

FOR IMMEDIATE RELEASE

Hitachi Announces Consolidated Financial Results for Fiscal 2005

Tokyo, April 27, 2006 --- Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced its consolidated financial results for fiscal 2005, ended March 31, 2006.

- Notes: 1. All figures, except for the outlook for fiscal 2006, were converted at the rate of 117 yen to the U.S. dollar, the approximate exchange rate on the Tokyo Foreign Exchange Market as of March 31, 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 and Financial Position

Business Results

(1) Summary of Fiscal 2005 Consolidated Business Results

	Year ended March 31, 2006		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	9,464.8	5%	80,896
Operating income	256.0	(8%)	2,188
Income before income taxes and minority interests	274.8	4%	2,349
Income before minority interests	120.5	5%	1,030
Net income	37.3	(28%)	319

During the fiscal year, the world economy remained healthy as a whole. This partly reflected strength in the U.S. economy, despite the impact of sharply higher crude oil prices and other factors. Furthermore, China's economy maintained strong growth, mainly on the back of domestic demand driven by capital investment. Moreover, Asian economies were supported by expanding exports and other factors.

In Japan, the economy remained strong as higher corporate earnings and an improving job and wage environment fueled growth in plant and equipment investment and consumer spending.

In these circumstances, Hitachi continued to make aggressive investments in targeted businesses while executing business structural reforms. In this way, Hitachi reinforced measures to become more competitive on a consolidated basis.

In the fiscal year, Hitachi made Fujitsu Hitachi Plasma Display Limited a consolidated subsidiary with the aim of further reinforcing the group's plasma display business. In addition, Hitachi decided to strengthen its social and industrial infrastructure systems business by transferring parts of its Industrial Systems Group to Hitachi Plant Engineering & Construction Co., Ltd. on April 1, 2006. At the same time, Hitachi Kiden Kogyo, Ltd. and Hitachi Industries Co., Ltd. were merged into Hitachi Plant Engineering & Construction Co., Ltd. And, with the goal of strengthening the air conditioning and home appliance businesses, Hitachi decided to merge Hitachi Air Conditioning Systems Co., Ltd. and Hitachi Home & Life Solutions, Inc. on April 1.

Hitachi's consolidated revenues were 9,464.8 billion yen, up 5% year on year. The Information & Telecommunication Systems segment posted higher revenues on strong sales of storage devices, as did the Power & Industrial Systems segment on the back of recovering private-sector plant and equipment investment, and the High Functional Materials & Components segment, mainly due to growth in sales of components and materials for electronics- and automotive-related fields. On the other hand, the Electronic Devices and other segment saw revenues decrease year on year.

Overseas revenues increased 11%, to 3,639.6 billion yen due mainly to growth in the Information & Telecommunication Systems, Power & Industrial Systems, and High Functional Materials & Components, particularly in China, a market Hitachi is targeting.

Operating income, however, declined 8% year on year, to 256.0 billion yen due mainly to lower earnings in the Electronic Devices segment and an operating loss in the Digital Media & Consumer Products segment. The Information & Telecommunication Systems, Power & Industrial Systems, High Functional Materials & Components and Logistics, Services & Others segments all recorded higher operating income.

Other income increased 1%, to 87.5 billion yen. Other deductions declined 32%, to 68.7 billion yen, due to lower restructuring charges and other factors.

As a result, Hitachi recorded income before income taxes and minority interests of 274.8 billion yen, up 4% year on year. After income taxes of 154.3 billion yen, Hitachi posted income before minority interests of 120.5 billion yen. Furthermore, net income declined 28%, to 37.3 billion yen.

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

Results by segment were as follows.

[Information & Telecommunication Systems]

	Year ended March 31, 2006		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	2,360.9	4%	20,179
Operating income	84.6	25%	724

Information & Telecommunication Systems revenues rose 4%, to 2,360.9 billion yen. In software and services, revenues rose compared with the previous fiscal year because of firm growth in the outsourcing business. In hardware, despite of the sale of the former Hitachi Printing Solutions, Ltd. to Ricoh Company, Ltd. and the effect of falling prices of servers and PCs caused by intensified competition, overall hardware revenues increased as a result of higher sales in disk array subsystems and hard disk drives (HDDs).

The segment posted operating income of 84.6 billion yen, up 25% year on year. This result reflected a large increase in earnings in software and services due to improved project management and other factors. Further earnings growth was hampered by lower year-on-year earnings in hardware due to a larger loss in HDD operations and other factors, despite a solid performance in disk array subsystems and other areas.

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 year ended March 31, 2006 include operating results of Hitachi GST for the period from January through December 2005.

[Electronic Devices]

	Year ended March 31, 2006		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	1,204.4	(9%)	10,294
Operating income	20.4	(45%)	174

Electronic Devices revenues declined 9%, to 1,204.4 billion yen, the result of lower sales in the display business due to lackluster LCD sales resulting from falling prices as well as other factors.

Operating income dropped 45% year on year, to 20.4 billion yen due mainly to a larger loss in the LCD business.

[Power & Industrial Systems]

	Year ended March 31, 2006		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	2,805.1	12%	23,976
Operating income	92.5	26%	791

Power & Industrial Systems revenues rose 12%, to 2,805.1 billion yen. This growth reflected healthy sales of industrial machinery and air-conditioning systems thanks to recovering private-sector plant and equipment investment. Another factor was growth in the elevator and escalator business and at Hitachi Construction Machinery Co., Ltd., mainly outside Japan. October 2004 merger with TOKICO LTD. also contributed to revenue growth.

The segment posted a 26% increase in operating income, to 92.5 billion yen due to strong earnings at Hitachi Construction Machinery and increased sales of elevators and escalators, industrial machinery and air-conditioning systems, among other factors.

[Digital Media & Consumer Products]

	Year ended March 31, 2006		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	1,305.6	2%	11,160
Operating loss	(35.7)	-	(306)

Digital Media & Consumer Products segment revenues rose 2%, to 1,305.6 billion yen due to growth in flat-panel TVs and consolidation of Fujitsu Hitachi Plasma Display Limited (FHP) in April 2005.

The segment posted an operating loss of 35.7 billion yen, compared with operating income of 8.6 billion yen in the previous fiscal year. This result was attributable to increased investments for marketing in digital media products and losses in flat-panel TVs and home appliances, mainly due to falling prices.

[High Functional Materials & Components]

	Year ended March 31, 2006		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	1,600.2	6%	13,677
Operating income	110.0	26%	941

Revenues in this segment rose 6%, to 1,600.2 billion yen due mainly to strong growth in sales at Hitachi Chemical Co., Ltd. and Hitachi Metals, Ltd., principally in the electronics- and automotive-related fields. Hitachi Cable, Ltd. also recorded sales growth.

Operating income climbed 26%, to 110.0 billion yen due to higher earnings at Hitachi Chemical, Hitachi Metals and other companies, reflecting higher sales and the benefits of cost-cutting.

[Logistics, Services & Others]

	Year ended March 31, 2006		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	1,214.7	(3%)	10,383
Operating income	19.5	99%	167

Segment revenues declined 3% year on year, to 1,214.7 billion yen despite growth in sales at Hitachi Transport System, Ltd., mostly in the third-party logistics solutions business. This decline in segment revenues was due to lower revenues at Hitachi Mobile Co., Ltd. and at overseas sales companies.

The segment posted operating income of 19.5 billion yen, 99% higher year on year, mainly due to higher revenues at Hitachi Transport System.

[Financial Services]

	Year ended March 31, 2006		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	517.9	(2%)	4,427
Operating income	35.0	13%	299

Segment revenues declined 2%, to 517.9 billion yen, with Hitachi Capital Corporation posting flat revenue growth.

Operating income rose 13%, to 35.0 billion yen, the result of higher earnings at Hitachi Capital.

(3) Revenues by Market

	Year ended March 31, 2006		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Japan	5,825.1	1%	49,788
Overseas	3,639.6	11%	31,108
Asia	1,619.2	15%	13,840
North America	968.9	7%	8,282
Europe	748.4	5%	6,397
Other Areas	302.9	17%	2,589

Revenues in Japan edged up 1% year on year, to 5,825.1 billion yen. Overseas revenues rose 11%, to 3,639.6 billion yen. Revenues rose sharply in Asia, particularly China. North America and Europe also recorded year-on-year growth. As a result, the ratio of overseas revenues to consolidated revenues rose by 2 percentage points year on year to 38%.

(4) Capital Investment, Depreciation and R&D Expenditures

Capital investment on a completion basis, excluding leasing assets, rose 4%, to 397.4 billion yen, mainly due to investments to increase output of HDDs, plasma display panels, automotive-related parts and other products, as well as investments in high functional materials. Depreciation, excluding leasing assets, increased 5%, to 329.6 billion yen. R&D expenditures, which are primarily used to accelerate the launch of new businesses, strengthen frontier and basic research, and upgrade development capabilities in HDDs, automotive-, displays- and digital media-related fields, increased 4%, to 405.0 billion yen, and corresponded to 4.3% of revenues.

Financial Position

(1) Financial Position

	As of March 31, 2006		
	Billions of yen	Year-over-year change	Millions of U.S. dollars
Total assets	10,021.1	284.9	85,651
Total liabilities	6,476.6	(30.7)	55,356
Interest-bearing debt	2,419.0	(83.4)	20,676
Minority interests	1,036.8	115.7	8,861
Stockholders' equity	2,507.7	199.9	21,434
Stockholders' equity ratio	25.0%	1.3 point improvement	-
D/E ratio (including minority interests)	0.68 times	0.10 point improvement	-

Total assets as of March 31, 2006 were 10,021.1 billion yen, 284.9 billion yen more than at March 31, 2005 due to the consolidation of FHP and other factors. Interest-bearing debt decreased 83.4 billion yen, to 2,419.0 billion yen. Stockholders' equity rose 199.9 billion yen, to 2,507.7 billion yen, due to an improvement in the minimum pension liability adjustments account resulting from such factors as improved returns on pension assets. As a result, the stockholders' equity ratio rose 1.3 points to 25.0%. The debt-to-equity ratio (including minority interests) was 0.68 times, 0.10 point improved from previous year due to a decline in interest-bearing debt and higher stockholders' equity.

(2) Cash Flows

	Year ended March 31, 2006		
	Billions of yen	Year-over-year change	Millions of U.S. dollars
Cash flows from operating activities	690.8	125.5	5,905
Cash flows from investing activities	(501.3)	25.6	(4,285)
Free cash flows	189.5	151.1	1,620
Cash flows from financing activities	(261.6)	(162.2)	(2,236)

Operating activities provided net cash of 690.8 billion yen, 125.5 billion yen more than one year earlier.

Investing activities used net cash of 501.3 billion yen, 25.6 billion yen less year on year. This was due to efforts to collect investments in leases faster, despite increased capital investment, mainly in businesses targeted for growth.

Free cash flows, the sum of cash flows from operating and investing activities, were an inflow of 189.5 billion yen, 151.1 billion yen more year on year.

Financing activities used net cash of 261.6 billion yen, an increase of 162.2 billion yen due to the repayment of debts and other factors.

The net result of the above items was a 50.4 billion yen decrease in cash and cash equivalents to 658.2 billion yen.

Outlook for Fiscal 2006

	Year ending March 31, 2007		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	9,700.0	2%	88,182
Operating income	290.0	13%	2,636
Income before income taxes and minority interests	280.0	2%	2,545
Income before minority interests	135.0	12%	1,227
Net income	55.0	47%	500

Regarding trends in the world economy, Hitachi expects a moderate economic slowdown in the U.S. due to cooling plant and equipment investment and housing investment, among other factors. However, Hitachi expects that domestic demand will continue to support strong economic growth in China. Economies elsewhere in Asia are expected to see higher exports to China. European economies, meanwhile, are forecast to continue their moderate pace of recovery. Overall, the global economy is expected to remain healthy.

The forecast for the Japanese economy is for continued firm growth, underpinned by growth in exports to China and elsewhere in Asia and by rising consumer spending and plant and equipment investment. There are, however, some concerns, such as the possibility of further jumps in crude oil and raw materials prices and an upturn in long-term interest rates. Falling prices brought about by intensifying competition also mean the outlook for the operating environment still requires caution.

In this environment, Hitachi is presently forecasting the operating results shown above for fiscal 2006. Hitachi will push forward with business reforms targeting future business development, illustrated by the formation of Hitachi Plant Technologies, Ltd. in the social and industrial infrastructure business and Hitachi Appliances, Inc. in the air conditioning and home appliance businesses in April this year. Furthermore, Hitachi will continue efforts to create new businesses and strengthen targeted businesses by maximizing the Hitachi's internal resources such as R&D and marketing capabilities, personnel, funding system and others. Also, Hitachi is leveraging its group wide synergies to reduce procurement costs, business expenses, IT operational costs and other costs by standardizing and integrating business operations. Hitachi is implementing business restructuring measures to build a high-earnings framework, and reinforce its financial position.

Regarding the HDD, flat-panel TV and LCD businesses where there are issues concerning profitability, Hitachi plans to take wide-ranging countermeasures to quickly improve its development capabilities, cost competitiveness, sales activities and other areas of its

operations. Furthermore, Hitachi will work to become more competitive on a consolidated basis and to establish a more powerful earnings base by driving forward structural reforms that target future business development, such as efforts to expand overseas business.

Projections for fiscal 2006 assume an exchange rate of 110 yen to the U.S. dollar and 135 yen to the Euro.

2. Management Policy

Basic Management Policy and Strategy

Amid intensifying competition in world markets, Hitachi aims to step up its development by delivering competitive products and services imbuing higher value for customers. By taking full advantage of the diverse resources of the Hitachi Group while at the same time reviewing and restructuring businesses, Hitachi will bolster its competitiveness. This process will be consistent with Hitachi's basic management policy, which is to increase shareholder value by meeting the expectations of customers, shareholders, employees and other stakeholders.

In January 2003, Hitachi unveiled a medium-term management plan called "i.e.HITACHI Plan II." Up to now, Hitachi has executed a host of business structural reforms, including realigning its business portfolio, accelerating the globalization of its operations and creating new businesses. It has also promoted group management and strengthened governance of the group. These and other actions are steadily producing results.

Under its medium-term management plan, Hitachi made up-front investments in HDDs, flat-panel TVs, LCDs and other products that are viewed as core elements of a ubiquitous information society, with the aim of achieving growth over the long term. Nevertheless, Hitachi still has issues to deal with on the earnings front in respect to these businesses. Hitachi is taking wide-ranging countermeasures to quickly improve its development capabilities, cost competitiveness, sales activities and other areas.

Hitachi will continue to make aggressive investments in targeted businesses while continuously executing business structural reforms. In this way, Hitachi will reinforce measures to become more competitive on a consolidated basis and work to establish a more powerful earnings base. Leveraging experience, knowledge and expertise gained from the group's expansive business domains, Hitachi is determined to give full play to its collective strengths to create added value. Through these initiatives to become more profitable, Hitachi aims to achieve an operating margin of 5% in the near term, as a minimum requirement for being ranked among the world's leading corporate groups.

To enhance competitiveness in global markets in its various business fields, Hitachi is pushing ahead with efforts to improve productivity and cut costs by strengthening its production ability. Business structural reforms are also being implemented. In specific terms, Hitachi will examine and implement suitable measures to create growth in key fields as well as create new businesses by leveraging the group's technological strengths and know-how; restructure the group with the aim of more effectively utilizing the group's resources; and exit unprofitable businesses and push through restructuring measures that go beyond the Hitachi Group.

FIV* (Future Inspiration Value), a benchmark based on the estimated cost of capital, is used to make decisions on actions for strengthening businesses. In deciding on individual investments, Hitachi uses FIV to select investments that will contribute to maximizing shareholder value. Combined with a powerful drive to reduce assets, including trade receivables and inventories, Hitachi aims to raise the return on assets. Through these and other actions, Hitachi has set the goal of maintaining a single-A grade long-term credit rating by increasing asset efficiency and strengthening its financial position.

Hitachi will also enhance corporate social responsibility initiatives and reinforce corporate governance with a view to increasing the corporate value of the Group over the long-term. Furthermore, in order to respond to any external threats to corporate value, Hitachi will examine the introduction of measures that enable it to respond to changes in the regulatory environment and other issues in a fair and neutral manner.

The Group invests a great deal of business resources in fundamental research and in the development of market-leading products and businesses that will bear fruit in the future, and realizing the benefits from these management policies requires that they be continued for a set period of time. For this purpose, the Company keeps its shareholders and investors well informed of not just the business results for each period but also of the Company's business policies for creating value in the future.

The Company does not deny the significance of the vitalization of business activities and performance that can be brought about through a change in management control, but it recognizes the necessity of determining the impact on company value and the interests of all shareholders of the buying activities and buyout proposals of parties attempting to acquire a large share of stock of the Company or a Group company by duly examining the business description, future business plans, past investment activities, and other necessary aspects of such a party.

There is no party that is currently attempting to acquire a large share of the Company's stocks nor is there a specific threat, neither does the Company intend to implement specified so-called anti-takeover measures in advance of the appearance of such a party, but the Company does understand that it is one of the natural duties bestowed upon it by the shareholders and investors to continuously monitor the state of trading of the Company's stock and then to immediately take what the Company deems to be the best action in the event of the appearance of a party attempting to purchase a large share of the Company's stock. In particular, together with outside experts, the Company will evaluate the buyout proposal of the party and hold negotiations with the buyer, and if the Company deems that said buyout will not maintain the Company's value and is not in the best interest of the shareholders, then the Company will quickly determine the necessity, content, etc., of specific countermeasures and prepare to implement them. The same response will also be taken in the event a party attempts to acquire a large percentage of the shares of a Group company.

(*) FIV is Hitachi's economic value-added evaluation index in which the cost of capital is deducted from after-tax operating profit. After-tax operating profit must exceed the cost of capital to achieve positive FIV.

Policy on the Distribution of Earnings

Hitachi sets dividends by taking into consideration a range of factors, including its financial condition, results of operations and payout ratio. This policy is motivated by the desire to ensure the availability of sufficient internal funds for making investments in R&D and plant and equipment that are essential for maintaining competitiveness and improving profitability based on medium- and long-term plans, as well as to ensure the stable growth of dividends. Hitachi has adopted a flexible stance toward supplementing dividends with the repurchase of its own shares, taking its business plans and financial condition, market conditions and other factors into consideration in this respect. In addition, Hitachi will repurchase its own shares on an ongoing basis in order to implement a flexible capital strategy, including business restructuring, to maximize shareholder value.

Hitachi has adopted the “Committees System” under the Commercial Code of Japan. Consequently, in accordance with the enforcement of the new Company Law, it is deemed that Hitachi’s Articles of Incorporation allow the Board of Directors to set the record date for the distribution of surplus on days other than September 30, the final day of the interim period, or March 31, the final day of the fiscal year. At this point in time, no decision has been made in this respect or regarding distribution of surplus for the period.

Policy on the Reduction of Number of Shares Constituting Investment Unit

Hitachi believes that the number of shares constituting investment unit in Japanese stock exchanges should be carefully examined from the perspectives of the liquidity of Hitachi stock, shareholder composition and other items. Because Hitachi believes that its shares currently have sufficient liquidity, the company believes that it would be difficult to obtain benefits that would justify the cost of a change in the number of shares constituting investment unit. Hitachi will continue to consider actions related to the establishment of a suitable number of shares constituting investment unit.

Items Concerning Parent Company

Hitachi has no parent company.

Business Risk and Other Risks

The Hitachi Group is engaged in a broad range of business activities on a global scale. Furthermore, the group uses highly sophisticated and specialized technologies and information to conduct these businesses. As a result, business activities are vulnerable to a diverse array of risk factors.

Major risk factors include, but are not limited to, economic trends in major markets; changes in foreign exchange rates; rapid technological innovations; intense competition; supply and demand balance; the procurement of raw materials and components; the ability to acquire companies, conduct mergers and form strategic alliances; progress in business restructuring; overseas business activities; recruiting activities; protection, maintenance and acquisition of intellectual property; litigation and other legal proceedings; product and service quality and liability; the use of information systems; governmental regulations; trends in capital markets; and retirement benefit liabilities.

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;
- 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.

HITACHI, LTD. AND SUBSIDIARIES

Consolidated Financial Statements For the Year Ended March 31, 2006

The consolidated financial statements presented herein are expressed in yen and, solely for the convenience of the reader, have been translated into United States dollars at the rate of 117 yen = U.S.\$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of March 31, 2006.

Summary

In millions of yen and U.S. dollars, except Net income per share (6) and Net income per American Depositary Share (7).

	The years ended March 31			
	Yen (millions)		(A)/(B) X100 (%)	U.S.Dollars (millions)
	2006 (A)	2005 (B)		2006
1. Revenues	9,464,801	9,027,043	105	80,896
2. Operating income	256,012	279,055	92	2,188
3. Income before income taxes and minority interests	274,864	264,506	104	2,349
4. Income before minority interests	120,516	114,516	105	1,030
5. Net income	37,320	51,496	72	319
6. Net income per share				
Basic	11.20	15.53	72	0.10
Diluted	10.84	15.15	72	0.09
7. Net income per ADS (representing 10 shares)				
Basic	112	155	72	0.96
Diluted	108	152	71	0.92

Notes: 1. The Company's consolidated financial statements are prepared based on U.S. GAAP.

2. Segment Information and operating income are presented in accordance with financial reporting principles and practices generally accepted in Japan.

3. The figures are for 932 consolidated subsidiaries, including Variable Interest Entities, and 158 equity-method affiliates.

Consolidated Statements of Operations

	The years ended March 31			
	Yen (millions)		(A)/(B) X100 (%)	U.S. Dollars (millions)
	2006 (A)	2005 (B)		2006
Revenues	9,464,801	9,027,043	105	80,896
Cost of sales	7,387,744	6,961,270	106	63,143
Selling, general and administrative expenses	1,821,045	1,786,718	102	15,565
Operating income	256,012	279,055	92	2,188
Other income	87,593	86,408	101	749
(Interest and dividends)	24,591	19,384	127	210
(Other)	63,002	67,024	94	539
Other deductions	68,741	100,957	68	588
(Interest charges)	33,265	29,057	114	285
(Other)	35,476	71,900	49	303
Income before income taxes and minority interests	274,864	264,506	104	2,349
Income taxes	154,348	149,990	103	1,319
Income before minority interests	120,516	114,516	105	1,030
Minority interests	83,196	63,020	132	711
Net income	37,320	51,496	72	319

Consolidated Balance Sheets

	Yen (millions)		(A) - (B)	U.S.Dollars (millions)
	As of Mar. 31, 2006 (A)	As of Mar. 31, 2005 (B)		As of Mar. 31, 2006
Assets	10,021,195	9,736,247	284,948	85,651
Current assets	5,512,805	5,338,835	173,970	47,118
Cash and cash equivalents	658,255	708,715	(50,460)	5,626
Short-term investments	162,756	146,568	16,188	1,391
Trade receivables				
Notes	127,284	132,572	(5,288)	1,088
Accounts	2,303,397	2,065,194	238,203	19,687
Investments in leases	451,757	526,759	(75,002)	3,861
Inventories	1,262,308	1,198,955	63,353	10,789
Other current assets	547,048	560,072	(13,024)	4,676
Investments and advances	1,029,673	894,851	134,822	8,801
Property, plant and equipment	2,460,186	2,357,931	102,255	21,027
Other assets	1,018,531	1,144,630	(126,099)	8,705
Liabilities and Stockholders' equity	10,021,195	9,736,247	284,948	85,651
Current liabilities	4,121,451	4,064,546	56,905	35,226
Short-term debt and current installments of long-term debt	1,000,555	1,183,474	(182,919)	8,552
Trade payables				
Notes	68,599	62,855	5,744	586
Accounts	1,416,367	1,246,401	169,966	12,106
Advances received	277,887	247,586	30,301	2,375
Other current liabilities	1,358,043	1,324,230	33,813	11,607
Noncurrent liabilities	2,355,164	2,442,818	(87,654)	20,130
Long-term debt	1,418,489	1,319,032	99,457	12,124
Retirement and severance benefits	827,669	1,033,005	(205,336)	7,074
Other liabilities	109,006	90,781	18,225	932
Minority interests	1,036,807	921,052	115,755	8,861
Stockholders' equity	2,507,773	2,307,831	199,942	21,434
Common stock	282,033	282,033	0	2,410
Capital surplus	561,484	565,360	(3,876)	4,799
Legal reserve and retained earnings	1,778,203	1,779,198	(995)	15,198
Accumulated other comprehensive loss	(95,997)	(301,524)	205,527	(820)
(Foreign currency translation adjustments)	(43,426)	(90,904)	47,478	(371)
(Minimum pension liability adjustments)	(145,903)	(242,672)	96,769	(1,247)
(Net unrealized holding gain on available-for-sale securities)	92,626	32,996	59,630	792
(Cash flow hedges)	706	(944)	1,650	6
Treasury stock	(17,950)	(17,236)	(714)	(153)

Consolidated Statements of Stockholders' Equity

	Yen (millions)		U.S. Dollars (millions)
	The year ended March 31, 2006	The year ended March 31, 2005	The year ended March 31, 2006
Common stock			
Balance at beginning of year	282,033	282,032	2,410
Conversion of convertible debentures	0	1	0
Balance at end of year	282,033	282,033	2,410
Capital surplus			
Balance at beginning of year	565,360	551,690	4,832
Gains on sales of treasury stock	150	12,862	1
Increase (decrease) arising from equity transaction and other	(4,026)	808	(34)
Balance at end of year	561,484	565,360	4,799
Legal reserve			
Balance at beginning of year	110,214	109,163	942
Transfers from retained earnings	601	921	5
Transfers from minority interests	190	130	2
Balance at end of year	111,005	110,214	949
Retained earnings			
Balance at beginning of year	1,668,984	1,651,272	14,265
Net income	37,320	51,496	319
Cash dividends	(36,644)	(34,628)	(314)
Transfers to legal reserve	(601)	(921)	(5)
Transfers from (to) minority interests	(1,861)	1,765	(16)
Balance at end of year	1,667,198	1,668,984	14,249
Legal reserve and retained earnings	1,778,203	1,779,198	15,198
Accumulated other comprehensive loss			
Foreign currency translation adjustments			
Balance at beginning of year	(90,904)	(95,786)	(777)
Current-period change	47,478	4,882	406
Balance at end of year	(43,426)	(90,904)	(371)
Minimum pension liability adjustments			
Balance at beginning of year	(242,672)	(329,536)	(2,074)
Current-period change	96,769	86,864	827
Balance at end of year	(145,903)	(242,672)	(1,247)
Net unrealized holding gain on available-for-sale securities			
Balance at beginning of year	32,996	31,499	282
Changes in unrealized holding gain	59,630	1,497	510
Balance at end of year	92,626	32,996	792
Cash flow hedges			
Balance at beginning of year	(944)	(41)	(8)
Changes in the fair value of derivative financial instruments	1,650	(903)	14
Balance at end of year	706	(944)	6
Accumulated other comprehensive loss	(95,997)	(301,524)	(820)
Treasury stock			
Balance at beginning of year	(17,236)	(32,162)	(147)
Current-period (increase) decrease	(714)	14,926	(6)
Balance at end of year	(17,950)	(17,236)	(153)
Total stockholders' equity	2,507,773	2,307,831	21,434

Consolidated Statements of Cash Flows

	The years ended March 31		
	Yen (millions)		U.S. Dollars (millions)
	2006	2005	2006
Cash flows from operating activities			
Net income	37,320	51,496	319
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	451,170	425,080	3,856
Deferred income taxes	33,815	45,310	289
Loss on disposal of rental assets and other property	8,983	15,202	77
(Increase) decrease in receivables	(94,078)	103,246	(804)
Increase in inventories	(107,069)	(95,191)	(915)
Increase (decrease) in payables	107,271	(53,785)	917
Other	253,463	73,998	2,166
Net cash provided by operating activities	690,875	565,356	5,905
Cash flows from investing activities			
Decrease in short-term investments	1,104	47,179	10
Capital expenditures	(382,386)	(368,896)	(3,268)
Purchase of rental assets, net	(433,364)	(443,570)	(3,704)
Proceeds from sale of investments and subsidiaries' common stock, net	32,074	51,221	274
Collection of investments in leases	419,956	301,614	3,589
Other	(138,746)	(114,536)	(1,186)
Net cash used in investing activities	(501,362)	(526,988)	(4,285)
Cash flows from financing activities			
Decrease in interest-bearing debt	(203,835)	(39,166)	(1,742)
Dividends paid to stockholders	(36,509)	(34,815)	(312)
Dividends paid to minority stockholders of subsidiaries	(17,591)	(16,671)	(150)
Other	(3,703)	(8,777)	(32)
Net cash used in financing activities	(261,638)	(99,429)	(2,236)
Effect of exchange rate changes on cash and cash equivalents	21,665	5,380	185
Net decrease in cash and cash equivalents	(50,460)	(55,681)	(431)
Cash and cash equivalents at beginning of year	708,715	764,396	6,057
Cash and cash equivalents at end of year	658,255	708,715	5,626

Segment Information

(1) Industry Segments

		The years ended March 31			
		Yen (millions)		(A)/(B) X100 (%)	U.S. Dollars (millions)
		2006 (A)	2005 (B)		2006
Revenues	Information & Telecommunication Systems	2,360,956 21%	2,268,386 21%	104	20,179
	Electronic Devices	1,204,407 11%	1,320,177 12%	91	10,294
	Power & Industrial Systems	2,805,169 25%	2,515,366 24%	112	23,976
	Digital Media & Consumer Products	1,305,658 12%	1,280,302 12%	102	11,160
	High Functional Materials & Components	1,600,246 15%	1,504,312 14%	106	13,677
	Logistics, Services & Others	1,214,784 11%	1,248,296 12%	97	10,383
	Financial Services	517,975 5%	529,695 5%	98	4,427
	Subtotal	11,009,195 100%	10,666,534 100%	103	94,096
	Eliminations & Corporate items	(1,544,394)	(1,639,491)	-	(13,200)
	Total	9,464,801	9,027,043	105	80,896
Operating income (loss)	Information & Telecommunication Systems	84,687 26%	67,761 21%	125	724
	Electronic Devices	20,439 6%	37,017 12%	55	174
	Power & Industrial Systems	92,552 28%	73,661 23%	126	791
	Digital Media & Consumer Products	(35,771) (11%)	8,694 3%	-	(306)
	High Functional Materials & Components	110,069 34%	87,514 28%	126	941
	Logistics, Services & Others	19,511 6%	9,808 3%	199	167
	Financial Services	35,001 11%	31,073 10%	113	299
	Subtotal	326,488 100%	315,528 100%	103	2,790
	Eliminations & Corporate items	(70,476)	(36,473)	-	(602)
	Total	256,012	279,055	92	2,188

Note: Revenues by industry segment include intersegment transactions.

(2)Geographic Segments

			The years ended March 31			
			Yen (millions)		(A)/(B) X100 (%)	U.S. Dollars (millions)
			2006 (A)	2005 (B)		2006
Revenues	Japan	Outside customer sales	6,747,222 61%	6,598,002 63%	102	57,668
		Intersegment transactions	1,033,180 9%	937,814 9%	110	8,831
		Total	7,780,402 70%	7,535,816 72%	103	66,499
	Asia	Outside customer sales	1,178,568 11%	1,059,197 10%	111	10,073
		Intersegment transactions	453,823 4%	388,249 4%	117	3,879
		Total	1,632,391 15%	1,447,446 14%	113	13,952
	North America	Outside customer sales	899,608 8%	798,266 8%	113	7,689
		Intersegment transactions	64,486 1%	34,224 0%	188	551
		Total	964,094 9%	832,490 8%	116	8,240
	Europe	Outside customer sales	519,042 5%	470,792 5%	110	4,437
		Intersegment transactions	27,390 0%	20,015 0%	137	234
		Total	546,432 5%	490,807 5%	111	4,671
	Other Areas	Outside customer sales	120,361 1%	100,786 1%	119	1,029
		Intersegment transactions	11,182 0%	3,545 0%	315	95
		Total	131,543 1%	104,331 1%	126	1,124
	Subtotal		11,054,862 100%	10,410,890 100%	106	94,486
	Eliminations & Corporate items		(1,590,061)	(1,383,847)	-	(13,590)
	Total		9,464,801	9,027,043	105	80,896

		The years ended March 31			
		Yen (millions)		(A)/(B) X100 (%)	U.S. Dollars (millions)
		2006 (A)	2005 (B)		2006
Operating income	Japan	275,715 83%	274,389 83%	100	2,357
	Asia	6,727 2%	27,538 8%	24	57
	North America	23,428 7%	10,188 3%	230	200
	Europe	18,702 6%	16,382 5%	114	160
	Other Areas	6,555 2%	3,260 1%	201	56
	Subtotal	331,127 100%	331,757 100%	100	2,830
	Eliminations & Corporate items	(75,115)	(52,702)	-	(642)
Total	256,012	279,055	92	2,188	

(3)Revenues by Market

		The years ended March 31			
		Yen (millions)		(A)/(B) X100 (%)	U.S. Dollars (millions)
		2006 (A)	2005 (B)		2006
Japan		5,825,156 62%	5,749,603 64%	101	49,788
	Asia	1,619,235 17%	1,406,883 15%	115	13,840
	North America	968,957 10%	901,855 10%	107	8,282
	Europe	748,480 8%	709,770 8%	105	6,397
	Other Areas	302,973 3%	258,932 3%	117	2,589
Outside Japan		3,639,645 38%	3,277,440 36%	111	31,108
Total		9,464,801 100%	9,027,043 100%	105	80,896

HITACHI, LTD.
Unconsolidated Financial Statements
for the Year Ended March 31, 2006
(117yen = U.S.\$1)

April 27, 2006

	YEN (millions)			(A)/(B)×100	U.S. DOLLARS (millions)
<u>INCOME STATEMENTS</u>	2006(A)	2005(B)		2006	
<u>Revenues</u>	2,713,331	2,597,496	104%	23,191	
Cost of sales	2,174,910	2,096,204	104%	18,589	
<u>Gross Profit</u>	538,420	501,292	107%	4,602	
S.G.A. expenses	537,365	506,986	106%	4,593	
<u>Operating income(loss)</u>	1,054	(5,694)	—	9	
Other income	98,121	87,863	112%	839	
Other deductions	56,484	59,886	94%	483	
<u>Ordinary income</u>	42,691	22,282	192%	365	
Extraordinary gain	57,415	63,140	91%	491	
Extraordinary loss	63,139	66,140	95%	540	
<u>Income before income taxes</u>	36,966	19,281	192%	316	
Current income taxes	(2,258)	(6,961)	32%	(19)	
Deferred income taxes	2,220	15,898	14%	19	
<u>Net income</u>	37,005	10,344	358%	316	
Basic EPS (yen and dollars)	11.11	3.12	356%	0.09	
Diluted EPS (yen and dollars)	11.11	3.12	356%	0.09	
<u>BALANCE SHEETS</u>	2006/3/31(A)	2005/3/31(B)	(A)/(B)×100	2006/3/31	
Current assets	1,850,334	1,860,523	99%	15,815	
(Quick assets)	1,457,868	1,467,950	99%	12,460	
(Inventories)	285,697	282,875	101%	2,442	
(Deferred tax assets)	106,769	109,698	97%	913	
Fixed assets	1,983,935	1,891,998	105%	16,957	
(Investments)	1,393,633	1,275,735	109%	11,911	
(Deferred tax assets)	70,454	96,883	73%	602	
(Others)	519,847	519,379	100%	4,443	
<u>Total assets</u>	3,834,270	3,752,522	102%	32,772	
Current liabilities	1,720,326	1,776,593	97%	14,704	
Fixed liabilities	708,713	610,272	116%	6,057	
(Debentures)	290,000	190,000	153%	2,479	
(Long-term loans)	224,188	224,533	100%	1,916	
(Others)	194,525	195,739	99%	1,663	
<u>Total liabilities</u>	2,429,039	2,386,866	102%	20,761	
<u>Stockholders' equity</u>	1,405,230	1,365,655	103%	12,011	
<u>Liabilities and stockholders' equity</u>	3,834,270	3,752,522	102%	32,772	

FORECAST FOR THE YEAR ENDING MARCH 31, 2007

	Revenues	Ordinary income	Net income
Millions of Yen	2,600,000	5,000	30,000
Millions of U.S. dollars	22,222	43	256

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;
- 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.

Supplementary information for the year ended March 31, 2006

1. Summary

(1) Consolidated Basis

(Billions of yen)

	Fiscal 2004		Fiscal 2005		Fiscal 2006 (Forecast)			
	(A)	(A)/ FY2003	(B)	(B)/(A)	1 st half of FY 2006	Note 2	(C)	(C)/(B)
Revenues	9,027.0	105%	9,464.8	105%	4,590.0	104%	9,700.0	102%
C/U (Note 1) (%)	348	-	349	-	399	-	373	-
Operating income	279.0	151%	256.0	92%	50.0	64%	290.0	113%
Income before income taxes and minority interests	264.5	112%	274.8	104%	60.0	73%	280.0	102%
Income before minority interests	114.5	297%	120.5	105%	20.0	94%	135.0	112%
Income before minority interests / (Stockholders' equity + Minority interests) (%)	3.7	-	3.6	-	-	-	-	-
Net income (loss)	51.4	324%	37.3	72%	(10.0)	-	55.0	147%
C/U (Note 1) (%)	498	-	101	-	-	-	183	-
ROE (%)	2.3	-	1.5	-	-	-	-	-
Average exchange rate (yen / U.S.\$)	108	-	114	-	110	-	110	-
Net interest and dividends	(9.6)	-	(8.6)	-	-	-	-	-

Notes : 1. C/U : Consolidated basis / Unconsolidated basis

2. 1st half of FY 2006 / 1st half of FY 2005

	As of March 31, 2005	As of March 31, 2006
Cash & cash equivalents, Short-term investments (Billions of yen)	855.2	821.0
Interest-bearing debt (Billions of yen)	2,502.5	2,419.0
Number of employees	347,424	355,879
Japan	242,891	242,659
Overseas	104,533	113,220
Number of consolidated subsidiaries (Including Variable Interest Entities)	985	932
Japan	539	476
Overseas	446	456

(2) Unconsolidated Basis

(Billions of yen)

	Fiscal 2004		Fiscal 2005		Fiscal 2006 (Forecast)			
	(A)	(A)/FY2003	(B)	(B)/(A)	1 st half of FY 2006	Note	(C)	(C)/(B)
Revenues	2,597.4	104%	2,713.3	104%	1,150.0	95%	2,600.0	96%
Operating income (loss)	(5.6)	-	1.0	-	-	-	-	-
Ordinary income (loss)	22.2	110%	42.6	192%	(50.0)	-	5.0	12%
Net income	10.3	26%	37.0	358%	0.0	-	30.0	81%
Dividend payout ratio (%)	352.6	-	99.0	-	-	-	-	-
Average exchange rate (yen / U.S.\$)	107	-	114	-	110	-	110	-

Note : 1st half of FY 2006 / 1st half of FY 2005

	As of March 31, 2005	As of March 31, 2006
Cash & cash equivalents, Short-term investments (Billions of yen)	266.3	219.2
Interest-bearing debt (Billions of yen)	670.9	621.1
Number of employees	41,069	41,157

2. Consolidated revenues by industry segment

(Billions of yen)

	Fiscal 2004		Fiscal 2005		Fiscal 2006 (Forecast) (Note 1)			
	(A)	(A)/FY 2003	(B)	(B)/(A)	1 st half of FY 2006	Note 2	(C)	(C)/(B)
Information & Telecommunication Systems	2,268.3	98%	2,360.9	104%	1,145.0	108%	2,530.0	107%
Electronic Devices	1,320.1	101%	1,204.4	91%	600.0	103%	1,245.0	103%
Power & Industrial Systems	2,515.3	109%	2,805.1	112%	1,220.0	95%	2,660.0	95%
Digital Media & Consumer Products	1,280.3	104%	1,305.6	102%	765.0	125%	1,565.0	120%
High Functional Materials & Components	1,504.3	116%	1,600.2	106%	785.0	103%	1,605.0	100%
Logistics, Services & Others	1,248.2	99%	1,214.7	97%	580.0	102%	1,215.0	100%
Financial Services	529.6	96%	517.9	98%	240.0	92%	480.0	93%
Eliminations & Corporate items	(1,639.4)	-	(1,544.3)	-	(745.0)	-	(1,600.0)	-
Total	9,027.0	105%	9,464.8	105%	4,590.0	104%	9,700.0	102%

- Notes : 1. 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.
2. 1st half of FY 2006 / 1st half of FY 2005

3. Consolidated operating income (loss) by industry segment

(Billions of yen)

	Fiscal 2004		Fiscal 2005		Fiscal 2006 (Forecast) (Note 1)			
	(A)	(A)/ FY 2003	(B)	(B)/(A)	1 st half of FY 2006	Note 2	(C)	(C)/(B)
Information & Telecommunication Systems	67.7	97%	84.6	125%	10.0	43%	93.0	110%
Electronic Devices	37.0	122%	20.4	55%	11.0	119%	37.0	181%
Power & Industrial Systems	73.6	217%	92.5	126%	14.0	60%	93.0	100%
Digital Media & Consumer Products	8.6	125%	(35.7)	-	(21.0)	-	(28.0)	-
High Functional Materials & Components	87.5	187%	110.0	126%	48.0	100%	114.0	104%
Logistics, Services & Others	9.8	-	19.5	199%	5.0	72%	19.0	97%
Financial Services	31.0	139%	35.0	113%	16.0	100%	33.0	94%
Eliminations & Corporate items	(36.4)	-	(70.4)	-	(33.0)	-	(71.0)	-
Total	279.0	151%	256.0	92%	50.0	64%	290.0	113%

- Notes : 1. 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.
2. 1st half of FY 2006 / 1st half of FY 2005

4. Consolidated overseas revenues by industry segment

(Billions of yen)

	Fiscal 2004		Fiscal 2005		Fiscal 2006 (Forecast)	
	(A)	(A)/FY 2003	(B)	(B)/(A)	(C)	(C)/(B)
Information & Telecommunication Systems	684.8	100%	781.9	114%	/	/
Electronic Devices	502.9	101%	448.7	89%		
Power & Industrial Systems	699.2	138%	924.8	132%		
Digital Media & Consumer Products	511.7	104%	544.6	106%		
High Functional Materials & Components	442.8	133%	514.0	116%		
Logistics, Services & Others	392.1	93%	377.5	96%		
Financial Services	43.6	113%	47.7	109%		
Total	3,277.4	110%	3,639.6	111%		

5. Overseas production (Total revenues of overseas manufacturing subsidiaries)

(Billions of yen)

	Fiscal 2004		Fiscal 2005	
	(A)	(A)/FY 2003	(B)	(B)/(A)
Overseas production	1,604.7	108%	1,868.2	116%
Percentage of revenues	18%	-	20%	-
Percentage of overseas revenues	49%	-	51%	-

6. Consolidated capital investment by industry segment (Completion basis, including leasing assets)

(Billions of yen)

	Fiscal 2004		Fiscal 2005		Fiscal 2006 (Forecast)	
	(A)	(A)/FY 2003	(B)	(B)/(A)	(C)	(C)/(B)
Information & Telecommunication Systems	103.0	126%	123.2	120%		
Electronic Devices	47.0	119%	35.7	76%		
Power & Industrial Systems	98.3	137%	106.7	109%		
Digital Media & Consumer Products	38.4	120%	38.5	100%		
High Functional Materials & Components	75.5	121%	84.5	112%		
Logistics, Services & Others	31.1	107%	24.1	77%		
Financial Services	591.3	113%	570.6	97%		
Eliminations & Corporate items	(25.2)	-	(28.9)	-		
Total	959.5	118%	954.7	99%		
Leasing Assets	577.4	111%	557.2	97%	570.0	102%
Other	382.1	129%	397.4	104%	530.0	133%

7. Consolidated depreciation by industry segment

(Billions of yen)

	Fiscal 2004		Fiscal 2005		Fiscal 2006 (Forecast)	
	(A)	(A)/FY 2003	(B)	(B)/(A)	(C)	(C)/(B)
Information & Telecommunication Systems	77.2	95%	82.7	107%		
Electronic Devices	43.5	84%	45.6	105%		
Power & Industrial Systems	73.8	101%	79.6	108%		
Digital Media & Consumer Products	37.9	100%	40.6	107%		
High Functional Materials & Components	65.7	99%	64.3	98%		
Logistics, Services & Others	23.4	91%	23.6	101%		
Financial Services	100.3	105%	111.8	111%		
Corporate items	2.9	85%	2.6	90%		
Total	425.0	97%	451.1	106%		
Leasing Assets	111.1	104%	121.4	109%	120.0	99%
Other	313.8	95%	329.6	105%	360.0	109%

8. Consolidated R&D expenditure by industry segment

(Billions of yen)

	Fiscal 2004		Fiscal 2005		Fiscal 2006 (Forecast)	
	(A)	(A)/FY 2003	(B)	(B)/(A)	(C)	(C)/(B)
Information & Telecommunication Systems	164.7	97%	161.6	98%		
Electronic Devices	47.3	116%	47.0	99%		
Power & Industrial Systems	78.5	112%	85.5	109%		
Digital Media & Consumer Products	32.1	97%	33.4	104%		
High Functional Materials & Components	43.3	100%	48.8	113%		
Logistics, Services & Others	5.3	43%	4.7	90%		
Financial Services	2.3	116%	1.6	72%		
Corporate items	14.6	-	21.9	150%		
Total	388.6	105%	405.0	104%		
Percentage of revenues	4.3%	-	4.3%	-	4.4%	-

9. Consolidated balance sheets by financial and non-financial services

(Billions of yen)

Assets	As of March 31, 2005	As of March 31, 2006	Liabilities and Stockholders' equity	As of March 31, 2005	As of March 31, 2006
Manufacturing, Services and Others			Manufacturing, Services and Others		
Cash and cash equivalents	656.2	602.7	Short-term debt	878.3	753.4
Short-term investments	106.7	119.7	Trade payables	1,281.4	1,440.3
Trade receivables	1,854.0	2,001.4	Long-term debt	847.2	891.6
Inventories	1,198.9	1,262.2	Other liabilities	2,531.6	2,381.0
Investments and advances	814.8	921.5	Total	5,538.6	5,466.5
Property, plant and equipment	2,026.4	2,100.2	Financial Services		
Other assets	1,879.0	1,749.8	Short-term debt	857.7	820.0
Total	8,536.5	8,757.8	Trade payables	254.9	278.7
Financial Services			Long-term debt	605.0	677.8
Cash and cash equivalents	52.4	55.4	Other liabilities	182.5	224.4
Trade receivables	586.5	687.1	Total	1,900.2	2,001.0
Investment in leases	659.9	601.0	Eliminations	(931.5)	(991.0)
Property, plant and equipment	343.0	369.6	Liabilities	6,507.3	6,476.6
Other assets	515.4	567.5	Minority interests	921.0	1,036.8
Total	2,157.4	2,280.8	Stockholders' equity	2,307.8	2,507.7
Eliminations	(957.6)	(1,017.5)	Liabilities and Stockholders' equity	9,736.2	10,021.1
Assets	9,736.2	10,021.1			

10. Consolidated statements of operating results by financial and non-financial services

(Billions of yen)

		Fiscal 2004	Fiscal 2005
Manufacturing, Services and Others	Revenues	8,754.9	9,191.6
	Cost of sales and selling, general and administrative expenses	8,505.9	8,968.9
	Operating income	249.0	222.7
Financial Services	Revenues	529.6	517.9
	Cost of sales and selling, general and administrative expenses	498.6	482.9
	Operating income	31.0	35.0
Eliminations	Revenues	(257.5)	(244.8)
	Cost of sales and selling, general and administrative expenses	(256.5)	(243.0)
	Operating income	(1.0)	(1.7)
Total	Revenues	9,027.0	9,464.8
	Cost of sales and selling, general and administrative expenses	8,747.9	9,208.7
	Operating income	279.0	256.0

Note: Figures in tables 5, 9 and 10 represent unaudited financial information prepared by the Company for the purpose of this supplementary information.

###

**Supplementary Information on Information &
Telecommunication Systems, Displays and Digital Media**

Note: *1. Segment information and operating income are presented in accordance with financial reporting principles and practices generally accepted in Japan.

1. Information & Telecommunication Systems *2

(1) Revenues and Operating Income (loss) by Product Sector *3

(The upper rows show comparisons to the previous year; billions of yen)

	Fiscal 2005			Fiscal 2006 (Forecast)		
	1st half	2nd half	Total	1st half	2nd half	Total
Revenues	99%	109%	104%	108%	106%	107%
	1,057.1	1,303.7	2,360.9	1,145.0	1,385.0	2,530.0
Software & Services	101%	107%	104%	106%	99%	102%
	472.9	582.8	1,055.7	503.0	577.0	1,080.0
Software	98%	101%	99%			
	73.7	80.0	153.7			
Services	101%	108%	105%			
	399.2	502.8	902.0			
Hardware	97%	111%	104%	110%	112%	111%
	584.2	720.9	1,305.1	642.0	808.0	1,450.0
Storage *4	104%	117%	110%			
	311.4	383.0	694.4			
Servers *5	83%	102%	93%			
	39.2	48.4	87.6			
PCs *6	83%	101%	91%			
	51.3	54.5	105.8			
Telecommunication	104%	92%	98%			
	71.2	64.2	135.4			
Others	90%	113%	102%			
	111.1	170.8	281.9			
Operating income (loss)	80%	158%	125%	43%	135%	110%
	23.2	61.4	84.6	10.0	83.0	93.0
Software & Services	160%	183%	172%			94%
	37.0	46.6	83.6			79.0
Hardware	-	111%	5%			1400%
	(13.8)	14.8	1.0			14.0

Notes: *2. The Hard Disk Drive 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 twelve months ended March 31, 2006 include the operating results of Hitachi GST for the twelve months ended December 31, 2005.

*3. Figures for each product exclude intersegment transactions.

*4. Figures for Storage include disk array subsystems, hard disk drives, etc.

*5. Figures for Servers include general-purpose computers, UNIX servers, etc.

*6. Figures for PCs include PC servers, client PCs, etc.

(2) SAN/NAS Storage Solutions

(The upper rows show comparisons to the previous year; billions of yen)

	Fiscal 2005			Fiscal 2006 (Forecast)		
	1st half	2nd half	Total	1st half	2nd half	Total
Revenues	110%	127%	119%	102%	105%	104%
	142.0	176.0	318.0	145.0	185.0	330.0

(3) Hard Disk Drives *7 *8

(The upper rows show comparisons to the previous year)

Period recorded for consolidated accounting purposes		Fiscal 2005				Fiscal 2006	
		1st half		2nd half	Total	1st quarter	Total (Forecast)
		1st quarter					
Shipment Period		Jan. 2005 to Mar. 2005	Jan. 2005 to Jun. 2005	Jul. 2005 to Dec. 2005	Jan. 2005 to Dec. 2005	Jan. 2006 to Mar. 2006	Jan. 2006 to Dec. 2006
Revenues	Yen (billions of yen)	98%	103%	115%	109%	118%	133%
		110.8	223.2	273.3	496.5	130.6	660.0
	U.S. dollar (millions of dollar)	100%	105%	108%	106%	106%	132%
		1,053	2,090	2,375	4,465	1,115	5,900
Operating loss	Yen (billions of yen)	-	-	-	-	-	-
		(11.5)	(24.4)	(2.6)	(27.0)	(5.4)	(8.0)
	U.S. dollar (millions of dollar)	-	-	-	-	-	-
		(109)	(229)	(22)	(251)	(46)	(70)
Shipments (thousand units) *9		122%	133%	119%	125%	110%	75,000
		13,400	27,300	31,100	58,400	14,700	-80,000
Consumer and Commercial	1.8/2.5inch *10	100%	105%	118%	112%	133%	
		6,300	12,800	15,500	28,300	8,400	
	3.5inch *11	124%	150%	143%	146%	119%	
		4,300	8,600	10,900	19,500	5,100	
Servers *12		78%	72%	108%	90%	128%	
		700	1,400	2,000	3,400	900	
Emerging *13		842%	654%	79%	176%	17%	
		2,080	4,580	2,720	7,290	350	

Notes: *7. Figures include intersegment transactions.

*8. Hitachi GST's operating currency is U.S. dollar. Yen figures include yen / dollar conversion fluctuation.

*9. Shipment less than 100,000 units have been rounded, with the exception of Emerging, where shipment less than 10,000 units have been rounded.

*10. Consumer electronics applications (1.8inch), note-PCs (2.5inch), etc.

*11. Desktop-PCs, consumer electronics applications (3.5inch), etc.

*12. Disk array subsystems, servers (3.5inch), etc.

*13. Hand held devices (1inch), automotive (2.5inch), etc.

2. Displays

(1) Revenues and Operating Income (loss)

(The upper rows show comparisons to the previous year; billions of yen)

	Fiscal 2005			Fiscal 2006 (Forecast)		
	1st half	2nd half	Total	1st half	2nd half	Total
Revenues	75%	100%	86%	111%	122%	117%
	94.2	97.4	191.6	105.0	119.0	224.0
Operating income (loss)	-	-	-	-	-	-
	(12.8)	(10.0)	(22.8)	(5.0)	7.0	2.0

(2) LCD Revenues

(The upper rows show comparisons to the previous year; billions of yen)

	Fiscal 2005			Fiscal 2006 (Forecast)		
	1st half	2nd half	Total	1st half	2nd half	Total
Revenues	72%	102%	85%	107%	118%	112%
	80.5	84.0	164.5	86.0	99.0	185.0
Large-size LCDs	55%	68%	60%			
	28.0	25.5	53.5			
Small and medium-size LCDs	86%	131%	105%			
	52.5	58.5	111.0			

3. Digital Media

Shipments of Main Products *14

(The upper rows show comparisons to the previous year; thousand units)

	Fiscal 2005			Fiscal 2006 (Forecast)		
	1st half	2nd half	Total	1st half	2nd half	Total
Optical Disk Drives *15	113%	101%	106%	111%	116%	113%
	36,000	38,500	74,500	40,000	44,500	84,500
Plasma TVs *16	113%	211%	160%	233%	193%	208%
	180	300	480	420	580	1,000
LCD TVs	300%	257%	270%	222%	167%	185%
	90	180	270	200	300	500
Projection TVs	79%	75%	77%	100%	89%	94%
	150	180	330	150	160	310

Notes: *14. Shipment less than 10,000 units have been rounded, with the exception of Optical Disk Drives, where shipment less than 100,000 units have been rounded.

*15. The Optical Disk Drive operations are conducted by Hitachi-LG Data Storage, Inc. (HLDS), which has a December 31 fiscal year-end, different from Hitachi's March 31 year-end. Hitachi's results for the twelve months ended March 31, 2006 include the operating results of HLDS for the twelve months ended December 31, 2005.

*16. The sum of plasma TV and plasma monitor shipments.



Outline of Consolidated Financial Results for Fiscal 2005 and Outlook for Fiscal 2006

April 27, 2006
Hitachi, Ltd.



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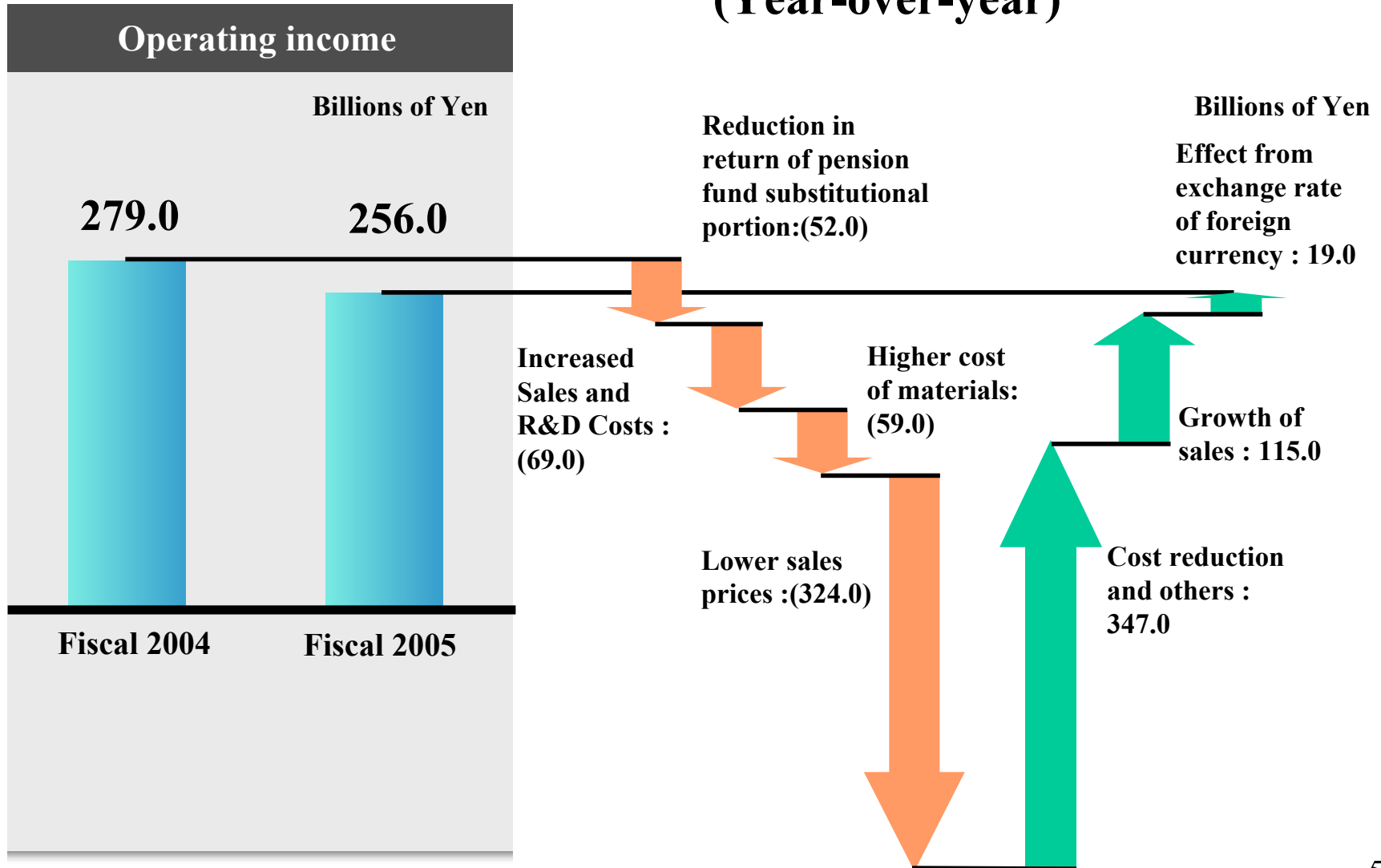
- 1. Outline of Consolidated Financial Results for Fiscal 2005**
- 2. Outlook for Fiscal 2006**
- 3. Overview by Industry Segments**
- 4. Key initiatives for improvement in Fiscal 2006**

1-1. Summary of Financial Results for Fiscal 2005

Billions of Yen

	Fiscal 2004	Fiscal 2005	Year-over-year % change
Revenues	9,027.0	9,464.8	105%
Operating income	279.0	256.0	92%
Income before income taxes and minority interests	264.5	274.8	104%
Income before minority interests	114.5	120.5	105%
Net income	51.4	37.3	72%

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



1-3. Revenues by Market

Billions of Yen

	Fiscal 2004	Ratio	Fiscal 2005	Ratio	Year-over-year % change
Japan	5,749.6	64%	5,825.1	62%	101%
Outside Japan	3,277.4	36%	3,639.6	38%	111%
Asia	1,406.8	15%	1,619.2	17%	115%
North America	901.8	10%	968.9	10%	107%
Europe	709.7	8%	748.4	8%	105%
Other Areas	258.9	3%	302.9	3%	117%

Ratio of Overseas Revenues 38%

1-4. Consolidated Statements of Operations

Billions of Yen

	Fiscal 2004	Fiscal 2005	Year-over-year % change
Revenues	9,027.0	9,464.8	105%
Operating income	279.0	256.0	92%
Income before income taxes and minority interests	264.5	274.8	104%
Income taxes	149.9	154.3	103%
Income before minority interests	114.5	120.5	105%
Minority interests	63.0	83.1	132%
Net income	51.4	37.3	72%

1-5. Consolidated Balance Sheets

Billions of Yen

	As of March 31, 2005	As of March 31, 2006	Year-over-year change
Total assets	9,736.2	10,021.1	284.9
Total liabilities	6,507.3	6,476.6	(30.7)
Interest-bearing debts	2,502.5	2,419.0	(83.4)
Minority interests	921.0	1,036.8	115.7
Stockholders' equity	2,307.8	2,507.7	199.9
Stockholders' equity ratio	23.7%	25.0%	1.3 point improvement
D/E Ratio (Including Minority interests)	0.78 times	0.68 times	0.10 point improvement

1-6. Consolidated Statements of Cash flows

Billions of Yen

	Fiscal 2004	Fiscal 2005	Year-over-year change
Cash flows from operating activities	565.3	690.8	125.5
Cash flows from investing activities	(526.9)	(501.3)	25.6
Free cash flows	38.3	189.5	151.1
Cash flows from financing activities	(99.4)	(261.6)	(162.2)

1-7. Capital investment, R&D expenditure

(1) Capital investment

Billions of Yen

	Fiscal 2004	Fiscal 2005	Year-over-year % change
Capital investment	959.5	954.7	99%
Leasing assets	577.4	557.2	97%
Other	382.1	397.4	104%

(2) R&D expenditure

Billions of Yen

	Fiscal 2004	Fiscal 2005	Year-over-year % change
R&D expenditure	388.6	405.0	104%
Percentage of revenues	4.3%	4.3%	-

1-8. Revenues by Industry Segments

Billions of Yen

	Fiscal 2004	Fiscal 2005	Year-over-year % change
Information & Telecommunication Systems	2,268.3	2,360.9	104%
Electronic Devices	1,320.1	1,204.4	91%
Power & Industrial Systems	2,515.3	2,805.1	112%
Digital Media & Consumer Products	1,280.3	1,305.6	102%
High Functional Materials & Components	1,504.3	1,600.2	106%
Logistics, Services & Others	1,248.2	1,214.7	97%
Financial Services	529.6	517.9	98%
Eliminations & Corporate items	(1,639.4)	(1,544.3)	-
Total	9,027.0	9,464.8	105%

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

Billions of Yen

	Fiscal 2004	Fiscal 2005	Year-over-year % change
Information & Telecommunication Systems	67.7	84.6	125%
Electronic Devices	37.0	20.4	55%
Power & Industrial Systems	73.6	92.5	126%
Digital Media & Consumer Products	8.6	(35.7)	-
High Functional Materials & Components	87.5	110.0	126%
Logistics, Services & Others	9.8	19.5	199%
Financial Services	31.0	35.0	113%
Eliminations & Corporate items	(36.4)	(70.4)	-
Total	279.0	256.0	92%



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4. **Key initiatives for improvement in Fiscal 2006**

2-1. Outlook for Fiscal 2006

Billions of Yen

	Fiscal 2005	Fiscal 2006(Forecast)	Year-over-year % change
Revenues	9,464.8	9,700.0	102%
Operating income	256.0	290.0	113%
Income before income taxes and minority interests	274.8	280.0	102%
Income before minority interests	120.5	135.0	112%
Net income	37.3	55.0	147%

2-2. Outlook for Revenues of Fiscal 2006 by Industry Segments

Billions of Yen

	Fiscal 2005	Fiscal 2006 (Forecast)	Year-over-year % change
Information & Telecommunication Systems	2,360.9	2,530.0	107%
Electronic Devices	1,204.4	1,245.0	103%
Power & Industrial Systems	2,805.1	2,660.0	95%
Digital Media & Consumer Products	1,305.6	1,565.0	120%
High Functional Materials & Components	1,600.2	1,605.0	100%
Logistics, Services & Others	1,214.7	1,215.0	100%
Financial Services	517.9	480.0	93%
Eliminations & Corporate items	(1,544.3)	(1,600.0)	-
Total	9,464.8	9,700.0	102%

2-3. Outlook for Operating Income (Loss) of Fiscal 2006 by Industry Segments

Billions of Yen

	Fiscal 2005	Fiscal 2006 (Forecast)	Year-over-year % change
Information & Telecommunication Systems	84.6	93.0	110%
Electronic Devices	20.4	37.0	181%
Power & Industrial Systems	92.5	93.0	100%
Digital Media & Consumer Products	(35.7)	(28.0)	-
High Functional Materials & Components	110.0	114.0	104%
Logistics, Services & Others	19.5	19.0	97%
Financial Services	35.0	33.0	94%
Eliminations & Corporate items	(70.4)	(71.0)	-
Total	256.0	290.0	113%



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3-1. Information & Telecommunication Systems

(1) Overview

Billions of Yen

	Fiscal 2004	Fiscal 2005	Year-over-year % change	Fiscal 2006 (Forecast)	Year-over-year % change
Revenues	2,268.3	2,360.9	104%	2,530.0	107%
Software/Services	1,015.5	1,055.7	104%	1,080.0	102%
Hardware	1,252.8	1,305.1	104%	1,450.0	111%
Operating income	67.7	84.6	125%	93.0	110%
Software/Services	48.6	83.6	172%	79.0	94%
Hardware	19.1	1.0	5%	14.0	1,400%

Overview of Fiscal 2005

Revenues

[Increase 4%]

- Growth in Software/Services
 - Healthy growth in outsourcing business
- Growth in Hardware
 - Higher sales of Disk array subsystems and HDD

Operating income

[Increase 25%]

- Growth in Software/Services
 - Improving project management
- Decline in Hardware
 - Losses in HDD products brought down earnings, despite healthy growth in Disk array subsystems

Outlook for Fiscal 2006

- Growth in revenues and increased operating income
- HDD operations will return to profitability in 2nd half of fiscal 2006

3-1. Information & Telecommunication Systems

(2) Key Initiatives

1. Strengthen proposal capabilities to increase orders

- Expand the consulting services business by bolstering the operating structure
 - Increase the number of consultants worldwide to 3,000 in fiscal 2008, from 1,200 in fiscal 2005
 - Increase collaboration among consulting subsidiaries in Japan, U.S. and Europe
- Develop the security business, which includes finger vein authentication systems and secure client solutions
- Expand the outsourcing business

2. Expand global operations

- Increase market share in SAN/NAS storage solutions
 - Raise share in mid-range and small-range market through collaboration with Ingram Micro Inc., etc.
- Bolster communication network business
 - Strengthen communication network business in North America, etc.

3. Launch new businesses that leverage Hitachi's collective strengths

- Develop internal control solutions business
- Expand the RFID and traceability solutions business
- Target opportunities in the broadcasting and communications business

4. Invest in R&D activities to strengthen product lineup, competitiveness, and in measures to bolster sales capabilities

- Invest in the development of next-generation BladeSymphony and router products
- Invest to improve sales capabilities in the consulting services business, platform products and overseas

3-1. Information & Telecommunication Systems

(3) Hard Disk Drive Business

Billions of Yen

	Fiscal 2004 (Jan. 2004 - Dec. 2004)	Fiscal 2005 (Jan. 2005 - Dec. 2005)	Year-over- year % change	Fiscal 2006(Forecast) (Jan. 2006 - Dec. 2006)	Year-over- year % change
Revenues	453.6	496.5	109%	660.0	133%
Operating loss	(5.6)	(27.0)	-	(8.0)	-

1. Strengthen R&D capabilities

- Integration of development organizations: Have already consolidated server applications at San Jose and other applications at Fujisawa
- “TOKKEN”(special R&D task force) implemented :Begin mass production and shipment of perpendicular magnetic recording products in July-September 2006 quarter

2. Increase production capacity and reduce costs

- Ramp up HDD assembly capabilities: Began mass production at new Chinese facility in January 2006
- Use smaller sliders to raise production efficiency
- Improve production yield by making greater use of new head materials

3. Enhance sales capabilities

- Increase sales by strengthening partnerships with leading customers

4. Improve operating efficiency

- Use total supply chain management to improve sales and production efficiency
- Raise product quality through total quality control activities

Return to profitability in 2nd half of fiscal 2006

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 fiscal 2005 include operating results of Hitachi GST for the period from January through December 2005.

3-2. Electronic Devices

(1) Overview

Billions of Yen

	Fiscal 2004	Fiscal 2005	Year-over-year % change	Fiscal 2006 (Forecast)	Year-over-year % change
Revenues	1,320.1	1,204.4	91%	1,245.0	103%
Operating income	37.0	20.4	55%	37.0	181%

Overview of Fiscal 2005

Revenues

[Decrease 9%]

- Sales of LCD decreased due to lower prices

Operating income

[Decrease 45%]

- Increased losses in LCD business

Outlook for Fiscal 2006

- LCD business will return to profitability in Fiscal 2006.

3-2. Electronic Devices

(2) Key Initiatives for LCD Business

	Billions of Yen				
	Fiscal 2004	Fiscal 2005	Year-over-year % change	Fiscal 2006 (Forecast)	Year-over-year % change
Revenues	223.7	191.6	86%	224.0	117%
Operating income (loss)	(14.6)	(22.8)	-	2.0	-

1. Focus on small and medium-sized LCDs

- Increase sales of LCDs for mobile phones, digital still cameras, portable games and amusement business
- Develop new markets for LCDs (automotive, medical and industrial equipment)
- Transfer LCD TV business to equity-method affiliate IPS Alpha Technology, Ltd. and dramatically reduce output of LCDs for PCs

2. Strengthen sales capabilities and strengthen partnership with leading customers

- Execute a product strategy drawing on Hitachi's outstanding In-Plane-Switching (IPS) technology
- Become a leading global LCD supplier and expand market share

3. Strengthen cost competitiveness

- Reduce material costs: Targeting a 20%/year reduction (Locate the optimum suppliers for each material, capture group synergies)
- Monozukuri* (manufacturing) reforms: Improvement in productivity with much expanded product line-up (Improve yields and throughput, increase share of back-end production in China)
- Continue to reduce fixed costs

Return to profitability in fiscal 2006

3-3. Power & Industrial Systems

(1) Overview

Billions of Yen

	Fiscal 2004	Fiscal 2005	Year-over-year % change	Fiscal 2006 (Forecast)	Year-over-year % change
Revenues	2,515.3	2,805.1	112%	2,660.0	95%
Operating income	73.6	92.5	126%	93.0	100%

Overview of Fiscal 2005

Revenues

[Increase 12%]

- Steady growth in industrial machinery and air-conditioning systems
- Growth in sales of Hitachi Construction Machinery, elevators and escalators, particularly overseas
- Effect of merger with TOKICO in October 2004

Operating income

[Increase 26%]

- Strong growth in Hitachi Construction Machinery
- Higher earnings in elevators, escalators, industrial machinery, air-conditioning systems, etc.

Outlook for Fiscal 2006

- Steady growth in sales of Hitachi Construction Machinery, elevators and escalators and industrial machinery
- Revenues will decline due to air-conditioning systems operations moving to Digital Media & Consumer Products segment through the establishment of Hitachi Appliances.

3-3. Power & Industrial Systems

(2) Key Initiatives

1. Improve profitability

Power Systems : **Improve project progress management on overseas thermal power plant business**
Improve cost competitiveness of core products
(reduce costs of boilers, turbines, generators)

2. Expand overseas operations

Power Systems : **Implement an overseas business strategy matched to market characteristics**
Railway Systems : **Strengthen operations in the U.K. and China**
Urban Planning & Development Systems : **Expand elevators and escalators operations in China and Southeast Asia**
Construction Machinery : **Strengthen production capability, expand operations in North America and China**

3. Strengthen growth businesses

Automotive Systems : **Continue to make up-front investments in electric power train systems, Car Information Systems (CIS) businesses**
Urban planning & development Systems : **Bolster security systems for offices and condominiums, strengthen ESCO businesses**

4. Strengthen core operations

Integration of social infrastructure businesses: Formed Hitachi Plant Technologies, Ltd. (April 2006)

3-4. Digital Media & Consumer Products

(1) Overview

Billions of Yen

	Fiscal 2004	Fiscal 2005	Year-over-year % change	Fiscal 2006 (Forecast)	Year-over-year % change
Revenues	1,280.3	1,305.6	102%	1,565.0	120%
Operating income (loss)	8.6	(35.7)	-	(28.0)	-

Overview of Fiscal 2005

Revenues

[Increase 2%]

- Growth in FPD TV
- Consolidation of Fujitsu Hitachi Plasma Display in April 2005

Operating income (loss)

[Posted loss of 35.7 billion yen]

- Increased sales costs for Digital Media products
- Lower prices for FPD TV and home appliance products

Outlook for Fiscal 2006

- Focus on FPD TV business as key products in Ubiquitous information society.
- Home appliance operations will return to profitability in fiscal 2006.
- Revenues will increase due to addition of air-conditioning systems operation from Power & Industrial Systems segment through the establishment of Hitachi Appliances.

3-4. Digital Media & Consumer Products

(2) Key Initiatives for Flat-Panel TV Business

	Fiscal 2004	Fiscal 2005	Fiscal 2006 (Forecast)
Plasma TV shipments (units)	300,000	480,000	1,000,000
LCD TV shipments (units)	100,000	270,000	500,000

1. Strengthen product competitiveness and upgrade R&D capabilities

- Differentiate products (Apply high definition and proprietary panel technology)
- Increase R&D workforce, integrate R&D sections, and amalgamate sales and marketing sections
- Introduce new models twice each year by increasing speed of product development
- Bolster technologies in Hitachi groups (Increase ratio of using components made by Hitachi group companies)

2. Strengthen cost-competitiveness

- Reduce costs: Rationalization of circuit structures, reduction of panel costs, centralized purchasing of core components

3. Boost production capability and bolster business infrastructure

- Expand plasma panel production capacity: October 2006 (2.4 million units/year), 2nd quarter of fiscal 2007 (3.6 million units/year)
[investment to expand production capacity: a 3rd plant of Fujitsu Hitachi plasma display:85.0billion yen]
- Expand flat-panel TV production capacity: Establish new factory in Europe in 2006, Fiscal 2008 (5.4 million units/year)
- Build global supply chain management system

4. Enhance global sales capabilities

- Strengthen sales channels in each region
(Europe and U.S.: Sell products through major retailers; China: Increase number of sales locations)
- Strengthen the Hitachi brand (Increase investment in marketing, conduct worldwide brand campaign)

To improve FPD TV business, maintain aggressive investment to strengthen brand

3-5. High Functional Materials & Components

Overview

Billions of Yen

	Fiscal 2004	Fiscal 2005	Year-over-year % change	Fiscal 2006 (Forecast)	Year-over-year % change
Revenues	1,504.3	1,600.2	106%	1,605.0	100%
Operating income	87.5	110.0	126%	114.0	104%

Overview of Fiscal 2005

Revenues

[Increase 6%]

- Strong growth in Hitachi Chemical and Hitachi Metals principally electronics-related and automotive fields
- Growth in Hitachi Cable

Operating income

[Increase 26%]

- Strong earnings at Hitachi Chemical and Hitachi Metals

Outlook for Fiscal 2006

- Continuous growth in Hitachi Chemical, Hitachi Metals and Hitachi Cable

3-6. Logistics, Services & Others / Financial Services

Logistics, Services & Others

Billions of Yen

	Fiscal 2004	Fiscal 2005	Year-over-year % change	Fiscal 2006 (Forecast)	Year-over-year % change
Revenues	1,248.2	1,214.7	97%	1,215.0	100%
Operating income	9.8	19.5	199%	19.0	97%

Financial Services

Billions of Yen

	Fiscal 2004	Fiscal 2005	Year-over-year % change	Fiscal 2006 (Forecast)	Year-over-year % change
Revenues	529.6	517.9	98%	480.0	93%
Operating income	31.0	35.0	113%	33.0	94%



Contents

1. Outline of Consolidated Financial Results for Fiscal 2005
2. Outlook for Fiscal 2006
3. Overview by Industry Segments
4. **Key initiatives for improvement in Fiscal 2006**

4-1. Concentrating Resources on Targeted Businesses

R & D

- **Concentrate resources in growing businesses so as to quickly bring to market distinctive products**
 - HDDs, plasma display panels, LCD panels, automotive systems, high functional materials, etc.
- **Create synergies through group vertical integration development projects**
 - Plasma display panels, LCD panels, motors and inverters, embedded systems, etc.

Sales Investments

- **Promote group-wide sales activities**
 - Share information within the group
 - Strengthen sales efforts targeting major global client accounts
- **Increase brand power for consumer products**
 - Conduct brand strengthening campaigns in all regions
 - Sell products through major retailers: North America, Europe, China
- **Strengthen Total Security Solutions business**
 - Finger vein authentication system, secure client solutions, security system for office & condominium, explosive trace detection system, etc.

4-2. Accelerate Globalization

● Implement an overseas business strategy matched to market characteristics

- Conduct business from the perspective of the local market by collaborating with regional chief executives
- Consolidate and standardize management platforms within regions to improve operating efficiency
 - Make greater use of shared services
 - Bolster risk management
- Recruit and nurture local leaders
 - Conduct cohesive group recruitment activities
 - Use the same training program for managers worldwide

● Strengthen business infrastructure worldwide

- Reinforce marketing capabilities, sales channels and brand power
- Improve total supply chain management

4-3. Enhance Operating Efficiency

● Capture group synergies and rigorously reduce costs

● Conduct a drive to lower the total cost ratio

- Reduce unnecessary costs / expenses and opportunity loss, in all R&D, design, production and sales processes
- Shorten new product development lead times by 30%

● Promote group-wide projects

- Group materials expenses reduction project

[Year-over-year reduction: Fiscal 2005=270 billion yen ; Fiscal 2006 target=310 billion yen]

- Reduce indirect materials and expenses, shared services expansion projects

[Year-over-year reduction : Fiscal 2005=10 billion yen ; Fiscal 2006 target=11 billion yen]

- IT cost reduction project (cost reductions from sharing systems)

[Year-over-year reduction : Fiscal 2005=6 billion yen ; Fiscal 2006 target=10 billion yen]

● Establish a sound financial position

● Execute total supply chain management reforms worldwide to improve working capital

- Reduce debt
- Maintain D/E ratio of 0.8

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;
- 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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