

Fiscal 2008 Forecast Revisions and Improvement Measures

January 30, 2009

Hitachi, Ltd.

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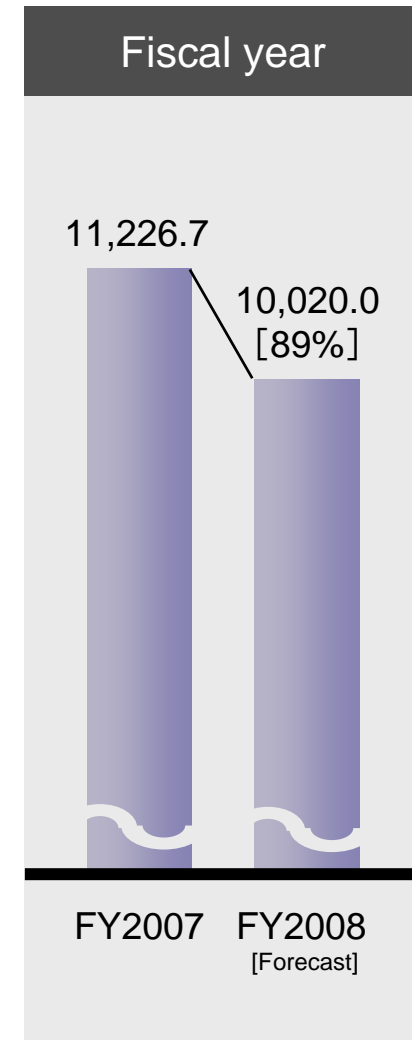
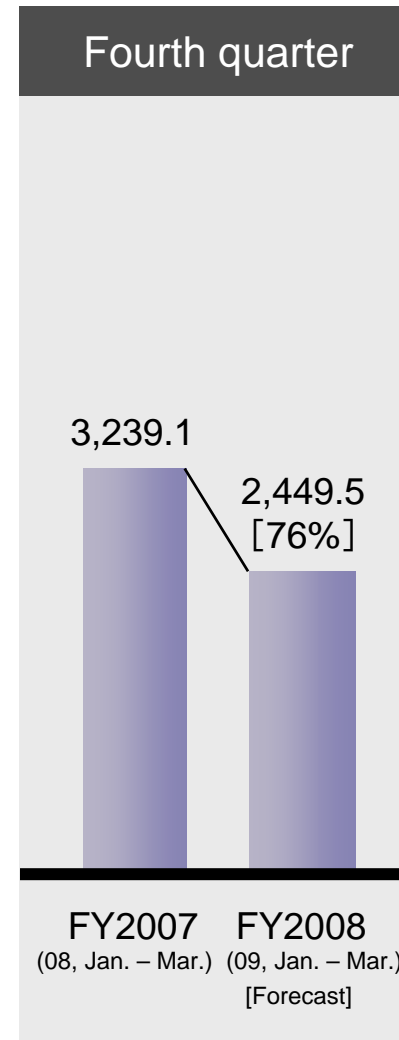
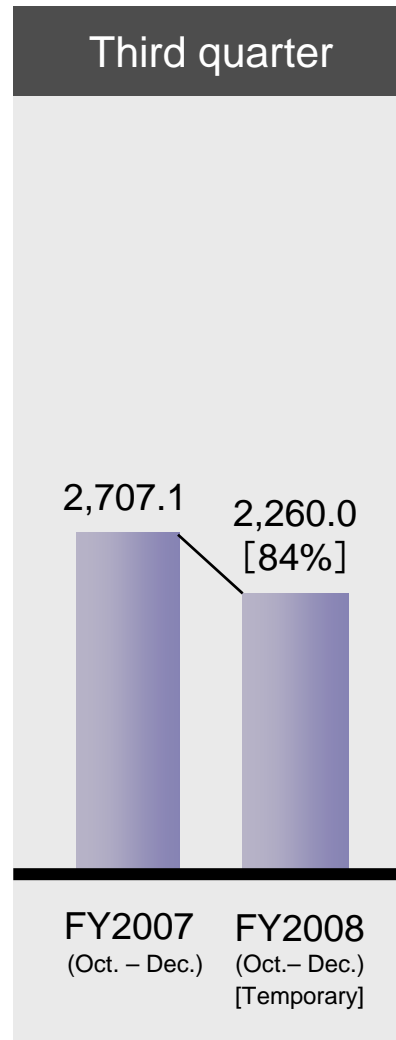
1-1. Outlook for Fiscal 2008

Billions of Yen

	Fiscal 2007	Fiscal 2008 Previous Forecast	Fiscal 2008 Revised Forecast	Year-over-year	Change from Previous Forecast
Revenues	11,226.7	10,900.0	10,020.0	(1,206.7)	(880.0)
Operating income	345.5	410.0	40.0	(305.5)	(370.0)
Other income (other deductions)	(20.7)	(100.0)	(420.0)	(399.3)	(320.0)
Income (loss) before income taxes and minority interests	324.7	310.0	(380.0)	(704.7)	(690.0)
Income taxes	(272.1)	(190.0)	(330.0)	(57.9)	(140.0)
Income (loss) before minority interests	52.6	120.0	(710.0)	(762.6)	(830.0)
Minority interests	(110.7)	(105.0)	10.0	120.7	115.0
Net income(loss)	(58.1)	15.0	(700.0)	(641.9)	(715.0)

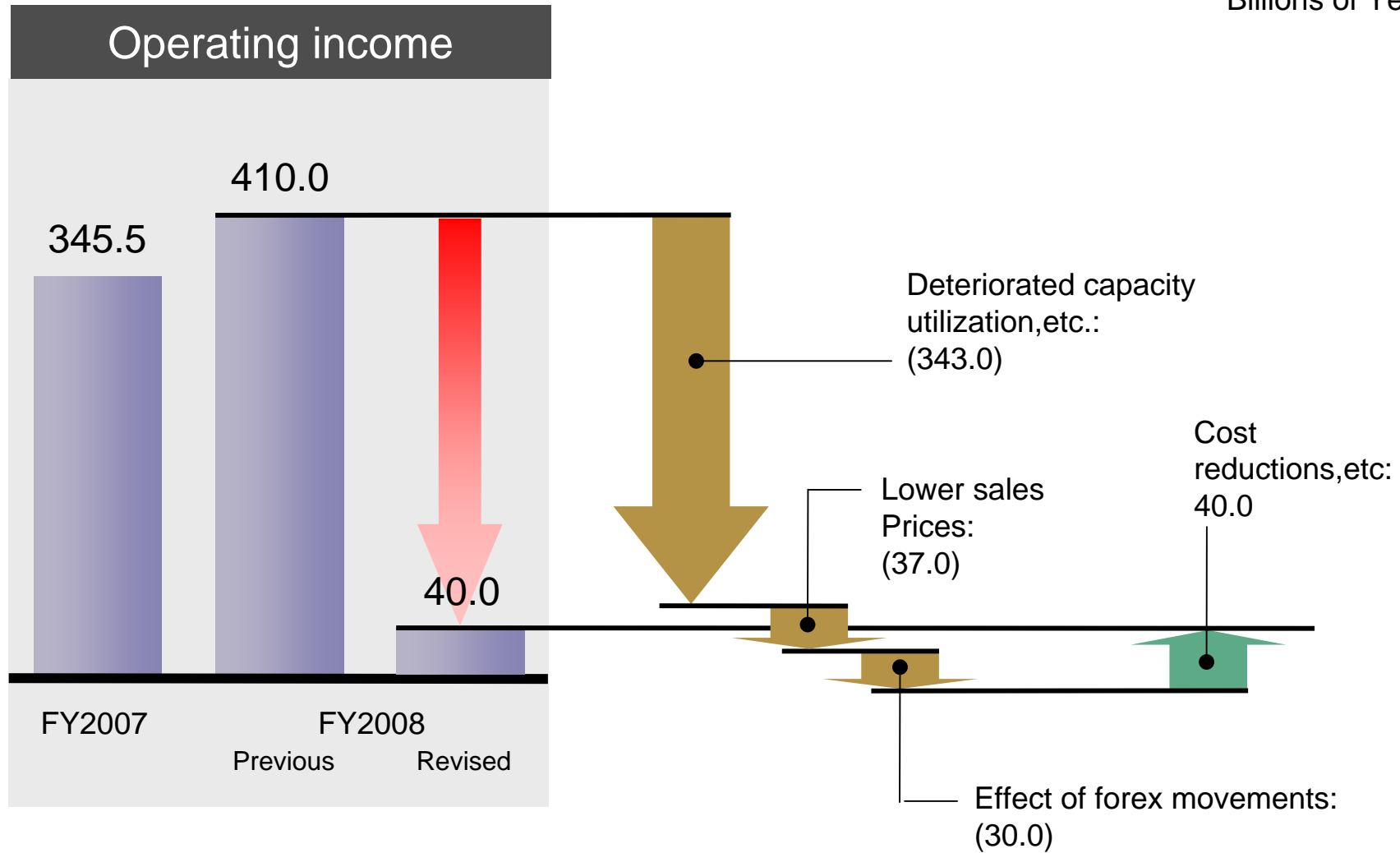
1-2. Year over year Comparison of Revenues

Billions of Yen / [%] : Year-over-year

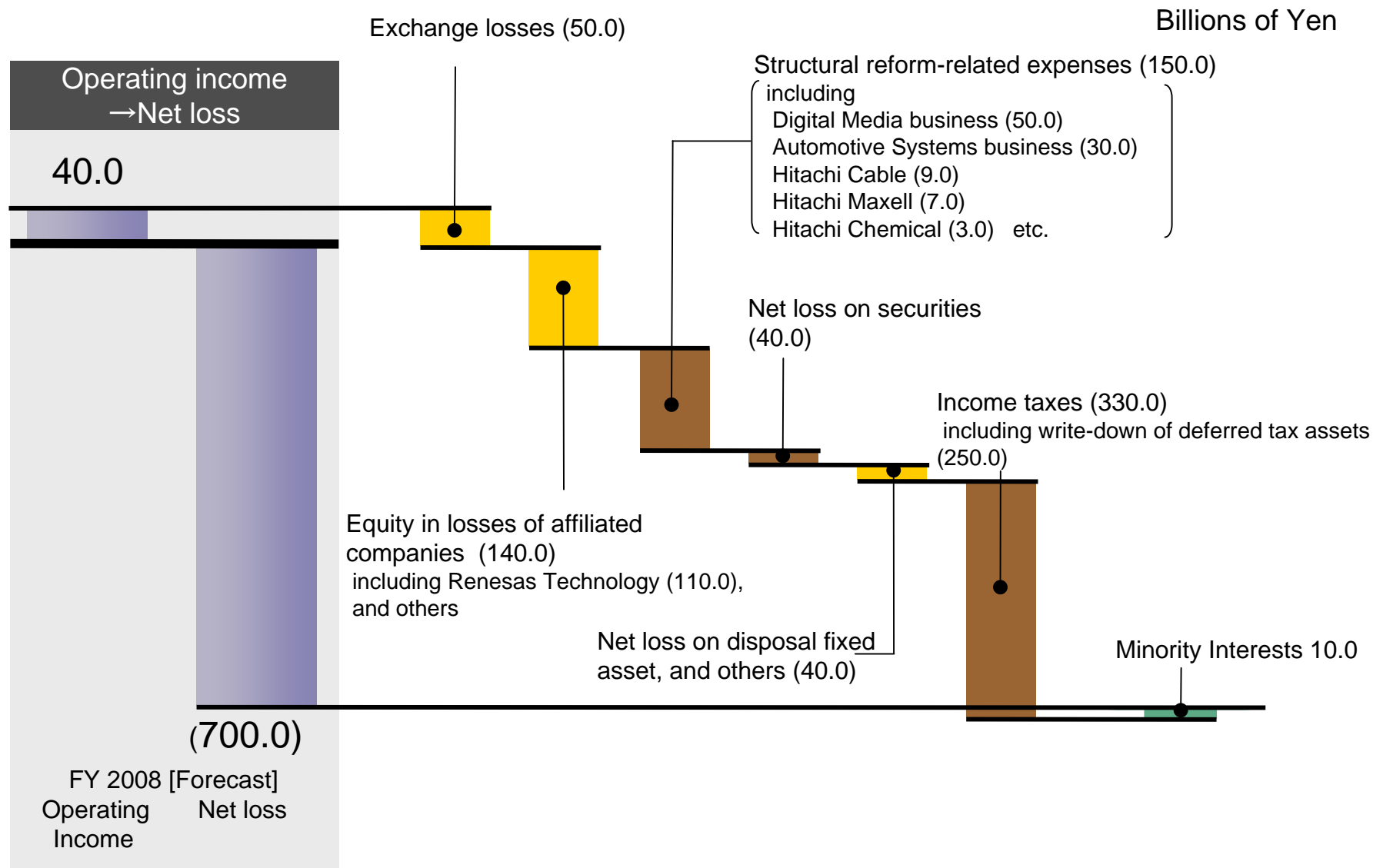


1-3. Major Factors for Change in Operating Income (From Previous to Revised)

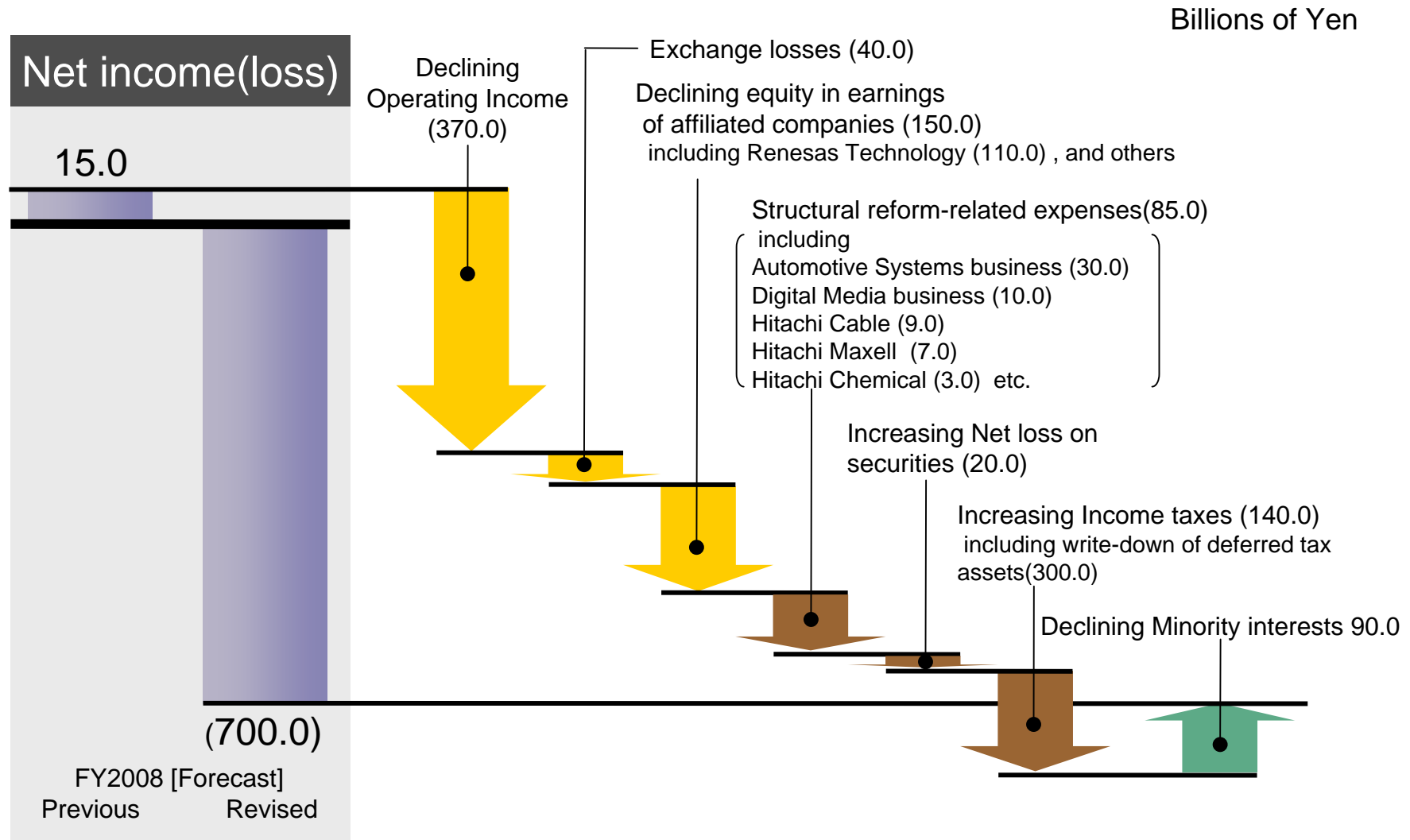
Billions of Yen



1-4. Major Items for Net loss



1-5. Major Factors for Change in Net Income(loss) (From Previous to Revised)



1-6. Major Factors for Change in Other Deductions, etc.

● Breakdown of Other Income (Deductions)

Billions of Yen

	Fiscal 2007	Fiscal 2008 (Previous)	Fiscal 2008 (Revised)	Year-over- Year	Change from Previous Forecast
Net gain(loss) on securities	80.1	(20.0)	(40.0)	(120.1)	(20.0)
Exchange loss	(28.4)	(10.0)	(50.0)	(21.6)	(40.0)
Equity in losses of affiliated companies, net	26.3	10.0	(140.0)	(166.3)	(150.0)
Structural reform-related expenses	(105.6)	(65.0)	(150.0)	(44.4)	(85.0)
Other	6.7	(15.0)	(40.0)	(46.7)	(25.0)
Other deductions	(20.7)	(100.0)	(420.0)	(399.3)	(320.0)

● Breakdown of Income Taxes, etc.: Forecast of Fiscal 2008: (330.0)

- Write down of deferred tax assets related to national income taxes ----- (220.0)
(consolidated taxation, including Hitachi, Ltd.)
- Write down of deferred tax assets in Major Hitachi Group Companies ----- (30.0)
(Hitachi Cable, Hitachi Maxell, etc.)
- Other tax expenses ----- (80.0)

1-7. Outlook of Revenues by Industry Segment

Billions of Yen

	Fiscal 2008 Forecast	Year-over-year change			% Change from Previous Forecast	
		First half	Second half	Fiscal year	Second half	Fiscal year
Information & Telecommunication Systems	2,630.0	102%	89%	95%	100%	100%
Electronic Devices	1,160.0	100%	80%	90%	85%	93%
Power & Industrial Systems	3,230.0	106%	78%	91%	79%	88%
Digital Media & Consumer Products	1,270.0	96%	74%	84%	78%	89%
High Functional Materials & Components	1,580.0	99%	70%	84%	72%	86%
Logistics, Services & Others	1,070.0	93%	76%	84%	91%	96%
Financial Services	400.0	85%	94%	90%	100%	100%
Eliminations and Corporate items	(1,320.0)	-	-	-	-	-
Total	10,020.0	101%	79%	89%	84%	92%

1-8. Outlook of Operating Income(Loss) by Industry Segment

Billions of Yen

	Fiscal 2008 Forecast	Year-over-year change			Change from Previous Forecast	
		First half	Second half	Fiscal year	Second half	Fiscal year
Information & Telecommunication Systems	169.0	59.7	(6.7)	52.9	(4.0)	
Electronic Devices	28.0	2.7	(28.7)	(26.0)	(15.0)	
Power & Industrial Systems	7.0	(0.1)	(131.3)	(131.4)	(150.0)	
Digital Media & Consumer Products	(109.0)	24.2	(23.4)	0.9	(54.0)	
High Functional Materials & Components	4.0	4.2	(141.2)	(137.0)	(116.0)	
Logistics, Services & Others	16.0	0.9	(12.7)	(11.8)	(6.0)	
Financial Services	15.0	(5.5)	(4.9)	(10.4)	(5.0)	
Eliminations & Corporate items	(90.0)	-	-	-	-	
Total	40.0	75.4	(380.8)	(305.5)	(370.0)	

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2-1.Thoroughly Execute Business Structural Reforms

● Accelerate Business Structural Reforms

- ▶ Exit from unprofitable businesses and products
- ▶ Integrating and closing plants in Japan and overseas, Rightsizing the workforce

Reduce Fixed Costs(~FY09)
By approx. 200.0 billion yen

[Measures for Ongoing Issues]

Automotive Systems Business	Flat Panel TV– Digital Media Business
<ul style="list-style-type: none"> ● Optimize product mix, shift focus to ecology and safety ● Amalgamate worldwide bases ● Rightsizing 4,000 workforces (incl. reassigning to other divisions) (within FY2009) ● Implement drastic measures at Hitachi Metals, Hitachi Cable, Hitachi Chemical (Restructure plants worldwide, rightsizing workforces) 	<ul style="list-style-type: none"> ● Accelerate ongoing business structural reforms : <ul style="list-style-type: none"> -Revise global business strategies -Plasma panel –collaboration with Panasonic ● Rightsized 1,000 jobs already (incl. reassigning to other divisions) <ul style="list-style-type: none"> -Further 3,000 to be rightsized (within FY2009)

2-2. Cut Costs With the Help of All Employees

Intends to step up the activity “Strengthening The Base ’08-’09”
to achieve further cost reductions

Over the two-year period from April 2008 to March 2010,
the Hitachi Group aims to strengthen operations, based on the assumption that business conditions will worsen.

● Reduce Operating Expenses

- ▶ Strictly screening all kind of expenditures and restraining payments by prioritization

● Cut Procurement Expenses

- ▶ Expand the scope of Group centralized purchasing worldwide
- ▶ Take advantage of the strong yen to make greater use of materials from overseas

Target in FY2009
Approx. 300.0
billion yen

● Promote Shared Services

- ▶ Increasingly using shared services in a wide range of fields, extending from procurement and distribution to document services, cafeteria operations, security, personnel management and financial management
- ▶ Using shared services for recycling industrial waste to play its part in addressing environmental problems

● Bolster Project Management Capabilities

- ▶ Enforcing phase-gate management in every project should prevent unprofitable projects and reduce total costs

2-3. Improve Group Management Efficiency, Revise Personnel Expenses

● Improve Group Management Efficiency to Generate Higher Earnings

- ▶ Consolidate overlapping business operations and integrate administrative divisions
Reduce the Number of Consolidated Subsidiaries
fewer than 800 by the end of March 2010, reduced from 910 at March 31, 2008
- ▶ For improved capital structure within the Group and Equity-Based Relationships,
Decided to make Hitachi Kokusai Electric and Hitachi Koki consolidated subsidiaries at January 14
Continue to enhance capital structure and equity-based relationships within the Hitachi Group

● Revise Personnel Expenses

- ▶ Reducing overtime and suspending operation based on the volume of production
- ▶ Plan to reduce management bonuses accordingly based on performance
- ▶ Save costs, including welfare-related expenses and others

- ▶ Plans to cut the bonuses and monthly remuneration of executive officers.

2-4. Secure and Generate Cash Flows

● **Thoroughly Reduce Investment Costs, Including by Freezing Capital Expenditures**

- ▶ Rigorously scrutinize investments, including capital expenditures
- ▶ Freeze investments for ramping up output for the time being and look very closely at other projects by evaluating the timing of investments as it works to keep a lid on expenditures

● **Reduce Working Capital Requirements**

- ▶ Shorten lead times by quickly assessing supply-demand conditions for reducing inventory levels
- ▶ Reducing waste
- ▶ Collecting receivables quicker and Improving management of doubtful accounts

2-5. Future Initiatives in Core Businesses

● Reinforcement of Social Innovation Business that emphasize the environment and energy-saving

- ▶ Nuclear power generation, Highly efficient coal-fired thermal power generation
- ▶ Renewable energy Business(Solar and Wind power,etc.)
- ▶ Eco-friendly railway systems and various industrial systems, Hybrid construction machinery
- ▶ Urban energy-saving solutions
- ▶ Eco-conscious data centers and outsourcing
- ▶ Security-related products and solution,etc.

Form of
Business Promotion unit
(April,1)

● Groupwide Collaboration in keydevices and keymaterials

- ▶ High-performance motors and inverters
- ▶ Highly reliable lithium-ion industrial and automotive batteries
- ▶ Eco-friendly High-Functional materials

Form of
Groupwide collaboration
management unit and R&D unit
(April,1)

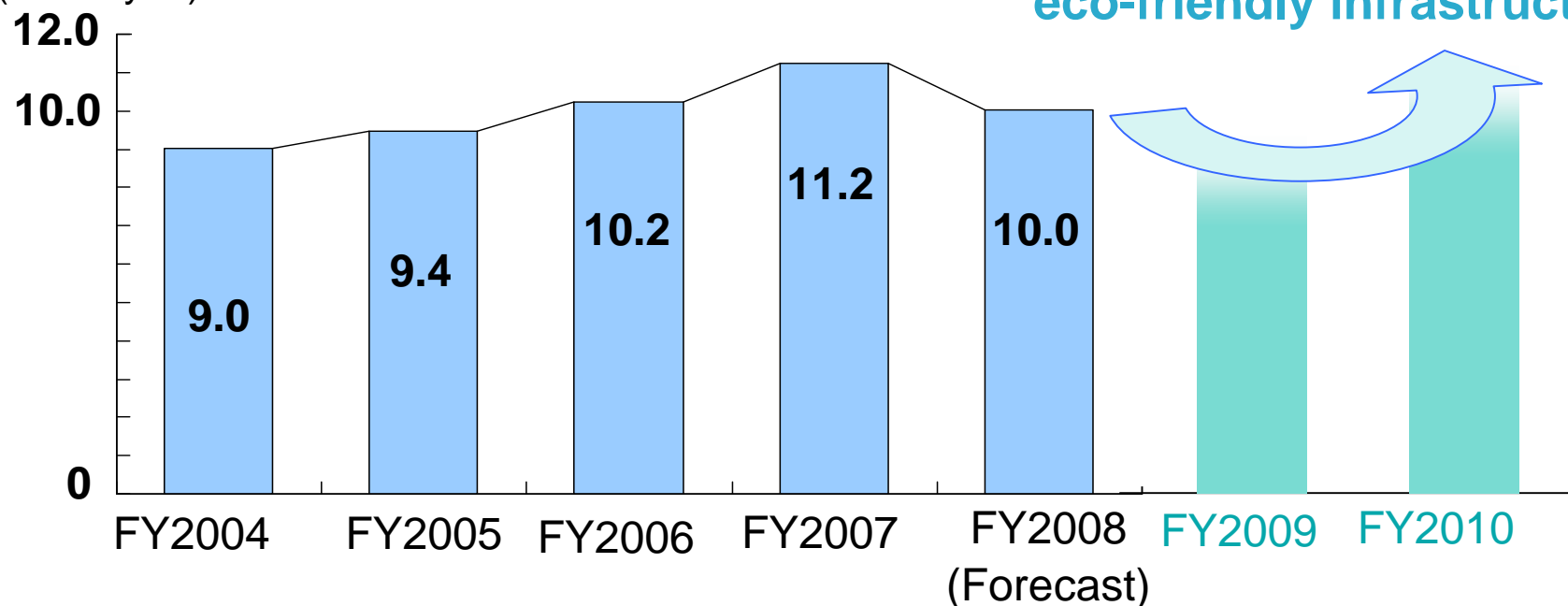
- **Centralization of management resources**
- **Continue R&D investment**

2-6.Recovering to the path of Growth

- Using the rigorous strengthening of the corporate structure in fiscal 2009 to contribute, through advanced technology, to the global society, industries and life and information infrastructure markets that will recover starting from fiscal 2010. We believe that will realize new type of growth and improvement in profitability

【Consolidated Revenue】

(trillion yen)



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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