

Revision of Business Forecasts for Fiscal 2001, ending March 31, 2002

February 28, 2002

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Executive Vice President and Director
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1 Forecast for Fiscal 2001

In billions of yen. Year-on-year comparison shown as percentage.

	Fiscal 2001			Fiscal 2000 (Year ended March 31, 2001)
	Revised forecast (A)	Previous forecast (B)	(B)-(A)	
Net sales	7,800 93%	7,900 94%	(100)	8,416
Operating income (loss)	(155) -	(30) -	(125)	342
Income (loss) before income taxes and minority interests	(580) -	(215) -	(365)	323
Income (loss) before minority interests	(495) -	(229) -	(266)	158
Net income (loss)	(480) -	(230) -	(250)	104

* Previous forecast was announced on October 30, 2001.

2 Forecast by Segment -- Net Sales

Net Sales-- Segment Information/Consolidated (*)

In billions of yen. Year-on-year comparison shown as percentage.

	Fiscal 2001 (The year ending March 31, 2002)		Fiscal 2000 (The year ended March 31, 2001)
	Revised forecast	Previous forecast (**)	
Information & Telecommunication Systems	1,770 99%	1,790 100%	1,796
Electronic Devices	1,460 73%	1,490 74%	2,011
Power & Industrial Systems	2,250 97%	2,260 97%	2,321
Digital Media & Consumer Products	1,180 112%	1,190 113%	1,053
High Functional Materials & Components	1,250 85%	1,290 88%	1,467
Logistics, Services & Others	1,430 89%	1,420 89%	1,599
Financial Services	560 94%	570 96%	592
Eliminations & Corporate Items	(2,100) -	(2,110) -	(2,424)
Total	7,800 93%	7,900 94%	8,416

* The Company has changed the industry segment classification from the year ending March 31, 2002.

Figures for the year ended March 31, 2001 have been restated to reflect the reclassification.

** Previous forecast was announced on October 30, 2001.

3 Forecast by Segment -- Operating Income (Loss)

Operating Income (Loss)-- Segment Information/Consolidated (*)

In billions of yen. Year-on-year comparison shown as percentage.

	Fiscal 2001 (The year ending March 31, 2002)		Fiscal 2000 (The year ended March 31, 2001)
	Revised forecast	Previous forecast (**)	
Information & Telecommunication Systems	14 29%	39 80%	48
Electronic Devices	(191) -	(150) -	118
Power & Industrial Systems	59 76%	74 96%	77
Digital Media & Consumer Products	(17) -	(2) -	1
High Functional Materials & Components	(6) -	5 6%	83
Logistics, Services & Others	4 47%	10 119%	8
Financial Services	35 79%	43 97%	44
Eliminations & Corporate Items	(53) -	(49) -	(39)
Total	(155) -	(30) -	342

* The Company has changed the industry segment classification from the year ending March 31, 2002. Figures for the year ended March 31, 2001 have been restated to reflect the reclassification.

** Previous forecast was announced on October 30, 2001.

Plans for Completion of Emergency Management Measures and Initiatives to Enhance Competitiveness

- Toward Restoring Business Performance in Fiscal 2002 -

February 28, 2002

Etsuhiko Shoyama
President and Director
Hitachi, Ltd.

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1-1 Emergency Management Measures


Moving Forward to Recovery in Fiscal 2002

- Restructuring Businesses**
- Boosting Management Efficiency**
- Business Alliances and Progress of Restructuring**

1-2 Effects of Business Restructuring


**Reduce fixed costs for FY2002
by 200 billion yen year on year**

<Personnel Cost Reductions>

- 
- Reduce number of employees by 20,930 by June 2002 (consolidated basis)
 - Lower the monthly salaries of management-level staff by 5% average

Cost reductions of approx. 110 billion yen

<Business Restructuring>

- 
- Reorganization of production centers in semiconductor and consumer products business
 - Withdrawal from CPT for PC monitors business

Positive effects on earning of approx. 90 billion yen

1-3 Boosting Management Efficiency (1)

Accelerating the Corporate Innovation Initiative

>Procurement Renewal Project

Consolidated procurement costs: Reduce 20% over the two years through March 2003

Beneficial effect of cost reductions on earnings:

FY01 260 billion yen  FY02 640 billion yen

>Project C

Reduce number of days it takes to turn over inventory and accounts receivable by 25% (by March 2003)

- 1 trillion yen improvement in cash flows (cumulative)

- Expecting shortened inventory and accounts receivable turnover periods by 15% by March 31, 2002

- Projected to result in on 800 billion yen cumulative improvement in cash flow

1-3 Boosting Management Efficiency (2)

>Project A

- Develop businesses and services aimed at securing world leadership positions within 2 to 3 years

Sales Target FY01 1,140 billion yen FY02 1,440 billion yen

>Globalization Strategy

- Focus on solutions market in Europe and North America
- Improve information systems and social infrastructure in China and Asia

Overseas sales ratio: Fiscal 2002 40%
Fiscal 2005 roughly 45%

>Project E

- Invest 15 billion yen by the end of March 2003
- Build real-time administrative system

Speed up business restructuring process by applying IT

1-4 Business Alliances and Progress of Restructuring

Beneficial Effect: FY01 34 billion yen FY02 95 billion yen

Major initiatives announced in fiscal 2001

-Semiconductors:

Business restructuring measures, including selection and concentration of resources in key businesses, and consolidation of production centers (October 2001); conversion of Trecenti Technologies, Inc. into a wholly owned subsidiary (April 2002)

-Displays:

Withdrawal from CPTs for PC monitors (fiscal 2001) business; withdrawal from cathode ray tubes for direct view TVs business in North America (April 2002); split-off of Display Products Group as a separate company (October 2002)

-Industrial components and equipment:

Split-off of the industrial components and equipment business as a separate company (April 1, 2002)

-Digital media:

Termination of TV and audio equipment production in Singapore (September 2001); termination of TV production in the UK (December 2001)

-Consumer products:

Split-off of consumer products business as separate company (April 1, 2002)

-Hitachi Transport System, Ltd.:

Sale of Tokyo Monorail Co., Ltd. to the East Japan Railway Company (February 22, 2002)

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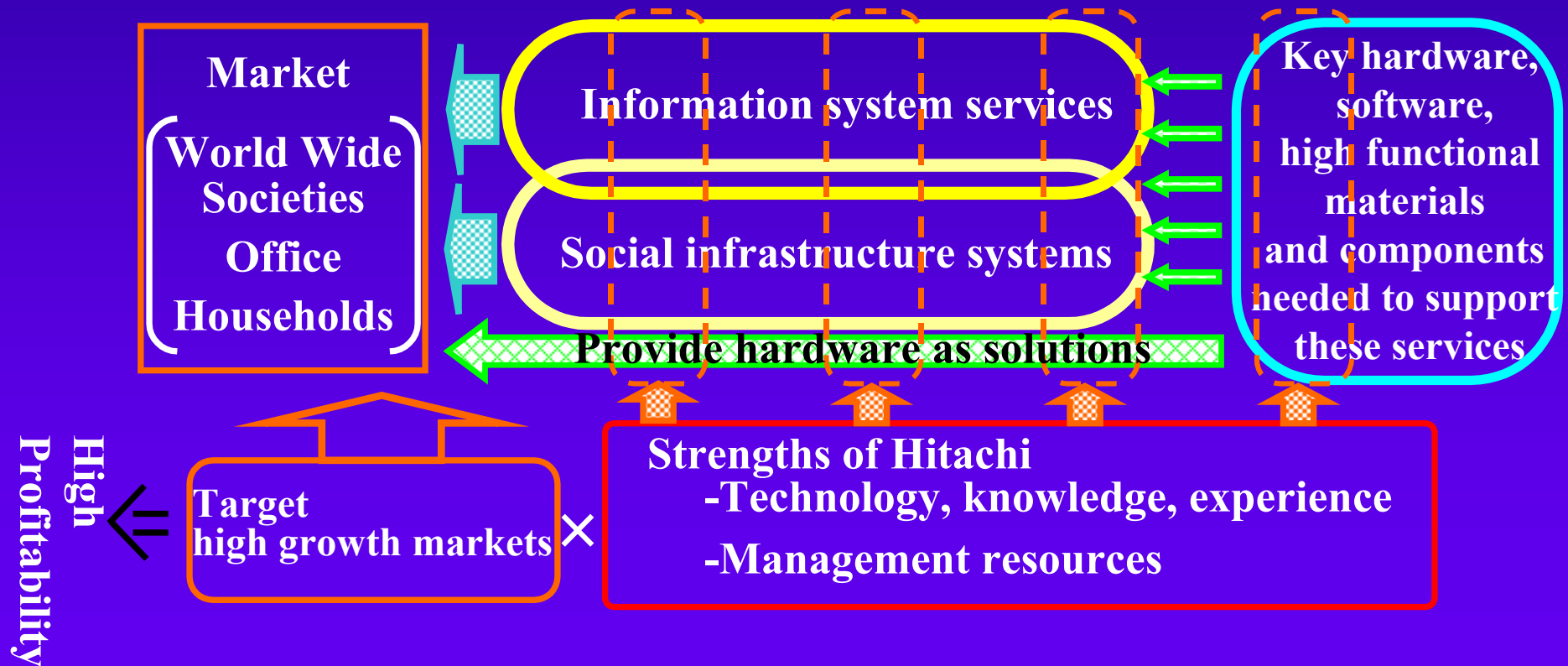
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2-1 Fundamental Strategy

We must be a source of information system services and social infrastructure systems embodying "IT and knowledge" and supply the key hardware, software, highly functional materials and components needed to support these services. Our goal is to become a global supplier capable of offering comprehensive solutions.



2-2 Clear Standards for Making Investments and Withdrawal

Clear standards for making investments and withdrawing from ongoing operations, given by FIV index.

If FIV index shows:

Profitability on a single-year basis within three years and accumulated profits within five years



Negative for two consecutive years

Warning signal

No rebuilding plan is approved at this time
Does not become profitable within two years

Recommend withdrawal

FIV=
After-tax earnings —
invested capital ×
cost of capital (%)
*Cost of capital also reflects
human resources

2-3 Consolidated Policies: Clarify Roles Within Hitachi Group

-Solutions for information system services and social infrastructures will be provided directly by Hitachi, Ltd. in its role as an operating holding company

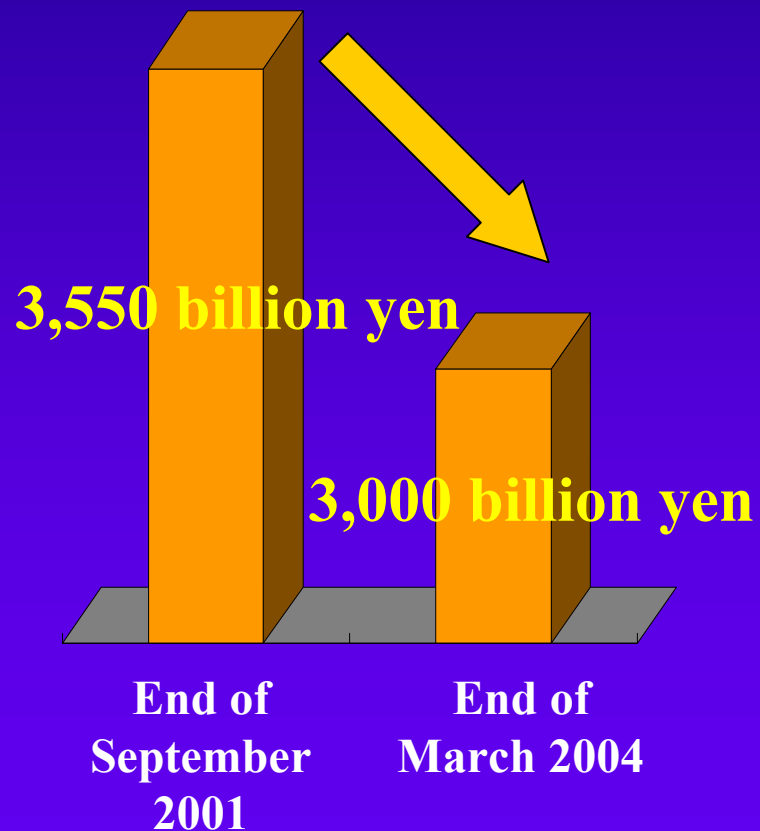
-Hardware, software and highly-functional materials that underpin these solutions will be used to tap the unique strengths of each group company. Products and services of special significance will be handled by wholly owned subsidiaries to create a unified base of operations for each.

-The number of affiliated companies will be reduced by about 300 during the next three years.

2-4 Financial Strategy

Reducing interest-bearing debt

Reducing the debt-equity ratio
from 1 to 0.8



Target Rating

Keep long-term debt rating at A or higher

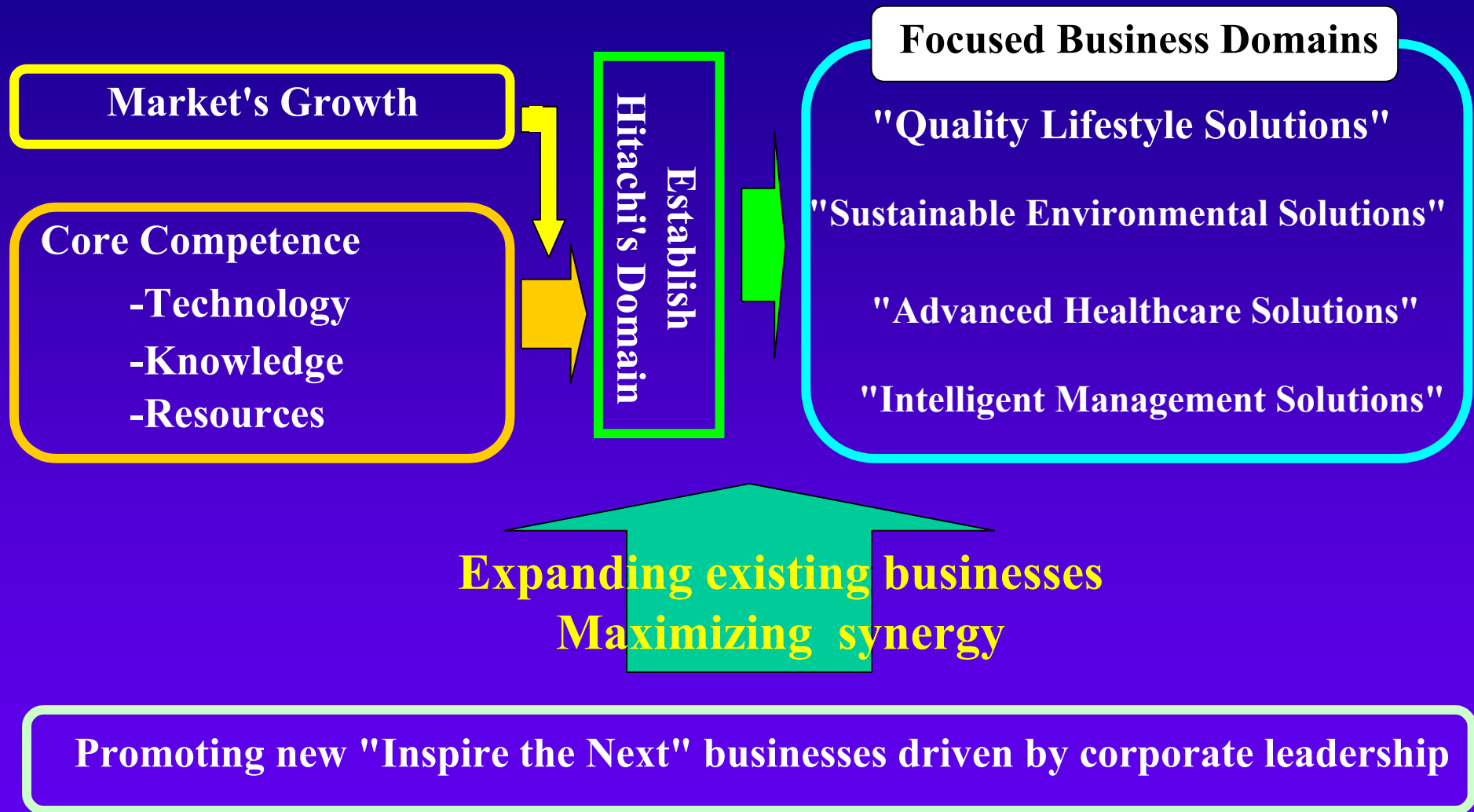
→ -Streamline the balance sheet

-Achieve a level of financial soundness
equivalent to an AA rating

Availability of funds for large-scale projects

To ensure the availability of funds
for large-scale projects, we will
continue to implement Project C.
We will also conduct strategic sales
of assets and businesses when the
timing is appropriate.

2-5 Promoting the Development of “Inspire the Next” Businesses



2-6 Focused Business Domains

"Quality Lifestyle Solutions"

Using IT to build a ubiquitous information society

"Sustainable Environmental Solutions"

Providing safe social infrastructure with energy and environmental technologies

"Advanced Healthcare Solutions"

Commercializing biotechnology to bring assurance to people's lives

"Intelligent Management Solutions"

Drawing on our wealth of experience and technology to contribute to corporate innovation

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3. Aim and Mission

Hitachi will be your

"Best Solutions Partner"

based on

**information system services and
social infrastructure systems**