

Outline of Consolidated Financial Results for Fiscal 2007

May 13, 2008

Hitachi, Ltd.

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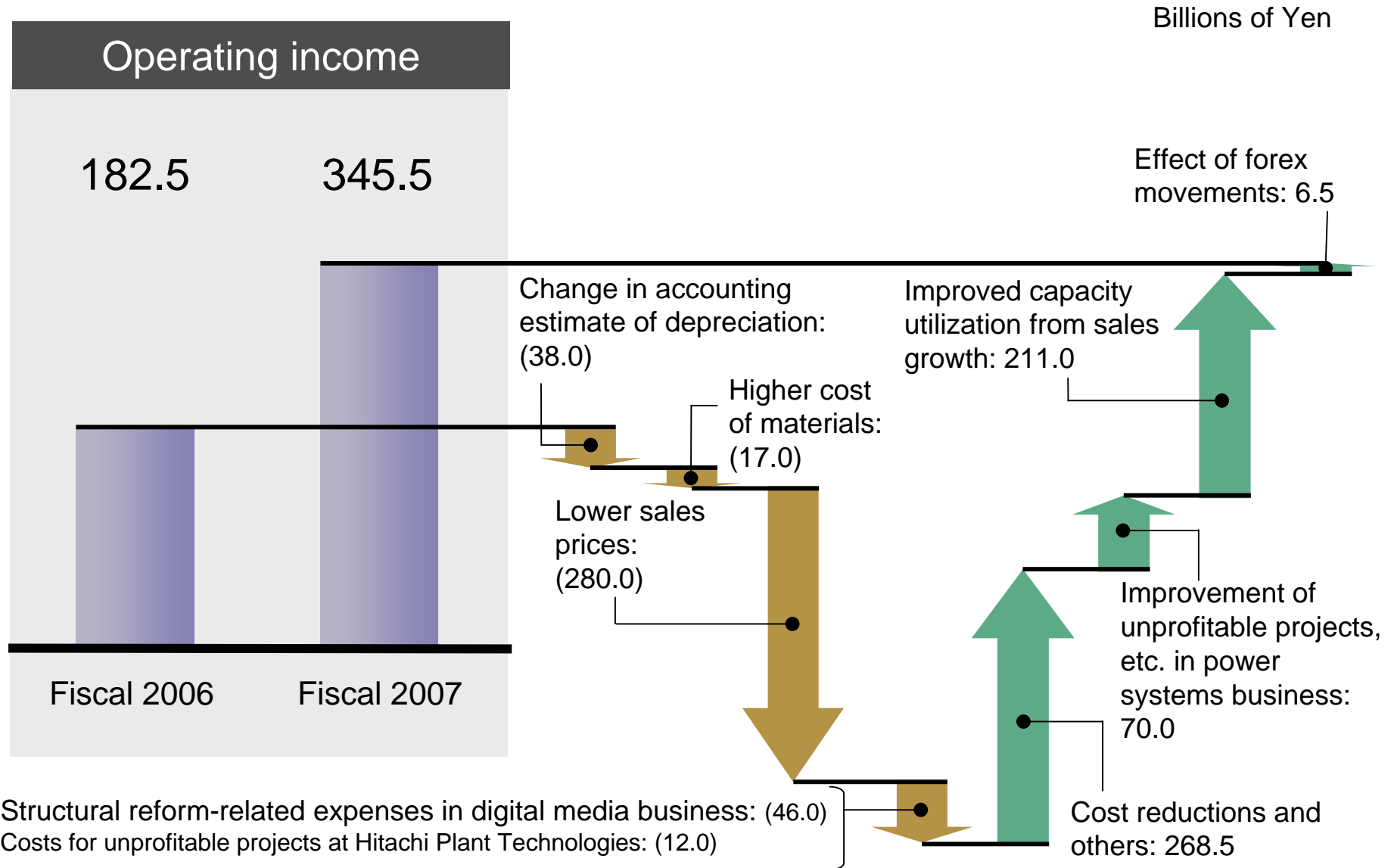
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1-1. Summary of Financial Results for Fiscal 2007

Billions of Yen

	Fiscal 2006	Fiscal 2007	Year-over-year
Revenues	10,247.9	11,226.7	110%
Operating income	182.5	345.5	189%
Income before income taxes and minority interests	202.3	324.7	161%
Income before minority interests	39.5	52.6	133%
Net loss	(32.7)	(58.1)	-

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



1-3. Revenues by Market

Billions of Yen

	Fiscal 2006	Ratio	Fiscal 2007	Ratio	Year-over-year
Japan	6,093.6	59%	6,484.4	58%	106%
Outside Japan	4,154.2	41%	4,742.2	42%	114%
Asia	1,859.6	18%	2,167.1	19%	117%
North America	1,057.3	10%	1,023.7	9%	97%
Europe	869.0	9%	1,073.8	10%	124%
Other Areas	368.2	4%	477.4	4%	130%
Total	10,247.9	100%	11,226.7	100%	110%

Ratio of overseas revenues rose from 41% to 42%

1-4. Consolidated Statements of Operations

Billions of Yen

	Fiscal 2006	Fiscal 2007	Year-over-year
Revenues	10,247.9	11,226.7	110%
Operating income	182.5	345.5	189%
Income before income taxes and minority interests	202.3	324.7	161%
Income taxes	162.8	272.1	167%
Income before minority interests	39.5	52.6	133%
Minority interests	72.3	110.7	153%
Net loss	(32.7)	(58.1)	-

1-5. Consolidated Balance Sheets

Billions of Yen

	As of March 31, 2007	As of March 31, 2008	Change from March 31, 2007
Total assets	10,644.2	10,530.8	(113.4)
Total liabilities	7,127.7	7,217.7	90.0
Interest-bearing debt	2,687.4	2,531.5	(155.9)
Minority interests	1,073.7	1,142.5	68.7
Stockholders' equity	2,442.7	2,170.6	(272.1)
Stockholders' equity ratio	22.9%	20.6%	(2.3 points)
D/E ratio (Including minority interests)	0.76 times	0.76 times	-

1-6. Consolidated Statements of Cash Flows

Billions of Yen

	Fiscal 2006	Fiscal 2007	Year-over-year change
Cash flows from operating activities	615.0	791.8	176.7
Cash flows from investing activities	(786.1)	(637.6)	148.5
Free cash flows	(171.1)	154.2	325.3
Cash flows from financing activities	121.2	(185.5)	(306.8)

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

(1) Consolidated capital investment

Billions of Yen

	Fiscal 2006	Fiscal 2007	Year-over-year
Consolidated capital investment	1,048.5	969.0	92%
Internal use assets	522.9	512.4	98%
Leasing assets	525.5	456.6	87%

(2) Consolidated R&D expenditures

Billions of Yen

	Fiscal 2006	Fiscal 2007	Year-over-year
Consolidated R&D expenditures	412.5	428.1	104%
Percentage of revenues	4.0%	3.8%	-

1-8. Revenues by Industry Segment

Billions of Yen

	Fiscal 2006	Fiscal 2007	Year-over-year
Information & Telecommunication Systems	2,472.2	2,761.1	112%
Electronic Devices	1,287.4	1,293.5	100%
Power & Industrial Systems	3,022.2	3,568.1	118%
Digital Media & Consumer Products	1,506.0	1,504.6	100%
High Functional Materials & Components	1,794.5	1,875.0	104%
Logistics, Services & Others	1,213.5	1,271.4	105%
Financial Services	500.0	445.4	89%
Eliminations & Corporate items	(1,548.2)	(1,492.6)	-
Total	10,247.9	11,226.7	110%

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

Billions of Yen

	Fiscal 2006	Fiscal 2007	Year-over-year
Information & Telecommunication Systems	60.3	116.1	192%
Electronic Devices	45.7	54.0	118%
Power & Industrial Systems	36.3	138.4	380%
Digital Media & Consumer Products	(58.4)	(109.9)	-
High Functional Materials & Components	132.3	141.0	107%
Logistics, Services & Others	20.2	27.8	138%
Financial Services	23.5	25.4	108%
Eliminations & Corporate items	(77.7)	(47.5)	-
Total	182.5	345.5	189%

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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	11,100.0	99%
Operating income	345.5	380.0	110%
Income before income taxes and minority interests	324.7	330.0	102%
Income before minority interests	52.6	150.0	285%
Net income (loss)	(58.1)	40.0	-

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	2,620.0	95%
Electronic Devices	1,293.5	1,260.0	97%
Power & Industrial Systems	3,568.1	3,700.0	104%
Digital Media & Consumer Products	1,504.6	1,520.0	101%
High Functional Materials & Components	1,875.0	1,870.0	100%
Logistics, Services & Others	1,271.4	1,130.0	89%
Financial Services	445.4	410.0	92%
Eliminations & Corporate items	(1,492.6)	(1,410.0)	-
Total	11,226.7	11,100.0	99%

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	150.0	129%
Electronic Devices	54.0	43.0	80%
Power & Industrial Systems	138.4	140.0	101%
Digital Media & Consumer Products	(109.9)	(35.0)	-
High Functional Materials & Components	141.0	141.0	100%
Logistics, Services & Others	27.8	22.0	79%
Financial Services	25.4	22.0	86%
Eliminations & Corporate items	(47.5)	(103.0)	-
Total	345.5	380.0	110%

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3-1. Information & Telecommunication Systems (1)

(1) Overview

Billions of Yen

	Fiscal 2006	Fiscal 2007	YoY	Fiscal 2008 (Forecast)	YoY
Revenues	2,472.2	2,761.1	112%	2,620.0	95%
Software/Services	1,145.3	1,308.6	114%	1,230.0	94%
Hardware	1,326.9	1,452.4	109%	1,390.0	96%
Operating income (loss)	60.3	116.1	192%	150.0	129%
Software/Services	84.2	107.6	128%	100.0	93%
Hardware	(24.0)	8.4	-	50.0	595%

YoY: Year-over-year

(2) Overview of Fiscal 2007

- Higher revenues and earnings in Software/Services
 - Higher sales in software, mainly of middleware
 - Higher sales in systems integration, mainly for financial institutions
 - Higher sales in outsourcing and consulting businesses
 - Higher earnings from higher revenues and stronger project management
- Higher sales and return to profitability in Hardware
 - Higher sales in Hard Disk Drives and disk array subsystems
 - Higher sales in Telecommunications and ATMs
 - Higher earnings from Telecommunications, improvement in Servers led by growth in blade servers, profitability in HDDs in second-half period as results of structural reforms emerged

3-1. Information & Telecommunication Systems (2)

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

Millions of Dollars

	Fiscal 2006	Fiscal 2007	Year-over-year	Fiscal 2007 First Quarter	Fiscal 2008 First Quarter	Year-over-year
	[Jul. - Dec., 2006] Jan. - Dec., 2006	[Jul. - Dec., 2007] Jan. - Dec., 2007		Jan. - Mar., 2007	Jan. - Mar., 2008	
Revenues	[2,694] 4,877	[3,084] 5,563	[114%] 114%	1,264	1,415	112%
Operating income (loss)	[(216)] (375)	[42] (281)	[-] -	(150)	65	-

Note: Fiscal 2007 operating income (loss) is the revised figure after audit.

(4) Overview of HDD Business in the First Quarter (Jan. - Mar.) of Fiscal 2008

- Uptrend in profitability from July 2007 continued as in 4th quarter, leading to profitability for 2 consecutive quarters
 - Pushed ahead with head and media cost-reduction initiative, producing expected results
 - Timely launch of competitive new products

(5) Key Initiatives in HDD Business

- Focus on high-growth and strong fields
- Strengthen head and media technologies and HDD development capabilities
- Enhance cost structure
 - Improve design costs (promote design standardization)
 - Reduce head and media costs further (realize benefits of site integration)
 - Improve manufacturing efficiency drastically (yield, productivity per-head and cycle time)
- Promote management reforms continuously

3-2. Electronic Devices

(1) Overview

Billions of Yen

	Fiscal 2006	Fiscal 2007	YoY	Fiscal 2008 (Forecast)	YoY
Revenues	1,287.4	1,293.5	100%	1,260.0	97%
Display business	200.3	198.5	99%	-	-
Operating income	45.7	54.0	118%	43.0	80%
Display business	0.5	0.3	54%	-	-

YoY: Year-over-year

(2) Overview of Fiscal 2007

- Flat revenues and higher earnings at Hitachi High-Technologies
 - Lower sales of semiconductor devices and optical devices
 - Higher earnings from strong growth in medical analysis equipment to Europe and U.S.A.
- Flat revenues and lower earnings in display business
 - Focused resources on small and medium-sized LCDs
 - Expanded in small and medium-sized IPS displays, centered on market for high-value-added products

3-3. Power & Industrial Systems

(1) Overview

Billions of Yen

	Fiscal 2006	Fiscal 2007	YoY	Fiscal 2008 (Forecast)	YoY
Revenues	3,022.2	3,568.1	118%	3,700.0	104%
Operating income	36.3	138.4	380%	140.0	101%

YoY: Year-over-year

(2) Overview of Fiscal 2007

- Large rise in revenues and improvement in earnings in power systems
 - Higher revenues from construction of new nuclear power plant in Japan
 - Sales growth due to growing demand, mainly overseas, for coal-fired thermal power plant equipment with a lower environmental impact
 - Improvement in earnings due to the absence of one-off charges for dealing with unprofitable projects and others recorded in the previous fiscal year
- Strong results from railway vehicles and rail systems, automotive systems
 - Higher sales and earnings due to railway vehicles shipment to U.K. etc.
 - Higher revenues resulting from consolidation of Clarion in December 2006
- Higher sales and earnings at Hitachi Construction Machinery
 - Higher sales and earnings in overseas operations mainly in China and Europe

3-4. Digital Media & Consumer Products (1)

(1) Overview

Billions of Yen

	Fiscal 2006	Fiscal 2007	YoY	Fiscal 2008 (Forecast)	YoY
Revenues	1,506.0	1,504.6	100%	1,520.0	101%
Operating loss	(58.4)	(109.9)	-	(35.0)	-

YoY: Year-over-year

(2) Overview of Fiscal 2007

- Revenues: Flat

- Contraction and withdrawal in projection TV and consumer PC business
- Higher sales of air conditioners and home appliances
- Strong sales of optical disk drives

- Operating loss: Larger loss

- Maintained strong earnings overseas in air conditioners
- Lower-than-expected sales of large-screen flat-panel TVs and lower prices
- Booked business structural reform-related expenses for rebuilding overseas sales framework, centered on flat-panel TVs, and for contraction and withdrawing from low-margin products

3-4. Digital Media & Consumer Products (2)

(3) Overview of the Flat-Panel TV Business

	Fiscal 2006	Fiscal 2007	Fiscal 2008 (Forecast)
Plasma TV shipments	770,000 units	850,000 units	900,000 units
LCD TV shipments	510,000 units	760,000 units	1,200,000 units

(4) Initiatives to Improve Flat-Panel TV Business

- "Television business"
Bring to market high-value-added products led by flagship ultra-thin models (Plasma and LCD TVs)
 - Develop high-value-added products
 - Rebuild sales framework based on high-value-added products
 - Ensure cost competitiveness to outstrip sales price falls
- "Plasma Panels business"
Provide high-value-added panels
 - Strengthen products
 - Strengthen cost competitiveness
 - Improve capacity utilization by bolstering external sales for mainly China
- Common initiatives in Television and Panels businesses
 - Fundamentally overhaul operating structure
 - Collaborative creation with partners and enhanced collaboration in Hitachi Group

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

(1) Overview of High Functional Materials & Components

Billions of Yen

	Fiscal 2006	Fiscal 2007	YoY	Fiscal 2008 (Forecast)	YoY
Revenues	1,794.5	1,875.0	104%	1,870.0	100%
Operating income	132.3	141.0	107%	141.0	100%

YoY: Year-over-year

(2) Overview of Logistics, Services & Others

Billions of Yen

	Fiscal 2006	Fiscal 2007	YoY	Fiscal 2008 (Forecast)	YoY
Revenues	1,213.5	1,271.4	105%	1,130.0	89%
Operating income	20.2	27.8	138%	22.0	79%

(3) Overview of Financial Services

Billions of Yen

	Fiscal 2006	Fiscal 2007	YoY	Fiscal 2008 (Forecast)	YoY
Revenues	500.0	445.4	89%	410.0	92%
Operating income	23.5	25.4	108%	22.0	86%

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.

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