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HITACHI LTD  
Form 6-K  
November 07, 2003

FORM 6-K  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the month of October 2003  
Commission File Number 1-8320  
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Hitachi, Ltd.  
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(Translation of registrant's name into English)

6, Kanda-Surugadai 4-chome, Chiyoda-ku, Tokyo 101-8010, Japan  
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(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F  Form 40-F \_\_\_\_\_  
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Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_\_

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes \_\_\_\_\_ No   
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If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-\_\_\_\_\_

This report on Form 6-K contains the following:

1. Press release dated October 29, 2003 regarding consolidated financial results for the first half of fiscal 2003.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

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Hitachi, Ltd.

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(Registrant)

Date November 7, 2003  
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By /s/ Takashi Hatchoji  
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Takashi Hatchoji  
Vice President and Executive Officer

FOR IMMEDIATE RELEASE

Hitachi Announces Consolidated Financial Results for the First Half of Fiscal 2003

Tokyo, October 29, 2003 --- Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced its consolidated financial results for the first half of fiscal 2003, ended September 30, 2003.

During the interim period, economic conditions steadily improved in the U.S., where the driving force of expansion was personal consumption, and there was a rapid recovery in Asia following a temporary slowdown due to the effects of the severe acute respiratory syndrome (SARS) outbreak.

The Japanese economy also showed signs of an upturn, with personal spending holding firm and private-sector plant and equipment investment rebounding. The economy, however, was hampered by falling product and service prices as the deflationary economy persisted.

Against this backdrop, Hitachi's consolidated net sales rose 3%, to 4,041.4 billion yen (US\$36,409 million), despite major year-on-year changes in Information & Telecommunication Systems, Electronic Devices and other segments due to the effects of ongoing business portfolio realignment across the Hitachi Group. Operating income dropped 67%, to 20.2 billion yen (US\$182 million), but this was better than forecast.

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By segment, Information & Telecommunication Systems sales rose 20%, to 1,053.2 billion yen (US\$9,489 million). Sales for software and services were steady thanks to increased outsourcing services for financial institutions, and the hardware sector was bolstered by the inclusion of sales from hard disk drive (HDD) operations acquired from IBM Corporation and base stations for mobile phones. The segment saw operating income decrease 87%, to 5.3 billion yen (US\$49 million), mainly due to operating losses in HDD operations acquired from IBM Corporation.

In Electronic Devices, sales declined 21%, to 607.5 billion yen (US\$5,473 million). Sales fell sharply in semiconductor operations due to the April 2003 transfer of most of this business to equity-method affiliate Renesas Technology Corp., a joint venture with Mitsubishi Electric Corporation. In displays, while sales of small and medium-size TFT LCDs for mobile phones were brisk, sales of large-size TFT LCDs decreased. The segment recorded operating income of 3.6 billion yen (US\$33 million), reversing an operating loss of 7.9 billion yen (US\$71 million) in the same period of the previous fiscal year. This improvement

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was attributable to the transfer of semiconductor operations as well as to strong performances in semiconductor manufacturing equipment and life science systems, among other areas.

In Power & Industrial Systems, sales were on a par with the previous year's interim period at 1,073.4 billion yen (US\$9,671 million). Hitachi Construction Machinery Co., Ltd. recorded higher sales, mainly to China and other overseas markets, and sales of automotive products were markedly higher in line with the inclusion in consolidated results of the former Unisia JECS Corporation (now Hitachi Unisia Automotive, Ltd.), which became a subsidiary in October 2002. On the other hand, sales of power generation equipment continued to languish. Segment operating income decreased 29%, to 7.9 billion yen (US\$71 million), despite a dramatic improvement in earnings at Hitachi Construction Machinery. This decline primarily reflected a deterioration in profitability in power generation equipment and public-works facilities in line with lower sales.

In Digital Media & Consumer Products, segment sales edged down 2%, to 585.4 billion yen (US\$5,274 million). Sales of plasma TVs, projection TVs and other display equipment rose. However, sales of large home appliances declined due to sluggish domestic demand and falling sales prices as well as the effect of unseasonable weather in Japan. At Hitachi Maxell, Ltd., optical media sales remained healthy. Segment operating income dropped 87%, to 0.7 billion yen (US\$7 million). This was partly due to the effect of unseasonable weather on room air conditioners.

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In High Functional Materials & Components, segment sales edged up 1%, to 622.2 billion yen (US\$5,605 million). At Hitachi Cable, Ltd., sales in electric equipment, construction and others were soft, but sales were robust in information systems and electronic components. At Hitachi Chemical Co., Ltd., sales growth was recorded by materials for semiconductors and displays, and sales were strong for industrial materials such as carbon materials for negative electrodes for lithium-ion batteries. At Hitachi Metals, Ltd., sales were lackluster in construction components, plant and equipment, but remained strong in respect of high-grade metal products and materials and of high-grade casting components for automobiles. Segment operating income increased 2%, to 9.2 billion yen (US\$83 million).

In Logistics, Services & Others, segment sales decreased 13%, to 612.9 billion yen (US\$5,522 million), despite strong sales from the logistics solutions business at Hitachi Transport System, Ltd. Overseas sales companies saw sales decline due to the transfer of semiconductors sales operations to the newly established Renesas Technology, and the transfer of HDD sales operations to Hitachi Global Storage Technologies. The segment recorded an operating loss of 0.3 billion yen (US\$4 million), compared with operating income of 1.4 billion yen (US\$13 million) in the same period of the previous fiscal year.

In Financial Services, low interest rates and a declining volume of automobile loans to individuals affected results. Segment sales declined 9%, to 267.9 billion yen (US\$2,414 million) and segment operating income declined 56%, to 8.1 billion yen (US\$74 million).

Other income increased 319%, to 111.9 billion yen (US\$1,008 million), despite lower interest income and dividends received. This increase was mainly attributable to higher gains on the sale of marketable and investment securities, notably the sale of shares in affiliate Nitto Denko Corporation. Meanwhile, other deductions declined 24%, to 41.6 billion yen (US\$375 million), due to an improvement in results from equity-method affiliates.

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As a result, Hitachi recorded income before income taxes and minority interests of 90.5 billion yen (US\$815 million), and after 76.1 billion yen (US\$686 million) in income taxes, income before minority interests of 14.3 billion yen (US\$129 million). Hitachi recorded net income of 5.3 billion yen (US\$49 million), 5% lower than in the same period of the previous fiscal year.

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### Financial Position

Operating activities provided net cash of 224.5 billion yen (US\$2,023 million), an increase of 33.0 billion yen (US\$297 million) compared with the previous year. This was primarily the result of decreases in inventories and payables.

Investing activities used net cash of 157.1 billion yen (US\$1,416 million), an increase of 28.2 billion yen (US\$254 million) compared with the previous year. While there were cash inflows from the sale of investments and subsidiaries' common stock, there was an increase in cash outflows for the purchase of property, plant and equipment for businesses.

Free cash flows, the sum of cash flows from operating activities and investing activities, were a positive 67.4 billion yen (US\$607 million), an increase of 4.8 billion yen (US\$44 million) from the previous year.

Financing activities used net cash of 173.7 billion yen (US\$1,565 million), an improvement of 241.0 billion yen (US\$217 million), mainly due to a decrease in borrowings resulting from the use of a pooling system for Hitachi Group funds. Cash was used for the purchase of Hitachi's own shares in May 2003.

As a result, cash and cash equivalents as of September 30, 2003 amounted to 709.0 billion yen (US\$6,388 million), a reduction of 119.0 billion yen (US\$1,073 million) during the interim period.

Debt on September 30, 2003 stood at 2,702.6 billion yen (US\$24,348 million), 137.9 billion yen (US\$1,243 million) less than at March 31, 2003 as a result of a decrease in long-term debt due to the repayment of borrowings.

Capital investment on a completion basis rose 2%, to 380.9 billion yen (US\$3,432 million), while depreciation decreased 5%, to 213.9 billion yen (US\$1,927 million). R&D expenditures amounted to 184.4 billion yen (US\$1,662 million), a decrease of 3% from the previous year, and corresponded to 4.6% of net sales.

All figures, except for the outlook for fiscal 2003, were converted at the rate of 111 yen = U.S.\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of September 30, 2003.

### Outlook for Fiscal 2003

The recovery in the world economy is expected to become even more evident based on a number of factors: expectations for moderate growth in the key U.S. economy driven by higher personal spending; recovery in Asia on the back of the U.S. upswing; and the view that European economies have bottomed out.

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The Japanese economy, while benefiting from the continuation of strong exports to the U.S. and Asia as well as increasing private-sector plant and equipment investment, is expected to remain difficult. With more work to do in regards to deregulation and measures to tackle other structural economic issues, such as the disposal of problem loans, there are no immediate expectations for a

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dramatic improvement in the job market or wage levels. And the significant changes in foreign exchange rates that have recently occurred continue to impact corporate earnings. These and other factors are creating an unpredictable operating environment.

Under these circumstances, Hitachi will push ahead with efforts to create new businesses and strengthen key business domains by capturing synergies in resource use across the Hitachi Group, guided by "i.e. HITACHI Plan II." The company will also focus on structural reforms to concentrate more resources on highly profitable businesses and on measures to improve its financial position.

Projections for fiscal 2003, as given below, assume an exchange rate of 110 yen to the U.S. dollar.

|   |   |                                 |
|---|---|---------------------------------|
| Net sales   | 8,350.0 billion yen<br>(US\$75,909 million) | (year-on-year increase of 2%)   |
| Operating income  | 170.0 billion yen<br>(US\$1,545 million)    | (year-on-year increase of 11%)  |
| Income before<br>income taxes and<br>minority interests | 225.0 billion yen<br>(US\$2,045 million)    | (year-on-year increase of 132%) |
| Income before<br>minority interests                     | 45.0 billion yen<br>(US\$409 million)       | (year-on-year increase of 2%)   |
| Net income  | 10.0 billion yen<br>(US\$91 million)        | (year-on-year decrease of 64%)  |

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### Management Policy

#### Basic Management Policy and Strategy

Amid intensifying competition in world markets and the economic slump in Japan, Hitachi is reviewing and reshaping its business portfolio from the perspective of raising the efficiency of operations and with the aim of achieving further growth. This process will be consistent with Hitachi's basic management policy, which is to increase shareholder value by raising the return on capital and increasing market capitalization.

In line with this basic policy, in January 2003, Hitachi unveiled a new medium-term management plan, "i.e. HITACHI Plan II," which runs through fiscal 2005 (ending in March 2006). This three-year period is positioned as a key juncture for focusing on highly profitable businesses. Hitachi will create growth and new businesses in key fields where it can leverage the group's technological strengths and know-how. During this period, Hitachi will also enact major reforms of the company's operating framework. Hitachi plans to exit unprofitable businesses and push through restructuring measures that go beyond the corporate group. Hitachi will use FIV\* (Future Inspiration Value) to make decisions on whether to exit, strengthen or incubate specific businesses.

\* 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.

The "i.e. HITACHI Plan II" targets two primary business domains--"New Era

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Lifeline Support Solutions," which further fuse and enhance information systems services and social infrastructure systems, and "Global Products Incorporating Advanced Technology," where Hitachi aims to achieve strong growth in global markets by focusing on technologies as well as high-performance hardware and software that incorporate knowledge from several disciplines. In this way, Hitachi will establish a highly profitable earnings structure and advance to a new stage of growth.

The "i.e. HITACHI Plan II" will transform Hitachi's earnings structure so that it can achieve positive FIV in fiscal 2005. This mandates an operating margin of at least 5% and ROE of at least 8%, which will be achieved by implementing a variety of measures. Furthermore, Hitachi has set the goal of maintaining a single-A grade long-term credit rating by strengthening its financial position.

In deciding on individual investments, Hitachi's policy is to use FIV to select investments that will contribute to maximizing shareholder value. Combined with further efforts to reduce assets, including accounts receivables and inventories, Hitachi aims to raise the return on assets.

Positioning its brand as an important asset underpinning the company's competitiveness in an era of consolidated group management, Hitachi is promoting brand management to enhance brand equity.

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### Corporate Governance

#### (1) Basic Stance and Initiatives Regarding Corporate Governance

Hitachi is working to reinforce corporate governance to establish an executive system that facilitates speedy businesses operations and a high degree of transparency. In June 2003, Hitachi adopted the Committee System to ensure the effective supervision of management and promote faster decision-making by demarcating responsibilities for management oversight and those for the execution of business operations. The Board of Directors focuses on decisions involving basic management policies and management supervision while entrusting to executive officers most of its authority to make decisions with respect to Hitachi's business affairs. The Board of Directors has 13 members, 4 of whom are from outside Hitachi. Three directors serve concurrently as executive officers. The Chairman of the Board does not serve concurrently as an executive officer. Within the Board of Directors three committees have been established--the Nominating Committee, Audit Committee and Compensation Committee--with outside directors accounting for the majority of members of each committee. Hitachi has also set up a Group Management Committee on its own volition; this committee gives the Board of Directors advice on and monitors management of the group as a whole. Hitachi's 18 publicly-held group companies have also adopted the Committee System with the similar aim of speeding up operations and improving management efficiency by increasingly managing the group in a uniform way. Additionally, to ensure strict observance of laws and regulations, Hitachi established a Compliance Division as a specialist body reporting directly to the president. Besides running educational programs on legal compliance and conducting related audits, the Compliance Division receives, investigates and responds to internal complaints. Accompanying these initiatives, Hitachi has established the Advisory Board, an oversight body comprising members from outside the company, including attorneys. Another aspect of Hitachi's compliance system is that audit fees and non-audit services provided by independent auditors require the pre-approval of the Audit Committee.

(2) Personal, financial and trading relationships between Hitachi and outside directors and other beneficial relationships  
Hitachi has continuous business transactions with Asahi Glass Co., Ltd., the

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chairman of the board of which is Hitachi outside director Hiromichi Seya, and Nippon Steel Corporation, the chairman of the board of which is Hitachi outside director Akira Chihaya.

### 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. Moreover, Hitachi has adopted a flexible stance toward the acquisition of its own shares, taking business plans, financial condition, market conditions and other factors into consideration in this respect.

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### Cautionary Statement

Certain statements contained in this document may constitute forward-looking statements which reflect management's current views with respect to certain future events and financial performance based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Words such as "anticipate," "believe," "expect," "estimate," "intend," "plan," "project" and similar expressions which indicate future events and trends may identify forward-looking statements. Actual results may differ materially from those projected or implied in the forward-looking statements and from historical trends. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate.

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

- rapid technological change, particularly in the Information & Telecommunication Systems segment and Electronic Devices 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;
- fluctuations in product demand and industry capacity, 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;
- 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 access, or access on favorable terms, liquidity or long-term financing, particularly in the context of limited credit availability currently prevailing in Japan;
- 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 economic conditions and the regulatory and trade environment of Hitachi's major markets, particularly, the United States, Japan and elsewhere in Asia, including, without limitation, continued stagnation or deterioration of the Japanese economy, or direct or indirect restriction by other nations of imports;
- uncertainty as to Hitachi's access to, or protection for, certain

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intellectual property rights, particularly those related to electronics and data processing technologies;

- 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; 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.

These factors listed above are not exclusive and are in addition to other factors that are stated or indicated elsewhere in this report, or in other materials published by the Company.

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### HITACHI, LTD. AND SUBSIDIARIES

#### CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2003

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 111 yen = U.S.\$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of September 30, 2003.

#### SUMMARY

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

|  | The half years ended September 30 |           |                   |                           |
|--|-----------------------------------|-----------|-------------------|---------------------------|
|  | YEN<br>(millions)                 |           | (A) / (B)<br>X100 | U.S.DOLLARS<br>(millions) |
|  | 2003 (A)                          | 2002 (B)  | (%)               | 2003                      |
| 1. Net sales   | 4,041,407                         | 3,916,491 | 103               | 36,409                    |
| 2. Operating income  | 20,239                            | 61,688    | 33                | 182                       |
| 3. Income before income<br>taxes and minority<br>interests | 90,503                            | 33,467    | 270               | 815                       |
| 4. Income before minority<br>interests                     | 14,324                            | 17,386    | 82                | 129                       |
| 5. Net income  | 5,384                             | 5,666     | 95                | 49                        |
| 6. Net income per share                                    |                                   |           |                   |                           |
| Basic  | 1.63                              | 1.70      | 96                | 0.01                      |
| Diluted  | 1.59                              | 1.62      | 98                | 0.01                      |
| 7. Net income per ADS<br>(representing 10 shares)          |                                   |           |                   |                           |



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|         |    |    |     |      |
|---------|----|----|-----|------|
| Basic   | 16 | 17 | 94  | 0.14 |
| Diluted | 16 | 16 | 100 | 0.14 |

- Notes: 1. Figures for the half year ended September 30, 2002 have been restated due to the adoption of EITF Issue No. 03-2, "Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities" (Emerging Issues Task Force (EITF), January 2003).
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 967 consolidated subsidiaries and 165 equity-method affiliates.
3. The figures are for 967 consolidated subsidiaries and 165 equity-method affiliates.

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CONSOLIDATED STATEMENTS OF INCOME

|  | The half years ended September 30 |           |                   | U.<br>(%) |
|--|-----------------------------------|-----------|-------------------|-----------|
|  | YEN<br>(millions)                 |           | (A) / (B)<br>X100 |           |
|  | 2003 (A)                          | 2002 (B)  | (%)               |           |
| Net sales                                    | 4,041,407                         | 3,916,491 | 103               |           |
| Cost of sales                                | 3,157,976                         | 2,969,558 | 106               |           |
| Selling, general and administrative expenses | 863,192                           | 885,245   | 98                |           |
| Operating income                             | 20,239                            | 61,688    | 33                |           |
| Other income                                 | 111,934                           | 26,712    | 419               |           |
| (Interest and dividends)                     | 10,534                            | 10,981    | 96                |           |
| (Other)                                      | 101,400                           | 15,731    | 645               |           |
| Other deductions                             | 41,670                            | 54,933    | 76                |           |
| (Interest charges)                           | 16,318                            | 17,803    | 92                |           |
| (Other)                                      | 25,352                            | 37,130    | 68                |           |

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|  |        |        |     |
|--|--------|--------|-----|
| Income before income taxes<br>and minority interests | 90,503 | 33,467 | 270 |
| Income taxes   | 76,179 | 16,081 | 474 |
| Income before<br>minority interests                  | 14,324 | 17,386 | 82  |
| Minority interests                                   | 8,940  | 11,720 | 76  |
| Net income   | 5,384  | 5,666  | 95  |

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CONSOLIDATED BALANCE SHEETS

|                               | YEN<br>(millions)           |                             |
|-------------------------------|-----------------------------|-----------------------------|
|                               | As of Sept. 30,<br>2003 (A) | As of March 31,<br>2003 (B) |
| Assets                        | 9,884,473                   | 10,179,389                  |
| Current assets                | 5,132,368                   | 5,193,465                   |
| Cash and cash equivalents     | 709,084                     | 828,171                     |
| Short-term investments        | 254,178                     | 186,972                     |
| Trade receivables             |                             |                             |
| Notes                         | 153,017                     | 153,587                     |
| Accounts                      | 1,828,942                   | 1,903,640                   |
| Investment in leases          | 455,485                     | 437,076                     |
| Inventories                   | 1,187,133                   | 1,187,529                   |
| Other current assets          | 544,529                     | 496,490                     |
| Investments and advances      | 877,763                     | 726,442                     |
| Property, plant and equipment | 2,339,046                   | 2,601,050                   |
| Other assets                  | 1,535,296                   | 1,658,432                   |

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|   |           |            |
|---|-----------|------------|
| Liabilities and stockholders' equity                              | 9,884,473 | 10,179,389 |
| -----   | -----     | -----      |
| Current liabilities   | 3,933,087 | 4,005,228  |
| Short-term debt and current installments<br>of long-term debt     | 1,357,156 | 1,328,446  |
| Trade payables  |           |            |
| Notes   | 62,569    | 71,934     |
| Accounts  | 1,072,833 | 1,140,130  |
| Advances received   | 251,287   | 252,861    |
| Other current liabilities   | 1,189,242 | 1,211,857  |
| -----   | -----     | -----      |
| Noncurrent liabilities  | 3,375,729 | 3,569,371  |
| Long-term debt  | 1,345,461 | 1,512,152  |
| Retirement and severance benefits                                 | 1,909,242 | 1,932,646  |
| Other liabilities   | 121,026   | 124,573    |
| -----   | -----     | -----      |
| Minority interests  | 750,142   | 751,578    |
| -----   | -----     | -----      |
| Stockholders' equity  | 1,825,515 | 1,853,212  |
| Common stock  | 282,032   | 282,032    |
| Capital surplus   | 549,548   | 562,214    |
| Legal reserve and retained earnings                               | 1,760,817 | 1,766,338  |
| Accumulated other comprehensive<br>income (loss)                  | (734,958) | (755,525)  |
| (Foreign currency translation adjustments)                        | (70,754)  | (60,948)   |
| (Minimum pension liability adjustments)                           | (691,794) | (698,916)  |
| (Net unrealized holding gain on<br>available-for-sale securities) | 28,536    | 4,874      |
| (Cash flow hedges)  | (946)     | (535)      |
| Treasury stock  | (31,924)  | (1,847)    |
| -----   | -----     | -----      |

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CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

|   | YEN<br>(millions)                     |            |
|---|---------------------------------------|------------|
|   | The half year ended<br>Sept. 30, 2003 | The<br>Mar |
|   | -----                                 | ---        |
| Common stock  |                                       |            |
| Balance at beginning of period  | 282,032                               | ---        |
| Conversion of convertible debentures  | 0                                     | ---        |
| Balance at end of period  | 282,032                               | ===        |
| Capital surplus   |                                       |            |
| Balance at beginning of period  | 562,214                               | ---        |
| Conversion of convertible debentures  | 937                                   | ---        |
| (Decrease) increase arising from issuance of<br>subsidiaries' common stock, divestiture and other | (13,603)                              | ---        |
|   | -----                                 | ---        |

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|  |           |       |       |
|--|-----------|-------|-------|
| Balance at end of period   | 549,548   | ===== | ===== |
| Legal reserve  |           |       |       |
| Balance at beginning of period   | 111,309   | ----- | ----- |
| Transfers (to) from retained earnings  | (2,693)   |       |       |
| Transfers (to) from minority interests arising from<br>conversion of subsidiaries' convertible debentures and other            | (205)     |       |       |
| Balance at end of period   | 108,411   | ===== | ===== |
| Retained earnings  |           |       |       |
| Balance at beginning of period   | 1,655,029 | ----- | ----- |
| Net income   | 5,384     |       |       |
| Cash dividends   | (10,095)  |       |       |
| Transfers from (to) legal reserve  | 2,693     |       |       |
| Transfers to minority interests arising from<br>conversion of subsidiaries' convertible debentures                             | (1,189)   |       |       |
| Transfers from (to) minority interests arising from<br>change in ownership interest in subsidiaries' common stock<br>and other | 584       | ----- | ----- |
| Balance at end of period   | 1,652,406 | ===== | ===== |
| Legal reserve and retained earnings  | 1,760,817 | ===== | ===== |
| Accumulated other comprehensive loss   |           |       |       |
| Foreign currency translation adjustments   |           |       |       |
| Balance at beginning of period   | (60,948)  | ----- | ----- |
| Current-period change  | (9,806)   | ----- | ----- |
| Balance at end of period   | (70,754)  | ===== | ===== |
| Minimum pension liability adjustments  |           |       |       |
| Balance at beginning of period   | (698,916) | ----- | ----- |
| Current-period change  | 7,122     | ----- | ----- |
| Balance at end of period   | (691,794) | ===== | ===== |
| Net unrealized holding gain on<br>available-for-sale securities  |           |       |       |
| Balance at beginning of period   | 4,874     | ----- | ----- |
| Changes in unrealized holding gain   | 23,662    | ----- | ----- |
| Balance at end of period   | 28,536    | ===== | ===== |
| Cash flow hedges   |           |       |       |
| Balance at beginning of period   | (535)     | ----- | ----- |
| Changes in the fair value of derivative financial<br>instruments   | (411)     | ----- | ----- |
| Balance at end of period   | (946)     |       |       |

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|                                      |           |
|--------------------------------------|-----------|
| Accumulated other comprehensive loss | (734,958) |
| Treasury stock                       |           |
| Balance at beginning of period       | (1,847)   |
| Current-period increase              | (30,077)  |
| Balance at end of period             | (31,924)  |
| Total stockholders' equity           | 1,825,515 |

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CONSOLIDATED STATEMENTS OF CASH FLOWS

|   | The half years ended September |                    |
|---|--------------------------------|--------------------|
|   | YEN<br>(millions)              | U.S.<br>(millions) |
|   | 2003                           | 2002               |
| Cash flows from operating activities  |                                |                    |
| Net income  | 5,384                          | 5,666              |
| Adjustments to reconcile net income to net cash<br>provided by operating activities |                                |                    |
| Depreciation  | 213,916                        | 226,280            |
| Deferred income taxes   | 5,052                          | (41,478)           |
| Loss on disposal of rental assets and other property                                | 5,712                          | 4,306              |
| Decrease in receivables   | 79,253                         | 183,658            |
| (Increase) Decrease in inventories  | (106,587)                      | (8,394)            |
| Increase (Decrease) in payables   | (37,821)                       | (25,911)           |
| Other   | 59,684                         | (152,624)          |
| Net cash provided by operating activities   | 224,593                        | 191,503            |
| Cash flows from investing activities  |                                |                    |
| (Increase) decrease in short-term investments                                       | (68,614)                       | 17,591             |
| Capital expenditures  | (145,310)                      | (155,148)          |
| Purchase of rental assets, net  | (213,515)                      | (186,496)          |
| (Purchase) sale of investments<br>and subsidiaries' common stock, net               | 117,400                        | 55,989             |
| Collection of investment in leases  | 197,485                        | 209,869            |
| Other   | (44,625)                       | (70,764)           |
| Net cash used in investing activities   | (157,179)                      | (128,959)          |
| Cash flows from financing activities  |                                |                    |
| Decrease in interest-bearing debt   | (127,413)                      | (191,907)          |
| Dividends paid to stockholders  | (10,111)                       | (82)               |
| Dividends paid to minority stockholders of subsidiaries                             | (6,791)                        | (6,956)            |
| Other   | (29,435)                       | 1,088              |

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|  |           |           |
|--|-----------|-----------|
| Net cash provided by (used in) financing activities          | (173,750) | (197,857) |
| Effect of exchange rate changes on cash and cash equivalents | (12,751)  | (18,849)  |
| Net decrease in cash and cash equivalents                    | (119,087) | (154,162) |
| Cash and cash equivalents at beginning of year               | 828,171   | 1,029,374 |
| Cash and cash equivalents at end of year                     | 709,084   | 875,212   |

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SEGMENT INFORMATION

(1) INDUSTRY SEGMENTS

|   | The half years ended September |                   |                   |         |
|---|--------------------------------|-------------------|-------------------|---------|
|   | YEN<br>(millions)              |                   | (A) / (B)<br>X100 | U.<br>( |
|   | 2003 (A)                       | 2002 (B)          | (%)               | -       |
| Information & Telecommunication Systems | 1,053,279<br>22%               | 878,230<br>18%    | 120               |         |
| Electronic Devices                      | 607,529<br>13%                 | 766,417<br>16%    | 79                |         |
| Power & Industrial Systems              | 1,073,439<br>22%               | 1,068,101<br>22%  | 100               |         |
| Digital Media & Consumer Products       | 585,411<br>12%                 | 597,689<br>12%    | 98                |         |
| High Functional Materials & Components  | 622,206<br>13%                 | 613,061<br>12%    | 101               |         |
| Logistics, Services & Others            | 612,969<br>13%                 | 700,613<br>14%    | 87                |         |
| Financial Services                      | 267,923<br>5%                  | 293,321<br>6%     | 91                |         |
| Subtotal                                | 4,822,756<br>100%              | 4,917,432<br>100% | 98                |         |
| Eliminations & Corporate items          | (781,349)                      | (1,000,941)       | -                 |         |
| Total                                   | 4,041,407                      | 3,916,491         | 103               |         |
| Information & Telecommunication         | 5,399                          | 42,167            | 13                |         |

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|                         |  |                |                |     |
|-------------------------|--|----------------|----------------|-----|
|                         | Systems                                | 15%            | 53%            |     |
|                         | Electronic Devices                     | 3,675<br>11%   | (7,918)<br>-   | -   |
|                         | Power & Industrial Systems             | 7,935<br>23%   | 11,111<br>14%  | 71  |
|                         | Digital Media & Consumer Products      | 728<br>2%      | 5,747<br>7%    | 13  |
| Operating income (loss) | High Functional Materials & Components | 9,233<br>26%   | 9,042<br>11%   | 102 |
|                         | Logistics, Services & Others           | (397)<br>-     | 1,457<br>2%    | -   |
|                         | Financial Services                     | 8,195<br>24%   | 18,653<br>23%  | 44  |
|                         | Subtotal                               | 34,768<br>100% | 80,259<br>100% | 43  |
|                         | Eliminations & Corporate items         | (14,529)       | (18,571)       | -   |
|                         | Total                                  | 20,239         | 61,688         | 33  |

Note: Net sales by industry segment include intersegment transactions.

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(2) GEOGRAPHIC SEGMENTS

|       |                           | The half years ended September 30 |                   |             |
|-------|---------------------------|-----------------------------------|-------------------|-------------|
|       |                           | YEN<br>(millions)                 | (A) / (B)<br>X100 | U.S.<br>(m) |
|       |                           | 2003 (A)                          | 2002 (B)          | (%)         |
| Japan | Outside customer sales    | 2,964,920<br>64%                  | 3,003,621<br>65%  | 99          |
|       | Intersegment transactions | 413,478<br>9%                     | 501,040<br>11%    | 83          |
|       | Total                     | 3,378,398<br>73%                  | 3,504,661<br>76%  | 96          |
| Asia  | Outside customer sales    | 455,943<br>10%                    | 312,220<br>7%     | 146         |
|       | Intersegment transactions | 144,482<br>3%                     | 168,355<br>3%     | 86          |
|       | Total                     | 600,425                           | 480,575           | 125         |

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|       |               | 13%                       | 10%               |                   |     |
|-------|---------------|---------------------------|-------------------|-------------------|-----|
| Sales |               |                           |                   |                   |     |
|       |               | Outside customer sales    | 399,425<br>9%     | 394,660<br>9%     | 101 |
|       | North America | Intersegment transactions | 12,890<br>0%      | 19,434<br>0%      | 66  |
|       |               | Total                     | 412,315<br>9%     | 414,094<br>9%     | 100 |
|       |               | Outside customer sales    | 182,461<br>4%     | 177,056<br>4%     | 103 |
|       | Europe        | Intersegment transactions | 19,622<br>0%      | 12,281<br>0%      | 160 |
|       |               | Total                     | 202,083<br>4%     | 189,337<br>4%     | 107 |
|       |               | Outside customer sales    | 38,658<br>1%      | 28,934<br>1%      | 134 |
|       | Other Areas   | Intersegment transactions | 1,155<br>0%       | 1,323<br>0%       | 87  |
|       |               | Total                     | 39,813<br>1%      | 30,257<br>1%      | 132 |
|       |               | Subtotal                  | 4,633,034<br>100% | 4,618,924<br>100% | 100 |
|       |               | Eliminations              | (591,627)         | (702,433)         | -   |
|       | Total         | 4,041,407                 | 3,916,491         | 103               |     |

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|               | The half years ended September |               |                   | U.S.<br>(m) |
|---------------|--------------------------------|---------------|-------------------|-------------|
|               | YEN<br>(millions)              |               | (A) / (B)<br>X100 |             |
|               | 2003 (A)                       | 2002 (B)      | (%)               |             |
| Japan         | 37,208<br>79%                  | 65,775<br>78% | 57                |             |
| Asia          | (513)<br>-                     | 7,740<br>9%   | -                 |             |
| North America | 1,714<br>4%                    | 3,037<br>4%   | 56                |             |



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|                            |                                |                |                |     |
|----------------------------|--------------------------------|----------------|----------------|-----|
| Operating<br>income (loss) | Europe                         | 7,188<br>15%   | 6,442<br>8%    | 112 |
|                            | Other Areas                    | 1,368<br>3%    | 748<br>1%      | 183 |
|                            | Subtotal                       | 46,965<br>100% | 83,742<br>100% | 56  |
|                            | Eliminations & Corporate items | (26,726)       | (22,054)       | -   |
|                            | Total                          | 20,239         | 61,688         | 33  |

(3) SALES BY MARKET

|               | The half years ended September 30 |                   |                   | U.S.<br>(m) |
|---------------|-----------------------------------|-------------------|-------------------|-------------|
|               | YEN<br>(millions)                 |                   | (A) / (B)<br>X100 |             |
|               | 2003 (A)                          | 2002 (B)          | (%)               |             |
| Japan         | 2,636,362<br>65%                  | 2,633,108<br>67%  | 100               |             |
| Asia          | 553,783<br>14%                    | 498,594<br>13%    | 111               |             |
| North America | 428,218<br>11%                    | 426,980<br>11%    | 100               |             |
| Europe        | 303,458<br>7%                     | 262,185<br>7%     | 116               |             |
| Other Areas   | 119,586<br>3%                     | 95,624<br>2%      | 125               |             |
| Outside Japan | 1,405,045<br>35%                  | 1,283,383<br>33%  | 109               |             |
| Total         | 4,041,407<br>100%                 | 3,916,491<br>100% | 103               |             |

# # #

HITACHI, LTD.  
UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2003  
(111yen = U.S.\$1)

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October 29,

| INCOME STATEMENTS               | YEN<br>(millions) |           | (A) / (B) x100 | U.S. DO<br>(mil |
|---------------------------------|-------------------|-----------|----------------|-----------------|
| -----                           |                   |           |                |                 |
| (The half years ended Sept. 30) | 2003 (A)          | 2002 (B)  |                |                 |
| Net sales                       | 1,128,203         | 1,515,655 | 74%            | 1               |
| Cost of sales                   | 905,113           | 1,231,453 | 73%            |                 |
| S.G.A. expenses                 | 230,082           | 283,926   | 81%            |                 |
| Operating income (loss)         | (6,992)           | 275       | -              |                 |
| -----                           |                   |           |                |                 |
| Other income                    | 40,873            | 23,823    | 172%           |                 |
| Other deductions                | 23,842            | 26,509    | 90%            |                 |
| Ordinary income (loss)          | 10,038            | (2,411)   | -              |                 |
| -----                           |                   |           |                |                 |
| Extraordinary gain              | 8,450             | 32,957    | 26%            |                 |
| Extraordinary loss              | 4,939             | -         | -              |                 |
| Income before income taxes      | 13,549            | 30,546    | 44%            |                 |
| -----                           |                   |           |                |                 |
| Current income taxes            | (52,567)          | 1,661     | -              |                 |
| Deferred income taxes           | 46,850            | 9,116     | 514%           |                 |
| Net income                      | 19,266            | 19,767    | 97%            |                 |
| -----                           |                   |           |                |                 |
| Basic EPS (yen and dollars)     | 5.82              | 5.92      | 98%            |                 |
| Diluted EPS (yen and dollars)   | -                 | -         | -              |                 |

| BALANCE SHEETS                       | 2003/9/30 (A) | 2003/3/31 (B) | (A) / (B) x100 | 2003 |
|--------------------------------------|---------------|---------------|----------------|------|
| -----                                |               |               |                |      |
| Current assets                       | 1,681,987     | 1,921,651     | 88%            | 1    |
| (Quick assets)                       | 1,293,059     | 1,509,346     | 86%            | 1    |
| (Inventories)                        | 307,960       | 326,611       | 94%            |      |
| (Deferred tax assets)                | 80,967        | 85,693        | 94%            |      |
| Fixed assets                         | 1,879,918     | 1,903,377     | 99%            | 1    |
| (Investments)                        | 1,256,413     | 1,078,032     | 117%           | 1    |
| (Deferred tax assets)                | 180,041       | 249,036       | 72%            |      |
| (Others)                             | 443,463       | 576,309       | 77%            |      |
| Total assets                         | 3,561,906     | 3,825,029     | 93%            | 3    |
| -----                                |               |               |                |      |
| Current liabilities                  | 1,712,126     | 1,819,074     | 94%            | 1    |
| Fixed liabilities                    | 483,676       | 631,990       | 77%            |      |
| (Debentures)                         | 280,000       | 418,471       | 67%            |      |
| (Long-term loans)                    | 23,488        | 23,548        | 100%           |      |
| (Others)                             | 180,188       | 189,971       | 95%            |      |
| Total liabilities                    | 2,195,803     | 2,451,065     | 90%            | 1    |
| -----                                |               |               |                |      |
| Stockholders' equity                 | 1,366,102     | 1,373,964     | 99%            | 1    |
| -----                                |               |               |                |      |
| Liabilities and stockholders' equity | 3,561,906     | 3,825,029     | 93%            | 3    |
| -----                                |               |               |                |      |

FORECAST FOR THE YEAR ENDING MARCH 31, 2004

| Millions of Yen | Net sales | Ordinary income | Net income |
|-----------------|-----------|-----------------|------------|
|                 | 2,400,000 | 20,000          | 40,000     |

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Millions of U.S. dollars

21,053

175

351

### Cautionary Statement

Certain statements contained in this document may constitute forward-looking statements which reflect management's current views with respect to certain future events and financial performance based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Words such as "anticipate," "believe," "expect," "estimate," "intend," "plan," "project" and similar expressions which indicate future events and trends may identify forward-looking statements. Actual results may differ materially from those projected or implied in the forward-looking statements and from historical trends. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate.

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

- rapid technological change, particularly in the Information & Telecommunication Systems segment and Electronic Devices segment;
- uncertainty as to Hitachi's ability to continue to develop and to market products that incorporate new technology on a timely and cost-effective basis and to achieve market acceptance for such products;
- fluctuations in product demand and industry capacity, 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;
- 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 access, or access on favorable terms, liquidity or long-term financing, particularly in the context of limited credit availability currently prevailing in Japan;
- 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 economic conditions and the regulatory and trade environment of Hitachi's major markets, particularly, the United States, Japan and elsewhere in Asia, including, without limitation, continued stagnation or deterioration of the Japanese economy, or direct or indirect restriction by other nations of imports;
- uncertainty as to Hitachi's access to, or protection for, certain intellectual property rights, particularly those related to electronics and data processing technologies;
- uncertainty as to the success of alliances upon which Hitachi's depends, some of which Hitachi may not control, with other corporations in the design and development of certain key products; 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.

These factors listed above are not exclusive and are in addition to other factors that are stated or indicated elsewhere in this report, or in other materials published by the Company.

# # #

October 29, 2003  
Hitachi, Ltd.

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Supplementary information for the first half of fiscal 2003,  
ended September 30, 2003  
(Consolidated basis)

### 1. Summary

|  | 1st half of fiscal 2002 |                            | 1st half of fiscal 2003 |                            |
|--|-------------------------|----------------------------|-------------------------|----------------------------|
|  | (A)                     | (A)/1st half of<br>FY 2001 | (B)                     | (B)/1st half of<br>FY 2003 |
| Net sales  | 3,916.4                 | 99%                        | 4,041.4                 | 100%                       |
| C/U *  | 258%                    | -                          | 358%                    | -                          |
| Operating income                                     | 61.6                    | -                          | 20.2                    | -                          |
| Income before income taxes<br>and minority interests | 33.4                    | -                          | 90.5                    | -                          |
| Income before minority interests                     | 17.3                    | -                          | 14.3                    | -                          |
| Net income   | 5.6                     | -                          | 5.3                     | -                          |
| C/U *  | 65%                     | -                          | 28%                     | -                          |
| Average exchange rate<br>(yen / U.S.\$)              | 122                     | -                          | 118                     | -                          |
| Net interest and dividends                           | (6.8)                   | -                          | (5.7)                   | -                          |

\*Consolidated basis/Unconsolidated basis

\*\*Assumed exchange rate for 2nd half of fiscal 2003

|  | As of March 31, 2003 | As of September 30, 2003 |
|--|----------------------|--------------------------|
| Cash & cash equivalents, Short-term<br>investments (Billions of yen) | 1,015.1              | 963.2                    |
| Interest-bearing debt<br>(Billions of yen)                           | 2,840.5              | 2,702.6                  |
| Number of employees  | 339,572              | 326,500                  |
| Japan  | 256,085              | 243,476                  |
| Overseas   | 83,487               | 83,024                   |
| Number of consolidated subsidiaries                                  | 1,112                | 967                      |
| Japan  | 708                  | 560                      |
| Overseas   | 404                  | 407                      |

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2. Sales by industry segment

|   | 1st half of fiscal 2002 |                         | 1st half of fiscal 2001 |     |
|---|-------------------------|-------------------------|-------------------------|-----|
|   | (A)                     | (A)/1st half of FY 2001 | (B)                     | (B) |
| Information & Telecommunication Systems | 878.2                   | 101%                    | 1,053.2                 |     |
| Electronic Devices                      | 766.4                   | 100%                    | 607.5                   |     |
| Power & Industrial Systems              | 1,068.1                 | 96%                     | 1,073.4                 |     |
| Digital Media & Consumer Products       | 597.6                   | 103%                    | 585.4                   |     |
| High Functional Materials & Components  | 613.0                   | 98%                     | 622.2                   |     |
| Logistics, Services & Others            | 700.6                   | 99%                     | 612.9                   |     |
| Financial Services                      | 293.3                   | 104%                    | 267.9                   |     |
| Eliminations & Corporate items          | (1,000.9)               | -                       | (781.3)                 |     |
| Total                                   | 3,916.4                 | 99%                     | 4,041.4                 |     |

3. Operating income (loss) by industry segment

|   | 1st half of fiscal 2002 |                         | 1st half of fiscal 2001 |     |
|---|-------------------------|-------------------------|-------------------------|-----|
|   | (A)                     | (A)/1st half of FY 2001 | (B)                     | (B) |
| Information & Telecommunication Systems | 42.1                    | 290%                    | 5.3                     |     |
| Electronic Devices                      | (7.9)                   | -                       | 3.6                     |     |
| Power & Industrial Systems              | 11.1                    | 42%                     | 7.9                     |     |
| Digital Media & Consumer Products       | 5.7                     | -                       | 0.7                     |     |
| High Functional Materials & Components  | 9.0                     | -                       | 9.2                     |     |
| Logistics, Services & Others            | 1.4                     | 20%                     | (0.3)                   |     |
| Financial Services                      | 18.6                    | 91%                     | 8.1                     |     |
| Eliminations & Corporate items          | (18.5)                  | -                       | (14.5)                  |     |

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|       |      |   |      |
|-------|------|---|------|
| Total | 61.6 | - | 20.2 |
|-------|------|---|------|

4. Overseas sales by industry segment

|   | 1st half of fiscal 2002 |                            | 1st half of fisca |     |
|---|-------------------------|----------------------------|-------------------|-----|
|   | (A)                     | (A)/1st half of<br>FY 2001 | (B)               | (B) |
| Information & Telecommunication Systems | 128.9                   | 108%                       | 306.7             |     |
| Electronic Devices                      | 263.1                   | 99%                        | 231.6             |     |
| Power & Industrial Systems              | 194.1                   | 102%                       | 235.6             |     |
| Digital Media & Consumer Products       | 246.0                   | 104%                       | 237.5             |     |
| High Functional Materials & Components  | 155.5                   | 92%                        | 160.5             |     |
| Logistics, Services & Others            | 277.0                   | 116%                       | 213.5             |     |
| Financial Services                      | 18.5                    | 99%                        | 19.3              |     |
| Eliminations & Corporate items          | 0                       | -                          | 0                 |     |
| Total                                   | 1,283.3                 | 104%                       | 1,405.0           |     |

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5. Overseas production (Total sales of overseas manufacturing subsidiaries) (Billion)

|                              | 1st half of fiscal 2002 |                            | 1st half of fis |     |
|------------------------------|-------------------------|----------------------------|-----------------|-----|
|                              | (A)                     | (A)/1st half of<br>FY 2001 | (B)             | (B) |
| Overseas production          | 499.7                   | 88%                        | 694.9           |     |
| Percentage of net sales      | 13%                     | -                          | 17%             |     |
| Percentage of overseas sales | 39%                     | -                          | 49%             |     |

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

|  | Fiscal 2002 | 1st half of fis |
|--|-------------|-----------------|
|--|-------------|-----------------|

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|   | (A)    | (A) / FY<br>2001 | (B)    | (B) / 1st<br>FY |
|---|--------|------------------|--------|-----------------|
| Information & Telecommunication Systems | 72.7   | 81%              | 37.7   |                 |
| Electronic Devices                      | 91.2   | 80%              | 23.0   |                 |
| Power & Industrial Systems              | 70.7   | 95%              | 32.1   |                 |
| Digital Media & Consumer Products       | 35.1   | 91%              | 16.3   |                 |
| High Functional Materials & Components  | 60.6   | 76%              | 31.4   |                 |
| Logistics, Services & Others            | 30.8   | 77%              | 14.3   |                 |
| Financial Services                      | 467.6  | 99%              | 239.5  |                 |
| Eliminations & Corporate items          | (41.6) | -                | (13.7) |                 |
| Total                                   | 787.4  | 92%              | 380.9  |                 |
| Internal use assets                     | 328.4  | 79%              | 144.3  |                 |
| Leasing assets                          | 459.0  | 104%             | 236.6  |                 |

7. Depreciation by industry segment

|   | Fiscal 2002 |                  | 1st half of fiscal |                          |
|---|-------------|------------------|--------------------|--------------------------|
|   | (A)         | (A) / FY<br>2001 | (B)                | (B) / 1st hal<br>FY 2002 |
| Information & Telecommunication Systems | 59.1        | 85%              | 38.3               |                          |
| Electronic Devices                      | 112.7       | 70%              | 24.7               |                          |
| Power & Industrial Systems              | 70.1        | 111%             | 36.1               |                          |
| Digital Media & Consumer Products       | 40.8        | 93%              | 19.0               |                          |
| High Functional Materials & Components  | 73.0        | 89%              | 33.2               |                          |
| Logistics, Services & Others            | 28.8        | 79%              | 13.5               |                          |
| Financial Services                      | 91.5        | 132%             | 47.0               |                          |
| Corporate items                         | 3.8         | -                | 1.8                |                          |
| Total                                   | 480.2       | 91%              | 213.9              |                          |
| Internal use assets                     | 378.2       | 84%              | 160.6              |                          |
| Leasing assets                          | 102.0       | 129%             | 53.2               |                          |

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8. R&D expenditure by industry segment

|   | Fiscal 2002 |               | 1st half of fiscal 2002 |                   |
|---|-------------|---------------|-------------------------|-------------------|
|   | (A)         | (A) / FY 2001 | (B)                     | (B) / 1st FY 2001 |
| Information & Telecommunication Systems | 121.3       | 89%           | 84.9                    |                   |
| Electronic Devices                      | 105.5       | 90%           | 20.0                    |                   |
| Power & Industrial Systems              | 64.6        | 101%          | 33.5                    |                   |
| Digital Media & Consumer Products       | 33.8        | 90%           | 16.7                    |                   |
| High Functional Materials & Components  | 41.7        | 88%           | 21.6                    |                   |
| Logistics, Services & Others            | 8.5         | 71%           | 6.4                     |                   |
| Financial Services                      | 1.4         | 117%          | 0.9                     |                   |
| Total                                   | 377.1       | 91%           | 184.4                   |                   |
| Percentage of net sales                 | 4.6%        | -             | 4.6%                    |                   |

9. Balance sheets by financial and non-financial services

| Assets                             | As of March 31, 2003 | As of September 30, 2003 | Liabilities and stockholders' equity |
|------------------------------------|----------------------|--------------------------|--------------------------------------|
| Manufacturing, Services and Others |                      |                          | Manufacturing, Services and Others   |
| Cash and cash equivalents          | 716.9                | 634.8                    | Short-term debt                      |
| Short-term investments             | 146.0                | 213.5                    | Trade payables                       |
| Trade receivables                  | 1,746.3              | 1,621.6                  | Long-term debt                       |
| Inventories                        | 1,186.4              | 1,184.7                  | Other liabilities                    |
| Investments and advances           | 678.3                | 828.0                    | Total                                |
| Property, plant and equipment      | 2,308.5              | 2,047.7                  | Financial Services                   |
| Other assets                       | 2,242.4              | 2,144.8                  | Short-term debt                      |
| Total                              | 9,025.0              | 8,675.6                  | Trade payables                       |
| Financial Services                 |                      |                          | Long-term debt                       |



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|                               |          |         |                                      |
|-------------------------------|----------|---------|--------------------------------------|
| Cash and cash equivalents     | 107.0    | 73.6    | Other liabilities                    |
| Trade receivables             | 543.6    | 546.3   | Total                                |
| Investment in leases          | 606.2    | 600.9   | Eliminations                         |
| Property, plant and equipment | 307.9    | 304.9   |                                      |
| Other assets                  | 367.5    | 405.9   | Liabilities                          |
| Total                         | 1,932.4  | 1,931.9 | Minority interests                   |
| Eliminations                  | (778.0)  | (723.0) | Stockholders' equity                 |
| Assets                        | 10,179.3 | 9,884.4 | Liabilities and stockholders' equity |

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10. Statements of operating results by financial and non-financial services

|                                    |  | (Billions of dollars)   |
|------------------------------------|--|-------------------------|
|                                    |  | 1st half of fiscal 2002 |
|                                    |  | 1st half of fiscal 2001 |
|                                    | Sales  | 3,756.0                 |
| Manufacturing, Services and Others | Cost of sales and selling, general and administrative expenses | 3,714.0                 |
|                                    | Operating income (loss)  | 42.0                    |
|                                    | Sales  | 293.3                   |
| Financial Services                 | Cost of sales and selling, general and administrative expenses | 274.6                   |
|                                    | Operating income (loss)  | 18.6                    |
|                                    | Sales  | (132.9)                 |
| Eliminations                       | Cost of sales and selling, general and administrative expenses | (133.8)                 |
|                                    | Operating income (loss)  | 0.9                     |
|                                    | Sales  | 3,916.4                 |
| Total                              | Cost of sales and selling, general and administrative expenses | 3,854.8                 |
|                                    | Operating income (loss)  | 61.6                    |

Note: Figures in tables 5, 9 and 10 represent unaudited financial information

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prepared by the Company for the purpose of this supplementary information.

- ### -

October 29, 2003  
Hitachi, Ltd.

Supplementary information for the first half of fiscal 2003,  
ended September 30, 2003  
(Unconsolidated basis)

|   | (Billio                 |                            |                         |         |             |
|---|-------------------------|----------------------------|-------------------------|---------|-------------|
|   | 1st half of Fiscal 2002 |                            | 1st half of fiscal 2003 |         | Fiscal 2003 |
|   | (A)                     | (A)/1st half of<br>FY 2001 | (B)                     | (B)/(A) | (C)         |
| Net sales                               | 1,515.6                 | 85%                        | 1,128.2                 | 74%     | 2,400.0     |
| Operating income (loss)                 | 0.2                     | -                          | (6.9)                   | -       | -           |
| Ordinary income (loss)                  | (2.4)                   | -                          | 10.0                    | -       | 20.0        |
| Net income                              | 19.7                    | -                          | 19.2                    | 97%     | 40.0        |
| Dividend payout ratio (%)               | 51                      | -                          | 52                      | -       | -           |
| Average exchange rate<br>(yen / U.S.\$) | 123                     | -                          | 118                     | -       | 110*        |

\* Assumed exchange rate for 2nd half of fiscal 2003

|   | As of March 31, 2003 | As of September 30, 2003 |
|---|----------------------|--------------------------|
| Cash & cash equivalents,<br>Short-term investments<br>(Billions of yen) | 253.7                | 325.1                    |
| Interest-bearing debt<br>(Billions of yen)                              | 683.3                | 575.9                    |
| Number of employees   | 44,375               | 37,030                   |

|  | (Billi                  |                         |             |
|--|-------------------------|-------------------------|-------------|
|  | 1st half of Fiscal 2002 | 1st half of Fiscal 2003 | Fiscal 2003 |

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|   | (A)   | (A)/1st half of<br>FY 2001 | (B)  | (B)/(A) | (C)   |
|---|-------|----------------------------|------|---------|-------|
| Capital investment (Based on construction starts) | 50.0  | 115%                       | 18.0 | 36%     | 40.0  |
| Depreciation *                                    | 47.7  | 76%                        | 24.8 | 52%     | 51.0  |
| R&D expenditures                                  | 119.5 | 82%                        | 71.1 | 60%     | 140.2 |
| Percentage of net sales                           | 7.9%  | -                          | 6.3% | -       | 5.8%  |

\* The figures do not include depreciation on leasing assets.

- ### -

October 29, 2003

Hitachi, Ltd.

Supplementary Information on Information & Telecommunication Systems and Displays

Notes: 1. Segment information and operating income (loss) are presented in accordance with financial reporting principles and practices generally accepted in Japan.

1. Information & Telecommunication Systems

(1) Sales and operating income (loss) by product sector

(upper rows show comparisons to the previous year)

|                         | Fiscal 2002 |          |         | Fiscal   |                      |
|-------------------------|-------------|----------|---------|----------|----------------------|
|                         | 1st half    | 2nd half | Total   | 1st half | 2nd half<br>(forecas |
| Sales                   | 101%        | 107%     | 104%    | 120%     | 1                    |
|                         | 878.2       | 1,021.4  | 1,899.6 | 1,053.2  | 1,186                |
| Software & Services     | 100%        | 105%     | 103%    | 101%     | 1                    |
|                         | 453.4       | 531.5    | 984.9   | 459.5    | 545                  |
| Hardware                | 101%        | 109%     | 105%    | 140%     | 1                    |
|                         | 424.8       | 489.9    | 914.7   | 593.7    | 641                  |
| Operating income (loss) | 290%        | 322%     | 309%    | 13%      |                      |
|                         | 42.1        | 68.3     | 110.5   | 5.3      | 62                   |

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|                     |      |      |      |        |    |
|---------------------|------|------|------|--------|----|
| Software & Services | 186% | 105% | 135% | 66%    | 1  |
|                     | 31.1 | 29.5 | 60.6 | 20.6   | 44 |
| Hardware            | -    | -    | -    | -      |    |
|                     | 11.0 | 38.9 | 49.9 | (15.3) | 18 |

Notes: 2. On April 1, 2003, all hard disk drive operations were integrated with Hitachi Global Storage Technologies (HGST), a Hitachi subsidiary which started operations on January 1, 2003. HGST has a December 31 year-end and the fiscal 2003 consolidated forecast for Hitachi, Ltd., the year ending March 31, 2004, includes HGST's business forecast for its fiscal year ending December 31, 2003.

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(2) Sales by product sector \*3 (upper rows show comparisons to the previous year, billions of yen)

|   | Fiscal 2002 |          |         | Fiscal 2003 |                     |
|---|-------------|----------|---------|-------------|---------------------|
|   | 1st half    | 2nd half | Total   | 1st half    | 2nd half (forecast) |
|   | 101%        | 107%     | 104%    | 120%        |                     |
| Information & Telecommunication Systems | 878.2       | 1,021.4  | 1,899.6 | 1,053.2     | 1,180.0             |
| Software & Services                     | 100%        | 105%     | 103%    | 101%        |                     |
|   | 453.4       | 531.5    | 984.9   | 459.5       | 540.0               |
| Software                                | 104%        | 92%      | 97%     | 91%         |                     |
|   | 91.6        | 95.0     | 186.6   | 83.8        |                     |
| Services                                | 99%         | 108%     | 104%    | 104%        |                     |
|   | 361.8       | 436.5    | 798.3   | 375.7       |                     |
| Hardware                                | 101%        | 109%     | 105%    | 140%        |                     |
|   | 424.8       | 489.9    | 914.7   | 593.7       | 640.0               |
| Storage*4                               | 123%        | 110%     | 115%    | 176%        |                     |
|   | 165.5       | 178.4    | 343.9   | 292.1       |                     |
| Servers*5                               | 93%         | 139%     | 113%    | 111%        |                     |
|   | 60.1        | 73.0     | 133.1   | 67.0        |                     |

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|                   |      |      |       |       |
|-------------------|------|------|-------|-------|
| PCs*6             | 126% | 123% | 125%  | 93%   |
|                   | 71.6 | 85.1 | 156.7 | 66.8  |
| Telecommunication | 58%  | 90%  | 73%   | 125%  |
|                   | 47.2 | 64.9 | 112.1 | 58.8  |
| Others            | 97%  | 97%  | 97%   | 136%  |
|                   | 80.4 | 88.5 | 168.9 | 109.0 |

- Notes:
3. Figures for each product exclude intra-segment transactions.
  4. Figures for Storage include disk array subsystems, hard disk drives, etc.
  5. Figures for Servers include supercomputers, general-purpose computers, UNIX servers, etc.
  6. Figures for PCs include PC servers and client PCs.

(3) SAN/NAS storage solutions (upper rows show comparisons to the previous year, billions of yen)

|       | Fiscal 2002 |          |       | Fiscal 2001 |                     |
|-------|-------------|----------|-------|-------------|---------------------|
|       | 1st half    | 2nd half | Total | 1st half    | 2nd half (forecast) |
| Sales | 108%        | 108%     | 108%  | 98%         |                     |
|       | 130.0       | 140.0    | 270.0 | 128.0       | 130.0               |

(4) Shipments of main products

|   | Unit  | Fiscal 2002 |          |         | Fiscal 2001 |                     |
|---|-------|-------------|----------|---------|-------------|---------------------|
|   |       | 1st half    | 2nd half | Total   | 1st half    | 2nd half (forecast) |
| Large-capacity disk array subsystems*7  | TB    | 11,900      | 14,300   | 26,200  | 17,700      | 20,000              |
| Middle-capacity disk array subsystems*7 | TB    | 1,500       | 2,100    | 3,600   | 3,900       | 7,000               |
| PCs and PC servers*8                    | Units | 280,000     | 300,000  | 580,000 | 278,000     | 342,000             |

Notes: 7. The figures for disk array subsystems represent storage capacity

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stated in terabyte units.

8. PC figures are in units, for Japan only, on a parent company basis.

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(5) Hard disk drives \*9 \*10

| Period recorded for<br>consolidated accounting<br>purposes<br>(Shipment Period) | Fiscal 2002 |          | (Apr. 2002 to Sept. 2002) | (Oct. 2002 to Mar. 2003) | (Apr. 2002 to Sept. 2002) |
|---|-------------|----------|---------------------------|--------------------------|---------------------------|
|   | 1st half    | 2nd half |                           |                          |                           |
| Sales (billions of yen)   | -           | -        |                           |                          |                           |
| Shipments (million units)   | 4.0         | 4.6      |                           |                          |                           |
| Mobiles   | 3.5         | 4.0      |                           |                          |                           |
| Servers   | 0.5         | 0.6      |                           |                          |                           |
| Desktops  | -           | -        |                           |                          |                           |
| Emerging  | -           | -        |                           |                          |                           |

| Period recorded for<br>consolidated accounting<br>purposes<br>(Shipment Period) | Fiscal 2003                          |   |       | Total<br>(Jan. 2003 to Jun. 2003) |
|---|--------------------------------------|---|-------|-----------------------------------|
|   | 1st half<br>(Jan. 2003 to Jun. 2003) | 2nd half (forecast)<br>(Jul. 2003 to Dec. 2003) |       |                                   |
| Sales (billions of yen)   | 192.9                                | 219.7   | 262.1 |                                   |
| Shipments (million units)   | 16.7                                 | 19.1  | 25.3  |                                   |
| Mobiles   | 9.1                                  | 11.2  | -     |                                   |
| Servers   | 1.2                                  | 1.5   | -     |                                   |
| Desktops  | 6.3                                  | 6.3   | -     |                                   |
| Emerging  | 0.2                                  | 0.2   | -     |                                   |

(Fiscal 2003 2nd Half by Quarter)

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| Period recorded for consolidated accounting purposes (Shipment Period) | Fiscal 2003 2nd Half                    |   |
|--|---|---|
|  | 3rd quarter (Jul. 2003 to Sep. 2003)*12 | 4th quarter (forecast) (Oct. 2003 to Dec. 2003) |
| Sales (billions of yen)  | 128.6                                   | 133.5   |
| Shipments (million units)  | 11.6                                    | 13.7  |
| Mobiles  | 6.6                                     |   |
| Servers  | 0.9                                     |   |
| Desktops   | 3.9                                     |   |
| Emerging   | 0.2                                     |   |

Notes: 9. Figures include intra-segment transactions.

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10. On December 31, 2002, Hitachi purchased majority ownership in a company to which IBM Corporation's hard disk drive operations had been transferred. On January 1, 2003, the company began operating as Hitachi Global Storage Technologies (HGST). HGST has a December 31 year-end and Hitachi, Ltd. has a March 31 year-end. The first-half consolidated results include the results of HGST for the six-month period from January 1, 2003 through June 30, 2003. Meanwhile, the results of Hitachi, Ltd.'s HDD operations for the period from January 1, 2003 through March 31, 2003 were included in Hitachi's consolidated financial results for the year ended March 31, 2003. On April 1, 2003, Hitachi, Ltd.'s HDD operations were integrated in HGST.
11. The figures provided for reference purposes represent the combined sales and shipments of Hitachi, Ltd.'s HDD operations prior to integration and HGST's operations, and are shown to give an overall picture of Hitachi's HDD operations for the six-month period ended June 30, 2003. The forecasts for the full year ending December 31, 2003 are approximately 480 billion yen in sales and 44 million in unit shipments.
12. Results for HDD operations in the period from July 1, 2003 through September 30, 2003 will be included in Hitachi's fiscal 2003 third-quarter results.

2. Displays

(1) Sales and operating income (loss) (upper rows show comparisons to the previous year, billions of yen)

Fiscal 2002

Fiscal 2003

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|                         | 1st half | 2nd half | Total  | 1st half | 2nd h<br>(forec |
|-------------------------|----------|----------|--------|----------|-----------------|
| Sales                   | 109%     | 92%      | 100%   | 119%     |                 |
|                         | 100.0    | 94.7     | 194.8  | 118.7    | 1               |
| Operating income (loss) | -        | -        | -      | -        |                 |
|                         | (1.3)    | (14.4)   | (15.7) | (5.0)    |                 |

(2) LCD sales  
billions of yen)

(upper rows show comparisons to the previous year,

|                            | Fiscal 2002 |          |       | Fiscal 2 |                 |
|----------------------------|-------------|----------|-------|----------|-----------------|
|                            | 1st half    | 2nd half | Total | 1st half | 2nd h<br>(forec |
| Sales                      | 167%        | 84%      | 115%  | 125%     |                 |
|                            | 80.0        | 67.0     | 147.0 | 100.0    | 1               |
| Large-size LCDs            | 135%        | 61%      | 90%   | 95%      |                 |
|                            | 58.0        | 40.0     | 98.0  | 55.0     |                 |
| Small and medium-size LCDs | 440%        | 193%     | 258%  | 205%     |                 |
|                            | 22.0        | 27.0     | 49.0  | 45.0     |                 |

# # #