems and elevators and escalators, as well as strong sales, mainly outside Japan, at Hitachi Construction Machinery.

The segment posted operating income of 27.7 billion yen, 114% higher year on year, due to strong earnings at Hitachi Construction Machinery and higher earnings from elevators and escalators as well as other products.

Note: On April 1, 2006, Hitachi Air Conditioning Systems Co., Ltd. (Power & Industrial Systems segment) and Hitachi Home & Life Solutions, Inc. (Digital Media & Consumer Products segment) were merged to form Hitachi Appliances, Inc. The new company belongs to the Digital Media & Consumer Products segment.

**[Digital Media & Consumer Products]**

	Three months ended December 31, 2006		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	371.7	3%	3,124
Operating loss	(19.0)	-	(160)

Digital Media & Consumer Products segment revenues rose 3%, to 371.7 billion yen despite lower sales of digital media products such as plasma TVs and DVD recorders due to falling prices. The overall increase in revenues reflected the effect of merging Hitachi Air Conditioning Systems Co., Ltd. and Hitachi Home & Life Solutions, Inc. in April last year, and growth in sales of home appliances.

The segment posted an operating loss of 19.0 billion yen due to wider losses in flat-panel TVs, DVD recorders and other products.

**[High Functional Materials & Components]**

Three months ended December 31, 2006			
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	468.5	13%	3,938
Operating income	36.1	17%	303

Segment revenues rose 13%, to 468.5 billion yen on the back of higher sales at Hitachi Chemical Co., Ltd., mainly in the semiconductor-related field; strong sales growth at Hitachi Metals, Ltd., principally in the automotive-related field; and higher sales at Hitachi Cable, Ltd., mainly of wire and cables.

Operating income climbed 17%, to 36.1 billion yen due to strong growth in earnings at Hitachi Metals and Hitachi Cable, which more than offset lower earnings at Hitachi Chemical.

**[Logistics, Services & Others]**

Three months ended December 31, 2006			
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	329.4	4%	2,768
Operating income	3.2	191%	28

Segment revenues rose 4%, to 329.4 billion yen on firm sales at Hitachi Transport System, Ltd.

The segment posted operating income of 3.2 billion yen, up 191% year on year, the result of higher earnings at Hitachi Transport System and other factors.

**[Financial Services]**

Three months ended December 31, 2006			
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	130.4	3%	1,097
Operating income	6.2	(35%)	53

Segment revenues rose 3%, to 130.4 billion yen.

Segment operating income declined 35%, to 6.2 billion yen.

### (3) Revenues by Market

Three months ended December 31, 2006			
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Japan	1,420.6	8%	11,938
Overseas	1,067.7	13%	8,973
Asia	478.7	17%	4,023
North America	278.1	9%	2,337
Europe	219.8	11%	1,847
Other Areas	91.0	6%	765

Revenues in Japan increased 8%, to 1,420.6 billion yen.

Overseas revenues rose 13%, to 1,067.7 billion yen on growth in HDDs, electronics- and automotive-related components and materials, higher sales at Hitachi Construction Machinery and in other areas.

As a result, the ratio of overseas revenues to consolidated revenues rose by 1 percentage point year on year to 43%.

### (4) Financial Position

As of December 31, 2006			
	Billions of yen	Change from September 30, 2006	Millions of U.S. dollars
Total assets	10,753.8	476.3	90,368
Total liabilities	7,249.8	437.7	60,923
Interest-bearing debt	2,998.6	395.4	25,199
Minority interests	1,079.7	15.2	9,073
Stockholders' equity	2,424.3	23.3	20,372
Stockholders' equity ratio	22.5%	0.9 point deterioration	-
D/E ratio (including minority interests)	0.86 times	0.11 point deterioration	-

Total assets at December 31, 2006 were 10,753.8 billion yen, 476.3 billion yen more than at September 30, 2006 due to business restructuring, higher inventories and other factors. Interest-bearing debt increased 395.4 billion yen over the same period to 2,998.6 billion yen. Stockholders' equity rose 23.3 billion yen, to 2,424.3 billion yen. As a result, the stockholders' equity ratio fell 0.9 of a percentage point to 22.5%. The debt to equity ratio (including minority interests) was 0.86 times, which was mainly due to an increase in interest-bearing debt related to business restructuring expenditures such as outlays to acquire shares of Clarion and NEOMAX Co., Ltd. The Company plans to maintain the debt to equity ratio (including minority interests) of 0.8 or below through the end of March, 2007, by measures that include making

further use of the global pooling of group funds, accelerating the collection of accounts receivable and reducing inventories.

## (5) Cash Flows

	Three months ended December 31, 2006		
	Billions of yen	Year-over-year change	Millions of U.S. dollars
Cash flows from operating activities	(50.1)	(45.6)	(422)
Cash flows from investing activities	(297.2)	(162.1)	(2,498)
Free cash flows	(347.3)	(207.7)	(2,919)
Cash flows from financing activities	293.3	249.7	2,465

Operating activities used net cash of 50.1 billion yen, 45.6 billion yen more than the same period a year ago.

Investing activities used net cash of 297.2 billion yen, 162.1 billion yen more than the same period a year ago, an increase due mainly to the purchase of shares of Clarion and NEOMAX.

Free cash flows, the sum of cash flows from operating and investing activities, were an outflow of 347.3 billion yen, 207.7 billion yen more year on year.

Financing activities provided net cash of 293.3 billion yen, 249.7 billion yen more than in the same period a year ago, mainly due to higher borrowings.

## 2. Business Results for the Nine Months Ended December 31, 2006

### (1) Summary, Revenues and Operating Income (Loss) by Segment

#### Summary

	Nine months ended December 31, 2006		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	7,259.2	9%	61,002
Operating income	81.4	(30%)	684
Income before income taxes and minority interests	88.4	(38%)	743
Income (loss) before minority interests	(8.4)	-	(71)
Net income (loss)	(76.8)	-	(646)

## Revenues by Segment

	Nine months ended December 31, 2006		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	7,259.2	9%	61,002
Information & Telecommunication Systems	1,730.5	10%	14,542
Electronic Devices	951.8	8%	7,999
Power & Industrial Systems	1,957.7	4%	16,452
Digital Media & Consumer Products	1,130.4	16%	9,500
High Functional Materials & Components	1,338.8	14%	11,251
Logistics, Services & Others	940.3	6%	7,902
Financial Services	394.1	2%	3,312
Subtotal	8,443.9	9%	70,958
Eliminations & Corporate Items	(1,184.7)	-	(9,956)

## Operating Income (Loss) by Segment

	Nine months ended December 31, 2006		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Operating Income (Loss)	81.4	(30%)	684
Information & Telecommunication Systems	20.3	(14%)	171
Electronic Devices	39.4	151%	331
Power & Industrial Systems	(17.6)	-	(148)
Digital Media & Consumer Products	(53.5)	-	(450)
High Functional Materials & Components	99.9	27%	840
Logistics, Services & Others	11.2	40%	95
Financial Services	22.0	(14%)	185
Subtotal	121.9	(27%)	1,025
Eliminations & Corporate Items	(40.5)	-	(341)

The world economy in the nine months to December 31, 2006, a period including the third quarter of fiscal 2006, experienced generally firm growth due to solid economic expansion in the U.S. and Europe as well as strong growth in Asia, particularly in China, despite concerns such as the high price of raw materials.

The Japanese economy saw healthy growth due to factors such as higher plant and equipment investment and consumer spending.

In these circumstances, Hitachi's consolidated revenues for the nine months to December 31, 2006 increased 9%, to 7,259.2 billion yen. The Information & Telecommunication Systems segment posted higher revenues on the back of growth in sales of storage products, as did the Digital Media & Consumer Products segment due



to growth in flat-panel TVs and other areas, and the High Functional Materials & Components segment, mainly due to strong growth in sales of electronics- and automotive-related components and materials.

Operating income, however, declined 30% year on year, to 81.4 billion yen due to operating losses in the Power & Industrial Systems and Digital Media & Consumer Products segments, despite growth in the Electronic Devices, High Functional Materials & Components and other segments.

Other income was 52.4 billion yen, down 8% on the same period a year ago, the result of lower earnings from net gain on securities and other factors. Other deductions increased 42%, to 45.4 billion yen.

As a result, Hitachi recorded income before income taxes and minority interests of 88.4 billion yen, down 38% year on year. After income taxes of 96.8 billion yen, Hitachi posted a loss before minority interests of 8.4 billion yen. Hitachi also recorded a net loss of 76.8 billion yen, 71.3 billion yen more year on year.

## (2) Revenues by Market

	Nine months ended December 31, 2006		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Japan	4,240.9	5%	35,638
Overseas	3,018.3	15%	25,364
Asia	1,369.9	21%	11,512
North America	792.3	11%	6,659
Europe	600.2	12%	5,044
Other Areas	255.7	8%	2,149

Revenues in Japan rose 5% year on year, to 4,240.9 billion yen.

Overseas revenues climbed 15%, to 3,018.3 billion yen, the result of higher sales of HDDs, electronic-related components and materials and other products, particularly in the Chinese market, and year-on-year growth at Hitachi Construction Machinery, particularly in the North American and European markets.

As a result, the ratio of overseas revenues to consolidated revenues rose by 3 percentage points year on year to 42%.

### (3) Cash Flows

	Nine months ended December 31, 2006		
	Billions of yen	Year-over-year change	Millions of U.S. dollars
Cash flows from operating activities	127.3	(89.2)	1,070
Cash flows from investing activities	(604.9)	(214.3)	(5,083)
Free cash flows	(477.5)	(303.5)	(4,013)
Cash flows from financing activities	415.4	409.5	3,491

Operating activities provided net cash of 127.3 billion yen, 89.2 billion yen less than in the same period of the previous fiscal year.

Investing activities used net cash of 604.9 billion yen, 214.3 billion yen more than a year earlier, mainly due to the purchase of subsidiary shares.

Free cash flows, the sum of cash flows from operating and investing activities, were an outflow of 477.5 billion yen, 303.5 billion yen more than the same period a year ago.

Financing activities provided net cash of 415.4 billion yen, 409.5 billion yen more than a year earlier, mainly due to higher borrowings.

Cash and cash equivalents as of December 31, 2006 amounted to 604.4 billion yen, a decrease of 53.8 billion yen during the nine-month period, which includes the third quarter.

### 3. Consolidated business forecast for Fiscal 2006

	Fiscal 2006 ending March 31, 2007	
	Billions of yen	Year-over-year % change
Revenues	9,740.0	3%
Operating income	180.0	(30%)
Income before income taxes and minority interests	160.0	(42%)
Income before minority interests	25.0	(79%)
Net income (loss)	(55.0)	-

In terms of the outlook for the global economy, the Hitachi expects the U.S. economy to experience firm growth, supported by consumer spending and capital investment, despite slowing housing investment. Regarding Asian economies, China is expected to continue expanding strongly, while European economies are forecast to maintain their moderate growth. Overall, therefore, the global economy is expected to remain healthy.

The forecast for the Japanese economy is for firm expansion, underpinned by consumer spending, although the pace of economic growth is set to slow due to such factors as a downturn in exports, particularly to the U.S., and slowing capital investment.

Under these circumstances, Hitachi is forecasting the results shown above for fiscal 2006, the same as projections announced with interim results on October 31, 2006.

Hitachi will continue to make aggressive investments in targeted businesses while constantly executing business structural reforms to become more competitive.

In particular, Hitachi will push forward with ongoing initiatives to rapidly turnaround performance at the HDD and flat-panel TV businesses. And Hitachi will actively advance measures to strengthen targeted businesses such as the CIS business. Specifically, Xanavi Informatics Corporation, a wholly owned subsidiary of Hitachi, became a wholly owned subsidiary of Clarion in January 2007, while Clarion itself became a subsidiary of Hitachi in December 2006.

Regarding the nuclear power business, ongoing efforts are being made to resume operations at certain nuclear power plants affected by turbine damage after pinpointing the cause of this damage.

Projections assume an exchange rate of 117 yen to the U.S. dollar and 150 yen to the Euro for the fourth quarter of fiscal 2006.

## 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:

- 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;
- increasing commoditization of information technology products, and intensifying price competition in the market for such products, 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 restriction 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;
- 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.