

Outline of Consolidated Financial Results for Fiscal 2006

May 16, 2007

Hitachi, Ltd.

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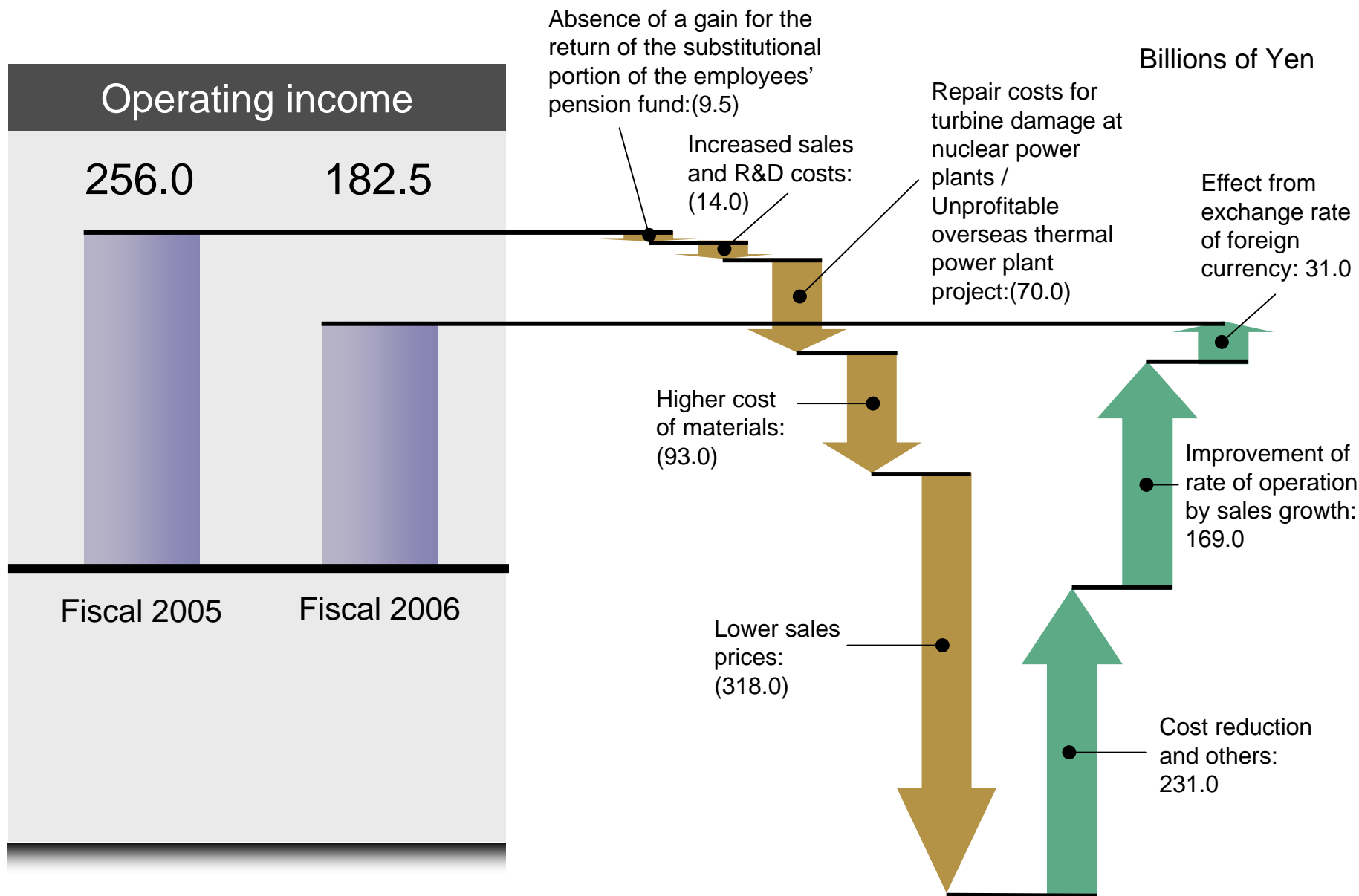
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1-1. Summary of Financial Results for Fiscal 2006

Billions of Yen

	Fiscal 2005	Fiscal 2006	Year-over-year % change
Revenues	9,464.8	10,247.9	108%
Operating income	256.0	182.5	71%
Income before income taxes and minority interests	274.8	202.3	74%
Income before minority interests	120.5	39.5	33%
Net income (loss)	37.3	(32.7)	-

1-2. Major Factors of Change in Operating Income (Year-over-year)



1-3. Revenues by Market

Billions of Yen

	Fiscal 2005	Ratio	Fiscal 2006	Ratio	Year-over-year % change
Japan	5,825.1	62%	6,093.6	59%	105%
Outside Japan	3,639.6	38%	4,154.2	41%	114%
Asia	1,619.2	17%	1,859.6	18%	115%
North America	968.9	10%	1,057.3	10%	109%
Europe	748.4	8%	869.0	9%	116%
Other Areas	302.9	3%	368.2	4%	122%
Total	9,464.8	100%	10,247.9	100%	108%

Ratio of Overseas Revenues 41%

1-4. Consolidated Statements of Operations

Billions of Yen

	Fiscal 2005	Fiscal 2006	Year-over-year % change
Revenues	9,464.8	10,247.9	108%
Operating income	256.0	182.5	71%
Income before income taxes and minority interests	274.8	202.3	74%
Income taxes	154.3	162.8	105%
Income before minority interests	120.5	39.5	33%
Minority interests	83.1	72.3	87%
Net income (loss)	37.3	(32.7)	-

1-5. Consolidated Balance Sheets

Billions of Yen

	As of March 31, 2006	As of March 31, 2007	Change from March 31, 2006
Total assets	10,021.1	10,644.2	623.0
Total liabilities	6,476.6	7,127.7	651.0
Interest-bearing debt	2,419.0	2,687.4	268.4
Minority interests	1,036.8	1,073.7	36.9
Stockholders' equity	2,507.7	2,442.7	(64.9)
Stockholders' equity ratio	25.0%	22.9%	(2.1)
D/E Ratio (Including minority interests)	0.68 times	0.76 times	+0.08

1-6. Consolidated Statements of Cash Flows

Billions of Yen

	Fiscal 2005	Fiscal 2006	Year-over-year change
Cash flows from operating activities	690.8	615.0	(75.8)
Cash flows from investing activities	(501.3)	(786.1)	(284.8)
Free cash flows	189.5	(171.1)	(360.6)
Cash flows from financing activities	(261.6)	121.2	382.8

(1) Consolidated capital investment

Billions of Yen

	Fiscal 2005	Fiscal 2006	Year-over-year % change
Consolidated capital investment	954.7	1,048.5	110%
Internal use assets	397.4	522.9	132%
Leasing assets	557.2	525.5	94%

(2) Consolidated R&D expenditure

Billions of Yen

	Fiscal 2005	Fiscal 2006	Year-over-year % change
Consolidated R&D expenditure	405.0	412.5	102%
Percentage of revenues	4.3%	4.0%	-

1-8. Revenues by Industry Segment

Billions of Yen

	Fiscal 2005	Fiscal 2006	Year-over-year % change
Information & Telecommunication Systems	2,360.9	2,472.2	105%
Electronic Devices	1,204.4	1,287.4	107%
Power & Industrial Systems	2,805.1	3,022.2	108%
Digital Media & Consumer Products	1,305.6	1,506.0	115%
High Functional Materials & Components	1,600.2	1,794.5	112%
Logistics, Services & Others	1,214.7	1,213.5	100%
Financial Services	517.9	500.0	97%
Eliminations & Corporate items	(1,544.3)	(1,548.2)	-
Total	9,464.8	10,247.9	108%

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

Billions of Yen

	Fiscal 2005	Fiscal 2006	Year-over-year % change
Information & Telecommunication Systems	84.6	60.3	71%
Electronic Devices	20.4	45.7	224%
Power & Industrial Systems	92.5	36.3	39%
Digital Media & Consumer Products	(35.7)	(58.4)	-
High Functional Materials & Components	110.0	132.3	120%
Logistics, Services & Others	19.5	20.2	104%
Financial Services	35.0	23.5	67%
Eliminations & Corporate items	(70.4)	(77.7)	-
Total	256.0	182.5	71%

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2-1. Outlook for Fiscal 2007

Billions of Yen

	Fiscal 2006	Fiscal 2007 (Forecast)	Year-over-year % change
Revenues	10,247.9	10,500.0	102%
Operating income	182.5	290.0	159%
Income before income taxes and minority interests	202.3	300.0	148%
Income before minority interests	39.5	130.0	329%
Net income (loss)	(32.7)	40.0	-

2-2. Outlook for Revenues of Fiscal 2007 by Industry Segment

Billions of Yen

	Fiscal 2006	Fiscal 2007 (Forecast)	Year-over-year % change
Information & Telecommunication Systems	2,472.2	2,420.0	98%
Electronic Devices	1,287.4	1,235.0	96%
Power & Industrial Systems	3,022.2	3,400.0	112%
Digital Media & Consumer Products	1,506.0	1,630.0	108%
High Functional Materials & Components	1,794.5	1,810.0	101%
Logistics, Services & Others	1,213.5	1,200.0	99%
Financial Services	500.0	480.0	96%
Eliminations & Corporate items	(1,548.2)	(1,675.0)	-
Total	10,247.9	10,500.0	102%

2-3. Outlook for Operating Income (Loss) of Fiscal 2007 by Industry Segment

Billions of Yen

	Fiscal 2006	Fiscal 2007 (Forecast)	Year-over-year % change
Information & Telecommunication Systems	60.3	73.0	121%
Electronic Devices	45.7	43.0	94%
Power & Industrial Systems	36.3	120.0	330%
Digital Media & Consumer Products	(58.4)	(15.0)	-
High Functional Materials & Components	132.3	127.0	96%
Logistics, Services & Others	20.2	18.0	89%
Financial Services	23.5	22.0	93%
Eliminations & Corporate items	(77.7)	(98.0)	-
Total	182.5	290.0	159%

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(1) Overview

Billions of Yen

	Fiscal 2005	Fiscal 2006	Year-over-year % change	Fiscal 2007 (Forecast)	Year-over-year % change
Revenues	2,360.9	2,472.2	105%	2,420.0	98%
Software/Services	1,055.7	1,145.3	108%	1,100.0	96%
Hardware	1,305.1	1,326.9	102%	1,320.0	99%
Operating income (loss)	84.6	60.3	71%	73.0	121%
Software/Services	83.6	84.2	101%	82.0	97%
Hardware	1.0	(24.0)	—	(9.0)	—

(2) Overview of the Fiscal 2006

● Revenues

[Increase of 5%]

- Growth in Software/Services
 - Healthy growth in solutions for financial institutions, outsourcing businesses
- Growth in Hardware
 - Higher sales of storage products and ATMs

● Operating income (loss)

[Decrease of 29%]

- Flat in Software/Services
 - Increase in earnings in services covered absence of a gain recorded in fiscal 2005 for the return of the substitutional portion of the employees' pension fund
- Losses in Hardware
 - Growth in disk array subsystems
 - Increased development costs of the next-generation telecommunications equipment and servers
 - Larger loss in hard disk drive operations

(3) Outlook for Fiscal 2007

- Healthy growth in disk array subsystems
- Profit recovery in PC and server businesses
- Narrower losses in hard disk drive business

(4) Key Initiatives

- Expand platform business in global market based on competitive products
- Turn the system solutions business into highly profitable business
- Expand the service/global business centered on consulting business

(5) Overview of Hard Disk Drive Business

Billions of Yen

	Fiscal 2005 (Jan. 2005- Dec.2005)	Fiscal 2006 (Jan. 2006- Dec.2006)	Year-over- year % change	Fiscal 2007 (Forecast) (Jan. 2007- Dec.2007)	Year-over- year % change
Revenues	496.5	568.1	114%	638.0	112%
Operating loss	(27.0)	(43.7)	—	(33.0)	—

(6) Key Initiatives in Hard Disk Drive Business

- Accelerate delivery of new products
 - New product ratio of 75% in fiscal 2007
 - Focusing management resources on 2.5-inch, 3.5-inch and Enterprise drives
- Thorough cost reduction
 - Increasing efficiency through reorganization of manufacturing/development sites
 - Continuous fixed costs reduction
 - Yield improvement and scrap cost reduction
- Manufacturing capacity growth through productivity improvement
 - Establishing new flexible production systems responsive to market demand changes

(1) Overview

Billions of Yen

	Fiscal 2005	Fiscal 2006	Year-over-year % change	Fiscal 2007 (Forecast)	Year-over-year % change
Revenues	1,204.4	1,287.4	107%	1,235.0	96%
Display business	191.6	200.3	105%	200.0	100%
Operating income (loss)	20.4	45.7	224%	43.0	94%
Display business	(22.8)	0.5	—	2.0	360%

(2) Overview of the Fiscal 2006

● Revenues

[Increase of 7%]

- Growth in sales of display products by focusing management resources on small and medium-sized LCDs
- Higher sales at Hitachi High-Technologies

● Operating income (loss)

[Increase of 124%]

- Display business moved into the black due to the success of reform initiatives
- Hitachi High-Technologies reported higher earnings

(3) Outlook for Fiscal 2007

- Maintain the profitability in display business

(1) Overview

Billions of Yen

	Fiscal 2005	Fiscal 2006	Year-over-year % change	Fiscal 2007 (Forecast)	Year-over-year % change
Revenues	2,805.1	3,022.2	108%	3,400.0	112%
Operating income	92.5	36.3	39%	120.0	330%

(2) Overview of the Fiscal 2006

● Revenues

[Increase of 8%]

- Growth in sales of Hitachi Construction Machinery, elevators and escalators, and industrial equipment
- Revenues increased due to the consolidation of Clarion Co., Ltd.

● Operating income

[Decrease of 61%]

- Higher earnings from Hitachi Construction Machinery, automotive systems, elevators and escalators and industrial equipment
- Lump-sum charges for repair costs for turbine damage at nuclear power plants and cost overruns in construction at an overseas thermal power plant

(3) Outlook for Fiscal 2007

- Power systems business will return to profitability in fiscal 2007 by expanding and strengthening overseas projects
- Steady growth at Hitachi Construction Machinery and in industrial equipment

(1) Overview

Billions of Yen

	Fiscal 2005	Fiscal 2006	Year-over-year % change	Fiscal 2007 (Forecast)	Year-over-year % change
Revenues	1,305.6	1,506.0	115%	1,630.0	108%
Operating loss	(35.7)	(58.4)	—	(15.0)	—

(2) Overview of the Fiscal 2006

● Revenues

[Increase of 15%]

- Growth in plasma and other flat-panel TVs and DVD camcorders
- Growth in high-value-added models of refrigerator and washer-dryers
- Revenues increased due to merger of Hitachi Air Conditioning Systems (Power & Industrial Systems segment) with Hitachi Home & Life Solutions

● Operating loss

[Increased the loss]

- Price erosion of flat-panel TVs, DVD recorders and other products
- Sluggish sales of room air conditioners

(3) Outlook for Fiscal 2007

- Flat-panel TV business aims to return to profitability in fiscal 2007
- Expect costs for optimizing product mix by reducing low-profit products

(4) Overview of Flat-Panel TV Business

units

	Fiscal 2005	Fiscal 2006	Fiscal 2007 (Forecast)
Plasma TV shipments	480,000	770,000	1,400,000
LCD TV shipments	270,000	510,000	800,000

(5) Key Initiatives in Flat-panel TV Business

- Efficient investment strategy
 - Focusing management resources on development of large-screen products and sales in North America and Japan
 - Quicker recovery of investment by improving production efficiency
- Rigorous cost-cutting
- Ensure quality and volume through "collaborative creation"
- Promote optimal business portfolio mix in terms of products and regions centered on plasma TVs
- Establish Supply Chain Management (SCM) system in 5 plants worldwide

(1) Overview

Billions of Yen

	Fiscal 2005	Fiscal 2006	Year-over-year % change	Fiscal 2007 (Forecast)	Year-over-year % change
Revenues	1,600.2	1,794.5	112%	1,810.0	101%
Operating income	110.0	132.3	120%	127.0	96%

(2) Overview of the Fiscal 2006

● Revenues

[Increase of 12%]

- Hitachi Metals: Growth mainly in electronics- and automotive-related fields
- Hitachi Chemical: Growth mainly in semiconductor-related field
- Hitachi Cable: Growth mainly in wires and cables

● Operating income

[Increase of 20%]

- Increase in earnings at Hitachi Metals, Hitachi Chemical and Hitachi Cable due to higher sales, cost-cutting and etc.

(3) Outlook for Fiscal 2007

- Continued growth at Hitachi Metals and Hitachi Chemical
- Profit decline at Hitachi Cable

(1) Overview of Logistics, Services & Others

Billions of Yen

	Fiscal 2005	Fiscal 2006	Year-over-year % change	Fiscal 2007 (Forecast)	Year-over-year % change
Revenues	1,214.7	1,213.5	100%	1,200.0	99%
Operating income	19.5	20.2	104%	18.0	89%

(2) Overview of Financial Services

Billions of Yen

	Fiscal 2005	Fiscal 2006	Year-over-year % change	Fiscal 2007 (Forecast)	Year-over-year % change
Revenues	517.9	500.0	97%	480.0	96%
Operating income	35.0	23.5	67%	22.0	93%

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.

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