

**FOR IMMEDIATE RELEASE**

**Hitachi Announces Revision of Business Forecast  
for Fiscal 2006 and Interim Dividend**

Tokyo, September 15, 2006 --- Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced that a meeting of the Board of Directors held today decided to revise the Company's consolidated and non-consolidated business forecast for fiscal 2006, the year ending March 31, 2007, announced with annual operating results on April 27 this year. A meeting of the Board of Directors also decided on the interim dividend applicable to the current fiscal year. Details are as follows.

**1. Revision of Business Forecast for the First Half of Fiscal 2006, Ending September 30, 2006**

**(1) Business Forecast / Consolidated (from April 1, 2006 to September 30, 2006)**

(Billions of yen)

	Revenues	Operating income (loss)	Income (loss) before income taxes and minority interests	Income (loss) before minority interests	Net income (loss)
Previous forecast (A)	4,590.0	50.0	60.0	20.0	(10.0)
Revised forecast (B)	4,660.0	(17.0)	(20.0)	(55.0)	(90.0)
(B) - (A)	70.0	(67.0)	(80.0)	(75.0)	(80.0)
% change	2 %	-	-	-	-
First half of fiscal 2005, ended September 30, 2005	4,413.3	77.7	82.1	21.1	(10.9)

**Revenues by Industry Segment** (Billions of yen)

	Previous forecast (A)	Revised forecast (B)	(B) / (A) X 100
Information & Telecommunication Systems	1,145.0	1,130.0	99%
Electronic Devices	600.0	625.0	104%
Power & Industrial Systems	1,220.0	1,240.0	102%
Digital Media & Consumer Products	765.0	760.0	99%
High Functional Materials & Components	785.0	840.0	107%
Logistics, Services & Others	580.0	580.0	100%
Financial Services	240.0	255.0	106%
Subtotal	5,335.0	5,430.0	102%
Eliminations & Corporate items	(745.0)	(770.0)	-
Total	4,590.0	4,660.0	102%

**Operating Income (Loss) by Industry Segment** (Billions of yen)

	Previous forecast (A)	Revised forecast (B)	(B) - (A)
Information & Telecommunication Systems	10.0	7.0	(3.0)
Electronic Devices	11.0	21.0	10.0
Power & Industrial Systems	14.0	(61.0)	(75.0)
Digital Media & Consumer Products	(21.0)	(27.0)	(6.0)
High Functional Materials & Components	48.0	55.0	7.0
Logistics, Services & Others	5.0	4.0	(1.0)
Financial Services	16.0	13.0	(3.0)
Subtotal	83.0	12.0	(71.0)
Eliminations & Corporate items	(33.0)	(29.0)	4.0
Total	50.0	(17.0)	(67.0)

**(2) Business Forecast / Unconsolidated (from April 1, 2006 to September 30, 2006)**

	Revenues	Ordinary income (loss)	Net income (loss)
Previous forecast (A)	1,150.0	(50.0)	0.0
Revised forecast (B)	1,207.0	(60.0)	(75.0)
(B) - (A)	57.0	(10.0)	(75.0)
% change	5%	-	-
First half of fiscal 2005, ended September 30, 2005	1,210.7	8.9	20.0

## 2. Revision of Business Forecast for Fiscal 2006, Ending March 31, 2007

### (1) Business Forecast / Consolidated (from April 1, 2006 to March 31, 2007)

(Billions of yen)

	Revenues	Operating income	Income before income taxes and minority interests	Income before minority interests	Net income (loss)
Previous forecast (A)	9,700.0	290.0	280.0	135.0	55.0
Revised forecast (B)	9,740.0	180.0	160.0	25.0	(55.0)
(B) - (A)	40.0	(110.0)	(120.0)	(110.0)	(110.0)
% change	0%	(38%)	(43%)	(81%)	-
Fiscal 2005, ended March 31, 2006	9,464.8	256.0	274.8	120.5	37.3

### Revenues by Industry Segment

(Billions of yen)

	Previous forecast (A)	Revised forecast (B)	(B) / (A) X 100
Information & Telecommunication Systems	2,530.0	2,440.0	96%
Electronic Devices	1,245.0	1,250.0	100%
Power & Industrial Systems	2,660.0	2,760.0	104%
Digital Media & Consumer Products	1,565.0	1,520.0	97%
High Functional Materials & Components	1,605.0	1,700.0	106%
Logistics, Services & Others	1,215.0	1,190.0	98%
Financial Services	480.0	490.0	102%
Subtotal	11,300.0	11,350.0	100%
Eliminations & Corporate items	(1,600.0)	(1,610.0)	-
Total	9,700.0	9,740.0	100%

### Operating Income (Loss) by Industry Segment

(Billions of yen)

	Previous forecast (A)	Revised forecast (B)	(B) - (A)
Information & Telecommunication Systems	93.0	58.0	(35.0)
Electronic Devices	37.0	45.0	8.0
Power & Industrial Systems	93.0	35.0	(58.0)
Digital Media & Consumer Products	(28.0)	(45.0)	(17.0)
High Functional Materials & Components	114.0	118.0	4.0
Logistics, Services & Others	19.0	19.0	0.0
Financial Services	33.0	28.0	(5.0)
Subtotal	361.0	258.0	(103.0)
Eliminations & Corporate items	(71.0)	(78.0)	(7.0)
Total	290.0	180.0	(110.0)

**(2) Business Forecast / Unconsolidated (from April 1, 2006 to March 31, 2007)**

	(Billions of yen)		
	Revenues	Ordinary income (loss)	Net income (loss)
Previous forecast (A)	2,600.0	5.0	30.0
Revised forecast (B)	2,670.0	(40.0)	(55.0)
(B) – (A)	70.0	(45.0)	(85.0)
% change	3%	-	-
Fiscal 2005, ended March 31, 2006	2,713.3	42.6	37.0

**<Reasons for Revisions>**

Operating income of the Electronic Devices and High Functional Materials & Components segments are expected to outperform initial projections. However, various factors in other segments are expected to cause operating results to be lower than originally forecast. The Power & Industrial Systems segment will book repair costs related to turbine damage at certain nuclear power plants. It has also seen a significant increase in additional costs for thermal power plants overseas. In the Information & Telecommunication Systems segment, profitability has worsened in hard disk drive operations due to a large drop in prices caused by stiffer competition. Further, falling sales of room air conditioners and DVD recorders, among other factors, are affecting the performance of the Digital Media & Consumer Products segment.

**3. The Interim Dividend for the Fiscal Year Ending March 31, 2007**

The interim dividend for the fiscal year ending March 31, 2007 has been set as follows.

3.0 yen per share\*

\* The Company intends to pay interim dividend on December 1, 2006.

Reference: Dividends paid for the fiscal year ended March 31, 2006

Interim dividend: 5.5 yen per share

Year-end dividend: 5.5 yen per share

## Cautionary Statement

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this document.

Factors that could cause actual results to differ materially from those projected or implied in any “forward-looking statement” and from historical trends include, but are not limited to:

- fluctuations in product demand and industry capacity, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technology on a timely and cost-effective basis and to achieve market acceptance for such products;
- rapid technological change, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- increasing commoditization of information technology products, and intensifying price competition in the market for such products, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- fluctuations in rates of exchange for the yen and other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated, particularly between the yen and the U.S. dollar;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in product demand and/or exchange rates;
- general socio-economic and political conditions and the regulatory and trade environment of Hitachi’s major markets, particularly, the United States, Japan and elsewhere in Asia, including, without limitation, a return to stagnation or deterioration of the Japanese economy, or direct or indirect restriction by other nations on imports;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property rights, particularly those related to electronics and data processing technologies;
- uncertainty as to the results of litigation and legal proceedings of which the Company, its subsidiaries or its equity method affiliates have become or may become parties;
- possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- uncertainty as to the success of restructuring efforts to improve management efficiency and to strengthen competitiveness;
- uncertainty as to the success of alliances upon which Hitachi depends, some of which Hitachi may not control, with other corporations in the design and development of certain key products;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing; and
- uncertainty as to general market price levels for equity securities in Japan, declines in which may require Hitachi to write down equity securities it holds.

The factors listed above are not all-inclusive and are in addition to other factors contained in Hitachi’s periodic filings with the U.S. Securities and Exchange Commission and in other materials published by Hitachi.

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Information contained in this news release is current as of the date of the press announcement, but may be subject to change without prior notice.

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