

HITACHI LTD
Form 20-F/A
November 30, 2007
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F/A
(Amendment No. 1)

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended March 31, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report _____

Commission file number: 1-8320

KABUSHIKI KAISHA HITACHI SEISAKUSHO

(Exact name of Registrant as specified in its charter)

Hitachi, Ltd.

(Translation of Registrant's name into English)

Japan

Edgar Filing: HITACHI LTD - Form 20-F/A

(Jurisdiction of incorporation or organization)

6-6, Marunouchi 1-chome, Chiyoda-ku,

Tokyo 100-8280, Japan

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
American depositary shares, or ADSs, each of which represents ten shares of common stock	New York Stock Exchange
Common stock without par value	New York Stock Exchange*

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

As of March 31, 2007, 3,368,126,056 shares of common stock were outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Edgar Filing: HITACHI LTD - Form 20-F/A

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17

Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes

No

* Not for trading, but only for technical purposes in connection with the listing of the ADSs.

Table of Contents

TABLE OF CONTENTS

	Page
<u>EXPLANATORY NOTE</u>	1
<u>ITEM 4. INFORMATION ON THE COMPANY</u>	2
<u>A. History and Development of the Company</u>	2
<u>B. Business Overview</u>	4
<u>C. Organizational Structure</u>	13
<u>D. Property, Plants and Equipment</u>	14
<u>SIGNATURES</u>	16
<u>EXHIBIT INDEX</u>	17

Table of Contents

EXPLANATORY NOTE

This amended annual report on Form 20-F/A has been filed by Hitachi, Ltd. (the Company) to amend the annual report on Form 20-F for the fiscal year ended March 31, 2007 filed on June 26, 2007. This amendment includes corrections of certain typographical errors that were included in the original report as noted below. The Company does not intend to revise, update, amend or restate the information presented in any other items of such annual report on Form 20-F or reflect any events that have occurred after the filing of such annual report on Form 20-F. Among other things, forward-looking statements and risk factors contained in such annual report on Form 20-F have not been revised to reflect events, results or developments that have occurred or facts that became known to the Company after filing such annual report on Form 20-F, and such forward-looking statements and risk factors should be read in their historical context.

The principal changes are as follows:

ITEM 4. INFORMATION ON THE COMPANY

C. Organizational Structure

The ownership percentage of voting rights of Hitachi Information Systems, Ltd. is amended from 52.1% to 51.9%.

The ownership percentage of voting rights of Hitachi Capital Corporation is amended from 58.0% to 60.6%.

With the exception of the foregoing amendments, no part of the annual report on Form 20-F for the fiscal year ended March 31, 2007 filed on June 26, 2007 is being amended, and the filing of this Form 20-F/A should not be understood to mean that any other statements contained therein are true or complete as of any date subsequent to June 26, 2007.

Table of Contents

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

The Company was founded in 1910 as a small electric repair shop and was incorporated as Hitachi, Ltd. (Kabushiki Kaisha Hitachi Seisakusho), a joint stock corporation, in 1920 under the laws of Japan. Its registered office is located at 6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8280, Japan. The telephone number of the Company's principal executive office is +81-3-3258-1111.

Over the years, Hitachi has broadened the horizon of its research as well as its business activities to develop a highly diversified product mix ranging from electricity generation systems to consumer products and electronic devices. Hitachi has grown into one of Japan's largest diversified manufacturers of electronic and electrical products. With its diverse product lines, Hitachi maintains a significant presence in each of the major markets it serves, which together make Hitachi one of the world's largest manufacturers of electronic products. With its emphasis on research and development and its ability to combine a wide range of technologies, Hitachi continues to strive to provide the world with products that meet the changing needs of its customers.

In November 2006, Hitachi launched a new corporate strategy aiming to establish a business structure that consistently generates high profits, with the basic management policy of (i) rigorous business management using an economic value-added evaluation index based on the cost of capital, (ii) establishment of a business structure focusing on profitability, (iii) innovation by collaborations with business partners and utilizing internal R&D resources, (iv) strengthening overseas business and (v) creating synergies. The basic management policies are as follows.

Rigorous business management using an economic value-added evaluation index based on the cost of capital

With the strict application of the above evaluation index, the Company will rigorously monitor and evaluate performance of each Hitachi business and will implement necessary reorganization measures, including sale, divestiture or closure of businesses which cannot satisfy the threshold set by the above evaluation index, in order to strengthen each business and to improve profitability.

Establishment of a business structure focusing on profitability

Utilizing technology, knowledge, experience and know-how relating to social and information infrastructure systems, Hitachi will provide products and services in response to the growing overseas social infrastructure market, such as power systems and railway systems, and will expand maintenance and services business based on such products; among other things, Hitachi will further strengthen its social, industrial, life and information infrastructure business by channeling capital and management resources into strong businesses. Further, Hitachi seeks to maximize synergy with products, components and materials businesses in which Hitachi has technological advantages and which constitute the basis of the above businesses.

Innovation by collaborations with business partners and by utilizing internal R&D resources

Hitachi will establish and utilize various alliances with business partners and will increase sales of innovative products that can generate high profits. Hitachi will also establish an R&D structure geared to profitability by strengthening the alignment between business divisions and the R&D division and shortening the development period.

Strengthening overseas business

Hitachi will strengthen its competitiveness in overseas markets by focusing on the markets in which demands on social infrastructure are expanding, promoting localization by entering into alliances with strategic partners, strengthening business solutions sales operations and corporate brands, and systematic human resource development.

Creating synergy

Edgar Filing: HITACHI LTD - Form 20-F/A

Hitachi will seek to improve its profitability by creating new value-added products and services utilizing technology, knowledge, experience and know-how among Hitachi's diversified business fields and by seeking synergy in administrative areas such as cost reducing activities utilizing Hitachi's management resources.

Table of Contents

Further to the above, Hitachi will enhance its corporate governance structure in order to maximize its medium and long-term corporate value, reorganizing its internal control system on a consolidated basis, implementing multidisciplinary risk management, promoting prompt information sharing systems and optimizing share capital relationships among Hitachi group companies.

In recent years, Hitachi has accelerated its business reorganization, including to facilitate Hitachi's goal of maximizing growth by combining and utilizing the diverse management resources within Hitachi in the most effective and efficient ways.

On October 1, 2004, the Company merged its equity-method affiliate, TOKICO LTD., and its wholly owned subsidiary, Hitachi Unisia Automotive, Ltd. into itself. As part of strengthening its automotive systems business, the Company aims to establish an efficient operation system through the integration of these companies' sales and R&D functions and to create differentiated technology in the areas of brakes, steering and suspensions of automobiles.

On April 1, 2005, the Company acquired 30.1% of the shares of its equity-method affiliate, Fujitsu Hitachi Plasma Display Limited (FHP), from Fujitsu Limited, and made it a consolidated subsidiary. By vertically integrating FHP's manufacturing operations and the Company's sales operations, the Company is trying to stably generate profits in flat panel TVs business by focusing on high-value added products, and by reducing production and sales costs through improvement in supply chain management.

In April 2006, the Company transferred a part of its social and industrial systems operation to Hitachi Plant Engineering & Construction Co., Ltd., which was then merged with Hitachi Kiden Kogyo, Ltd. and Hitachi Industries Co., Ltd. to form Hitachi Plant Technologies, Ltd. The Company expects this consolidation of capabilities to accelerate the growth of businesses in the social and industrial infrastructure sectors by improving product development, design and manufacturing technologies; engineering capabilities; and construction techniques and project management abilities and enhancing the efficiency of business operations.

In October 2006, the Company conducted a tender offer for shares of Clarion Co., Ltd. (Clarion), a company which manufactures and sells car audio systems and car navigation systems, etc. Subsequently, Clarion became a consolidated subsidiary of the Company in December 2006. The Company expects this transaction will strengthen Hitachi's car information systems business by making use of Clarion's planning and development capabilities for in-vehicle entertainment systems such as audio-visual and navigation systems and devices, as well as its marketing capabilities that have been applied in the aftermarket and with car manufacturers around the world. See B. Business Overview Description of Industry Segments Power & Industrial Systems and Item 5. Operating and Financial Review and Prospects D. Trend Information for more information.

In November 2006, the Company entered into a letter of intent with General Electric Company, or GE, expressing both party's intent to create a global alliance for their nuclear businesses to improve and expand their boiling water reactor technology offerings, aiming at synergy in the area of design, manufacture, construction, maintenance and engineering services. Subsequently, in May 2007, in order to implement such alliance, the Company and GE entered into an agreement to form joint venture companies in each of the U.S., Canada and Japan. Based on the agreement, the U.S. and Canadian companies were established in June 2007, and the Company will transfer its nuclear power systems operations to the Japanese company in July 2007 by way of corporate split under the Company Law. See B. Business Overview Description of Industry Segments Power & Industrial Systems and Item 8. Financial Information B. Significant Changes for more information.

Hitachi's capital expenditures for fixed assets on a completion basis were ¥1,048,572 million, ¥954,706 million and ¥959,593 million in fiscal 2006, 2005 and 2004. While Hitachi has maintained a selective attitude toward investment decisions, it has placed an emphasis on capital expenditures for strategically important products. Excluding the purchase of assets to be leased, a significant portion of capital expenditures have been directed toward information-related products, including large capital investments in manufacturing facilities to maintain or enhance competitiveness in those product sectors. The increase in capital expenditures in fiscal 2006 was primarily due to investments in manufacturing equipment for hard disk drives, construction machinery, elevators, escalators, plasma display panels and automotive-related materials and components made in response to increased demand for these products. The decrease in fiscal 2005 was primarily due to a decrease in capital expenditures in the electronic devices sectors in response to reductions in production of large-sized liquid crystal displays (LCDs). In fiscal 2007, Hitachi expects to increase its capital expenditures in the areas of construction machinery, railway vehicles, plasma display panels and high-functional materials. Hitachi expects capital expenditure investments in fiscal 2007 to be funded primarily through internal sources of financing and to be made primarily in Japan.

Table of Contents

B. Business Overview

Main Categories of Products and Services

Hitachi's business is highly diversified. Hitachi classifies its operations into seven industry segments based primarily along related assets and operations management lines, as well as on the similarity of products and services by type, use, production method and marketing method, as required by a ministerial ordinance under the Securities and Exchange Law of Japan. The industry segments and major categories of products and services offered in each segment as of March 31, 2007 are as follows:

Information & Telecommunication Systems. Systems integration, outsourcing services, software, hard disk drives, disk array subsystems, servers, mainframes, personal computers, telecommunications equipment and ATMs;

Electronic Devices. LCDs, semiconductor manufacturing equipment, test and measurement equipment, medical electronics equipment and semiconductors;

Power & Industrial Systems. Nuclear power plants, thermal power plants, hydroelectric power plants, industrial machinery and plants, automotive products, construction machinery, elevators, escalators and railway vehicles;

Digital Media & Consumer Products. Optical disk drives, plasma TVs, LCD TVs, LCD projectors, mobile phones, room air conditioners, refrigerators, washing machines, information storage media, batteries and air-conditioning equipment;

High Functional Materials & Components. Wires and cables, copper products, semiconductor materials, circuit boards and materials, organic and inorganic chemical products, synthetic resin products, display related materials, specialty steels, magnetic materials and components, and high grade casting components and materials;

Logistics, Services & Others. General trading, logistics and property management; and

Financial Services. Leasing, loan guarantees and insurance services.

Sales and Distribution

Hitachi distributes its products in Japan primarily through its own sales network. Hitachi also distributes some of its products through independent dealers. In most field sales offices, Hitachi's sales personnel specialize in the marketing of particular types of products.

International marketing is conducted through overseas sales subsidiaries, joint-venture companies and unaffiliated distributors. Also, certain types of equipment are sold to industrial companies in foreign markets on an original equipment manufacturing, or OEM, basis and marketed under the brand names of such industrial companies.

Overseas revenues amounted to ¥4,154,276 million in fiscal 2006, accounting for 41% of total revenues. Foreign currency exchange rate fluctuations influence Hitachi's operating environment. A strong yen reduces the price competitiveness of products exported to foreign markets and diminishes profit by decreasing revenue when foreign currency income from overseas product sales is converted to yen. See Item 5. Operating and Financial Review and Prospects A. Operating Results.

Hitachi's widespread customer base in domestic and overseas markets encompasses leading industrial companies, financial institutions, utilities, governments and individual customers. No material part of its business is dependent upon one or a few customers.

Table of Contents**Segment Information**

Hitachi does not present segment information in accordance with the requirements of Statement of Financial Accounting Standards (SFAS) No. 131, Disclosures about Segments of an Enterprise and Related Information. Foreign issuers are presently exempted from these disclosure requirements for filings with the U.S. Securities and Exchange Commission, or the SEC, under the U.S. Securities Exchange Act of 1934, or the Exchange Act. However, Hitachi is required to disclose the segment information presented below in accordance with a ministerial ordinance under the Securities and Exchange Law of Japan. Hitachi believes that this presentation may be useful in understanding Hitachi's results of operations.

Industry Segment

	Year ended March 31,					
	2005	2006		2007		
	(Millions of yen, except percentage data)					
Revenues (note 1)						
Information & Telecommunication Systems	2,268,386	21%	2,360,956	21%	2,472,227	21%
Electronic Devices	1,320,177	12	1,204,407	11	1,287,492	11
Power & Industrial Systems	2,515,366	24	2,805,169	25	3,022,299	26
Digital Media & Consumer Products	1,280,302	12	1,305,658	12	1,506,073	13
High Functional Materials & Components	1,504,312	14	1,600,246	15	1,794,506	15
Logistics, Services & Others	1,248,296	12	1,214,784	11	1,213,529	10
Financial Services	529,695	5	517,975	5	500,065	4
Subtotal	10,666,534	100%	11,009,195	100%	11,796,191	100%
Eliminations and Corporate Items	(1,639,491)		(1,544,394)		(1,548,288)	
Total	9,027,043		9,464,801		10,247,903	
Operating Income (Loss) (note 2)						
Information & Telecommunication Systems	67,761	21%	84,687	26%	60,343	23%
Electronic Devices	37,017	12	20,439	6	45,755	18
Power & Industrial Systems	73,661	23	92,552	28	36,391	14
Digital Media & Consumer Products	8,694	3	(35,771)	(11)	(58,435)	(23)
High Functional Materials & Components	87,514	28	110,069	34	132,399	51
Logistics, Services & Others	9,808	3	19,511	6	20,233	8
Financial Services	31,073	10	35,001	11	23,534	9
Subtotal	315,528	100%	326,488	100%	260,220	100%
Eliminations and Corporate Items	(36,473)		(70,476)		(77,708)	
Total	279,055		256,012		182,512	
Segment Assets						
Information & Telecommunication Systems	1,767,074	18%	1,844,979	17%	1,987,603	17%
Electronic Devices	838,605	8	856,147	8	840,986	7
Power & Industrial Systems	2,357,504	23	2,474,327	23	2,728,817	24
Digital Media & Consumer Products	719,168	7	841,935	8	971,187	9
High Functional Materials & Components	1,301,039	13	1,363,833	13	1,503,733	13
Logistics, Services & Others	932,354	9	958,337	9	1,049,916	9
Financial Services	2,157,409	22	2,280,880	22	2,442,066	21

Edgar Filing: HITACHI LTD - Form 20-F/A

Subtotal	10,073,153	100%	10,620,438	100%	11,524,308	100%
Eliminations and Corporate Items	(336,906)		(599,243)		(880,049)	
Total	9,736,247		10,021,195		10,644,259	
Depreciation & Amortization						
Information & Telecommunication Systems	158,184	29%	164,245	28%	183,057	30%
Electronic Devices	48,240	9	50,504	9	42,549	7
Power & Industrial Systems	83,947	15	89,846	15	103,176	17
Digital Media & Consumer Products	40,275	7	49,517	9	53,280	9
High Functional Materials & Components	69,425	13	68,531	12	71,119	11
Logistics, Services & Others	28,887	5	28,584	5	30,150	5
Financial Services	118,251	22	129,129	22	131,425	21
Subtotal	547,209	100%	580,356	100%	614,756	100%
Eliminations and Corporate Items	10,241		9,541		7,242	
Total	557,450		589,897		621,998	
Tangible & Intangible Asset Increase						
Information & Telecommunication Systems	176,885	15%	198,811	16%	230,193	17%
Electronic Devices	50,834	4	39,271	3	37,196	3
Power & Industrial Systems	110,234	10	118,132	10	173,493	13
Digital Media & Consumer Products	45,063	4	46,169	4	87,244	6
High Functional Materials & Components	81,326	7	91,645	8	151,895	11
Logistics, Services & Others	35,830	3	29,136	2	34,937	3
Financial Services	667,667	57	684,109	57	642,016	47
Subtotal	1,167,839	100%	1,207,273	100%	1,356,974	100%
Eliminations and Corporate Items	23,052		(55,257)		(63,557)	
Total	1,190,891		1,152,016		1,293,417	

Table of Contents**Geographic Segment** (note 3)

	Year ended March 31,					
	2005	2006		2007		
	(Millions of yen, except percentage data)					
Revenues (note 1)						
Japan						
Outside customer sales	6,598,002	63%	6,747,222	61%	7,010,181	57%
Intersegment transactions	937,814	9	1,033,180	9	1,274,048	11
Total	7,535,816	72	7,780,402	70	8,284,229	68
Asia						
Outside customer sales	1,059,197	10	1,178,568	11	1,459,549	12
Intersegment transactions	388,249	4	453,823	4	561,208	4
Total	1,447,446	14	1,632,391	15	2,020,757	16
North America						
Outside customer sales	798,266	8	899,608	8	981,098	8
Intersegment transactions	34,224	0	64,486	1	89,912	1
Total	832,490	8	964,094	9	1,071,010	9
Europe						
Outside customer sales	470,792	5	519,042	5	645,354	5
Intersegment transactions	20,015	0	27,390	0	37,454	1
Total	490,807	5	546,432	5	682,808	6
Other Areas						
Outside customer sales	100,786	1	120,361	1	151,721	1
Intersegment transactions	3,545	0	11,182	0	21,574	0
Total	104,331	1	131,543	1	173,295	1
Subtotal	10,410,890	100%	11,054,862	100%	12,232,099	100%
Eliminations and Corporate Items	(1,383,847)		(1,590,061)		(1,984,196)	
Total	9,027,043		9,464,801		10,247,903	
Operating Income (Loss) (note 2)						
Japan	274,389	83%	275,715	83%	212,316	80%
Asia	27,538	8	6,727	2	(3,664)	(1)
North America	10,188	3	23,428	7	25,310	9
Europe	16,382	5	18,702	6	23,312	9
Other Areas	3,260	1	6,555	2	8,647	3
Subtotal	331,757	100%	331,127	100%	265,921	100%
Eliminations and Corporate Items	(52,702)		(75,115)		(83,409)	
Total	279,055		256,012		182,512	
Segment Assets						
Japan	7,680,748	79%	7,894,858	75%	8,381,453	73%

Edgar Filing: HITACHI LTD - Form 20-F/A

Asia	857,825	9	1,060,394	10	1,327,954	12
North America	611,098	6	616,631	6	668,202	6
Europe	520,391	5	840,866	8	935,087	8
Other Areas	75,590	1	98,752	1	116,157	1
Subtotal	9,745,652	100%	10,511,501	100%	11,428,853	100%
Eliminations and Corporate Items	(9,405)		(490,306)		(784,594)	
Total	9,736,247		10,021,195		10,644,259	

Table of Contents**Revenues by Market** (note 4)

	2005	Year ended March 31,				
		2006		2007		
	(Millions of yen, except percentage data)					
Domestic revenues	5,749,603	64%	5,825,156	62%	6,093,627	59%
Overseas revenues						
Asia	1,406,883	15	1,619,235	17	1,859,664	18
North America	901,855	10	968,957	10	1,057,389	10
Europe	709,770	8	748,480	8	869,022	9
Other Areas	258,932	3	302,973	3	368,201	4
Subtotal	3,277,440	36	3,639,645	38	4,154,276	41
Total	9,027,043	100%	9,464,801	100%	10,247,903	100%

Notes:

- Revenues by industry and geographic segments include intersegment transactions.
- In order to be consistent with financial reporting principles and practices generally accepted in Japan, operating income (loss) is presented as total revenues less cost of sales and selling, general and administrative expenses. Under U.S. GAAP, restructuring charges, net gain or loss on sale and disposal of rental assets and other property, impairment losses and special termination benefits are included as part of operating income (loss). See notes 17, 18 and 19 to the consolidated financial statements.
- Geographic segments are based on the location of Hitachi's facilities where products or services are produced.
- Figures for revenues by market are based on the locations of the customer to whom Hitachi's products or services are sold.

Description of Industry Segments

Hitachi classifies its operations into seven industry segments based primarily along related assets and operations management lines, as well as on the similarity of products and services by type, use, production method and marketing method.

Information & Telecommunication Systems

Products and services provided by Hitachi in this segment include systems integration, outsourcing services, computer hardware, software and telecommunications equipment and components. This segment groups products with many common technological aspects, facilitating operations management.

Hitachi's computer business consists of hardware products, software and services business. Customers are business entities in various industries, national and local governments, and, to a lesser extent, individuals. Among the hardware products Hitachi offers, hard disk drives, or HDDs, disk array subsystems, servers and mainframes are more significant than other products. In order to meet market requirements, these products need to be built to achieve high performance while meeting cost parameters of customers. Hitachi also develops and offers various software packages designed to enhance the productivity of customers. Systems integration, consulting and outsourcing form the core of the services business in which customized solutions are developed and offered to customers with Hitachi's hardware and software products, as well as other vendors' products, to deliver systems that help customers achieve their business objectives. This segment also provides telecommunications equipment and components such as switches and fiber optic components, which are delivered to customers in data and telecommunication

industries.

Table of Contents

The computer industry is extremely competitive. The speed of technology development in both hardware and software is very fast, and failure or delay to introduce products or services that incorporate the latest technology would materially diminish Hitachi's market presence. Customers are highly sensitive to the cost effectiveness of their investments in information technology, which leads to intense price competition, particularly in hardware products.

Hitachi focuses on such businesses as the consulting services, outsourcing, storage solutions and HDD businesses within the Information & Telecommunication Systems segment.

Hitachi seeks to strengthen its consulting services business by bolstering the operating structure principally by increasing the number of consultants; consolidating the consulting resources of the Company and its subsidiaries in Japan and Asia into Hitachi Consulting Co., Ltd., a Japanese subsidiary of the Company; and establishing Hitachi Consulting Europe Limited in the U.K. to oversee consulting operations in Europe as a wholly owned subsidiary of Hitachi Consulting Corporation in the U.S., a subsidiary of the Company. By sharing strategies and business resources among consulting subsidiaries in Japan, Asia, the U.S. and Europe, Hitachi will provide its customers with strategic solutions on a global basis and strengthen its competitiveness.

Hitachi is expanding its outsourcing business in response to demands from companies that want to outsource their information systems to concentrate resources on core competences. The outsourcing business includes data center outsourcing and strategic outsourcing. Data center outsourcing entails the monitoring, operation and maintenance of information systems on behalf of clients, and the hosting of servers and networks under tightly controlled security environments. Strategic outsourcing provides comprehensive support for customers' information systems, ranging from consulting to systems design, construction, operation and maintenance. As necessary, Hitachi establishes joint venture companies with clients to conduct strategic outsourcing.

In the storage solutions business, Hitachi is seeking to expand its business by enhancing the high-performance functions of disk array subsystems and storage management software and deepening strategic alliances with overseas partners. In fiscal 2005, the Company and Hewlett-Packard Company extended their joint technology agreement and original equipment manufacturer relationship for high-end disk arrays through 2010. In addition, in fiscal 2005, Hitachi Data Systems Corporation, a wholly owned subsidiary of the Company, entered into a global distribution agreement with Ingram Micro, Inc. in the area of storage solutions for small and medium sized enterprises.

In the HDDs business, Hitachi is trying to improve the profitability of Hitachi Global Storage Technologies, Inc., a wholly owned subsidiary of the Company. Hitachi expects that the HDDs market will grow firmly due to the increasing numbers of PCs and DVD/HDD recorders, although the market is facing intensive cost competition. Hitachi is seeking to strengthen its HDD operations by increasing production capacity, expanding its high value-added product lineup, increasing the yield rate and reorganizing production facilities. As part of this strategy, in March 2007, Hitachi determined to integrate several manufacturing and developing facilities in order to reduce costs by improving production efficiency, reorganizing development structure and reducing materials, logistics and labor costs.

In fiscal 2006, this segment accounted for 21% of total revenues before eliminations and recorded operating income of ¥60,343 million.

Table of Contents

Electronic Devices

The Electronic Devices segment provides liquid crystal displays, or LCDs, semiconductor manufacturing equipment, test and measurement equipment and medical electronics equipment. A significant portion of Hitachi's semiconductor business was transferred to Renesas Technology Corp. (Renesas), jointly owned by the Company and Mitsubishi Electric Corporation, and which is accounted for under the equity method by the Company. That portion has not been included in this segment since fiscal 2003.

The display business is highly competitive and characterized by significant price fluctuations with changes in the supply-demand balance. In an effort to improve profitability, Hitachi has changed its product mix, shifting its focus from LCDs for notebook PCs to small and medium-sized LCDs, for mobile phones, digital cameras, printers and in-vehicle equipments. In October 2004, the Company and Hitachi Displays, Ltd., a wholly-owned subsidiary of the Company, together with Toshiba Corporation and Matsushita Electric Industrial Co., Ltd., entered into an agreement to establish a joint-venture company called IPS Alpha Technology, Ltd., which is accounted for under the equity method, to manufacture and sell LCD panels for flat panel televisions. Hitachi is also trying to strengthen its competitiveness by reducing raw material costs and fixed costs, and improving productivity by expanding its product lineup.

Due to the unfavorable business environment, Hitachi realigned its semiconductor operations in recent years. On April 1, 2003, the Company transferred its semiconductor operations centered in system LSIs to a new company, Renesas. In September 2005, the Company sold a portion of its shares of Elpida Memory, Inc. (Elpida Memory). The Company established Elpida Memory together with NEC Corporation to operate the DRAM business. The Company previously accounted for Elpida Memory under the equity method; however, as a result of this share sale, Elpida Memory is no longer an equity-method affiliate.

In fiscal 2006, this segment accounted for 11% of total revenues before eliminations and recorded operating income of ¥45,755 million.

Power & Industrial Systems

In this segment, Hitachi offers power plants, industrial machinery, automotive products, construction machinery, transportation equipment and other products and related services for power utilities and industry.

Power companies are the main customers of the power sector. In this sector, Hitachi must respond to customer demand for low-priced products with high added value. In addition, in recent years Hitachi has given high priority to environmental protection in its product design. The entry of independent power producers into the domestic electric power industry brought about by deregulation has put pressure on power companies to lower electricity prices. This causes more intense price competition among vendors to match lower electricity prices. Since the orders the sector receives are generally for large items with long delivery periods, a portion of the purchase price from those orders is generally paid in advance to finance the production of the items.

On June 15, 2006, Hamaoka Nuclear Power Station No. 5 of Chubu Electric Power Co., Inc. shut down due to turbine damage. As a precautionary measure, on July 5, 2006, Shika Nuclear Power Station No. 2 of Hokuriku Electric Power Company, which uses the same type of turbines, was shut down for an examination of the turbines and the examination revealed damage to the turbine vanes. The accrued amount of the repair costs was included in Hitachi's operating results for the fiscal year ended March 31, 2007 and was recorded as part of cost of sales. Although the Company cannot estimate specified damages at the present time, there can be no assurance that the Company could not be liable for repair costs or other damages incurred by Chubu Electric Power Co., Inc. and Hokuriku Electric Power Company. See Item 5. Operating and Financial Review and Prospects A. Operating Results Fiscal 2006 Compared with Fiscal 2005 and Item 5. Operating and Financial Review and Prospects D. Trend Information.

In nuclear power systems business, integration and alliances are implemented among large-scale nuclear power plant manufacturers, as seen by the acquisition of Westinghouse Electric Company's nuclear power business by Toshiba Corporation. In this environment, the Company plans to strengthen and expand its nuclear power systems business throughout the world, including the U.S. In November 2006, the Company entered into a letter of intent with GE, expressing both party's intent to create a global alliance for their nuclear businesses to improve and expand their boiling water reactor technology offerings. Subsequently, in May 2007, the Company and GE entered into an agreement to form joint venture companies in each of the U.S., Canada and Japan that will engage in the nuclear power systems business. Based on the agreement, the U.S. and Canadian companies were established in June 2007, and the Company will transfer its nuclear power systems operations to the Japanese company in July 2007 by way of corporate split under the Company Law. These joint venture companies will construct and maintain nuclear power plants and provide related services. See A. History and Development of the Company and Item 8. Financial Information B. Significant Changes for more information.

Table of Contents

The industrial systems sector covers products used in numerous industries and is strongly influenced by trends in public works spending and private-sector plant and equipment investment. Market demands focus primarily on low price, high added value and the capability of products to be integrated into systems. The number of product types is vast and production is frequently done in small lots or on order. The industry includes many small-to-medium-sized specialty manufacturers and competition for orders is fierce.

In April 2006, the Company transferred a part of its social and industrial systems operation to Hitachi Plant Engineering & Construction Co., Ltd., which was then merged with Hitachi Kiden Kogyo, Ltd. and Hitachi Industries Co., Ltd. to form Hitachi Plant Technologies, Ltd. See A. History and Development of the Company.

Hitachi designated the automotive products business as a target business in this segment. In connection with this focus on the automotive products business, on October 1, 2004, the Company merged its equity-method affiliate, TOKICO LTD., and its wholly-owned subsidiary, Hitachi Unisia Automotive, Ltd. into itself. Further, in December 2006, the Company acquired a controlling interest in Clarion, making it a consolidated subsidiary of the Company, through a tender offer. Hitachi, with the expected synergy from these mergers and acquisitions, plans to strengthen the automotive products business in three areas: environmental systems such as low fuel consumption vehicles and electric vehicles; safety systems such as vehicle movement management systems; and car information systems such as traffic information systems, navigation systems and damage/deterioration diagnosis systems. See A. History and Development of the Company.

Hitachi optimizes its response to the needs and priorities of segment customers by strategically combining technologies from Hitachi's diverse fields of operation, especially from technologies in the information systems and electronics field.

In fiscal 2006, this segment accounted for 26% of total revenues before eliminations and recorded operating income of ¥36,391 million.

Digital Media & Consumer Products

In this segment, Hitachi manufactures and sells products in two main categories: digital media products and consumer products. The former includes optical disk drives, flat panel TVs, LCD projectors and mobile phones, while the latter comprises room air conditioners, refrigerators, washing machines and other appliances. All products have a broad range of customers dominated by general consumers.

Home electrical equipment manufacturers are responding to customer demand for low price and high added value by cutting costs and developing differentiated product lines. Success in this segment will also depend considerably on the development of products geared to advances in new multimedia-related markets.

In this segment, Hitachi is facing intense price competition caused by increasing commoditization and oversupply both in the digital media products business and consumer products business. Especially in digital media products such as plasma TVs and LCD TVs, price reductions have been significant because of domestic and overseas competitors. Hitachi is working to maintain its competitiveness in these business fields by:

developing high value-added products;

introducing new products quickly;

reducing production costs by rationalizing supply chain management and centralized purchasing of core components;

expanding production capacity of plasma display panels and flat panel TVs;

strengthening sales channels with major retailers in the U.S. and Europe;

increasing the number of sales locations in China; and

strengthening the Hitachi brand by increasing investment in marketing and conducting a worldwide brand promotional campaign.

In March 2005, the Company acquired, in an agreement with Fujitsu Limited, a joint-owner of FHP, patents on plasma display panel technology. The Company then acquired shares of FHP from Fujitsu Limited, which resulted in FHP becoming a consolidated subsidiary of the Company as of April 1, 2005. By vertically integrating FHP's manufacturing operations and the Company's sales operations, the Company is trying to stably generate profits by focusing on high-value added products, and by reducing production and sales costs through improvement in supply chain management. Hitachi is also trying to utilize comprehensive alliances with Matsushita Electric Industrial Co., Ltd. to develop plasma TVs in order to enhance product performance, reduce R&D costs and increase production efficiency, responsiveness to customer needs and proper management of intellectual property. In May 2007, the Company and Matsushita Electric Industrial Co., Ltd. formed an agreement regarding cross-supply of large-sized plasma display panels in order to strengthen competitiveness of these products in the global market.

In fiscal 2006, this segment accounted for 13% of total revenues before eliminations and recorded an operating loss of ¥58,435 million.

Table of Contents

High Functional Materials & Components

This segment includes fabricated chemical and metal products supplied as parts or materials to downstream manufacturers of mainly electric and electronic products. For example, Hitachi Chemical Co., Ltd. manufactures products based on its resin technology and serves industrial markets such as semiconductors, liquid crystal displays and automobiles. Hitachi Metals, Ltd. manufactures and sells magnetic and electronic materials and parts. They include specialty steels such as materials for mobile phones and automobile engine parts. Hitachi Cable, Ltd. manufactures and sells electronic materials and components for semiconductors and mobile phones as well as cable and wire products used for transmission of power and telephone signals.

As more products in this segment become more closely dependent upon and driven by capabilities in electronics technology, Hitachi's strength in electronics technology is expected to provide Hitachi with an advantage in introducing new products with such technology. Since the portion of materials and components used for semiconductors, liquid crystal displays, mobile phones and other IT-related products has increased in recent years, business results in this segment have been significantly affected by the business climate of the IT industry.

In April 2004, the magnetic materials business of Hitachi Metals, Ltd. (Hitachi Metals), a publicly-held subsidiary of the Company, was combined with Sumitomo Special Metals Co., Ltd. to form a new company, NEOMAX Co., Ltd. (NEOMAX). The new company became a consolidated subsidiary of the Company as a result of the transaction. Further, in November 2006, Hitachi Metals conducted a tender offer for shares of NEOMAX, then merged with NEOMAX in April 2007.

In fiscal 2006, this segment accounted for 15% of total revenues before eliminations and recorded operating income of ¥132,399 million.

Logistics, Services & Others

This segment includes various businesses not covered by other segments, primarily consisting of sales from general trading, logistics and property management services conducted by consolidated subsidiaries of the Company. Hitachi has set up sales subsidiaries by region and by product. Hitachi also has many subsidiaries that were established to offer various services related to Hitachi's business operations internally, such as printing and food services.

In fiscal 2006, this segment accounted for 10% of total revenues before eliminations and recorded operating income of ¥20,233 million.

Financial Services

Financial services originated to extend credit to purchasers of Hitachi products. This segment currently provides leases, loan guarantees and insurance services and conducts business in the area of securitization.

In fiscal 2006, this segment accounted for 4% of total revenues before eliminations and recorded operating income of ¥23,534 million.

Table of Contents

Competition

Hitachi is subject to intense competition in each of its businesses. Among its major competitors are some of the top-ranking industrial companies in Japan, U.S., Europe and Asia. Depending on the nature of the business, the competition is marked by rapid progress in technology or the need to reduce costs to meet customer requirements. In addition, Hitachi is facing more competition against companies that focus exclusively on specific market segments. See *Description of Industry Segments* in this Item for details of competition in each segment.

Seasonality

Hitachi's revenues in the fourth quarter ending March 31 tend to be higher than those in other quarters due in part to the purchase customs of governmental agencies in Japan.

Sources of Supply

Hitachi purchases a wide variety of raw materials, parts and components from many suppliers in Japan and abroad. In general, Hitachi is not dependent on any single source of supply for its raw materials, parts and components. In light of the fact that Japan produces very few of the raw materials Hitachi uses in its manufacturing processes, Hitachi monitors the availability of raw materials on a regular basis. There are currently no particular shortages of energy, raw material, parts or components that are likely to materially affect Hitachi's business. Prices of certain raw materials, parts and components, such as petroleum products, copper, aluminum and semiconductor memory chips, that Hitachi purchases are volatile. Recent increases in prices of petroleum and other materials, such as copper, steel and synthetic resins, are increasing Hitachi's production costs, and may adversely affect its results of operations.

Intellectual Property and Licenses

Hitachi holds numerous intellectual property rights, including patents, trademarks and copyrights. Although Hitachi considers them to be valuable assets and important for its operations, it believes that its business is not materially dependent on any single patent, trademark, copyright or other intellectual property right that it holds.

Hitachi has many license and technical assistance agreements covering a wide variety of products. Some of these agreements grant Hitachi the rights to use certain Japanese and foreign patents or to receive certain technical information. Under certain other agreements, Hitachi has also granted licenses and technical assistance to various companies located in Japan or overseas. Additionally, in certain instances, Hitachi has entered into cross-license agreements with major international electronics and electrical equipment manufacturers. Hitachi believes that it is not materially dependent on any single such license or technical assistance agreement.

Government Regulations

Hitachi's business activities are subject to various governmental regulations in countries where it operates, which include investment approvals, export regulations, tariffs, antitrust, intellectual property, consumer and business taxation, exchange controls, and environmental and recycling requirements.

Table of Contents**C. Organizational Structure**

The table below shows major subsidiaries of the Company as of March 31, 2007. Ownership percentage of voting rights indicates voting rights owned by the Company and its subsidiaries.

Name of company	Country of incorporation	Ownership percentage of voting rights
Information & Telecommunication Systems		
Hitachi Communication Technologies, Ltd.	Japan	100.0%
Hitachi Electronics Services Co., Ltd.	Japan	100.0
Hitachi Information & Control Solutions, Ltd.	Japan	100.0
Hitachi Information Systems, Ltd.	Japan	51.9
Hitachi-Omron Terminal Solutions, Corp.	Japan	55.0
Hitachi Software Engineering Co., Ltd.	Japan	53.0
Hitachi Systems & Services, Ltd.	Japan	51.2
Hitachi Computer Products (America), Inc.	U.S.A.	100.0
Hitachi Computer Products (Europe) S.A.S.	France	100.0
Hitachi Data Systems Holding Corp.	U.S.A.	100.0
Hitachi Global Storage Technologies Netherlands B.V.	Netherlands	100.0
Electronic Devices		
Hitachi Displays, Ltd.	Japan	100.0%
Hitachi High-Technologies Corporation	Japan	51.7
Hitachi Medical Corporation	Japan	63.2
Hitachi Display Device (Suzhou) Co., Ltd.	China	100.0
Hitachi Semiconductor Singapore Pte. Ltd.	Singapore	100.0
Power & Industrial Systems		
Babcock-Hitachi Kabushiki Kaisha	Japan	100.0%
Clarion Co., Ltd.	Japan	64.0
Hitachi Building Systems Co., Ltd.	Japan	100.0
Hitachi Construction Machinery Co., Ltd.	Japan	51.3
Hitachi Engineering & Services Co., Ltd.	Japan	100.0
Hitachi Industrial Equipment Systems Co., Ltd.	Japan	100.0
Hitachi Mobile Co., Ltd.	Japan	100.0
Hitachi Plant Technologies, Ltd.	Japan	69.9
Hitachi Via Mechanics, Ltd.	Japan	100.0
Japan Servo Co., Ltd.	Japan	57.6
Guangzhou Hitachi Elevator Co., Ltd.	China	70.0
Hitachi Automotive Products (USA), Inc.	U.S.A.	100.0
Digital Media & Consumer Products		
Fujitsu Hitachi Plasma Display Limited	Japan	90.8%
Hitachi Appliances, Inc.	Japan	100.0
Hitachi Maxell, Ltd.	Japan	53.6
Hitachi Media Electronics Co., Ltd.	Japan	100.0
Hitachi Home Electronics (America), Inc.	U.S.A.	100.0
Shanghai Hitachi Household Appliances Co., Ltd.	China	60.0
High Functional Materials & Components		
Hitachi Cable, Ltd.	Japan	53.2%
Hitachi Chemical Co., Ltd.	Japan	51.6
Hitachi Metals, Ltd.	Japan	56.9
Logistics, Services & Others		
Chuo Shoji, Ltd.	Japan	100.0%

Edgar Filing: HITACHI LTD - Form 20-F/A

Hitachi Life Corporation	Japan	100.0
Hitachi Transport System, Ltd.	Japan	59.0
Nikkyo Create, Ltd.	Japan	100.0
Hitachi America, Ltd.	U.S.A.	100.0
Hitachi Asia Ltd.	Singapore	100.0
Hitachi (China), Ltd.	China	100.0
Hitachi Europe Ltd.	U.K.	100.0
Financial Services		
Hitachi Capital Corporation	Japan	60.6%
Hitachi Insurance Services, Ltd.	Japan	100.0

Note: Japan Servo Co., Ltd. is no longer a consolidated subsidiary of the Company as a result of the sale of its shares in April 2007 in response to a tender offer.

Table of Contents**D. Property, Plants and Equipment**

Hitachi owns a significant portion of the land, plants, offices and other fixed assets necessary to conduct its business and a significant portion of Hitachi's land, plants, offices and other fixed assets are located in Japan. Hitachi considers its properties to be well maintained and believes its plant capacity is adequate for its current needs and future plans. Certain of Hitachi's properties such as land and buildings are subject to mortgages in respect of bonds and loans. The total outstanding balance of the secured loans and bonds as of March 31, 2007 was ¥52,026 million.

The following table describes the name of the Company office, division, group, center or subsidiary that is using the property, the location and area of the property, and in the case of plant property, the principal products produced there as of March 31, 2007. Hitachi believes the following offices, divisions, groups, centers and subsidiaries comprise its major lines of business.

Name of user of plants and offices	Location	Land area (Thousands of square meters)	Principal products
In Japan			
The Company:			
Automotive Systems	Kanagawa, etc.	2,615	Automotive products
Information & Telecommunication Systems	Kanagawa, etc.	766	Software, mainframes
Thermal & Hydroelectric Systems Division, etc.	Ibaraki	3,841	Power generating equipment, turbines
Research & Development Group	Tokyo, etc.	836	
Sales Offices	Osaka, etc.	120	
Urban Planning and Development Systems	Ibaraki	551	Elevators, escalators
Ubiquitous Platform Systems	Kanagawa, etc.	947	Digital media related products
Head Office	Tokyo	796	
Transportation Systems Division, etc.	Yamaguchi	698	Railway vehicles
Subsidiaries:			
Hitachi Displays, Ltd.	Chiba	501	Liquid crystal displays
Hitaka Works, Hitachi Cable, Ltd.	Ibaraki	1,047	Electronic materials and components
Tsuchiura Plant, Hitachi Construction Machinery Co., Ltd.	Ibaraki	5,439	Hydraulic excavators
Yasugi Works, Hitachi Metals, Ltd.	Shimane	1,096	Special steels
Kyoto Works, Hitachi Maxell, Ltd.	Kyoto	313	Magnetic recording media
Head Office, Hitachi Software Engineering Co., Ltd.	Tokyo	17	
Head Office, Hitachi Building Systems Co., Ltd.	Tokyo	158	
Miyazaki Works, Fujitsu Hitachi Plasma Display Limited	Miyazaki	394	Plasma display panels
Yamasaki Works, Hitachi Chemical Co., Ltd.	Ibaraki	674	Electronic materials and components
Densen Works, Hitachi Cable, Ltd.	Ibaraki	103	Electronic materials and components

Table of Contents

Name of user of plants and offices	Location	Land area (Thousands of square meters)	Principal products
Outside of Japan			
Overseas subsidiaries:			
Hitachi Global Storage Technologies Netherlands	California, U.S.A., etc.	1,851	Hard disk drives
B.V.	New York, U.S.A., etc.	2,594	Automotive components
Hitachi Metals America, Ltd.	For information on Hitachi's plan for capital investment for fiscal 2007, see A. History and Development of the Company in this Item.		

Table of Contents

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Hitachi, Ltd.
(Registrant)

Date: November 30, 2007

By: /s/ Masahiro Hayashi
Name: Masahiro Hayashi
Title: Executive Vice President and Executive Officer

Table of Contents

EXHIBIT INDEX

- 12.1 Certification of Chief Executive Officer or equivalent pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934
- 12.2 Certification of Chief Financial Officer or equivalent pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934
- 13.1 Certification of Chief Executive Officer or equivalent pursuant to Rule 13a-14(b) or 15d-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code
- 13.2 Certification of Chief Financial Officer or equivalent pursuant to Rule 13a-14(b) or 15d-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code