

HITACHI LTD
Form 6-K
November 04, 2004
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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 2004

Commission File Number 1-8320

Hitachi, Ltd.

(Translation of registrant's name into English)

6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8280, Japan

(Address of principal executive offices)

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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

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

If is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____

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This report on Form 6-K contains the following:

1. Press release dated October 29, 2004 regarding financial results for the first half of fiscal 2004.

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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.

Hitachi, Ltd.

(Registrant)

Date November 4, 2004

By /s/ Takashi Hatchoji

Takashi Hatchoji
Senior Vice President and Executive Officer

Table of Contents**FOR IMMEDIATE RELEASE****Hitachi Announces Consolidated Financial Results for the First Half of Fiscal 2004**

Tokyo, October 29, 2004 Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced its consolidated financial results for the first half of fiscal 2004, ended September 30, 2004.

1. Business Results and Financial Position

Note: All figures were converted at the rate of 111 yen to the U.S. dollar, the approximate exchange rate on the Tokyo Foreign Exchange Market as of September 30, 2004.

Business Results**(1) Summary of Fiscal 2004 First Half Consolidated Business Results**

- Notes: 1. All figures, except for the outlook for fiscal 2004, were converted at the rate of 111 yen to the U.S. dollar, the approximate exchange rate on the Tokyo Foreign Exchange Market as of September 30, 2004.
2. Segment information and operating income (loss) are presented in accordance with accounting principles generally accepted in Japan.

| | The half year ended September 30, 2004 | | |
|---|---|------------------------------------|-------------------------------------|
| | Billions of yen | Year-over-year % change | Millions of U.S. dollars |
| Revenues | 4,329.9 | 7% | 39,008 |
| Operating income | 127.3 | 529% | 1,147 |
| Income before income taxes and minority interests | 136.0 | 50% | 1,225 |
| Income before minority interests | 67.9 | 374% | 612 |
| Net income | 41.1 | 664% | 371 |

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During the interim period, the world economy remained strong, supported by such factors as rising worldwide demand for digital consumer electronics, rising demand for IT-related equipment, particularly in the U.S., and increasing demand in China.

The Japanese economy also remained robust on the strength of improving corporate earnings, particularly from exports, healthy growth in private-sector plant and equipment investment and other factors.

Against this backdrop, Hitachi's consolidated revenues increased 7% year on year, to 4,329.9 billion yen, most of the business segments posting year-on-year increases. Revenues in High Functional Materials & Components were up, particularly for components and materials for electronics-related products on buoyant conditions in the digital consumer electronics market. The Electronic Devices segment saw strong growth in semiconductor and LCD manufacturing equipment while Digital Media & Consumer Products recorded strong growth in plasma TVs and other products.

Operating income leapt 529%, to 127.3 billion yen as all segments posted year-on-year gains. The Information & Telecommunication Systems segment saw hard disk drive (HDD) operations become profitable, while the High Functional Materials & Components and Electronic Devices segments were other standout performers.

Other income was 36.4 billion yen, down 67% on the same period a year ago. This decrease was due to a decline in gains on the sale of investment securities and other factors. Meanwhile, other deductions declined 33%, to 27.7 billion yen due to income from equity-method affiliates and an exchange gain, as opposed to a loss from equity-method affiliates and an exchange loss in the previous fiscal year, and other factors.

As a result, Hitachi recorded income before income taxes and minority interests of 136.0 billion yen, up 50% year on year. After income taxes of 68.0 billion yen, Hitachi posted income before minority interests of 67.9 billion yen. Net income climbed 664% year on year, to 41.1 billion yen.

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(2) Revenues and Operating Income by Segment

Results by segment were as follows.

[Information & Telecommunication Systems]

| | The half year ended September 30, 2004 | | |
|------------------|---|------------------------------------|-------------------------------------|
| | Billions of yen | Year-over-year % change | Millions of U.S. dollars |
| Revenues | 1,071.7 | 2% | 9,655 |
| Operating income | 28.9 | 436% | 261 |

Information & Telecommunication Systems revenues increased 2%, to 1,071.7 billion yen. Software and services businesses revenues increased as a whole on a solid performance by the outsourcing business in services businesses, despite a decrease in sales of platform software in software businesses due to a fall in demand for mainframes. Hardware businesses sales grew slightly due to growth in HDDs and ATM-related systems for handling new bills and healthy sales from telecommunications networks, which offset lower sales of servers.

The segment posted operating income of 28.9 billion yen, 436% up year on year, as HDD operations moved from last year's loss into the black and due to other factors.

Note: HDD operations are conducted by Hitachi Global Storage Technologies (Hitachi GST), which has a December 31 fiscal year-end, different from Hitachi's March 31 year-end. Operating results for Hitachi GST for the six-month period from January through June 2004 are included in Hitachi's fiscal 2004 first-half results.

[Electronic Devices]

| | The half year ended September 30, 2004 | | |
|----------|---|------------------------------------|-------------------------------------|
| | Billions of yen | Year-over-year % change | Millions of U.S. dollars |
| Revenues | 692.0 | 14% | 6,235 |

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| | | | |
|------------------|------|------|-----|
| Operating income | 30.0 | 718% | 271 |
|------------------|------|------|-----|

In the Electronic Devices segment, revenues rose 14%, to 692.0 billion yen, the result of strong sales at Hitachi High-Technologies Corporation, particularly of semiconductor and LCD manufacturing equipment. This was also the result of higher sales of displays due to growth in sales of small and medium-size TFT LCDs for mobile phones and large LCDs for flat-panel TVs.

The segment posted a 718% year-on-year increase in operating income, to 30.0 billion yen, reflecting higher earnings at Hitachi High-Technologies, particularly from semiconductor and LCD manufacturing equipment, and improved earnings from the display business.

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[Power & Industrial Systems]

| | The half year ended September 30, 2004 | | |
|------------------|---|------------------------------------|-------------------------------------|
| | Billions of yen | Year-over-year % change | Millions of U.S. dollars |
| Revenues | 1,120.8 | 4% | 10,098 |
| Operating income | 10.0 | 27% | 91 |

Power & Industrial Systems revenues rose 4%, to 1,120.8 billion yen. This increase was attributable to robust sales of industrial machinery thanks to recovering private-sector plant and equipment investment, higher sales at Hitachi Construction Machinery Co., Ltd., mainly outside Japan, and the effect of newly consolidating a subsidiary that manufactures and sells elevators and escalators in China, which was previously accounted for using equity method, offsetting lower sales of power generation equipments.

The segment posted a 27% increase in operating income, to 10.0 billion yen, on higher earnings at Hitachi Construction Machinery and healthy earnings from industrial machinery.

[Digital Media & Consumer Products]

| | The half year ended September 30, 2004 | | |
|------------------|---|------------------------------------|-------------------------------------|
| | Billions of yen | Year-over-year % change | Millions of U.S. dollars |
| Revenues | 646.1 | 10% | 5,821 |
| Operating income | 10.6 | | 95 |

In Digital Media & Consumer Products, revenues increased 10%, to 646.1 billion yen, on growth in sales of plasma TVs and LCD projectors and healthy sales of room air-conditioners, washing machines and other mainstay home appliances.

The segment recorded operating income of 10.6 billion yen. This reflected improved profitability in home appliances and growth in projection TVs and LCD projectors, among other factors.

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Note: The optical disk drive business is conducted by Hitachi-LG Data Storage, Inc. (HLDS), which has a December 31 fiscal year-end. The operating results for HLDS for the six-month period from January through June 2004 are included in Hitachi's fiscal 2004 first-half results.

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[High Functional Materials & Components]

| | The half year ended September 30, 2004 | | |
|------------------|---|------------------------------------|-------------------------------------|
| | Billions of yen | Year-over-year % change | Millions of U.S. dollars |
| Revenues | 740.4 | 19% | 6,671 |
| Operating income | 40.3 | 337% | 363 |

In High Functional Materials & Components, revenues rose 19%, to 740.4 billion yen as Hitachi Chemical Co., Ltd., Hitachi Metals, Ltd. and Hitachi Cable, Ltd. reported strong sales, particularly for electronics-related products. The increase also reflected the effect of consolidating NEOMAX Co., Ltd., formerly Sumitomo Special Metals Co., Ltd., from April 2004.

Segment operating income jumped 337%, to 40.3 billion yen due to strong electronics-related product sales and other factors.

[Logistics, Services & Others]

| | The half year ended September 30, 2004 | | |
|------------------|---|------------------------------------|-------------------------------------|
| | Billions of yen | Year-over-year % change | Millions of U.S. dollars |
| Revenues | 610.3 | 0% | 5,498 |
| Operating income | 7.5 | | 68 |

In Logistics, Services & Others, revenues were nearly the same as a year earlier at 610.3 billion yen. While Hitachi Transport System, Ltd. and Hitachi Mobile Co., Ltd. posted healthy sales, segment revenues were affected by the transfer of semiconductor sales operations at overseas sales companies to Renesas Technology Corp. and other factors.

The segment posted operating income of 7.5 billion yen after recording an operating loss of 0.3 billion yen in the same period a year earlier.

[Financial Services]

The half year ended September 30, 2004

| | Billions of yen | Year-over-year % change | Millions of U.S. dollars |
|------------------|--------------------|----------------------------|-----------------------------|
| Revenues | 270.7 | 1% | 2,439 |
| Operating income | 9.9 | 22% | 90 |

In Financial Services, revenues edged up 1%, to 270.7 billion yen due to strong growth at Hitachi Capital Corporation, particularly in other financial services.

Operating income increased 22%, to 9.9 billion yen.

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(3) Revenues by Market

| | The half year ended September 30, 2004 | | |
|---------------|--|----------------------------|-----------------------------|
| | Billions of yen | Year-over-year % change | Millions of U.S. dollars |
| Japan | 2,709.2 | 3% | 24,408 |
| Overseas | 1,620.6 | 15% | 14,600 |
| Asia | 694.3 | 25% | 6,255 |
| North America | 442.5 | 3% | 3,987 |
| Europe | 346.2 | 14% | 3,119 |
| Other Areas | 137.5 | 15% | 1,239 |

Revenues in both Japan and overseas surpassed the same period in the previous fiscal year due to factors such as rising demand for digital consumer electronics and IT-related equipment in the U.S.

Revenues in Japan rose 3%, to 2,709.2 billion yen. Sales growth was recorded by components and materials for electronics-related products, particularly digital consumer electronics, semiconductor and LCD manufacturing equipment and plasma TVs, among other products.

Overseas revenues increased 15%, to 1,620.6 billion yen due to growth in sales of electronics components and materials for electronics-related products and in sales at Hitachi Construction Machinery, fueled by rising demand for digital consumer electronics, increasing demand for IT-related equipment in the U.S. and increasing demand in China.

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

Capital investment on a completion basis, excluding leasing assets, increased 19%, to 171.6 billion yen. Depreciation, excluding leasing assets, declined 5%, to 152.2 billion yen. R&D expenditures increased 3%, to 189.1 billion yen, and corresponded to 4.4% of revenues.

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Financial Position**(1) Cash Flows**

| | The half year ended September 30, 2004 | | |
|--------------------------------------|---|----------------------------------|-------------------------------------|
| | Billions of yen | Year-over-year Change | Millions of U.S. dollars |
| Cash flows from operating activities | 157.6 | (66.9) | 1,421 |
| Cash flows from investing activities | (200.7) | (43.6) | (1,809) |
| Free cash flows | (43.1) | (110.5) | (388) |
| Cash flows from financing activities | (111.2) | 62.5 | (1,002) |

Operating activities provided net cash of 157.6 billion yen, 66.9 billion yen less than in the previous period. This reflected factors such as an increase in inventories due to a projected sales increase in the second half of fiscal 2004.

Investing activities used net cash of 200.7 billion yen, 43.6 billion yen more than in the previous period. This was the result of an increase in capital investments for Hitachi's key business and decrease in sales of affiliates' common stock compared with the previous period.

Free cash flows, the sum of cash flows from operating and investing activities, were an outflow of 43.1 billion yen, 110.5 billion yen lower than a year earlier.

Financing activities used net cash of 111.2 billion yen, 62.5 billion yen less than in the previous period due to factors such as a decrease in debt.

Cash and cash equivalents as of September 30, 2004 amounted to 619.0 billion yen, a decrease of 145.3 billion yen during the interim period.

(2) Financial Position

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| | As of September 30, 2004 | | |
|--|--------------------------|---------------------|--------------|
| | Billions of | Change from | Millions of |
| | Yen | March 31, 2004 | U.S. dollars |
| Total assets | 9,636.8 | 46.5 | 86,819 |
| Total liabilities | 6,542.4 | (80.9) | 58,941 |
| Debts | 2,465.8 | (31.7) | 22,215 |
| Minority interests | 874.3 | 75.5 | 7,877 |
| Stockholders' equity | 2,220.0 | 51.9 | 20,001 |
| Stockholders' equity ratio | 23.0% | 0.4 point increase | |
| D/E ratio (including minority interests) | 0.80 times | 0.04 point increase | |

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Total assets at September 30, 2004 increased 46.5 billion yen, to 9,636.8 billion yen, compared with March 31, 2004, due to factors such as the effect of consolidating NEOMAX and a China-based elevator and escalator manufacturing and sales company. Debt decreased 31.7 billion yen, to 2,465.8 billion yen. Stockholders' equity increased 51.9 billion yen, to 2,220.0 billion yen due to increasing net income and other factors. As a consequence, the stockholders' equity ratio improved by 0.4 of a percentage point to 23.0%. The debt-to-equity ratio (including minority interests) was also improved by 0.04 points to 0.80 times.

Outlook for Fiscal 2004

| | Fiscal 2004, ending March 31, 2005 | | |
|---|---|------------------------------------|-------------------------------------|
| | Billions of yen | Year-over-year % change | Millions of U.S. dollars |
| Revenues | 8,900.0 | 3% | 84,761 |
| Operating income | 300.0 | 62% | 2,857 |
| Income before income taxes and minority interests | 300.0 | 27% | 2,857 |
| Income before minority interests | 150.0 | 290% | 1,428 |
| Net income | 100.0 | 530% | 952 |

Note: Estimates for fiscal 2004 assume a rate of 105 yen to the U.S. dollar.

In terms of trends in the world economy, Hitachi expects Asian economies to remain healthy, supported by demand in China, and European economies are expected to continue their modest recovery. However, the U.S. economy is expected to slow slightly due to the surge in crude oil and raw materials prices and as the effects of tax cuts, low interest rates and other government policies wear off. Furthermore, while slow growth in inventories indicates that a sudden drop in demand is unlikely in the market for electronics-related products, there is a risk of a slowdown in the latter half of the fiscal year. Therefore, Hitachi believes it will be necessary to keep a close eye on market trends going forward.

The Japanese economy is expected to slow, albeit moderately, as a possible slowdown in demand for digital consumer electronics and plant and equipment investment, such as in electronic components, may stymie the recovery in employment and wage levels.

Under these circumstances, Hitachi will push ahead with efforts to create new businesses and strengthen targeted businesses 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.

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Projections for fiscal 2004, as given above, have been revised from those issued with fiscal 2003 results released on April 28, 2004.

2. Management Policy

Basic Management Policy and Strategy

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

In line with this basic policy, in January 2003, Hitachi unveiled a medium-term management plan, i.e. HITACHI Plan II, which runs through fiscal 2005 (ending in March 2006). This plan targets two primary business domains that are the focus of the Hitachi Group: New Era 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. Various measures are being pursued for growth in both these fields.

In April 2004, Hitachi established the Hitachi Group Headquarters to accelerate group management in a manner best suited to Hitachi in two main ways: bolster the individual businesses of Hitachi Group companies, and give full play to the collective strengths of the Hitachi Group by encouraging greater inter-group collaboration. The Hitachi Group Headquarters will spearhead redoubled efforts to implement measures aimed at raising the corporate value of the Hitachi Group.

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

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

The i.e.HITACHI Plan II will transform Hitachi's earnings structure into a highly profitable one so that it can achieve positive FIV in fiscal 2005. At present, Hitachi has set the goals of generating consolidated operating income in excess of 400 billion yen and of achieving a debt-equity ratio (including minority interests) of 0.8 times in fiscal 2005. Hitachi is also expecting revenues in the order of 9 trillion yen in fiscal 2005.

(*) 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.

3. Corporate Governance

Hitachi is working to reinforce corporate governance to establish an executive system that facilitates speedy business 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 determines basic management policies and supervises executive officers in the performance of their duties while entrusting to executive officers considerable authority to make decisions with respect to Hitachi's business affairs. As of September 30, 2004, the Board of Directors had 14 members, 4 of whom were from outside Hitachi. Three directors served concurrently as executive officers. The Chairman of the Board does not serve concurrently as an executive officer.

Within the Board of Directors, three statutory committees have been established—the Nominating Committee, Audit Committee and Compensation Committee—with outside directors accounting for the majority of members of each committee. The Nominating Committee has the authority to decide on proposals submitted to the General Meeting of Shareholders for the appointment and dismissal of directors. The Audit Committee audits the performance of directors and executive officers and has the authority to decide on proposals submitted to the General Meeting of Shareholders for the appointment and dismissal of independent auditors. The Compensation Committee has the authority to set remuneration for individual directors and executive officers. Hitachi also established a dedicated organization to support the Board of Directors and its committees, including the Audit Committee. The Hitachi employees who staff this organization do not take orders from any executive officers. At the same time, Corporate Auditing and Legal and Corporate Communications employees perform certain administrative functions for the Board of Directors and its committees.

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Executive officers execute Hitachi's business affairs and decide on matters pertaining to the same in accordance with the division of duties stipulated by resolutions of the Board of Directors. Important matters affecting the company as a whole are examined at the Senior Executive Committee, whose members are key executive officers, to reach decisions after taking into account a range of perspectives. The executive officers report their decisions to members of the Audit Committee.

Regarding risk management, each division implements countermeasures, such as the formulation of rules and guidelines. At the same time, where it is necessary to respond to new risks that arise, executive officers are assigned responsibility for quickly dealing with them. Furthermore, to ensure greater efficiency in the execution of day-to-day operations and compliance, internal audits are conducted to monitor business operations so that improvements can be made. Moreover, to ensure strict legal compliance, Hitachi has various committees and a whistle-blower system.

Regarding the reliability of financial reports, the Audit Committee monitors the independent auditors, and receives the audit plans of the independent auditors in advance to ensure that these auditors are not influenced by executive officers. Moreover, the prior approval of the Audit Committee is required with respect to the remuneration of the independent auditors and non-audit work.

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 regards the repurchase of its shares as an action that can be implemented flexibly to supplement dividends while taking into consideration funding demands of business plans, market conditions and other factors.

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Cautionary Statement

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

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

- 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;
- 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, a return to stagnation or deterioration of the Japanese economy, or direct or indirect restriction by other nations on imports;
- uncertainty as to Hitachi's access to, or ability to protect, certain intellectual property rights, particularly those related to electronics and data processing technologies;

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- 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.

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

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HITACHI, LTD. AND SUBSIDIARIES**CONSOLIDATED FINANCIAL STATEMENTS****FOR THE HALF YEAR ENDED SEPTEMBER 30, 2004**

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, 2004.

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 | | (A)/(B) | U.S.DOLLARS |
| | (millions) | | | (millions) |
| | 2004 (A) | 2003 (B) | X100 (%) | 2004 |
| 1. Revenues | 4,329,935 | 4,041,407 | 107 | 39,008 |
| 2. Operating income | 127,332 | 20,239 | 629 | 1,147 |
| 3. Income before income taxes and minority interests | 136,001 | 90,503 | 150 | 1,225 |
| 4. Income before minority interests | 67,931 | 14,324 | 474 | 612 |
| 5. Net income | 41,158 | 5,384 | 764 | 371 |
| 6. Net income per share | | | | |
| Basic | 12.48 | 1.63 | 766 | 0.11 |
| Diluted | 12.43 | 1.59 | 782 | 0.11 |
| 7. Net income per ADS (representing 10 shares) | | | | |
| Basic | 125 | 16 | 781 | 1.13 |
| Diluted | 124 | 16 | 775 | 1.12 |

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

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2. Segment Information and operating income (loss) are presented in accordance with accounting principles generally accepted in Japan.
3. The figures are for 988 consolidated subsidiaries, including Variable Interest Entities, and 163 equity-method affiliates.

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CONSOLIDATED STATEMENTS OF OPERATIONS

| | The half years ended September 30 | | | |
|---|-----------------------------------|-----------|-------------|--------------|
| | YEN | | (A)/(B) | U.S. DOLLARS |
| | (millions) | | | (millions) |
| | 2004 (A) | 2003 (B) | X100 (%) | 2004 |
| Revenues | 4,329,935 | 4,041,407 | 107 | 39,008 |
| Cost of sales | 3,324,078 | 3,157,976 | 105 | 29,947 |
| Selling, general and administrative expenses | 878,525 | 863,192 | 102 | 7,914 |
| Operating income | 127,332 | 20,239 | 629 | 1,147 |
| Other income | 36,400 | 111,934 | 33 | 328 |
| (Interest and dividends) | 10,135 | 10,534 | 96 | 91 |
| (Other) | 26,265 | 101,400 | 26 | 237 |
| Other deductions | 27,731 | 41,670 | 67 | 250 |
| (Interest charges) | 14,235 | 16,318 | 87 | 128 |
| (Other) | 13,496 | 25,352 | 53 | 122 |
| Income before income taxes and minority interests | 136,001 | 90,503 | 150 | 1,225 |
| Income taxes | 68,070 | 76,179 | 89 | 613 |
| Income before minority interests | 67,931 | 14,324 | 474 | 612 |
| Minority interests | 26,773 | 8,940 | 299 | 241 |
| Net income | 41,158 | 5,384 | 764 | 371 |

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CONSOLIDATED BALANCE SHEETS

| | YEN | | | U.S.DOLLARS |
|--|-----------------------------|-----------------------------|------------------------|-------------------------|
| | (millions) | | | (millions) |
| | As of Sept. 30, 2004 (A) | As of March 31, 2004 (B) | (A)/(B) X100 (%) | As of Sept. 30, 2004 |
| Assets | 9,636,896 | 9,590,322 | 100 | 86,819 |
| Current assets | 5,230,513 | 5,219,942 | 100 | 47,122 |
| Cash and cash equivalents | 619,049 | 764,396 | 81 | 5,577 |
| Short-term investments | 152,321 | 177,949 | 86 | 1,372 |
| Trade receivables | | | | |
| Notes | 137,413 | 142,802 | 96 | 1,238 |
| Accounts | 1,972,987 | 2,043,727 | 97 | 17,775 |
| Investments in leases | 476,313 | 451,753 | 105 | 4,291 |
| Inventories | 1,328,587 | 1,123,406 | 118 | 11,969 |
| Other current assets | 543,843 | 515,909 | 105 | 4,900 |
| Investments and advances | 880,888 | 908,962 | 97 | 7,936 |
| Property, plant and equipment | 2,318,042 | 2,232,862 | 104 | 20,883 |
| Other assets | 1,207,453 | 1,228,556 | 98 | 10,878 |
| Liabilities and stockholders' equity | 9,636,896 | 9,590,322 | 100 | 86,819 |
| Current liabilities | 3,738,087 | 3,911,054 | 96 | 33,676 |
| Short-term debt and current installments of long-term debt | 1,044,432 | 1,183,463 | 88 | 9,409 |
| Trade payables | | | | |
| Notes | 68,655 | 67,581 | 102 | 619 |
| Accounts | 1,177,191 | 1,220,033 | 96 | 10,605 |
| Advances received | 263,878 | 216,544 | 122 | 2,377 |
| Other current liabilities | 1,183,931 | 1,223,433 | 97 | 10,666 |
| Noncurrent liabilities | 2,804,351 | 2,712,321 | 103 | 25,265 |
| Long-term debt | 1,421,409 | 1,314,102 | 108 | 12,806 |
| Retirement and severance benefits | 1,245,833 | 1,273,509 | 98 | 11,224 |
| Other liabilities | 137,109 | 124,710 | 110 | 1,235 |
| Minority interests | 874,376 | 798,816 | 109 | 7,877 |
| Stockholders' equity | 2,220,082 | 2,168,131 | 102 | 20,001 |
| Common stock | 282,033 | 282,032 | 100 | 2,541 |
| Capital surplus | 552,404 | 551,690 | 100 | 4,977 |
| Legal reserve and retained earnings | 1,784,664 | 1,760,435 | 101 | 16,078 |
| Accumulated other comprehensive loss | (366,694) | (393,864) | | (3,304) |

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| | | | | |
|--|-----------|-----------|----|---------|
| (Foreign currency translation adjustments) | (78,338) | (95,786) | | (706) |
| (Minimum pension liability adjustments) | (314,060) | (329,536) | | (2,829) |
| (Net unrealized holding gain on available-for-sale securities) | 26,536 | 31,499 | 84 | 239 |
| (Cash flow hedges) | (832) | (41) | | (8) |
| Treasury stock | (32,325) | (32,162) | | (291) |

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CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

| | YEN | | U.S. DOLLARS |
|---|---------------------------------------|----------------------------------|---------------------------------------|
| | (millions) | | (millions) |
| | The half year ended Sept. 30, 2004 | The year ended March 31, 2004 | The half year ended Sept. 30, 2004 |
| Common stock | | | |
| Balance at beginning of period | 282,032 | 282,032 | 2,541 |
| Conversion of convertible debentures | 1 | 0 | 0 |
| Balance at end of period | 282,033 | 282,032 | 2,541 |
| Capital surplus | | | |
| Balance at beginning of period | 551,690 | 562,214 | 4,970 |
| Conversion of convertible debentures | 536 | 943 | 5 |
| Increase (decrease) arising from issuance of subsidiaries common stock, divestiture and other | 178 | (11,467) | 2 |
| Balance at end of period | 552,404 | 551,690 | 4,977 |
| Legal reserve | | | |
| Balance at beginning of period | 109,163 | 111,309 | 984 |
| Transfers from (to) retained earnings | 558 | (1,849) | 5 |
| Transfers from (to) minority interests arising from conversion of subsidiaries convertible debentures and other | 14 | (297) | 0 |
| Balance at end of period | 109,735 | 109,163 | 989 |
| Retained earnings | | | |
| Balance at beginning of period | 1,651,272 | 1,655,029 | 14,876 |
| Net income | 41,158 | 15,876 | 371 |
| Cash dividends | (16,490) | (19,990) | (149) |
| Transfers from (to) legal reserve | (558) | 1,849 | (5) |
| Transfers to minority interests arising from conversion of subsidiaries convertible debentures | (1,187) | (1,189) | (11) |
| Transfers from (to) minority interests arising from issuance of subsidiaries common stock and other | 734 | (303) | 7 |
| Balance at end of period | 1,674,929 | 1,651,272 | 15,089 |
| Legal reserve and retained earnings | 1,784,664 | 1,760,435 | 16,078 |

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| | | | |
|---|-----------|-----------|---------|
| Accumulated other comprehensive loss | | | |
| Foreign currency translation adjustments | | | |
| Balance at beginning of period | (95,786) | (60,948) | (863) |
| Current-period change | 17,448 | (34,838) | 157 |
| Balance at end of period | (78,338) | (95,786) | (706) |
| Minimum pension liability adjustments | | | |
| Balance at beginning of period | (329,536) | (698,916) | (2,969) |
| Current-period change | 15,476 | 369,380 | 140 |
| Balance at end of period | (314,060) | (329,536) | (2,829) |
| Net unrealized holding gain on available-for-sale securities | | | |
| Balance at beginning of period | 31,499 | 4,874 | 284 |
| Changes in unrealized holding gain | (4,963) | 26,625 | (45) |
| Balance at end of period | 26,536 | 31,499 | 239 |
| Cash flow hedges | | | |
| Balance at beginning of period | (41) | (535) | (0) |
| Changes in the fair value of derivative financial instruments | (791) | 494 | (8) |
| Balance at end of period | (832) | (41) | (8) |
| Accumulated other comprehensive loss | (366,694) | (393,864) | (3,304) |
| Treasury stock | | | |
| Balance at beginning of period | (32,162) | (1,847) | (290) |
| Current-period increase | (163) | (30,315) | (1) |
| Balance at end of period | (32,325) | (32,162) | (291) |
| Total stockholders' equity | 2,220,082 | 2,168,131 | 20,001 |

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CONSOLIDATED STATEMENTS OF CASH FLOWS

| | The half years ended September 30 | | |
|--|-----------------------------------|------------------|----------------|
| | YEN | | U.S. DOLLARS |
| | (millions) | | (millions) |
| | 2004 | 2003 | 2004 |
| Cash flows from operating activities | | | |
| Net income | 41,158 | 5,384 | 371 |
| Adjustments to reconcile net income to net cash provided by operating activities | | | |
| Depreciation | 206,271 | 213,916 | 1,858 |
| Deferred income taxes | 8,213 | 5,052 | 74 |
| Loss (gain) on disposal of rental assets and other property | (445) | 5,712 | (4) |
| Decrease in receivables | 182,556 | 79,253 | 1,645 |
| Increase in inventories | (189,797) | (106,587) | (1,710) |
| Decrease in payables | (83,972) | (37,821) | (756) |
| Other | (6,305) | 59,684 | (57) |
| Net cash provided by operating activities | 157,679 | 224,593 | 1,421 |
| Cash flows from investing activities | | | |
| (Increase) decrease in short-term investments | 30,141 | (68,614) | 271 |
| Capital expenditures | (166,845) | (145,310) | (1,503) |
| Purchase of rental assets, net | (278,656) | (213,515) | (2,510) |
| Sale of investments and subsidiaries common stock, net | 25,222 | 117,400 | 227 |
| Collection of investment in leases | 214,410 | 197,485 | 1,932 |
| Other | (25,062) | (44,625) | (226) |
| Net cash used in investing activities | (200,790) | (157,179) | (1,809) |
| Cash flows from financing activities | | | |
| Decrease in interest-bearing debt | (94,126) | (127,413) | (848) |
| Dividends paid to stockholders | (16,406) | (10,111) | (148) |
| Dividends paid to minority stockholders of subsidiaries | (8,135) | (6,791) | (73) |
| Other | 7,429 | (29,435) | 67 |
| Net cash used in financing activities | (111,238) | (173,750) | (1,002) |
| Effect of exchange rate changes on cash and cash equivalents | 9,002 | (12,751) | 81 |
| Net decrease in cash and cash equivalents | (145,347) | (119,087) | (1,309) |
| Cash and cash equivalents at beginning of period | 764,396 | 828,171 | 6,886 |
| Cash and cash equivalents at end of period | 619,049 | 709,084 | 5,577 |

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SEGMENT INFORMATION**(1) INDUSTRY SEGMENTS**

| | The half years ended September 30 | | | |
|---|-----------------------------------|-------------------|------------------------|---------------|
| | YEN | | (A)/(B) X100 (%) | U.S. DOLLARS |
| | (millions) | | | (millions) |
| | 2004 (A) | 2003 (B) | 2004 | |
| Revenues | | | | |
| Information & Telecommunication Systems | 1,071,736 21% | 1,053,279 22% | 102 | 9,655 |
| Electronic Devices | 692,078 13% | 607,529 13% | 114 | 6,235 |
| Power & Industrial Systems | 1,120,895 22% | 1,073,439 22% | 104 | 10,098 |
| Digital Media & Consumer Products | 646,112 13% | 585,411 12% | 110 | 5,821 |
| High Functional Materials & Components | 740,423 14% | 622,206 13% | 119 | 6,671 |
| Logistics, Services & Others | 610,317 12% | 612,969 13% | 100 | 5,498 |
| Financial Services | 270,778 5% | 267,923 5% | 101 | 2,439 |
| Subtotal | 5,152,339 100% | 4,822,756 100% | 107 | 46,417 |
| Eliminations & Corporate items | (822,404) | (781,349) | | (7,409) |
| Total | 4,329,935 | 4,041,407 | 107 | 39,008 |
| Operating income (loss) | | | | |
| Information & Telecommunication Systems | 28,961 21% | 5,399 15% | 536 | 261 |
| Electronic Devices | 30,056 22% | 3,675 11% | 818 | 271 |
| Power & Industrial Systems | 10,088 7% | 7,935 23% | 127 | 91 |
| Digital Media & Consumer Products | 10,618 8% | 728 2% | | 95 |
| High Functional Materials & Components | 40,328 29% | 9,233 26% | 437 | 363 |
| Logistics, Services & Others | 7,528 6% | (397) (1)% | | 68 |

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| | | | | |
|--------------------------------|-----------------|----------------|-----|-------|
| Financial Services | 9,988 7% | 8,195 24% | 122 | 90 |
| Subtotal | 137,567 100% | 34,768 100% | 396 | 1,239 |
| Eliminations & Corporate items | (10,235) | (14,529) | | (92) |
| Total | 127,332 | 20,239 | 629 | 1,147 |

Note: Revenues by industry segment include intersegment transactions.

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(2) GEOGRAPHIC SEGMENTS

| | The half years ended September 30 | | | |
|---------------------------|--|-----------------|---------------------------------|---------------------|
| | YEN | | (A)/(B) X100 (%) | U.S. DOLLARS |
| | (millions) | | | (millions) |
| | 2004 (A) | 2003 (B) | 2004 | |
| Revenues | | | | |
| Japan | | | | |
| Outside customer sales | 3,128,385 | 2,964,920 | 106 | 28,183 |
| | 62% | 64% | | |
| Intersegment transactions | 482,620 | 413,478 | 117 | 4,348 |
| | 10% | 9% | | |
| Total | 3,611,005 | 3,378,398 | 107 | 32,531 |
| | 72% | 73% | | |
| Asia | | | | |
| Outside customer sales | 530,416 | 455,943 | 116 | 4,779 |
| | 10% | 10% | | |
| Intersegment transactions | 193,389 | 144,482 | 134 | 1,742 |
| | 4% | 3% | | |
| Total | 723,805 | 600,425 | 121 | 6,521 |
| | 14% | 13% | | |
| North America | | | | |
| Outside customer sales | 391,422 | 399,425 | 98 | 3,526 |
| | 8% | 9% | | |
| Intersegment transactions | 14,968 | 12,890 | 116 | 135 |
| | 0% | 0% | | |
| Total | 406,390 | 412,315 | 99 | 3,661 |
| | 8% | 9% | | |
| Europe | | | | |
| Outside customer sales | 230,687 | 182,461 | 126 | 2,078 |
| | 5% | 4% | | |
| Intersegment transactions | 10,319 | 19,622 | 53 | 93 |
| | 0% | 0% | | |
| Total | 241,006 | 202,083 | 119 | 2,171 |
| | 5% | 4% | | |
| Other Areas | | | | |
| Outside customer sales | 49,025 | 38,658 | 127 | 442 |
| | 1% | 1% | | |
| Intersegment transactions | 1,882 | 1,155 | 163 | 17 |
| | 0% | 0% | | |
| Total | 50,907 | 39,813 | 128 | 459 |
| | 1% | 1% | | |
| Subtotal | 5,033,113 | 4,633,034 | 109 | 45,343 |
| | 100% | 100% | | |
| Eliminations | (703,178) | (591,627) | | (6,335) |

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| | | | | |
|-------|-----------|-----------|-----|--------|
| Total | 4,329,935 | 4,041,407 | 107 | 39,008 |
|-------|-----------|-----------|-----|--------|

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| | The half years ended September 30 | | | |
|--------------------------------|--|-----------------|---------------------------|---------------------|
| | YEN | | | U.S. DOLLARS |
| | (millions) | | (A)/(B) | (millions) |
| | 2004 (A) | 2003 (B) | X100 (%) | 2004 |
| Operating income (loss) | | | | |
| Japan | 106,160 | 37,208 | 285 | 956 |
| | 71% | 79% | | |
| Asia | 25,105 | (513) | | 226 |
| | 17% | (1)% | | |
| North America | 7,548 | 1,714 | 440 | 68 |
| | 5% | 4% | | |
| Europe | 7,858 | 7,188 | 109 | 71 |
| | 5% | 15% | | |
| Other Areas | 2,214 | 1,368 | 162 | 20 |
| | 2% | 3% | | |
| Subtotal | 148,885 | 46,965 | 317 | 1,341 |
| | 100% | 100% | | |
| Eliminations & Corporate items | (21,553) | (26,726) | | (194) |
| Total | 127,332 | 20,239 | 629 | 1,147 |

(3) REVENUES BY MARKET

| | The half years ended September 30 | | | |
|---------------|--|-----------------|---------------------------|---------------------|
| | YEN | | | U.S. DOLLARS |
| | (millions) | | (A)/(B) | (millions) |
| | 2004 (A) | 2003 (B) | X100 (%) | 2004 |
| Japan | 2,709,295 | 2,636,362 | 103 | 24,408 |
| | 63% | 65% | | |
| Asia | 694,304 | 553,783 | 125 | 6,255 |
| | 16% | 14% | | |
| North America | 442,531 | 428,218 | 103 | 3,987 |
| | 10% | 11% | | |
| Europe | 346,287 | 303,458 | 114 | 3,119 |
| | 8% | 7% | | |
| Other Areas | 137,518 | 119,586 | 115 | 1,239 |
| | 3% | 3% | | |
| Outside Japan | 1,620,640 | 1,405,045 | 115 | 14,600 |
| | 37% | 35% | | |

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| | | | | |
|-------|-------------------|-------------------|-----|--------|
| Total | 4,329,935 100% | 4,041,407 100% | 107 | 39,008 |
|-------|-------------------|-------------------|-----|--------|

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October 29, 2004

HITACHI, LTD.
UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2004
(111yen = U.S.\$1)

| | YEN | | (A)/(B)×100 | U.S. DOLLARS |
|--|------------------|------------------|-------------|---------------|
| | (millions) | | | (millions) |
| INCOME STATEMENTS | 2004(A) | 2003(B) | | 2004 |
| (The half years ended Sept. 30) | | | | |
| Revenues | 1,152,807 | 1,128,203 | 102% | 10,386 |
| Cost of sales | 934,996 | 905,113 | 103% | 8,423 |
| S.G.A. expenses | 239,560 | 230,082 | 104% | 2,158 |
| Operating income (loss) | (21,750) | (6,992) | | (196) |
| Other income | 53,927 | 40,873 | 132% | 486 |
| Other deductions | 22,536 | 23,842 | 95% | 203 |
| Ordinary income | 9,640 | 10,038 | 96% | 87 |
| Extraordinary gain | 14,472 | 8,450 | 171% | 130 |
| Extraordinary loss | | 4,939 | | |
| Income before income taxes | 24,112 | 13,549 | 178% | 217 |
| Current income taxes | (4,159) | (52,567) | 8% | (37) |
| Deferred income taxes | 1,770 | 46,850 | 4% | 16 |
| Net income | 26,500 | 19,266 | 138% | 239 |
| Basic EPS (yen and dollars) | 8.04 | 5.82 | 138% | 0.07 |
| Diluted EPS (yen and dollars) | | | | |
| BALANCE SHEETS | | | | |
| | 2004/9/30(A) | 2004/3/31(B) | (A)/(B)×100 | 2004/9/30 |
| Current assets | 1,686,536 | 1,909,420 | 88% | 15,194 |
| (Quick assets) | 1,272,358 | 1,528,119 | 83% | 11,463 |
| (Inventories) | 321,875 | 294,396 | 109% | 2,900 |
| (Deferred tax assets) | 92,303 | 86,903 | 106% | 832 |
| Fixed assets | 1,809,651 | 1,798,964 | 101% | 16,303 |
| (Investments) | 1,249,785 | 1,231,360 | 101% | 11,259 |
| (Deferred tax assets) | 117,696 | 123,516 | 95% | 1,060 |
| (Others) | 442,168 | 444,088 | 100% | 3,984 |
| Total assets | 3,496,188 | 3,708,385 | 94% | 31,497 |
| Current liabilities | 1,424,311 | 1,819,420 | 78% | 12,832 |
| Fixed liabilities | 690,670 | 515,584 | 134% | 6,222 |
| (Debentures) | 280,000 | 280,000 | 100% | 2,523 |
| (Long-term loans) | 224,368 | 54,428 | 412% | 2,021 |
| (Others) | 186,302 | 181,156 | 103% | 1,678 |
| Total liabilities | 2,114,982 | 2,335,005 | 91% | 19,054 |
| Stockholders equity | 1,381,205 | 1,373,379 | 101% | 12,443 |

| | | | | |
|---|-----------|-----------|-----|--------|
| <u>Liabilities and stockholders equity</u> | 3,496,188 | 3,708,385 | 94% | 31,497 |
|---|-----------|-----------|-----|--------|

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FORECAST FOR THE YEAR ENDING MARCH 31, 2005

| | Ordinary | | |
|---------------------------------|-----------|--------|------------|
| | Net sales | income | Net income |
| Millions of Yen | 2,570,000 | 25,000 | 40,000 |
| Millions of U.S. dollars | 23,153 | 225 | 360 |

Cautionary Statement

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

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

- 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;

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- 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, a return to stagnation or deterioration of the Japanese economy, or direct or indirect restriction by other nations on imports;
- uncertainty as to Hitachi's access to, or ability to protect, certain intellectual property rights, particularly those related to electronics and data processing technologies;
- uncertainty as to the 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.

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

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October 29, 2004

Hitachi, Ltd.

Supplementary information for the first half of fiscal 2004, ended September 30, 2004 (Consolidated basis)**1. Summary**

| | 1 st half of fiscal 2003 | | 1 st half of fiscal 2004 | | (Billions of yen) Fiscal 2004 (Forecast) | |
|---|-------------------------------------|-----------------------------|-------------------------------------|---------|---|--------|
| | (A) | (A)/1 st half of | (B) | (B)/(A) | (C) | (C)/ |
| | | FY 2002 | | | | FY2003 |
| Revenues | 4,041.4 | 103% | 4,329.9 | 107% | 8,900.0 | 103% |
| C/U * | 358% | | 376% | | 346% | |
| Operating income | 20.2 | 33% | 127.3 | 629% | 300.0 | 162% |
| Income before income taxes and minority interests | 90.5 | 270% | 136.0 | 150% | 300.0 | 127% |
| Income before minority interests | 14.3 | 82% | 67.9 | 474% | 150.0 | 390% |
| Net income | 5.3 | 95% | 41.1 | 764% | 100.0 | 630% |
| C/U * | 28% | | 155% | | 250% | |
| Average exchange rate (yen / U.S.\$) | 118 | | 110 | | 105** | |
| Net interest and dividends | (5.7) | | (4.1) | | | |

* Consolidated basis/Unconsolidated basis

** Assumed exchange rate for 2nd half of fiscal 2004

| | As of March 31, 2004 | As of September 30, 2004 |
|--|----------------------|--------------------------|
| Cash & cash equivalents, Short-term investments (Billions of yen) | 942.3 | 771.3 |
| Interest-bearing debt (Billions of yen) | 2,497.5 | 2,465.8 |
| Number of employees | 326,344 | 343,793 |
| Japan | 237,880 | 242,458 |
| Overseas | 88,464 | 101,335 |
| Number of consolidated subsidiaries (Including Variable Interest Entities) | 956 | 988 |
| Japan | 545 | 545 |
| Overseas | 411 | 443 |

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2. Revenues by industry segment

| | 1 st half of fiscal 2003 | | 1 st half of fiscal 2004 | | (Billions of yen) Fiscal 2004 (Forecast) | |
|---|-------------------------------------|--|-------------------------------------|---------|---|----------------|
| | (A) | (A)/1 st half of FY 2002 | (B) | (B)/(A) | (C) | (C)/ FY2003 |
| | | | | | | |
| Information & Telecommunication Systems | 1,053.2 | 120% | 1,071.7 | 102% | 2,305.0 | 100% |
| Electronic Devices | 607.5 | 79% | 692.0 | 114% | 1,350.0 | 103% |
| Power & Industrial Systems | 1,073.4 | 100% | 1,120.8 | 104% | 2,390.0 | 104% |
| Digital Media & Consumer Products | 585.4 | 98% | 646.1 | 110% | 1,300.0 | 106% |
| High Functional Materials & Components | 622.2 | 101% | 740.4 | 119% | 1,445.0 | 111% |
| Logistics, Services & Others | 612.9 | 87% | 610.3 | 100% | 1,215.0 | 97% |
| Financial Services | 267.9 | 91% | 270.7 | 101% | 535.0 | 97% |
| Eliminations & Corporate items | (781.3) | | (822.4) | | (1,640.0) | |
| Total | 4,041.4 | 103% | 4,329.9 | 107% | 8,900.0 | 103% |

3. Operating income (loss) by industry segment

| | 1 st half of fiscal 2003 | | 1 st half of fiscal 2004 | | (Billions of yen) Fiscal 2004 (Forecast) | |
|---|-------------------------------------|--|-------------------------------------|---------|---|----------------|
| | (A) | (A)/1 st half of FY 2002 | (B) | (B)/(A) | (C) | (C)/ FY2003 |
| | | | | | | |
| Information & Telecommunication Systems | 5.3 | 13% | 28.9 | 536% | 99.0 | 142% |
| Electronic Devices | 3.6 | | 30.0 | 818% | 35.0 | 115% |
| Power & Industrial Systems | 7.9 | 71% | 10.0 | 127% | 72.0 | 212% |
| Digital Media & Consumer Products | 0.7 | 13% | 10.6 | | 21.0 | 302% |
| High Functional Materials & Components | 9.2 | 102% | 40.3 | 437% | 68.0 | 145% |
| Logistics, Services & Others | (0.3) | | 7.5 | | 16.0 | |
| Financial Services | 8.1 | 44% | 9.9 | 122% | 24.0 | 107% |
| Eliminations & Corporate items | (14.5) | | (10.2) | | (35.0) | |
| Total | 20.2 | 33% | 127.3 | 629% | 300.0 | 162% |

4. Overseas revenues by industry segment

| | 1 st half of fiscal 2003 | | 1 st half of fiscal 2004 | | (Billions of yen) Fiscal 2004 (Forecast) | |
|---|-------------------------------------|--|-------------------------------------|---------|---|----------------|
| | (A) | (A)/1 st half of FY 2002 | (B) | (B)/(A) | (C) | (C)/ FY2003 |
| | | | | | | |
| Information & Telecommunication Systems | 306.7 | 238% | 325.2 | 106% | | |
| Electronic Devices | 231.6 | 88% | 270.7 | 117% | | |
| Power & Industrial Systems | 235.6 | 121% | 325.6 | 138% | | |
| Digital Media & Consumer Products | 237.5 | 97% | 254.8 | 107% | | |
| High Functional Materials & Components | 160.5 | 103% | 221.6 | 138% | | |
| Logistics, Services & Others | 213.5 | 77% | 202.1 | 95% | | |

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| | | | | | | |
|--------------------------------|---------|------|---------|------|---------|------|
| Financial Services | 19.3 | 105% | 20.3 | 105% | | |
| Eliminations & Corporate items | 0 | | 0 | | | |
| Total | 1,405.0 | 109% | 1,620.6 | 115% | 3,200.0 | 107% |

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

| | (Billions of yen) | | | |
|---------------------------------|-------------------------------------|---------|-------------------------------------|---------|
| | 1 st half of fiscal 2003 | | 1 st half of fiscal 2004 | |
| | (A)/1 st half of | | | |
| | (A) | FY 2002 | (B) | (B)/(A) |
| Overseas production | 694.9 | 139% | 787.9 | 113% |
| Percentage of revenues | 17% | | 18% | |
| Percentage of overseas revenues | 49% | | 49% | |

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

| | (Billions of yen) | | | | | |
|---|-------------------|---------|-------------------------------------|--|------------------------|---------|
| | Fiscal 2003 | | 1 st half of fiscal 2004 | | Fiscal 2004 (Forecast) | |
| | (A)/ | | | | | |
| | (A) | FY 2002 | (B) | (B)/1 st half of FY 2003 | (C) | (C)/(A) |
| Information & Telecommunication Systems | 82.0 | 113% | 50.9 | 135% | | |
| Electronic Devices | 39.5 | 43% | 21.4 | 93% | | |
| Power & Industrial Systems | 71.6 | 101% | 38.3 | 119% | | |
| Digital Media & Consumer Products | 31.9 | 91% | 20.9 | 128% | | |
| High Functional Materials & Components | 62.4 | 103% | 33.8 | 108% | | |
| Logistics, Services & Others | 29.2 | 95% | 14.2 | 99% | | |
| Financial Services | 522.8 | 112% | 302.1 | 126% | | |
| Eliminations & Corporate items | (23.2) | | (9.9) | | | |
| Total | 816.5 | 104% | 472.0 | 124% | 950.0 | 116% |
| Internal use assets | 296.1 | 90% | 171.6 | 119% | 360.0 | 122% |
| Leasing assets | 520.3 | 113% | 300.3 | 127% | 590.0 | 113% |

7. Depreciation by industry segment

| | (Billions of yen) | | | | | |
|---|-------------------|---------|-------------------------------------|--|------------------------|---------|
| | Fiscal 2003 | | 1 st half of fiscal 2004 | | Fiscal 2004 (Forecast) | |
| | (A)/ | | | | | |
| | (A) | FY 2002 | (B) | (B)/1 st half of FY 2003 | (C) | (C)/(A) |
| Information & Telecommunication Systems | 81.3 | 137% | 38.3 | 100% | | |
| Electronic Devices | 52.0 | 46% | 21.7 | 88% | | |
| Power & Industrial Systems | 73.5 | 105% | 35.1 | 97% | | |
| Digital Media & Consumer Products | 37.8 | 93% | 18.3 | 97% | | |
| High Functional Materials & Components | 66.7 | 91% | 31.3 | 94% | | |
| Logistics, Services & Others | 25.7 | 89% | 11.4 | 85% | | |

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| | | | | | | |
|---------------------|-------|------|-------|------|-------|------|
| Financial Services | 95.4 | 104% | 48.4 | 103% | | |
| Corporate items | 3.4 | 91% | 1.4 | 80% | | |
| Total | 436.0 | 91% | 206.2 | 96% | 440.0 | 101% |
| Internal use assets | 328.8 | 87% | 152.2 | 95% | 320.0 | 97% |
| Leasing assets | 107.1 | 105% | 53.9 | 101% | 120.0 | 112% |

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8. R&D expenditure by industry segment

| | Fiscal 2003 | | 1 st half of fiscal 2004 | | (Billions of yen) Fiscal 2004 (Forecast) | |
|---|-------------|---------|-------------------------------------|---------|---|---------|
| | (A)/ | | (B)/1 st half of | | (C) | (C)/(A) |
| | (A) | FY 2002 | (B) | FY 2003 | | |
| | | | | | | |
| Information & Telecommunication Systems | 169.8 | 140% | 83.4 | 98% | | |
| Electronic Devices | 40.9 | 39% | 23.0 | 115% | | |
| Power & Industrial Systems | 69.8 | 108% | 37.4 | 111% | | |
| Digital Media & Consumer Products | 33.2 | 98% | 15.5 | 92% | | |
| High Functional Materials & Components | 43.3 | 104% | 21.0 | 97% | | |
| Logistics, Services & Others | 12.5 | 146% | 7.5 | 118% | | |
| Financial Services | 2.0 | 142% | 1.1 | 123% | | |
| Total | 371.8 | 99% | 189.1 | 103% | 390.0 | 105% |
| Percentage of revenues | 4.3% | | 4.4% | | 4.4% | |

9. Balance sheets by financial and non-financial services

| | (Billions of yen) | |
|--------------------------------------|----------------------|--------------------------|
| | As of March 31, 2004 | As of September 30, 2004 |
| Assets | | |
| Manufacturing, Services and Others | | |
| Cash and cash equivalents | 689.9 | 559.1 |
| Short-term investments | 151.3 | 122.4 |
| Trade receivables | 1,805.1 | 1,725.2 |
| Inventories | 1,122.9 | 1,331.8 |
| Investments and advances | 825.5 | 795.8 |
| Property, plant and equipment | 1,941.4 | 2,004.0 |
| Other assets | 1,909.2 | 1,899.0 |
| Total | 8,445.5 | 8,437.7 |
| Financial Services | | |
| Cash and cash equivalents | 74.4 | 59.8 |
| Trade receivables | 600.6 | 591.3 |
| Investments in leases | 588.7 | 602.9 |
| Property, plant and equipment | 303.3 | 326.6 |
| Other assets | 495.6 | 466.1 |
| Total | 2,062.9 | 2,046.9 |
| Eliminations | (918.1) | (847.7) |
| Assets | 9,590.3 | 9,636.8 |
| Liabilities and stockholders' equity | | |
| Manufacturing, Services and Others | | |
| Short-term debt | 938.6 | 694.1 |

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| | | |
|-------------------------------------|---------|---------|
| Trade payables | 1,254.8 | 1,204.1 |
| Long-term debt | 803.9 | 991.7 |
| Other liabilities | 2,688.3 | 2,677.4 |
| Total | 5,685.7 | 5,567.5 |
| Financial Services | | |
| Short-term debt | 745.4 | 771.6 |
| Trade payables | 243.1 | 233.6 |
| Long-term debt | 647.8 | 614.5 |
| Other liabilities | 181.2 | 175.7 |
| Total | 1,817.7 | 1,795.6 |
| Eliminations | (880.0) | (820.7) |
| Liabilities | 6,623.3 | 6,542.4 |
| Minority interests | 798.8 | 874.3 |
| Stockholders equity | 2,168.1 | 2,220.0 |
| Liabilities and stockholders equity | 9,590.3 | 9,636.8 |

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10. Statements of operations by financial and non-financial services

| | <u>1st half of fiscal 2003</u> | <u>(Billions of yen)</u> <u>1st half of fiscal 2004</u> |
|--|---|---|
| Manufacturing, Services and Others | | |
| Revenues | 3,893.9 | 4,188.8 |
| Cost of sales and selling, general and administrative expenses | 3,881.7 | 4,071.0 |
| Operating income | 12.2 | 117.8 |
| Financial Services | | |
| Revenues | 267.9 | 270.7 |
| Cost of sales and selling, general and administrative expenses | 259.7 | 260.7 |
| Operating income | 8.1 | 9.9 |
| Eliminations | | |
| Revenues | (120.5) | (129.7) |
| Cost of sales and selling, general and administrative expenses | (120.2) | (129.2) |
| Operating income | (0.2) | (0.4) |
| Total | | |
| Revenues | 4,041.4 | 4,329.9 |
| Cost of sales and selling, general and administrative expenses | 4,021.1 | 4,202.6 |
| Operating income | 20.2 | 127.3 |

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

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October 29, 2004

Hitachi, Ltd.

Supplementary information for the first half of fiscal 2004, ended September 30, 2004

(Unconsolidated basis)

| | 1 st half of Fiscal 2003 | | 1 st half of Fiscal 2004 | | (Billions of yen) Fiscal 2004 (Forecast) | |
|--------------------------------------|-------------------------------------|---------|-------------------------------------|---------|---|--------|
| | (A)/1 st half of | | (B)/(A) | | (C)/ | |
| | (A) | FY 2002 | (B) | (B)/(A) | (C) | FY2003 |
| | | | | | | |
| Revenues | 1,128.2 | 74% | 1,152.8 | 102% | 2,570.0 | 103% |
| Operating income (loss) | (6.9) | | (21.7) | | | |
| Ordinary income | 10.0 | | 9.6 | 96% | 25.0 | 124% |
| Net income | 19.2 | 97% | 26.5 | 138% | 40.0 | 100% |
| Dividend payout ratio (%) | 52 | | 68 | | | |
| Average exchange rate (yen / U.S.\$) | 118 | | 110 | | 105* | |

* Assumed exchange rate for 2nd half of fiscal 2004

| | As of March 31, 2004 | As of September 30, 2004 |
|---|----------------------|--------------------------|
| Cash & cash equivalents, Short-term investments (Billions of yen) | 351.4 | 224.0 |
| Interest-bearing debt (Billions of yen) | 594.5 | 626.7 |
| Number of employees | 36,582 | 36,952 |

| | 1 st half of Fiscal 2003 | | 1 st half of Fiscal 2004 | |
|---|-------------------------------------|---------|-------------------------------------|---------|
| | (A)/1 st half of | | (B)/(A) | |
| | (A) | FY 2002 | (B) | (B)/(A) |
| | | | | |
| Capital investment (Based on construction starts) | 18.0 | 36% | 26.5 | 147% |
| Depreciation * | 24.8 | 52% | 24.2 | 98% |
| R&D expenditures | 71.1 | 60% | 65.5 | 92% |
| Percentage of revenues | 6.3% | | 5.7% | |

* The figures do not include depreciation on leasing assets.

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October 29, 2004

Hitachi, Ltd.

SUPPLEMENTARY INFORMATION ON INFORMATION &**TELECOMMUNICATION SYSTEMS, DISPLAYS AND DIGITAL MEDIA**

Note : *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) REVENUES AND OPERATING INCOME (LOSS) BY PRODUCT SECTOR *2 *3**

| | (Upper rows show comparisons to the previous year; billions of yen) | | | | | |
|-------------------------|---|----------|---------|-------------|---------------------|------------------|
| | Fiscal 2003 | | | Fiscal 2004 | | |
| | 1st half | 2nd half | Total | 1st half | 2nd half (forecast) | Total (forecast) |
| Revenues | 120% | 123% | 122% | 102% | 98% | 100% |
| | 1,053.2 | 1,261.2 | 2,314.5 | 1,071.7 | 1,233.3 | 2,305.0 |
| Software & Services | 101% | 100% | 101% | 102% | 102% | 102% |
| | 459.5 | 531.1 | 990.6 | 470.0 | 540.0 | 1,010.0 |
| Hardware | 140% | 149% | 145% | 101% | 95% | 98% |
| | 593.7 | 730.1 | 1,323.8 | 601.7 | 693.3 | 1,295.0 |
| Operating income (loss) | 13% | 94% | 63% | 536% | 109% | 142% |
| | 5.3 | 64.5 | 69.9 | 28.9 | 70.1 | 99.0 |
| Software & Services | 66% | 121% | 93% | 112% | 118% | 116% |
| | 20.6 | 35.6 | 56.2 | 23.1 | 41.9 | 65.0 |
| Hardware | | 74% | 27% | | 98% | 250% |
| | (15.3) | 28.9 | 13.6 | 5.8 | 28.2 | 34.0 |

Notes: *2. On April 1, 2003, all hard disk drive operations were integrated with Hitachi Global Storage Technologies (Hitachi GST), a Hitachi subsidiary which started operations on January 1, 2003. Hitachi GST has a December 31 year-end and the consolidated results for Hitachi, Ltd. for the six months ended September 30, 2004, includes Hitachi GST's business results for the six months ended June 30, 2004.

*3. Figures for each product exclude intra-segment transactions.

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(2) REVENUES BY PRODUCT SECTOR *2 *3

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

| | Fiscal 2003 | | | Fiscal 2004 | | |
|---------------------|-------------|----------|---------|-------------|------------|------------|
| | | | | 2nd half | Total | |
| | 1st half | 2nd half | Total | 1st half | (forecast) | (forecast) |
| Revenues | 120% | 123% | 122% | 102% | 98% | 100% |
| | 1,053.2 | 1,261.2 | 2,314.5 | 1,071.7 | 1,233.3 | 2,305.0 |
| Software & Services | 101% | 100% | 101% | 102% | 102% | 102% |
| | 459.5 | 531.1 | 990.6 | 470.0 | 540.0 | 1,010.0 |
| Software | 91% | 81% | 86% | 90% | | |
| | 83.8 | 77.2 | 161.0 | 75.2 | | |
| Services | 104% | 104% | 104% | 105% | | |
| | 375.7 | 453.9 | 829.6 | 394.8 | | |
| Hardware | 140% | 149% | 145% | 101% | 95% | 98% |
| | 593.7 | 730.1 | 1,323.8 | 601.7 | 693.3 | 1,295.0 |
| Storage *4 | 176% | 203% | 190% | 103% | | |
| | 292.1 | 363.0 | 655.1 | 300.5 | | |
| Servers *5 | 111% | 91% | 100% | 70% | | |
| | 67.0 | 66.1 | 133.1 | 47.1 | | |
| PCs *6 | 93% | 99% | 97% | 93% | | |
| | 66.8 | 84.5 | 151.3 | 62.1 | | |
| Telecommunication | 125% | 107% | 115% | 116% | | |
| | 58.8 | 69.6 | 128.4 | 68.2 | | |
| Others | 136% | 166% | 152% | 114% | | |
| | 109.0 | 146.9 | 255.9 | 123.8 | | |

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

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

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

(3) SAN/NAS STORAGE SOLUTIONS

(The upper row shows comparisons to the previous year; billions of yen)

| | Fiscal 2003 | | | Fiscal 2004 | | |
|----------|-------------|----------|-------|-------------|------------|------------|
| | | | | 2nd half | Total | |
| | 1st half | 2nd half | Total | 1st half | (forecast) | (forecast) |
| Revenues | 98% | 97% | 98% | 101% | 118% | 110% |
| | 128.0 | 136.0 | 264.0 | 129.0 | 161.0 | 290.0 |

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(4) HARD DISK DRIVES *7 *8 *9 *10

| Period recorded for consolidated accounting purposes (Shipment Period) | (The upper row shows comparisons to the previous year) Fiscal 2003 | | | | |
|--|---|--------------------------|------------------------|--------|--------|
| | 1st half | | Total | | |
| | (Jan.2003 to Jun.2003) | 2nd half (Jul.2003 to | (Jan.2003 to Dec.2003) | | |
| | Ref *16 | Dec.2003) | Ref *16 | | |
| Revenues | | | | | |
| Yen | | | | | |
| (billions of yen) | 192.9 | 219.7 | 264.5 | 457.4 | 484.2 |
| U.S. dollar | | | | | |
| (millions of dollar) | 1,619 | 1,845 | 2,355 | 3,974 | 4,200 |
| Operating income (loss) | | | | | |
| Yen | | | | | |
| (billions of yen) | (20.9) | (21.1) | 10.0 | (10.9) | (11.1) |
| U.S. dollar | | | | | |
| (millions of dollar) | (176) | (177) | 90 | (86) | (87) |
| Shipments (thousand units) *11 | | | | | |
| | 16,700 | 19,100 | 24,200 | 41,100 | 43,400 |
| Consumer and Commercial | | | | | |
| 1.8/2.5inch *12 | 9,100 | 11,200 | 13,900 | 23,100 | 25,100 |
| 3.5inch *13 | 6,300 | 6,300 | 8,100 | 14,400 | 14,400 |
| Servers *14 | 1,200 | 1,500 | 2,000 | 3,100 | 3,400 |
| Emerging *15 | 200 | 200 | 290 | 480 | 480 |

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(The upper row shows comparisons to the previous year *17)

| Period recorded for consolidated accounting purposes (Shipment Period) | Fiscal 2004 | | |
|--|------------------------|------------------------|------------------------|
| | 1st half | 2nd half (forecast) | Total (forecast) |
| | (Jan.2004 to Jun.2004) | (Jul.2004 to Dec.2004) | (Jan.2004 to Dec.2004) |
| Revenues | | | |
| Yen | | | |
| | 112% (99%) | 98% (98%) | 104% (98%) |
| (billions of yen) | 216.5 | 258.5 | 475.0 |
| U.S. dollar | | | |
| | 123% (108%) | 102% (102%) | 111% (105%) |
| (millions of dollar) | 1,998 | 2,402 | 4,400 |
| Operating income (loss) | | | |
| Yen | | | |
| | () | () | () |
| (billions of yen) | 4.9 | (0.9) | 4.0 |
| U.S. dollar | | | |
| | () | () | () |
| (millions of dollar) | 45 | (7) | 38 |
| Shipments (thousand units) *11 | | | |
| | 122% (108%) | 114% (114%) | 117% (111%) |
| | 20,500 | 27,500 | 48,000 |
| Consumer and Commercial | | | |
| 1.8/2.5inch *12 | 134% (110%) | | |
| | 12,200 | | |
| 3.5inch *13 | 91% (91%) | | |
| | 5,700 | | |
| Servers *14 | 160% (131%) | | |
| | 1,900 | | |
| Emerging *15 | 353% (353%) | | |
| | 700 | | |

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<Fiscal 2004 2nd Half by Quarter>

| Period recorded for consolidated accounting purposes (Shipment Period) | Fiscal 2004 2 nd Half | |
|--|---|--|
| | 3 rd quarter (Jul. 2004 to Sep. 2004) | 4 th quarter (forecast) (Oct. 2004 to Dec. 2004) |
| | *18 | |
| Revenues | | |
| Yen | | |
| (billions of yen) | 94% (94%) 121.4 | 101% (101%) 137.1 |
| U.S. dollar | | |
| (millions of dollar) | 99% (99%) 1,093 | 105% (105%) 1,309 |
| Operating income (loss) | | |
| Yen | | |
| (billions of yen) | () (4.2) | 28% (28%) 3.3 |
| U.S. dollar | | |
| (millions of dollar) | () (38) | 30% (30%) 31 |
| Shipments (thousand units) *11 | 104% (104%) 12,100 | 122% (122%) 15,400 |
| Consumer and Commercial | | |
| 1.8/2.5 inch *12 | 97% (97%) 6,500 | |
| 3.5 inch *13 | 86% (86%) 3,400 | |
| Servers *14 | 121% (121%) 1,100 | |
| Emerging *15 | 755% (755%) 1,180 | |

Notes: *7. Figures include intra-segment transactions.

*8. 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 GST. Hitachi GST has a December 31 year-end and Hitachi, Ltd. has a March 31 year-end. The first-half consolidated results for Hitachi, Ltd. include the results of Hitachi GST for the six-month period from January 1, 2004 through June 30, 2004. 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 Hitachi GST.

*9. There have been changes to some product sector names. 1.8/2.5 inch and 3.5 inch, which are shown in the new product sector Consumer and Commercial were previously named Mobiles and Desktops, respectively.

*10. Hitachi GST's operating currency is U.S. dollar. Yen figures includes Yen / dollar conversion fluctuation.

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- *11. Shipment less than 100,000 units have been rounded, with the exception of Emerging, where shipment less than 10,000 units have been rounded.
- *12. Consumer electronics applications (1.8 inch), note-PCs (2.5 inch), etc.
- *13. Desktop-PCs, consumer electronics applications (3.5 inch), etc.
- *14. Disk array subsystems, servers (3.5 inch), etc.
- *15. Hand held devices (1 inch), automotive (2.5 inch), etc.
- *16. The figures provided for reference purposes represent the combined sales and shipments of Hitachi, Ltd.'s HDD operations prior to integration and Hitachi GST's operations, and are shown to give an overall picture of Hitachi's HDD operations for the six-month period ended June 30, 2004, the twelve-month period ended December 31, 2004, in this order.
- *17. Figures in parentheses for year-on-year comparisons represent comparisons with reference figures of the same period of the previous fiscal year.
- *18. Results for HDD operations in the period from July 1, 2004 through September 30, 2004 will be included in Hitachi's fiscal 2004 third-quarter results.

2. Displays**(1) REVENUES AND OPERATING INCOME (LOSS)**

| | (The upper row shows comparisons to the previous year; billions of yen) | | | | | |
|-------------------------|---|----------|-------|-------------|------------------------|---------------------|
| | Fiscal 2003 | | | Fiscal 2004 | | |
| | 1st half | 2nd half | Total | 1st half | 2nd half (forecast) | Total (forecast) |
| Revenues | 119% | 149% | 134% | 106% | 88% | 96% |
| | 118.7 | 141.4 | 260.2 | 126.0 | 124.0 | 250.0 |
| Operating income (loss) | (5.0) | 10.8 | 5.8 | 2.1 | (8.1) | (6.0) |

(2) LCD REVENUES

| | (The upper row shows comparisons to the previous year; billions of yen) | | | | | |
|---------------------------|---|----------|-------|-------------|------------------------|---------------------|
| | Fiscal 2003 | | | Fiscal 2004 | | |
| | 1st half | 2nd half | Total | 1st half | 2nd half (forecast) | Total (forecast) |
| Revenues | 125% | 185% | 152% | 112% | 85% | 97% |
| | 100.0 | 124.0 | 224.0 | 112.0 | 105.0 | 217.0 |
| Large-size LCDs | 95% | 148% | 116% | 93% | 68% | 80% |
| | 55.0 | 59.0 | 114.0 | 51.0 | 40.0 | 91.0 |
| Medium- & small-size LCDs | 205% | 241% | 224% | 136% | 100% | 115% |
| | 45.0 | 65.0 | 110.0 | 61.0 | 65.0 | 126.0 |

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3.Digital Media**SHIPMENTS OF MAIN PRODUCTS *19**

| | Fiscal 2003 | | | Fiscal 2004 | | |
|-------------------------|-------------|----------|--------|-------------|------------|------------|
| | | | | 2nd half | | Total |
| | 1st half | 2nd half | Total | 1st half | (forecast) | (forecast) |
| Optical Disk Drives *20 | 118% | 123% | 121% | 123% | 119% | 121% |
| | 26,000 | 32,000 | 58,000 | 32,000 | 38,000 | 70,000 |
| Plasma Displays *21 | 200% | 200% | 200% | 200% | 136% | 159% |
| | 80 | 140 | 220 | 160 | 190 | 350 |
| Projection TVs | 105% | 104% | 105% | 95% | 121% | 109% |
| | 200 | 240 | 440 | 190 | 290 | 480 |

Notes: *19. Shipment less than 10,000 units have been rounded, with the exception of Optical Disk Drives, where shipment less than 1,000,000 units have been rounded.

*20. Hitachi-LG Data Storage (HLDS) has a December 31 year-end and the consolidated results for Hitachi, Ltd. for the first-half consolidated results includes HLDS's business results for the six months ended June 30, 2004.

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

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