

Outline of Consolidated Financial Results for the First Half of Fiscal 2007

October 31, 2007

Hitachi, Ltd.

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2. Outlook for Fiscal 2007
3. Overview by Industry Segment

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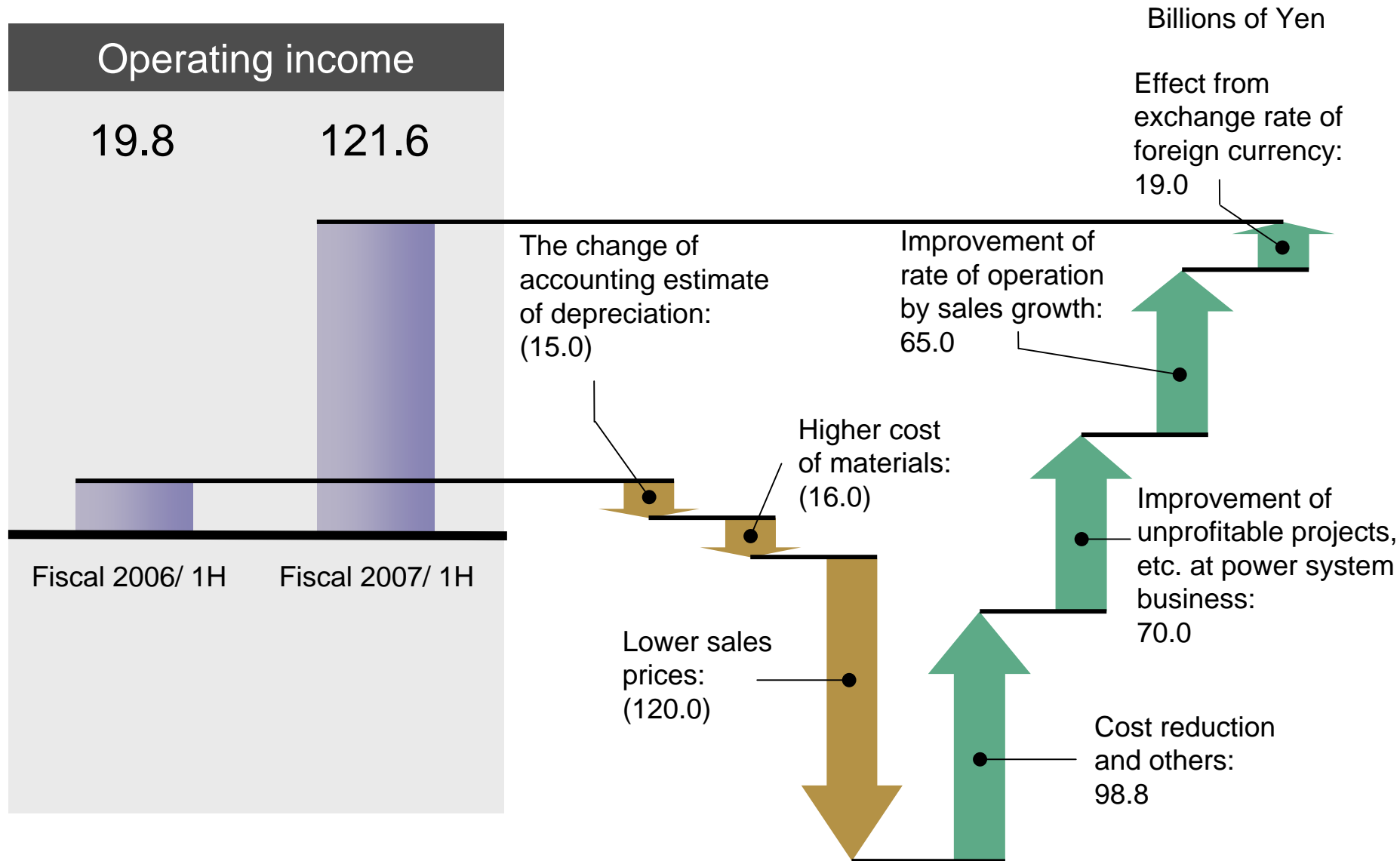
1. Outline of Consolidated Financial Results for the First Half of Fiscal 2007
2. Outlook for Fiscal 2007
3. Overview by Industry Segment

1-1. Summary of Financial Results for the First Half of Fiscal 2007

Billions of Yen

	Fiscal 2006/ 1H	Fiscal 2007/ 1H	Year-over-year % change
Revenues	4,770.9	5,280.4	111%
Operating income	19.8	121.6	613%
Income before income taxes and minority interests	25.8	136.0	527%
Income (loss) before minority interests	(34.7)	35.9	-
Net income (loss)	(78.0)	(13.0)	-

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



1-3. Revenues by Market

Billions of Yen

	Fiscal 2006/ 1H	Ratio	Fiscal 2007/ 1H	Ratio	Year-over-year % change
Japan	2,820.3	59%	2,995.4	57%	106%
Outside Japan	1,950.6	41%	2,284.9	43%	117%
Asia	891.2	19%	1,028.2	19%	115%
North America	514.2	11%	520.1	10%	101%
Europe	380.3	8%	506.9	10%	133%
Other Areas	164.7	3%	229.6	4%	139%
Total	4,770.9	100%	5,280.4	100%	111%

Ratio of Overseas Revenues 43%

1-4. Consolidated Statements of Operations

Billions of Yen

	Fiscal 2006/ 1H	Fiscal 2007/ 1H	Year-over-year % change
Revenues	4,770.9	5,280.4	111%
Operating income	19.8	121.6	613%
Income before income taxes and minority interests	25.8	136.0	527%
Income taxes	60.5	100.1	165%
Income (loss) before minority interests	(34.7)	35.9	-
Minority interests	43.3	49.0	113%
Net income (loss)	(78.0)	(13.0)	-

1-5. Consolidated Balance Sheets

Billions of Yen

	As of March 31, 2007	As of Sept. 30, 2007	Change from March 31, 2007
Total assets	10,644.2	10,738.7	94.4
Total liabilities	7,127.7	7,154.9	27.2
Interest-bearing debt	2,687.4	2,662.7	(24.7)
Minority interests	1,073.7	1,155.4	81.7
Stockholders' equity	2,442.7	2,428.2	(14.5)
Stockholders' equity ratio	22.9%	22.6%	(0.3)
D/E Ratio (Including minority interests)	0.76 times	0.74 times	0.02 improvement

1-6. Consolidated Statements of Cash Flows

Billions of Yen

	Fiscal 2006/ 1H	Fiscal 2007/ 1H	Year-over-year change
Cash flows from operating activities	177.5	378.5	201.0
Cash flows from investing activities	(307.6)	(424.9)	(117.2)
Free cash flows	(130.1)	(46.3)	83.8
Cash flows from financing activities	122.0	(30.5)	(152.5)

(1) Consolidated capital investment

Billions of Yen

	Fiscal 2006/ 1H	Fiscal 2007/ 1H	Year-over-year % change
Consolidated capital investment	502.7	499.5	99%
Internal use assets	238.3	274.9	115%
Leasing assets	264.3	224.6	85%

(2) Consolidated R&D expenditure

Billions of Yen

	Fiscal 2006/ 1H	Fiscal 2007/ 1H	Year-over-year % change
Consolidated R&D expenditure	201.8	208.8	103%
Percentage of revenues	4.2%	4.0%	-

1-8. Revenues by Industry Segment

Billions of Yen

	Fiscal 2006/ 1H	Fiscal 2007/ 1H	Year-over-year % change
Information & Telecommunication Systems	1,147.8	1,254.5	109%
Electronic Devices	645.9	643.3	100%
Power & Industrial Systems	1,280.8	1,598.3	125%
Digital Media & Consumer Products	758.7	728.0	96%
High Functional Materials & Components	870.2	933.5	107%
Logistics, Services & Others	610.9	618.7	101%
Financial Services	263.6	222.3	84%
Eliminations & Corporate items	(807.3)	(718.3)	-
Total	4,770.9	5,280.4	111%

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

Billions of Yen

	Fiscal 2006/ 1H	Fiscal 2007/ 1H	Year-over-year % change
Information & Telecommunication Systems	13.8	12.4	90%
Electronic Devices	24.0	25.8	107%
Power & Industrial Systems	(45.3)	63.6	-
Digital Media & Consumer Products	(34.4)	(50.8)	-
High Functional Materials & Components	63.8	64.6	101%
Logistics, Services & Others	7.9	10.7	135%
Financial Services	15.7	12.9	82%
Eliminations & Corporate items	(25.9)	(17.7)	-
Total	19.8	121.6	613%

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2-1. Outlook for Fiscal 2007

Billions of Yen

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

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

Billions of Yen

	Fiscal 2006	Fiscal 2007 (Forecast)	Year-over-year % change
Information & Telecommunication Systems	2,472.2	2,490.0	101%
Electronic Devices	1,287.4	1,255.0	97%
Power & Industrial Systems	3,022.2	3,420.0	113%
Digital Media & Consumer Products	1,506.0	1,530.0	102%
High Functional Materials & Components	1,794.5	1,850.0	103%
Logistics, Services & Others	1,213.5	1,210.0	100%
Financial Services	500.0	450.0	90%
Eliminations & Corporate items	(1,548.2)	(1,705.0)	-
Total	10,247.9	10,500.0	102%

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

Billions of Yen

	Fiscal 2006	Fiscal 2007 (Forecast)	Year-over-year % change
Information & Telecommunication Systems	60.3	83.0	138%
Electronic Devices	45.7	44.0	96%
Power & Industrial Systems	36.3	150.0	412%
Digital Media & Consumer Products	(58.4)	(72.0)	-
High Functional Materials & Components	132.3	133.0	100%
Logistics, Services & Others	20.2	19.0	94%
Financial Services	23.5	22.0	93%
Eliminations & Corporate items	(77.7)	(89.0)	-
Total	182.5	290.0	159%

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3-1. Information & Telecommunication Systems (1)

(1) Overview

Billions of Yen

	Fiscal 2006/ 1H	Fiscal 2007/ 1H	Y-over-y	Fiscal 2007 (Forecast)	Y-over-y
Revenues	1,147.8	1,254.5	109%	2,490.0	101%
Software/Services	536.9	594.8	111%	1,150.0	100%
Hardware	610.9	659.7	108%	1,340.0	101%
Operating income (loss)	13.8	12.4	90%	83.0	138%
Software/Services	27.8	37.7	136%	90.0	107%
Hardware	(14.0)	(25.3)	-	(7.0)	-

Y-over-y: Year-over-year % change

(2) Overview of the First Half of Fiscal 2007

- Operating income far exceeded forecasts
- Higher revenue and earnings in Software/Services
 - Strong performance in systems integration mainly for financial institutions
 - Strong performance in outsourcing business.
 - Consulting business expanded due mainly to acquisition of two overseas companies
 - Firm performance in software, mainly of middleware
 - Higher earnings from stronger project management and higher productivity.
- Higher sales but lower earnings in Hardware
 - Strong results in disk array subsystems, such as in storage solutions, in Japan and overseas
 - Higher shipments in blade servers on higher shipments, mainly of small, highly integrated models
 - Strong sales of ATMs in Japanese market and increased shipments of ATMs to China
 - Larger loss in Hard Disk Drive business due to substantial price decline (up to June 2007)

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

	Fiscal 2006 First Half	Fiscal 2007 First Half	Year- over- year % change	Fiscal 2006 Third Quarter	Fiscal 2007 Third Quarter	Year- over- year % change	Fiscal 2007 (Forecast)	Year- over- year % change
	Jan. - Jun., 2006	Jan. - Jun., 2007		Jul. - Sep., 2006	Jul. - Sep., 2007		Jan. - Dec., 2007	
Revenues	2,183M\$	2,479M\$	114%	1,328M\$	1,450M\$	109%	5,500M\$	113%
Operating loss	(159M\$)	(323M\$)	-	(124M\$)	(58M\$)	-	(300M\$)	-

(4) Overview of HDD Business of the Third Quarter (Jul. - Sep.) of Fiscal 2007

● Uptrend in profitability from July 2007

- Expansion in 2.5- and 3.5-inch products and stable product prices
- Increase in competitive new products (increased new product ratio to 90%)
- Steady improvements in quality and yield of heads and other main components
- Cost cutting of general materials and product expenses and cutting indirect workforce by 400 jobs/year

(5) Outlook for HDD Business in Fourth Quarter(Oct. – Dec.) of Fiscal 2007 and Key Initiatives

● Return to profitability in fourth quarter of fiscal 2007

- Step up deliveries of new 2.5- and 3.5-inch products to major customers, begin shipments of new enterprise products

● Strengthen development capabilities by continuing to concentrate management resources

- Focus the resources on 2.5-inch, 3.5-inch and Enterprise that capitalize on competitive edge in large-capacity HDDs
- Raise new product ratio (95% in fourth of fiscal 2007, 75% for fiscal 2007)

● Continue rigorous efforts to raise efficiency and cut costs

- Continue reforming development structure to strengthen technological capabilities. Maintain efficiency drive by optimizing production bases, including by closing Mexico plant
- Change the management team to accelerate management reforms

(1) Overview

Billions of Yen

	Fiscal 2006/ 1H	Fiscal 2007/ 1H	Y-over-y	Fiscal 2007 (Forecast)	Y-over-y
Revenues	645.9	643.3	100%	1,255.0	97%
Display business	101.0	94.6	94%	200.0	100%
Operating income (loss)	24.0	25.8	107%	44.0	96%
Display business	(4.3)	(1.6)	-	2.0	360%

Y-over-y: Year-over-year % change

(2) Overview of the First Half of Fiscal 2007

- Improved profitability in display business

- Improved operating income due to focusing resources on small and medium-sized LCDs
- Expansion in small and medium-sized IPS displays, centered on market for high value-added products such as mobile phones that can display “1seg” TV broadcasts and digital single-lens reflex cameras

- Higher sales and earnings at Hitachi High-Technologies

- Sales and earnings rose mainly on strong performance in semiconductor manufacturing equipment, medical analysis equipment, etc.

(1) Overview

Billions of Yen

	Fiscal 2006/ 1H	Fiscal 2007/ 1H	Y-over-y	Fiscal 2007 (Forecast)	Y-over-y
Revenues	1,280.8	1,598.3	125%	3,420.0	113%
Operating income (loss)	(45.3)	63.6	-	150.0	412%

Y-over-y: Year-over-year % change

(2) Overview of the First Half of Fiscal 2007

- Large rise in revenues and improvement in earnings and move into the black in power systems, revenues growth in railcar and systems business
 - Improvement in earnings and move into the black due to the extinction of loss for unprofitable overseas thermal power plant project and repair costs of turbine damage at nuclear power plants
 - Higher revenues due to construction of new nuclear power plants equipment in Japan
 - Steady growth in overseas coal-fired thermal power plants on expanding demand created by rising awareness of environmental issues; order for construction of Walsum coal-fired thermal power plant in Germany
 - Strengthen the process and cost management mainly due to stronger project management in overseas power systems projects
 - Strong sales of “A-train” aluminum railcar system, mainly in Japan; began exporting highly efficient railcars to U.K. and rendering maintenance services
- Strong results from urban planning and development systems, automotive systems and industrial equipment
 - Growing sales, mainly of elevators and escalators to China, which is moving quickly to build infrastructure
 - Began constructing new plant in Shanghai to manufacture elevators and escalators
 - Higher revenues resulting from consolidation of Clarion
 - Continued strong sales in industrial equipment due to steady capital investment
- Higher sales and earnings at Hitachi Construction Machinery
 - Growth, mainly in emerging markets, due to increasing demand for hydraulic excavators and healthy sales of mining machinery

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

(1) Overview

Billions of Yen

	Fiscal 2006/ 1H	Fiscal 2007/ 1H	Y-over-y	Fiscal 2007 (Forecast)	Y-over-y
Revenues	758.7	728.0	96%	1,530.0	102%
Operating loss	(34.4)	(50.8)	-	(72.0)	-

Y-over-y: Year-over-year % change

(2) Overview of the First Half of Fiscal 2007

● Revenues: Decreased

- Flat-panel TVs expand the shipments, however revenues was flat
- Contraction in projection TV business along with shift to flat-panel TVs
- Lower sales of mobile phones, which were strong in the first half of fiscal 2006 due to an expanded lineup to meet demand associated with the introduction of phone number portability service in Japan
- Higher sales of room air conditioners and commercial-use air conditioners as well as washing machines, etc.

● Operating loss: Larger loss

- Maintained strong earnings in commercial-use air conditioners
- Improved earnings in room air conditioners
- Lower sales of large-screen flat-panel TVs in the North American market than expected
- Lower prices for flat-panel TVs, especially in North America

(3) Overview of the Flat-Panel TV Business

	Fiscal 2006/ 1H	Fiscal 2007/ 1H	Fiscal 2007 (Forecast)
Plasma TV shipments	320,000 units	390,000 units	1,180,000 units
LCD TV shipments	200,000 units	310,000 units	810,000 units

(4) Initiatives to Improve Flat-Panel TV Business

- Expand share through new strategy
 - Expand sales of full HD TVs
 - Launch sales of ultra-thin LCD TVs, world's slimmest at 35mm
- Raise production efficiency of plasma display panels
 - Concentrate production in third plant of Miyazaki Works, Fujitsu Hitachi Plasma Display, which has high-production efficiency
- Ensure quality and quantity
 - Continue to strengthen alliance with Matsushita Electric Industrial Co., Ltd. in plasma TVs; mutual supply of large panels, standardization of parts and materials, unify glass thickness
 - Increase rate of operation through the horizontal business spread
- Rigorously cut costs
 - Continue implementing strategies to reduce materials expenses and fixed costs

(5) Initiatives to Improve Businesses Other Than Flat-Panel TVs

- Continue with reorganization of low profitability products
- Shift resources from conventional consumer PCs to broadcasting and communications convergence products

(1) Overview of High Functional Materials & Components

Billions of Yen

	Fiscal 2006/ 1H	Fiscal 2007/ 1H	Y-over-y	Fiscal 2007 (Forecast)	Y-over-y
Revenues	870.2	933.5	107%	1,850.0	103%
Operating income	63.8	64.6	101%	133.0	100%

Y-over-y: Year-over-year % change

(2) Overview of Logistics, Services & Others

Billions of Yen

	Fiscal 2006/ 1H	Fiscal 2007/ 1H	Y-over-y	Fiscal 2007 (Forecast)	Y-over-y
Revenues	610.9	618.7	101%	1,210.0	100%
Operating income	7.9	10.7	135%	19.0	94%

Y-over-y: Year-over-year % change

(3) Overview of Financial Services

Billions of Yen

	Fiscal 2006/ 1H	Fiscal 2007/ 1H	Y-over-y	Fiscal 2007 (Forecast)	Y-over-y
Revenues	263.6	222.3	84%	450.0	90%
Operating income	15.7	12.9	82%	22.0	93%

Y-over-y: Year-over-year % change

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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