

HITACHI LTD  
Form 6-K  
May 16, 2005  
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**FORM 6-K**

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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**REPORT OF FOREIGN PRIVATE ISSUER**

**PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934**

For the month of April 2005

Commission File Number 1-8320

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**Hitachi, Ltd.**

(Translation of registrant's name into English)

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**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 Yes 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 April 28, 2005 regarding financial results for fiscal year ended March 2005.
2. Press release dated April 28, 2005 regarding new directors.
3. Press release dated April 28, 2005 regarding grant of incentive stock options.

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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 May 16, 2005

By /s/ Takashi Hatchoji

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Takashi Hatchoji  
Senior Vice President and Executive Officer

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

Tokyo, April 28, 2005 Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced its consolidated financial results for fiscal 2004, ended March 31, 2005.

**1. Business Results and Financial Position**

Note: All figures, except for the outlook for fiscal 2005, were converted at the rate of 107 yen to the U.S. dollar, the approximate exchange rate on the Tokyo Foreign Exchange Market as of March 31, 2005.

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

|   | <b>Year ended March 31, 2005</b> |                       |                     |
|---|----------------------------------|-----------------------|---------------------|
|   | <b>Billions of</b>               | <b>Year-over-year</b> | <b>Millions of</b>  |
|   | <b>yen</b>                       | <b>% change</b>       | <b>U.S. dollars</b> |
| Revenues  | 9,027.0                          | 5%                    | 84,365              |
| Operating income                                  | 279.0                            | 51%                   | 2,608               |
| Income before income taxes and minority interests | 264.5                            | 12%                   | 2,472               |
| Income before minority interests                  | 114.5                            | 197%                  | 1,070               |
| Net income  | 51.4                             | 224%                  | 481                 |

During the fiscal year, the global economy was generally strong supported by growth in the U.S. Despite some cause for concern in the U.S. economy such as rapidly rising oil prices, consumer spending remained healthy against a backdrop of improvement in the income environment, while corporate plant and equipment investment showed a strong pace of double-digit growth. China, meanwhile, maintained its rapid growth on the back of robust exports to the U.S. and strong domestic demand.

In Japan, the economy remained generally healthy throughout the fiscal year due to strength in exports and plant and equipment investment even though electronic device inventories rose and plant and equipment investment for electronics-related products declined in the fiscal year's second half.



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Against this backdrop, the Hitachi Group took a number of steps to expand its business in the automotive-related field, including a merger with TOKICO LTD. and Hitachi Unisia Automotive, Ltd., and the establishment of Hitachi Vehicle Energy, Ltd. to develop and manufacture rechargeable lithium-ion batteries for hybrid electric vehicles and other applications. Furthermore, anticipating growth in demand for flat screen TVs, Hitachi teamed up with Toshiba Corporation and Matsushita Electric Industrial Co., Ltd. to establish IPS Alpha Technology, Ltd., an LCD panel joint venture, and also made the decision to make Fujitsu Hitachi Plasma Display Limited a subsidiary from April 2005. This latter company develops, produces and sells plasma display panels.

Targeting business expansion overseas, the company held the Hitachi Exhibition-China 2004 in China, a market that offers particular potential for growth, to raise the Group's presence in this country. Another move saw the appointment of Chief Executives to be based in North America, Europe and China to reinforce the management of integrated Group businesses in these regions.

In this environment, Hitachi's consolidated revenues increased 5%, to 9,027.0 billion yen. Contributing to this growth were the consolidation of NEOMAX Co., Ltd. (formerly Sumitomo Special Metals Co., Ltd.) and an equity-method affiliate that manufactures and sells elevators and escalators in China, and the merger with TOKICO LTD. Furthermore, higher sales at Hitachi Construction Machinery Co., Ltd. drove a year-on-year increase in revenues in the Power & Industrial Systems segment. Meanwhile, the popularity of plasma televisions and other products lifted revenues in the Digital Media & Consumer Products segment, and revenues in the High Functional Materials & Components segment also increased, mainly due to growth in sales of components and materials for electronics- and automotive-related fields.

Overseas revenues grew 10% to 3,277.4 billion yen due to higher sales in social infrastructure-, automotive- and digital media-related fields as well as other areas, particularly in China, which is a focus of the Hitachi Group's activities.

Operating income was up 51%, to 279.0 billion yen, mainly the result of higher year-on-year earnings in the Power & Industrial Systems and the High Functional Materials & Components segments.

Lower gains on sales of investment securities were mainly responsible for a 46% decline in other income to 86.4 billion yen. Other deductions improved 7% to 100.9 billion yen as the posting of a foreign exchange gain and other factors outweighed business restructuring charges centered on Information & Telecommunication Systems and Digital Media & Consumer Products.

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As a result, Hitachi reported a 12% increase in income before income taxes and minority interests, to 264.5 billion yen. After income taxes of 149.9 billion yen, income before minority interests was 114.5 billion yen. Net income was up 224%, to 51.4 billion yen.

**(2) Revenues and Operating Income by Segment**

Results by segment were as follows.

**[Information & Telecommunication Systems]**

|                  | Year ended March 31, 2005 |                            |                             |
|------------------|---------------------------|----------------------------|-----------------------------|
|                  | Billions of<br>yen        | Year-over-year<br>% change | Millions of<br>U.S. dollars |
| Revenues         | 2,268.3                   | (2)%                       | 21,200                      |
| Operating income | 67.7                      | (3)%                       | 633                         |

Information & Telecommunication Systems revenues decreased 2%, to 2,268.3 billion yen. Software and services revenues were higher year on year as a whole because of a strong performance by the outsourcing business and other factors. Hardware revenues declined year on year, chiefly as a result of lower prices for servers, PCs and other products, although sales of telecommunication networks improved.

Operating income was down 3%, to 67.7 billion yen. In addition to the impact of lower prices, software and services earnings were held back by unprofitable projects. Hardware earnings increased despite the impact of falling prices for servers, PCs and other products due to a smaller loss in hard disk drive (HDD) operations and an improvement in earnings from telecommunications networks.

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. Hitachi's results for fiscal 2004 include operating results of Hitachi GST for the period from January through December 2004.

**[Electronic Devices]**

Year ended March 31, 2005



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|                  | Billions of | Year-over-year  | Millions of         |
|------------------|-------------|-----------------|---------------------|
|                  | <u>yen</u>  | <u>% change</u> | <u>U.S. dollars</u> |
| Revenues         | 1,320.1     | 1%              | 12,338              |
| Operating income | 37.0        | 22%             | 346                 |

Electronic Devices revenues increased 1%, to 1,320.1 billion yen. Higher sales of semiconductor and LCD manufacturing equipment at Hitachi High-Technologies Corporation outweighed a sharp decline in sales of displays caused by increasing weakness in the LCD market.

Operating income climbed 22%, to 37.0 billion yen as a loss in the display business caused by lower prices and other factors was outweighed by a stronger performance at Hitachi High-Technologies Corporation, mainly from semiconductor and LCD manufacturing equipment.

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**[Power & Industrial Systems]**

|                  | Year ended March 31, 2005 |                |              |
|------------------|---------------------------|----------------|--------------|
|                  | Billions of               | Year-over-year | Millions of  |
|                  | yen                       | % change       | U.S. dollars |
| Revenues         | 2,515.3                   | 9%             | 23,508       |
| Operating income | 73.6                      | 117%           | 689          |

Revenues increased 9%, to 2,515.3 billion yen. This was attributable in part to the effect of consolidating an equity-method affiliate that manufactures and sells elevators and escalators in China, and the merger with TOKICO LTD. In addition, the increase reflected higher sales at Hitachi Construction Machinery Co., Ltd. and higher sales of air-conditioning systems, industrial machinery and other products.

Operating income rose 117%, to 73.6 billion yen on higher earnings at Hitachi Construction Machinery and higher earnings from air-conditioning systems, industrial machinery and other products.

**[Digital Media & Consumer Products]**

|                  | Year ended March 31, 2005 |                |              |
|------------------|---------------------------|----------------|--------------|
|                  | Billions of               | Year-over-year | Millions of  |
|                  | yen                       | % change       | U.S. dollars |
| Revenues         | 1,280.3                   | 4%             | 11,966       |
| Operating income | 8.6                       | 25%            | 81           |

In Digital Media & Consumer Products, revenues increased 4%, to 1,280.3 billion yen. The segment recorded higher sales of plasma TVs, optical disk drives and LCD projectors. Sales of home appliances were about the same as one year earlier despite lower sales prices.

Operating income was up 25%, to 8.6 billion yen because of higher earnings from plasma TVs, optical disk drives, LCD projectors and other products and an improvement in home appliance operations.

Note:

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The optical disk drive business is conducted by Hitachi-LG Data Storage, Inc. (HLDS), which has a December 31 fiscal year-end. Hitachi's results for fiscal 2004 include the operating results of HLDS for the period from January through December 2004.

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**[High Functional Materials & Components]**

|                  | Year ended March 31, 2005 |                |              |
|------------------|---------------------------|----------------|--------------|
|                  | Billions of               | Year-over-year | Millions of  |
|                  | yen                       | % change       | U.S. dollars |
| Revenues         | 1,504.3                   | 16%            | 14,059       |
| Operating income | 87.5                      | 87%            | 818          |

Revenues increased 16%, to 1,504.3 billion yen. Hitachi Metals, Ltd. recorded a sharp increase in sales due to the effect of consolidating NEOMAX Co., Ltd. and strong sales to electronics- and automotive-related fields. Hitachi Chemical Co., Ltd. and Hitachi Cable, Ltd. also recorded sharply higher sales, with growth at the former reflecting strong sales, particularly to the electronics- and automotive-related fields, and growth at the latter reflecting surging IT-related demand and higher copper prices, which forced up sales prices of wires and cables and other copper products.

Operating income was up 87%, to 87.5 billion yen as Hitachi Chemical, Hitachi Metals and Hitachi Cable all turned in robust performances.

**[Logistics, Services & Others]**

|                  | Year ended March 31, 2005 |                |              |
|------------------|---------------------------|----------------|--------------|
|                  | Billions of               | Year-over-year | Millions of  |
|                  | yen                       | % change       | U.S. dollars |
| Revenues         | 1,248.2                   | (1)%           | 11,666       |
| Operating income | 9.8                       |                | 92           |

Despite the transfer of an overseas sales company's semiconductor division to Renesas Technology Corp., revenues were unchanged at 1,248.2 billion yen as Hitachi Transport System, Ltd. and Hitachi Mobile Co., Ltd. posted healthy sales.

There was a substantial improvement in operating income, to 9.8 billion yen in the absence of one-time costs for changes in pension plans in fiscal 2003.

**[Financial Services]**

|                  | Year ended March 31, 2005 |                |              |
|------------------|---------------------------|----------------|--------------|
|                  | Billions of               | Year-over-year | Millions of  |
|                  | yen                       | % change       | U.S. dollars |
| Revenues         | 529.6                     | (4)%           | 4,950        |
| Operating income | 31.0                      | 39%            | 290          |

Revenues decreased 4%, to 529.6 billion yen, despite Hitachi Capital Corp.'s healthy performance centered on leasing business and other operations.

Operating income increased 39%, to 31.0 billion yen, a figure that includes the effect of the transfer to the Japanese government of the substitutional portion of employee pension liabilities at Hitachi Capital Corp.

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**(3) Revenues by Market**

|               | Year ended March 31, 2005 |                |              |
|---------------|---------------------------|----------------|--------------|
|               | Billions of               | Year-over-year | Millions of  |
|               | yen                       | % change       | U.S. dollars |
| Japan         | 5,749.6                   | 2%             | 53,735       |
| Overseas      | 3,277.4                   | 10%            | 30,630       |
| Asia          | 1,406.8                   | 16%            | 13,148       |
| North America | 901.8                     | 3%             | 8,429        |
| Europe        | 709.7                     | 8%             | 6,633        |
| Other Areas   | 258.9                     | 10%            | 2,420        |

Revenues rose in Japan and overseas due to strong performances by the Power & Industrial Systems and High Functional Materials & Components segments.

Revenues in Japan increased 2%, to 5,749.6 billion yen.

Overseas revenues climbed 10%, to 3,277.4 billion yen, mainly the result of consolidating an equity-method affiliate that manufactures and sells elevators and escalators in China, and higher sales of automotive products and materials for electronics-related products. By region, revenues generated in Asia, mainly in the Chinese market, grew significantly.

As a result, the ratio of overseas revenues to consolidated revenues increased 2 percentage points to 36%.

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

Capital investment on a completion basis, excluding leasing assets, rose 29%, to 382.1 billion yen, mainly due to investments related to increasing HDD output and transforming the product mix in the displays business. Depreciation, excluding leasing assets, declined 5%, to 313.8 billion yen. R&D expenditures, primarily used to accelerate the launch of new businesses and strengthen basic research, increased 5%, to 388.6 billion yen, which was 4.3% of revenues.

**Financial Position**

**(1) Financial Position**

|  | As of March 31, 2005 |                        |              |
|--|----------------------|------------------------|--------------|
|  | Billions of          | Year-over-year         | Millions of  |
|  | yen                  | change                 | U.S. dollars |
| Total assets                             | 9,736.2              | 145.9                  | 90,993       |
| Total liabilities                        | 6,507.3              | (116.0)                | 60,816       |
| Debts                                    | 2,502.5              | 4.9                    | 23,387       |
| Minority interests                       | 921.0                | 122.2                  | 8,608        |
| Stockholders' equity                     | 2,307.8              | 139.7                  | 21,569       |
| Stockholders' equity ratio               | 23.7%                | 1.1 point improvement  |              |
| D/E ratio (including minority interests) | 0.78 times           | 0.06 point improvement |              |

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Total assets at March 31, 2005 were 9,736.2 billion yen, 145.9 billion yen more than one year earlier. The increase was mainly attributable to the effect of consolidating NEOMAX Co., Ltd. and an equity-method affiliate that manufactures and sells elevators and escalators in China, as well as the merger with TOKICO LTD. and the establishment of joint ventures in the ATM business. Debts remained on a par with the previous year. Stockholders' equity increased 139.7 billion yen, to 2,307.8 billion yen due to the increase in net income, higher capital surplus earnings and a decline in treasury stock resulting from the merger with TOKICO LTD., and a decline in the minimum pension liability adjustments following the transfer of the substitutional portion of employee pension fund liabilities to the Japanese government. As a result of these items, the stockholders' equity ratio improved 1.1 point, to 23.7%. The debt-to-equity ratio (including minority interests) improved by 0.06 of a point to 0.78 times as stockholders' equity increased.

**(2) Cash Flows**

|                                      | Year ended March 31, 2005 |                |              |
|--------------------------------------|---------------------------|----------------|--------------|
|                                      | Billions of               | Year-over-year | Millions of  |
|                                      | yen                       | change         | U.S. dollars |
| Cash flows from operating activities | 565.3                     | (38.0)         | 5,284        |
| Cash flows from investing activities | (526.9)                   | (259.5)        | (4,925)      |
| Free cash flows                      | 38.3                      | (297.6)        | 359          |
| Cash flows from financing activities | (99.4)                    | 275.0          | (929)        |

Net cash provided by operating activities decreased 38.0 billion yen to 565.3 billion yen. This chiefly reflected an increase in net income and an improvement in working capital efficiency, outweighed by decrease in depreciation and amortization of unrecognized actuarial loss.

Net cash used in investing activities increased 259.5 billion yen to 526.9 billion, mainly due to the absence of significant proceeds from sales of investment securities booked in the previous fiscal year and an increase in plant and equipment investment focused on targeted businesses.

Free cash flows, the sum of operating and investing cash flows, were positive 38.3 billion yen, despite a deterioration of 297.6 billion yen from a year earlier.

Net cash used by financing activities declined 275.0 billion yen to 99.4 billion yen. This was mainly the result of decrease in payment of borrowing, despite an increase in cash dividends paid.



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The net result of the above items was a decrease of 55.6 billion yen in cash and cash equivalents to 708.7 billion.

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**Outlook for Fiscal 2005**

|   | Year ending March 31, 2006 |                |              |
|---|----------------------------|----------------|--------------|
|   | Billions of                | Year-over-year | Millions of  |
|   | yen                        | % change       | U.S. dollars |
| Revenues  | 9,250.0                    | 2%             | 92,500       |
| Operating income                                  | 300.0                      | 8%             | 3,000        |
| Income before income taxes and minority interests | 280.0                      | 6%             | 2,800        |
| Income before minority interests                  | 130.0                      | 14%            | 1,300        |
| Net income  | 55.0                       | 7%             | 550          |

Turning to the outlook for the global economy, the Hitachi Group expects the U.S. to experience a gentle slowdown due to the end of tax incentives for capital investment, a move away from a low interest rate policy, surging prices for crude oil and other raw materials and other factors. Although there are concerns of a weakening in the pace of economic recovery in Europe as a result of this, the Asian economy is projected to be comparatively strong, supported by domestic demand in China. Consequently, despite some uncertainty regarding the global economy in the first half of the year, a moderate upturn is forecasted for the second half.

The forecast for the Japanese economy calls for a more pronounced slowdown in the first half of the year due to deflation continuing and lower plant and equipment investment in electronic components and other sectors as demand for digital consumer electronics weakens. A moderate improvement in the economy is expected in the second half of the year.

Based on this outlook, the Hitachi Group is forecasting the operating results shown above for fiscal 2005. Hitachi continues to make aggressive investments in targeted businesses, such as the April 2005 investment to make Fujitsu Hitachi Plasma Display a subsidiary in order to strengthen the plasma display business. Hitachi will also push forward ongoing reform initiatives. In Information and Telecommunications Systems, efforts will focus on enhancing Groupwide project management and reinforcing development capabilities to improve HDD profitability, while in Electronic Devices, steps will be taken to realign the product lineup centered on LCD displays. Hitachi will work to become more competitive on a consolidated basis and establish a more powerful earnings base by driving forward structural reforms that target future business development such as efforts to expand overseas business.

Projections for fiscal 2005 assume an exchange rate of 100 yen to the U.S. dollar and 130 yen to the Euro.

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**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, shareholders, employees 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 high-performance hardware and software incorporating the Hitachi Group's sophisticated technologies and knowledge. Various measures are being pursued for growth in both of 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 its various business fields, Hitachi is pushing ahead with efforts to improve productivity and cut costs by strengthening its production ability. Business structural reforms are also being implemented. In specific terms, Hitachi will examine and implement suitable measures to create growth in key fields as well as create new businesses by leveraging 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.

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.

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(\*) 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.

Hitachi will also enhance corporate social responsibility initiatives and reinforce corporate governance with a view to increasing the corporate value of the Group over the long-term. Furthermore, in order to respond to any external threats to corporate value, Hitachi will examine the introduction of measures that enable it to respond to changes in the regulatory environment and other issues in a fair and neutral manner.

Through the execution of i.e.HITACHI Plan II, Hitachi has been aiming to transform its earnings structure into a highly profitable one in order to achieve positive FIV in fiscal 2005. At the same time, Hitachi has made up-front investments with the aim of achieving growth over the long term. One notable example was an investment to make Fujitsu Hitachi Plasma Display Limited, a subsidiary in order to bolster the plasma display business. While Hitachi has been delivering higher revenues and earnings on the whole as a result of these actions, the Hitachi Group is facing challenges posed by rapid changes in the operating environment that had not been foreseen when the i.e.HITACHI Plan II was formulated. The sharp rise in the cost of raw materials, a prolonged correction phase in the digital consumer electronics-related market, and an extended period of deflation in Japan and the accompanying drop in system and product unit prices, are examples of these challenges. With businesses in which Hitachi made up-front investments still also not contributing sufficiently to earnings, management believes that further reforms will be necessary.

Hitachi will continue to make aggressive investments in targeted businesses while continuously executing business structural reforms. In this way, Hitachi will reinforce measures to become more competitive on a consolidated basis and work to establish a more powerful earnings base.

**3. Corporate Governance**

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

**A. Corporate Governance Structure**

Hitachi adopted the Committee System under the Japanese Commercial Code on June 2003. Through the adoption of the Committee System, Hitachi seeks to foster a transparent management system and to promote faster decision-making by demarcating responsibilities for management supervision and those for the execution of business operations.

Under the Committee System, the Board of Directors focuses on the functions of decision-making with respect to fundamental management policies as well as supervision of execution by the Directors and Executive Officers of their respective duties. The Board of Directors has, by resolution, delegated to the Executive Officers most of its authority to make decisions with regard to Hitachi's business affairs. As of March 31, 2005, 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

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been established the Nominating Committee, Audit Committee and Compensation Committee with outside Directors accounting for the majority of members of each committee. The Board of Directors has met on 14 separate occasions during the fiscal year ended March 31, 2005, and the attendance rate of Directors at those meetings was 96%. The Nominating Committee, Audit Committee and Compensation Committee met 5, 12 and 7 times, respectively, during the fiscal year ended March 31, 2005.

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The Nominating Committee is authorized to determine the particulars of proposals concerning the election and dismissal of Directors to be submitted to a general meeting of shareholders. The Nominating Committee consists of five Directors, three of whom are outside Directors. The Audit Committee is authorized to audit the execution by the Directors and Executive Officers of their respective duties and to determine the particulars of proposals concerning the election, dismissal and non-retention of Hitachi's outside auditor to be submitted to the general meeting of shareholders. The Audit Committee consists of five Directors, three of whom are outside Directors. The Compensation Committee is authorized to establish a policy on the determination of the particulars of compensation for each Director and Executive Officer and to determine the particulars of compensation for each Director and Executive Officer in accordance with such policy. The Compensation Committee consists of five Directors, three of whom are outside Directors.

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.

**B. Internal Control System and Risk Management**

The main structures regarding Hitachi's internal control and risk management is as follows. The Board of Directors adopted these resolutions to be used by the Audit Committee in performing its functions.

- (a) Board of Directors Office (the Office) has been established as an organization devoted solely to supporting each Committee, including the Audit Committee, as well as the Board of Directors. The Office is staffed by employees not subject to instructions or orders of Executive Officers. The Corporate Auditing and Legal & Corporate Communications departments also provide support to the Board of Directors and each Committee.
- (b) An Executive Officer or employee reports without delay to Audit Committee members matters prescribed by law, matters regarding the content of an Executive Officer's decision in connection with an important matter that will affect Hitachi as a whole, the result of an internal audit conducted by the responsible departments, and the status of reporting under the internal report system maintained by the Executive Officers.
- (c) Records regarding decisions of an Executive Officer are prepared and preserved in accordance with Hitachi's regulations.
- (d) Each relevant department establishes regulations and guidelines, conducts training, prepares and distributes manuals, and carries out other such measures with respect to risks associated with legal issues and compliance thereof, the environment, disasters, product quality, export control and other pertinent matters. When it becomes necessary to respond to a new risk, an Executive Officer will be promptly appointed to deal with the issue. A system enabling employees to report directly to the Directors has been established.

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- (e) The business management system set forth below is to be used to continuously monitor risks arising in the course of business and to facilitate the efficient execution by Executive Officers of their responsibilities.
- The Senior Executive Committee comprising principal Executive Officers deliberates on important issues that will affect Hitachi as a whole to facilitate the formulation of decisions based on the due consideration of the diverse factors coloring such issues.
  - In order to boost market competitiveness through the committed pursuit of profitability and by setting clearly defined goals, numerical targets are set for Hitachi as a whole and each business group and incorporated into the fiscal budget. The targets are used as the reference base for performance management.
  - Internal audits are conducted to monitor and identify the status of business operations and to facilitate improvements. In order to ensure strict compliance with its regulatory requirements, Hitachi has put in place a number of committees.
  - The Audit Committee receives the audit plans of the independent auditors in advance to facilitate the monitoring of the independent auditors and ensure that these auditors are not influenced by Executive Officers. The prior approval of the Audit Committee is required with respect to the remuneration of the independent auditors and non-audit services.

**C. Internal Audits and Audits by Audit Committee**

(a) Internal Audits

Hitachi's internal audits, for which the Corporate Auditing is primarily responsible, are conducted with respect to Hitachi's business divisions, subsidiaries and affiliates.

The Corporate Auditing examines and evaluates, in accordance with auditing standards established by Hitachi, whether the implementation of each business, including sales, personnel, labor, procurement of materials and components, production, information systems, accounting and finance, and property and asset management are being conducted properly. In addition, it specifies any improvements that need to be made as a result of such evaluation and conducts follow-up on the state of progress of those improvements. The Corporate Auditing also notifies the Audit Committee in advance of its internal audit plans and reports the results of its audit to the President and Chief Executive Officer and the Audit Committee.

Furthermore, each Hitachi division, including those responsible for compliance, the environment and export management, conducts examinations and evaluations for compliance with those laws relating to its activities and, as necessary, specifies improvements that need to be made.

(b) Audits by Audit Committee

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The Audit Committee monitors whether the Directors and Executive Officers are conducting, in a legal manner, corporate management based upon an appropriate internal control system. The Audit Committee holds hearings and receives reports on a regular basis from the Directors and Executive Officers with respect to the performance of their duties. The Audit Committee sets audit policy and plans, and evaluates whether the implementation of business and property and assets management at principal business divisions and subsidiaries are being conducted properly. In addition, the Audit Committee participates in important internal committees such as the budget committee, reviews such things as materials of the Senior Executive Committee and audit reports of internal auditing departments and, as necessary, may instruct responsible internal auditing divisions with respect to such things as the divisions for which an audit should be conducted and the items upon which the audit should focus. Furthermore, the Audit Committee receives reports and explanations from independent auditors with respect to their audit plans and results, and examines Hitachi's financial statements based upon such reports and explanations.

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**D. Independent Auditors**

Audits of Hitachi's financial statements under the Japanese Securities Exchange Law have been conducted by Mr. Hideo Doi, Mr. Yoshikazu Aoyagi and Mr. Naomitsu Hirayama, all of whom are certified public accountants of Shin Nihon & Co. They implement the audit, supported, when necessary, by certified public accountants, assistant certified public accountants and other employees of Shin Nihon & Co. under their supervision. Mr. Hideo Doi and Mr. Naomitsu Hirayama have audited Hitachi's financial statements for 15 years.

**E. Compensation Paid to Directors, Corporate Auditors and Executive Officers in Fiscal 2004**

(a) Amount paid to Directors and Executive Officers in office after adoption of the Committee System

|                     | Remuneration |                   | Year-end Allowance and<br>Performance-linked<br>Component |                   | Retirement Allowance |                   |
|---------------------|--------------|-------------------|---|-------------------|----------------------|-------------------|
|                     | Amount paid  |                   | Amount paid   |                   | Amount paid          |                   |
|                     | Number       | (millions of yen) | Number  | (millions of yen) | Number               | (millions of yen) |
| Directors           | 12           | 233               | 10  | 41                | 1                    | 7                 |
| (Outside Directors) | (4)          | (60)              | (4)   | (6)               | ( )                  | ( )               |
| Executive Officers  | 26           | 618               | 30  | 292               | 4                    | 177               |
| <b>Total</b>        | <b>38</b>    | <b>851</b>        | <b>40</b>   | <b>334</b>        | <b>5</b>             | <b>184</b>        |

- Notes: (1) The number of Directors who received remuneration and year-end allowance excludes three Directors who serve concurrently as Executive Officers.  
(2) The number of Executive Officers who received performance-linked component includes 7 Executive Officers who retired in the preceding year.  
(3) All of the Executive Officers who received retirement allowance are Executive Officers who retired in the preceding year.

(b) Amount paid to Directors and Corporate Auditors in office before adoption of the Committee System

|  | Bonus | Retirement Allowance |
|--|-------|----------------------|
|--|-------|----------------------|

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|                    | Amount paid     |                   | Amount paid     |                   |
|--------------------|-----------------|-------------------|-----------------|-------------------|
|                    | Number          | (millions of yen) | Number          | (millions of yen) |
|                    | <u>        </u> | <u>        </u>   | <u>        </u> | <u>        </u>   |
| Directors          | 6               | 22                | 2               | 123               |
| Corporate Auditors |                 |                   | 1               | 20                |
|                    | <u>        </u> | <u>        </u>   | <u>        </u> | <u>        </u>   |
| Total              | 6               | 22                | 3               | 144               |
|                    | <u>        </u> | <u>        </u>   | <u>        </u> | <u>        </u>   |

Note: The bonus was paid to Directors who were in office between April 1, 2003 and June 25, 2003.

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**F. Audit Fees**

The following table shows fees for audit and other services rendered by Shin Nihon & Co. and Ernst & Young for fiscal 2004.

|              | <b>Amount</b>            |
|--------------|--------------------------|
|              | <b>(Millions of yen)</b> |
| Audit Fees   | 1,516                    |
| Other Fees   | 294                      |
| <b>Total</b> | <b>1,810</b>             |

**(2) Personal, financial, trading and other beneficial relationships between Hitachi and outside directors**

Hitachi has continuous business transactions with Nippon Steel Corporation, the chairman of the board of which is Hitachi outside Director Akira Chihaya. However, these transactions are very small in comparison with the size of operations of Nippon Steel or Hitachi. Although Hitachi has also continuous business transactions with Asahi Glass Co., Ltd., where Hitachi outside Director Hiromichi Seya serves as Senior Corporate Advisor, these transactions are very small in comparison with the size of operations of Asahi Glass or Hitachi. Furthermore, Hitachi outside Directors Toshiro Nishimura and Ginko Sato have no conflicts of interest with Hitachi. Mr. Nishimura does not act as a legal representative of, or provide legal advice as an attorney to Hitachi.

**Policy on the Distribution of Earnings**

Hitachi sets dividends by taking into consideration a range of factors, including its financial conditions, results of operations and payout ratio. This policy is motivated by the desire to ensure the availability of sufficient internal funds for making investments in R&D and plant and equipment that are essential for maintaining competitiveness and improving profitability based on medium- and long-term plans, as well as to ensure the stable growth of dividends. Moreover, Hitachi has adopted a flexible stance toward the acquisition of its own shares, taking business plans, financial conditions, market conditions and other factors into consideration in this respect.

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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:

- fluctuations in product demand and industry capacity, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- uncertainty as to Hitachi's ability to continue to develop and market products that incorporate new technology on a timely and cost-effective basis and to achieve market acceptance for such products;
- rapid technological change, particularly in the Information & Telecommunication Systems segment and Electronic Devices 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 implement measures to reduce the potential negative impact of fluctuations in product demand and/or exchange rates;
- general socio-economic and political conditions and the regulatory and trade environment of Hitachi's major markets, particularly, the United States, Japan and elsewhere in Asia, including, without limitation, a return to stagnation or deterioration of the Japanese economy, or direct or indirect restriction by other nations on imports;
- uncertainty as to Hitachi's access to, or ability to protect, certain intellectual property rights, particularly those related to electronics and data processing technologies;
- uncertainty as to the success of restructuring efforts to improve management efficiency and to strengthen competitiveness;

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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;
- uncertainty as to Hitachi's ability to access, or access on favorable terms, liquidity or long-term financing; and
- uncertainty as to general market price levels for equity securities in Japan, declines in which may require Hitachi to write-down equity securities it holds.

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

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**HITACHI, LTD. AND SUBSIDIARIES****CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2005**

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 107 yen = U.S.\$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of March 31, 2005.

**SUMMARY**

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

|  | <b>The years ended March 31</b> |                 |                 |                    |
|--|---------------------------------|-----------------|-----------------|--------------------|
|  | <b>YEN</b>                      |                 | <b>(A)/(B)</b>  | <b>U.S.DOLLARS</b> |
|  | <b>(millions)</b>               |                 |                 | <b>(millions)</b>  |
|  | <b>2005 (A)</b>                 | <b>2004 (B)</b> | <b>X100 (%)</b> | <b>2005</b>        |
| 1. Revenues  | 9,027,043                       | 8,632,450       | 105             | 84,365             |
| 2. Operating income                                  | 279,055                         | 184,863         | 151             | 2,608              |
| 3. Income before income taxes and minority interests | 264,506                         | 237,149         | 112             | 2,472              |
| 4. Income before minority interests                  | 114,516                         | 38,494          | 297             | 1,070              |
| 5. Net income  | 51,496                          | 15,876          | 324             | 481                |
| 6. Net income per share                              |                                 |                 |                 |                    |
| Basic  | 15.53                           | 4.81            | 323             | 0.15               |
| Diluted  | 15.15                           | 4.75            | 319             | 0.14               |
| 7. Net income per ADS (representing 10 shares)       |                                 |                 |                 |                    |
| Basic  | 155                             | 48              | 323             | 1.45               |
| Diluted  | 152                             | 48              | 317             | 1.42               |

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

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2. Segment Information and operating income are presented in accordance with financial reporting principles and practices generally accepted in Japan.
3. The figures are for 985 consolidated subsidiaries, including Variable Interest Entities, and 167 equity-method affiliates.

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**CONSOLIDATED STATEMENTS OF INCOME**

|   | The years ended March 31 |           |             |              |
|---|--------------------------|-----------|-------------|--------------|
|   | YEN                      |           | (A)/(B)     | U.S. DOLLARS |
|   | (millions)               |           |             | (millions)   |
|   | 2005 (A)                 | 2004 (B)  | X100<br>(%) | 2005         |
| Revenues  | 9,027,043                | 8,632,450 | 105         | 84,365       |
| Cost of sales                                     | 6,961,270                | 6,710,154 | 104         | 65,059       |
| Selling, general and administrative expenses      | 1,786,718                | 1,737,433 | 103         | 16,698       |
| Operating income                                  | 279,055                  | 184,863   | 151         | 2,608        |
| Other income                                      |                          |           |             |              |
| (Interest and dividends)                          | 86,408                   | 161,170   | 54          | 808          |
|   | 19,384                   | 19,160    | 101         | 181          |
| (Other)   | 67,024                   | 142,010   | 47          | 627          |
| Other deductions                                  |                          |           |             |              |
| (Interest charges)                                | 100,957                  | 108,884   | 93          | 944          |
|   | 29,057                   | 30,855    | 94          | 272          |
| (Other)   | 71,900                   | 78,029    | 92          | 672          |
| Income before income taxes and minority interests | 264,506                  | 237,149   | 112         | 2,472        |
| Income taxes                                      | 149,990                  | 198,655   | 76          | 1,402        |
| Income before minority interests                  | 114,516                  | 38,494    | 297         | 1,070        |
| Minority interests                                | 63,020                   | 22,618    | 279         | 589          |
| Net income  | 51,496                   | 15,876    | 324         | 481          |

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**CONSOLIDATED BALANCE SHEETS**

|  | YEN                         |                             | (A)/(B)<br>X100<br>(%) | U.S.DOLLARS             |
|--|-----------------------------|-----------------------------|------------------------|-------------------------|
|  | (millions)                  |                             |                        | (millions)              |
|  | As of March 31,<br>2005 (A) | As of March 31,<br>2004 (B) |                        | As of March 31,<br>2005 |
| Assets   | 9,736,247                   | 9,590,322                   | 102                    | 90,993                  |
| Current assets   | 5,338,835                   | 5,219,942                   | 102                    | 49,896                  |
| Cash and cash equivalents                                  | 708,715                     | 764,396                     | 93                     | 6,624                   |
| Short-term investments                                     | 146,568                     | 177,949                     | 82                     | 1,370                   |
| Trade receivables  |                             |                             |                        |                         |
| Notes  | 132,572                     | 142,802                     | 93                     | 1,239                   |
| Accounts   | 2,065,194                   | 2,043,727                   | 101                    | 19,301                  |
| Investment in leases                                       | 526,759                     | 451,753                     | 117                    | 4,923                   |
| Inventories  | 1,198,955                   | 1,123,406                   | 107                    | 11,205                  |
| Other current assets                                       | 560,072                     | 515,909                     | 109                    | 5,234                   |
| Investments and advances                                   | 894,851                     | 908,962                     | 98                     | 8,363                   |
| Property, plant and equipment                              | 2,357,931                   | 2,232,862                   | 106                    | 22,037                  |
| Other assets   | 1,144,630                   | 1,228,556                   | 93                     | 10,697                  |
| Liabilities and Stockholders' equity                       | 9,736,247                   | 9,590,322                   | 102                    | 90,993                  |
| Current liabilities  | 4,064,546                   | 3,911,054                   | 104                    | 37,986                  |
| Short-term debt and current installments of long-term debt | 1,183,474                   | 1,183,463                   | 100                    | 11,060                  |
| Trade payables   |                             |                             |                        |                         |
| Notes  | 62,855                      | 67,581                      | 93                     | 587                     |
| Accounts   | 1,246,401                   | 1,220,033                   | 102                    | 11,649                  |
| Advances received  | 247,586                     | 216,544                     | 114                    | 2,314                   |
| Other current liabilities                                  | 1,324,230                   | 1,223,433                   | 108                    | 12,376                  |
| Noncurrent liabilities                                     | 2,442,818                   | 2,712,321                   | 90                     | 22,830                  |
| Long-term debt   | 1,319,032                   | 1,314,102                   | 100                    | 12,327                  |
| Retirement and severance benefits                          | 1,033,005                   | 1,273,509                   | 81                     | 9,654                   |
| Other liabilities  | 90,781                      | 124,710                     | 73                     | 849                     |
| Minority interests   | 921,052                     | 798,816                     | 115                    | 8,608                   |
| Stockholders' equity                                       | 2,307,831                   | 2,168,131                   | 106                    | 21,569                  |
| Common stock   | 282,033                     | 282,032                     | 100                    | 2,636                   |
| Capital surplus  | 565,360                     | 551,690                     | 102                    | 5,284                   |
| Legal reserve and retained earnings                        | 1,779,198                   | 1,760,435                   | 101                    | 16,628                  |

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|  |           |           |     |         |
|--|-----------|-----------|-----|---------|
| Accumulated other comprehensive loss                           | (301,524) | (393,864) |     | (2,818) |
| (Foreign currency translation adjustments)                     | (90,904)  | (95,786)  |     | (849)   |
| (Minimum pension liability adjustments)                        | (242,672) | (329,536) |     | (2,268) |
| (Net unrealized holding gain on available-for-sale securities) | 32,996    | 31,499    | 105 | 308     |
| (Cash flow hedges)   | (944)     | (41)      |     | (9)     |
| Treasury stock   | (17,236)  | (32,162)  |     | (161)   |

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**CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY**

|  | YEN                              |                                  | U.S. DOLLARS                     |
|--|----------------------------------|----------------------------------|----------------------------------|
|  | (millions)                       |                                  | (millions)                       |
|  | The year ended<br>March 31, 2005 | The year ended<br>March 31, 2004 | The year ended<br>March 31, 2005 |
| <b>Common stock</b>                                    |                                  |                                  |                                  |
| Balance at beginning of year                           | 282,032                          | 282,032                          | 2,636                            |
| Conversion of convertible debentures                   | 1                                | 0                                | 0                                |
| Balance at end of year                                 | 282,033                          | 282,032                          | 2,636                            |
| <b>Capital surplus</b>                                 |                                  |                                  |                                  |
| Balance at beginning of year                           | 551,690                          | 562,214                          | 5,156                            |
| Gains on sales of treasury stock                       | 12,862                           | 48                               | 120                              |
| Increase (Decrease) arising from divestiture and other | 808                              | (10,572)                         | 8                                |
| Balance at end of year                                 | 565,360                          | 551,690                          | 5,284                            |
| <b>Legal reserve</b>                                   |                                  |                                  |                                  |
| Balance at beginning of year                           | 109,163                          | 111,309                          | 1,020                            |
| Transfers from (to) retained earnings                  | 921                              | (1,849)                          | 9                                |
| Transfers from (to) minority interests                 | 130                              | (297)                            | 1                                |
| Balance at end of year                                 | 110,214                          | 109,163                          | 1,030                            |
| <b>Retained earnings</b>                               |                                  |                                  |                                  |
| Balance at beginning of year                           | 1,651,272                        | 1,655,029                        | 15,432                           |
| Net income   | 51,496                           | 15,876                           | 481                              |
| Cash dividends   | (34,628)                         | (19,990)                         | (323)                            |
| Transfers from (to) legal reserve                      | (921)                            | 1,849                            | (9)                              |
| Transfers from (to) minority interests                 | 1,765                            | (1,492)                          | 17                               |
| Balance at end of year                                 | 1,668,984                        | 1,651,272                        | 15,598                           |
| Legal reserve and retained earnings                    | 1,779,198                        | 1,760,435                        | 16,628                           |
| <b>Accumulated other comprehensive loss</b>            |                                  |                                  |                                  |
| Foreign currency translation adjustments               |                                  |                                  |                                  |
| Balance at beginning of year                           | (95,786)                         | (60,948)                         | (895)                            |

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|   |           |           |         |
|---|-----------|-----------|---------|
| Current-period change   | 4,882     | (34,838)  | 46      |
| Balance at end of year  | (90,904)  | (95,786)  | (849)   |
| <b>Minimum pension liability adjustments</b>                        |           |           |         |
| Balance at beginning of year  | (329,536) | (698,916) | (3,080) |
| Current-period change   | 86,864    | 369,380   | 812     |
| Balance at end of year  | (242,672) | (329,536) | (2,268) |
| <b>Net unrealized holding gain on available-for-sale securities</b> |           |           |         |
| Balance at beginning of year  | 31,499    | 4,874     | 294     |
| Changes in unrealized holding gain                                  | 1,497     | 26,625    | 14      |
| Balance at end of year  | 32,996    | 31,499    | 308     |
| <b>Cash flow hedges</b>   |           |           |         |
| Balance at beginning of year  | (41)      | (535)     | (0)     |
| Changes in the fair value of derivative financial instruments       | (903)     | 494       | (9)     |
| Balance at end of year  | (944)     | (41)      | (9)     |
| Accumulated other comprehensive loss                                | (301,524) | (393,864) | (2,818) |
| <b>Treasury stock</b>   |           |           |         |
| Balance at beginning of year  | (32,162)  | (1,847)   | (301)   |
| Current-period increase   | 14,926    | (30,315)  | 140     |
| Balance at end of year  | (17,236)  | (32,162)  | (161)   |
| Total stockholders' equity  | 2,307,831 | 2,168,131 | 21,569  |

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**CONSOLIDATED STATEMENTS OF CASH FLOWS**

|  | The years ended March 31 |                  |                |
|--|--------------------------|------------------|----------------|
|  | YEN                      |                  | U.S. DOLLARS   |
|  | (millions)               |                  | (millions)     |
|  | 2005                     | 2004             | 2005           |
| Cash flows from operating activities   |                          |                  |                |
| Net income   | 51,496                   | 15,876           | 481            |
| Adjustments to reconcile net income to net cash provided by operating activities |                          |                  |                |
| Depreciation   | 425,080                  | 436,053          | 3,973          |
| Deferred income taxes  | 45,310                   | 77,056           | 424            |
| Loss on disposal of rental assets and other property                             | 15,202                   | 13,274           | 142            |
| (Increase) Decrease in receivables   | 103,246                  | (187,545)        | 965            |
| Increase in inventories  | (95,191)                 | (67,026)         | (890)          |
| Increase (Decrease) in payables  | (53,785)                 | 145,234          | (503)          |
| Other  | 73,998                   | 170,481          | 692            |
| <b>Net cash provided by operating activities</b>                                 | <b>565,356</b>           | <b>603,403</b>   | <b>5,284</b>   |
| Cash flows from investing activities   |                          |                  |                |
| Increase in short-term investments   | 47,179                   | 10,035           | 441            |
| Capital expenditures   | (368,896)                | (289,753)        | (3,448)        |
| Purchase of rental assets, net   | (443,570)                | (384,197)        | (4,146)        |
| Proceeds from sale of investments and subsidiaries common stock, net             | 51,221                   | 190,716          | 479            |
| Collection of investment in leases   | 301,614                  | 340,376          | 2,819          |
| Other  | (114,536)                | (134,590)        | (1,070)        |
| <b>Net cash used in investing activities</b>                                     | <b>(526,988)</b>         | <b>(267,413)</b> | <b>(4,925)</b> |
| Cash flows from financing activities   |                          |                  |                |
| Decrease in interest-bearing debt  | (39,166)                 | (320,477)        | (366)          |
| Dividends paid to stockholders   | (34,815)                 | (19,961)         | (325)          |
| Dividends paid to minority stockholders of subsidiaries                          | (16,671)                 | (13,714)         | (156)          |
| Other  | (8,777)                  | (20,283)         | (82)           |
| <b>Net cash used in financing activities</b>                                     | <b>(99,429)</b>          | <b>(374,435)</b> | <b>(929)</b>   |
| Effect of exchange rate changes on cash and cash equivalents                     | 5,380                    | (25,330)         | 50             |
| <b>Net decrease in cash and cash equivalents</b>                                 | <b>(55,681)</b>          | <b>(63,775)</b>  | <b>(520)</b>   |
| Cash and cash equivalents at beginning of year                                   | 764,396                  | 828,171          | 7,144          |
| <b>Cash and cash equivalents at end of year</b>                                  | <b>708,715</b>           | <b>764,396</b>   | <b>6,624</b>   |

Note:

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In this fiscal year, the Company classified the effect of net change in inventory-related receivables from financial services as Cash flows from operating activities in place of Cash flows from investing activities. The reclassification has also been made to the presentation of the prior year's statements of cash flows.

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**SEGMENT INFORMATION****(1) INDUSTRY SEGMENTS**

|   | The years ended March 31 |                    |                        |               |
|---|--------------------------|--------------------|------------------------|---------------|
|   | YEN                      |                    | (A)/(B)<br>X100<br>(%) | U.S. DOLLARS  |
|   | (millions)               |                    |                        | (millions)    |
|   | 2005 (A)                 | 2004 (B)           | 2005                   |               |
| <b>Revenues</b>                         |                          |                    |                        |               |
| Information & Telecommunication Systems | 2,268,386<br>21%         | 2,314,552<br>23%   | 98                     | 21,200        |
| Electronic Devices                      | 1,320,177<br>12%         | 1,312,380<br>13%   | 101                    | 12,338        |
| Power & Industrial Systems              | 2,515,366<br>24%         | 2,297,913<br>22%   | 109                    | 23,508        |
| Digital Media & Consumer Products       | 1,280,302<br>12%         | 1,226,955<br>12%   | 104                    | 11,966        |
| High Functional Materials & Components  | 1,504,312<br>14%         | 1,297,085<br>13%   | 116                    | 14,059        |
| Logistics, Services & Others            | 1,248,296<br>12%         | 1,256,266<br>12%   | 99                     | 11,666        |
| Financial Services                      | 529,695<br>5%            | 550,982<br>5%      | 96                     | 4,950         |
| Subtotal                                | 10,666,534<br>100%       | 10,256,133<br>100% | 104                    | 99,687        |
| Eliminations & Corporate items          | (1,639,491)              | (1,623,683)        |                        | (15,322)      |
| <b>Total</b>                            | <b>9,027,043</b>         | <b>8,632,450</b>   | <b>105</b>             | <b>84,365</b> |
| <b>Operating income</b>                 |                          |                    |                        |               |
| Information & Telecommunication Systems | 67,761<br>21%            | 69,932<br>33%      | 97                     | 633           |
| Electronic Devices                      | 37,017<br>12%            | 30,424<br>15%      | 122                    | 346           |
| Power & Industrial Systems              | 73,661<br>23%            | 33,933<br>16%      | 217                    | 689           |
| Digital Media & Consumer Products       | 8,694<br>3%              | 6,951<br>3%        | 125                    | 81            |
| High Functional Materials & Components  | 87,514<br>28%            | 46,767<br>22%      | 187                    | 818           |
| Logistics, Services & Others            | 9,808<br>3%              | 533<br>0%          |                        | 92            |

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|                                |                |                |            |              |
|--------------------------------|----------------|----------------|------------|--------------|
| Financial Services             | 31,073         | 22,388         |            |              |
|                                | 10%            | 11%            | 139        | 290          |
| <b>Subtotal</b>                | <b>315,528</b> | <b>210,928</b> |            |              |
|                                | 100%           | 100%           | 150        | 2,949        |
| Eliminations & Corporate items | (36,473)       | (26,065)       |            | (341)        |
| <b>Total</b>                   | <b>279,055</b> | <b>184,863</b> | <b>151</b> | <b>2,608</b> |

Note: Revenues by industry segment include intersegment transactions.

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**(2) GEOGRAPHIC SEGMENTS**

|                                | The years ended March 31 |             |                        |              |
|--------------------------------|--------------------------|-------------|------------------------|--------------|
|                                | YEN                      |             | (A)/(B)<br>X100<br>(%) | U.S. DOLLARS |
|                                | (millions)               |             |                        | (millions)   |
|                                | 2005 (A)                 | 2004 (B)    | 2005                   |              |
| Revenues                       |                          |             |                        |              |
| Japan                          |                          |             |                        |              |
| Outside customer sales         | 6,598,002                | 6,364,411   |                        |              |
|                                | 63%                      | 64%         | 104                    | 61,664       |
| Intersegment transactions      | 937,814                  | 854,532     |                        |              |
|                                | 9%                       | 9%          | 110                    | 8,764        |
| Total                          | 7,535,816                | 7,218,943   | 104                    | 70,428       |
|                                | 72%                      | 73%         |                        |              |
| Asia                           |                          |             |                        |              |
| Outside customer sales         | 1,059,197                | 993,471     |                        |              |
|                                | 10%                      | 10%         | 107                    | 9,899        |
| Intersegment transactions      | 388,249                  | 312,153     |                        |              |
|                                | 4%                       | 3%          | 124                    | 3,629        |
| Total                          | 1,447,446                | 1,305,624   | 111                    | 13,528       |
|                                | 14%                      | 13%         |                        |              |
| North America                  |                          |             |                        |              |
| Outside customer sales         | 798,266                  | 784,782     |                        |              |
|                                | 8%                       | 8%          | 102                    | 7,460        |
| Intersegment transactions      | 34,224                   | 25,894      |                        |              |
|                                | 0%                       | 0%          | 132                    | 320          |
| Total                          | 832,490                  | 810,676     | 103                    | 7,780        |
|                                | 8%                       | 8%          |                        |              |
| Europe                         |                          |             |                        |              |
| Outside customer sales         | 470,792                  | 404,278     |                        |              |
|                                | 5%                       | 4%          | 116                    | 4,400        |
| Intersegment transactions      | 20,015                   | 32,949      |                        |              |
|                                | 0%                       | 1%          | 61                     | 187          |
| Total                          | 490,807                  | 437,227     | 112                    | 4,587        |
|                                | 5%                       | 5%          |                        |              |
| Other Areas                    |                          |             |                        |              |
| Outside customer sales         | 100,786                  | 85,508      |                        |              |
|                                | 1%                       | 1%          | 118                    | 942          |
| Intersegment transactions      | 3,545                    | 2,655       |                        |              |
|                                | 0%                       | 0%          | 134                    | 33           |
| Total                          | 104,331                  | 88,163      | 118                    | 975          |
|                                | 1%                       | 1%          |                        |              |
| Subtotal                       | 10,410,890               | 9,860,633   |                        |              |
|                                | 100%                     | 100%        | 106                    | 97,298       |
| Eliminations & Corporate items | (1,383,847)              | (1,228,183) |                        | (12,933)     |

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|       |                  |                  |            |               |
|-------|------------------|------------------|------------|---------------|
| Total | <u>9,027,043</u> | <u>8,632,450</u> | <u>105</u> | <u>84,365</u> |
|-------|------------------|------------------|------------|---------------|

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|                                | The years ended March 31 |          |                        |              |
|--------------------------------|--------------------------|----------|------------------------|--------------|
|                                | YEN                      |          | (A)/(B)<br>X100<br>(%) | U.S. DOLLARS |
|                                | (millions)               |          |                        | (millions)   |
|                                | 2005 (A)                 | 2004 (B) | 2005                   |              |
| Operating income               |                          |          |                        |              |
| Japan                          | 274,389                  | 177,102  | 155                    | 2,565        |
|                                | 83%                      | 77%      |                        |              |
| Asia                           | 27,538                   | 33,363   | 83                     | 257          |
|                                | 8%                       | 15%      |                        |              |
| North America                  | 10,188                   | 4,733    | 215                    | 95           |
|                                | 3%                       | 2%       |                        |              |
| Europe                         | 16,382                   | 10,512   | 156                    | 153          |
|                                | 5%                       | 5%       |                        |              |
| Other Areas                    | 3,260                    | 3,245    | 100                    | 31           |
|                                | 1%                       | 1%       |                        |              |
| Subtotal                       | 331,757                  | 228,955  | 145                    | 3,101        |
|                                | 100%                     | 100%     |                        |              |
| Eliminations & Corporate items | (52,702)                 | (44,092) |                        | (493)        |
| Total                          | 279,055                  | 184,863  | 151                    | 2,608        |

**(3) REVENUES BY MARKET**

|               | The years ended March 31 |           |                        |              |
|---------------|--------------------------|-----------|------------------------|--------------|
|               | YEN                      |           | (A)/(B)<br>X100<br>(%) | U.S. DOLLARS |
|               | (millions)               |           |                        | (millions)   |
|               | 2005 (A)                 | 2004 (B)  | 2005                   |              |
| Japan         | 5,749,603                | 5,654,856 | 102                    | 53,735       |
|               | 64%                      | 66%       |                        |              |
| Asia          | 1,406,883                | 1,212,844 | 116                    | 13,148       |
|               | 15%                      | 14%       |                        |              |
| North America | 901,855                  | 873,243   | 103                    | 8,429        |
|               | 10%                      | 10%       |                        |              |
| Europe        | 709,770                  | 655,824   | 108                    | 6,633        |
|               | 8%                       | 7%        |                        |              |
| Other Areas   | 258,932                  | 235,683   | 110                    | 2,420        |
|               | 3%                       | 3%        |                        |              |
| Outside Japan |                          |           | 110                    | 30,630       |

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|       |                   |                   |     |        |
|-------|-------------------|-------------------|-----|--------|
|       | 3,277,440<br>36%  | 2,977,594<br>34%  |     |        |
| Total | 9,027,043<br>100% | 8,632,450<br>100% | 105 | 84,365 |

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April 28, 2005

**HITACHI, LTD.****UNCONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2005****(107yen = U.S.\$1)**

|  | YEN                 |                     | (A)/(B)×100        | U.S. DOLLARS     |
|--|---------------------|---------------------|--------------------|------------------|
|  | (millions)          |                     |                    | (millions)       |
| INCOME STATEMENTS                          | 2005(A)             | 2004(B)             |                    | 2005             |
| <b>Revenues</b>                            | 2,597,496           | 2,488,873           | 104%               | 24,276           |
| <b>Cost of sales</b>                       | 2,096,204           | 1,999,740           | 105%               | 19,591           |
| <b>Gross Profit</b>                        | 501,292             | 489,132             | 102%               | 4,685            |
| <b>S.G.A. expenses</b>                     | 506,986             | 481,584             | 105%               | 4,738            |
| <b>Operating income(loss)</b>              | (5,694)             | 7,548               |                    | (53)             |
| <b>Other income</b>                        | 87,863              | 61,569              | 143%               | 821              |
| <b>Other deductions</b>                    | 59,886              | 48,934              | 122%               | 560              |
| <b>Ordinary income</b>                     | 22,282              | 20,183              | 110%               | 208              |
| <b>Extraordinary gain</b>                  | 63,140              | 68,891              | 92%                | 590              |
| <b>Extraordinary loss</b>                  | 66,140              | 10,155              | 651%               | 618              |
| <b>Income before income taxes</b>          | 19,281              | 78,918              | 24%                | 180              |
| <b>Current income taxes</b>                | (6,961)             | (61,207)            | 11%                | (65)             |
| <b>Deferred income taxes</b>               | 15,898              | 100,014             | 16%                | 149              |
| <b>Net income</b>                          | 10,344              | 40,111              | 26%                | 97               |
| <b>Basic EPS (yen and dollars)</b>         | 3.12                | 12.14               | 26%                | 0.03             |
| <b>Diluted EPS (yen and dollars)</b>       | 3.12                | 12.14               | 26%                | 0.03             |
| <b>BALANCE SHEETS</b>                      | <b>2005/3/31(A)</b> | <b>2004/3/31(B)</b> | <b>(A)/(B)×100</b> | <b>3/31/2005</b> |
| <b>Current assets</b>                      | 1,860,523           | 1,909,420           | 97%                | 17,388           |
| <b>(Quick assets)</b>                      | 1,467,950           | 1,528,119           | 96%                | 13,719           |
| <b>(Inventories)</b>                       | 282,875             | 294,396             | 96%                | 2,644            |
| <b>(Deferred tax assets)</b>               | 109,698             | 86,903              | 126%               | 1,025            |
| <b>Fixed assets</b>                        | 1,891,998           | 1,798,964           | 105%               | 17,682           |
| <b>(Investments)</b>                       | 1,275,735           | 1,231,360           | 104%               | 11,923           |
| <b>(Deferred tax assets)</b>               | 96,883              | 123,516             | 78%                | 905              |
| <b>(Others)</b>                            | 519,379             | 444,088             | 117%               | 4,854            |
| <b>Total assets</b>                        | 3,752,522           | 3,708,385           | 101%               | 35,070           |
| <b>Current liabilities</b>                 | 1,776,593           | 1,819,420           | 98%                | 16,604           |
| <b>Fixed liabilities</b>                   | 610,272             | 515,584             | 118%               | 5,703            |
| <b>(Debentures)</b>                        | 190,000             | 280,000             | 68%                | 1,776            |
| <b>(Long-term loans)</b>                   | 224,533             | 54,428              | 413%               | 2,098            |
| <b>(Others)</b>                            | 195,739             | 181,156             | 108%               | 1,829            |
| <b>Total liabilities</b>                   | 2,386,866           | 2,335,005           | 102%               | 22,307           |
| <b>Stockholders equity</b>                 | 1,365,655           | 1,373,379           | 99%                | 12,763           |
| <b>Liabilities and stockholders equity</b> | 3,752,522           | 3,708,385           | 101%               | 35,070           |



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**FORECAST FOR THE YEAR ENDING MARCH 31, 2006**

|                                 | <u>Revenues</u> | <u>Ordinary<br/>income</u> | <u>Net income</u> |
|---------------------------------|-----------------|----------------------------|-------------------|
| <b>Millions of Yen</b>          | 2,580,000       | 30,000                     | 13,000            |
| <b>Millions of U.S. dollars</b> | 24,112          | 280                        | 121               |

## Cautionary Statement

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

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

- fluctuations in product demand and industry capacity, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- uncertainty as to Hitachi's ability to continue to develop and market products that incorporate new technology on a timely and cost-effective basis and to achieve market acceptance for such products;
- rapid technological change, particularly in the Information & Telecommunication Systems segment and Electronic Devices 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 implement measures to reduce the potential negative impact of fluctuations in product demand and/or exchange rates;

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- general socio-economic and political conditions and the regulatory and trade environment of Hitachi's major markets, particularly, the United States, Japan and elsewhere in Asia, including, without limitation, a return to stagnation or deterioration of the Japanese economy, or direct or indirect restriction by other nations on imports;
- uncertainty as to Hitachi's access to, or ability to protect, certain intellectual property rights, particularly those related to electronics and data processing technologies;
- uncertainty as to the success of restructuring efforts to improve management efficiency and to strengthen competitiveness;
- uncertainty as to the success of alliances upon which Hitachi depends, some of which Hitachi may not control, with other corporations in the design and development of certain key products;
- uncertainty as to Hitachi's ability to access, or access on favorable terms, liquidity or long-term financing; and
- uncertainty as to general market price levels for equity securities in Japan, declines in which may require Hitachi to write-down equity securities it holds.

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

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April 28, 2005

Hitachi, Ltd.

**Supplementary information for the year ended March 31, 2005****1. Summary**

(1) Consolidated Basis

|   | (Billions of yen) |         |             |         |                         |        |         |         |
|---|-------------------|---------|-------------|---------|-------------------------|--------|---------|---------|
|   | Fiscal 2003       |         | Fiscal 2004 |         | Fiscal 2005 (Forecast)  |        |         |         |
|   | (A)               | (A)/    | (B)         | (B)/(A) | 1 <sup>st</sup> half of |        | (C)     | (C)/(B) |
|   |                   | FY 2002 |             |         | FY 2005                 | Note 2 |         |         |
| Revenues  | 8,632.4           | 105%    | 9,027.0     | 105%    | 4,400.0                 | 102%   | 9,250.0 | 102%    |
| C/U (Note 1) (%)  | 347               |         | 348         |         | 383                     |        | 359     |         |
| Operating income  | 184.8             | 121%    | 279.0       | 151%    | 70.0                    | 55%    | 300.0   | 108%    |
| Income before income taxes and minority interests                                 | 237.1             | 245%    | 264.5       | 112%    | 70.0                    | 51%    | 280.0   | 106%    |
| Income before minority interests  | 38.4              | 87%     | 114.5       | 297%    | 25.0                    | 37%    | 130.0   | 114%    |
| Income before minority interests / (Stockholders equity + Minority interests) (%) | 1.4               |         | 3.7         |         |                         |        |         |         |
| Net income  | 15.8              | 57%     | 51.4        | 324%    | 0                       |        | 55.0    | 107%    |
| C/U (Note 1) (%)  | 40                |         | 498         |         |                         |        | 423     |         |
| ROE (%)   | 0.8               |         | 2.3         |         |                         |        |         |         |
| Average exchange rate (yen / U.S.\$)  | 113               |         | 108         |         | 100                     |        | 100     |         |
| Net interest and dividends  | (11.6)            |         | (9.6)       |         |                         |        |         |         |

Notes : 1. C/U : Consolidated basis / Unconsolidated basis

2. 1<sup>st</sup> half of FY 2005 / 1<sup>st</sup> half of FY 2004

|   | As of March 31, 2004 | As of March 31, 2005 |
|---|----------------------|----------------------|
| Cash & cash equivalents, Short-term investments (Billions of yen) | 942.3                | 855.2                |
| Interest-bearing debt (Billions of yen)                           | 2,497.5              | 2,502.5              |
| Number of employees   | 326,344              | 347,424              |
| Japan   | 237,880              | 242,891              |

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|                                     |        |         |
|-------------------------------------|--------|---------|
| Overseas                            | 88,464 | 104,533 |
| Number of consolidated subsidiaries | 956    | 985     |
| Japan                               | 545    | 539     |
| Overseas                            | 411    | 446     |

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(2) Unconsolidated Basis

|                                      | (Billions of yen) |         |             |         |                         |        |         |         |
|--------------------------------------|-------------------|---------|-------------|---------|-------------------------|--------|---------|---------|
|                                      | Fiscal 2003       |         | Fiscal 2004 |         | Fiscal 2005 (Forecast)  |        |         |         |
|                                      | (A)/              |         |             |         | 1 <sup>st</sup> half of |        |         |         |
|                                      | (A)               | FY 2002 | (B)         | (B)/(A) | FY 2005                 | (Note) | (C)     | (C)/(B) |
| Revenues                             | 2,488.8           | 80%     | 2,597.4     | 104%    | 1,150.0                 | 100%   | 2,580.0 | 99%     |
| Operating income                     | 7.5               | 14%     | (5.6)       |         |                         |        |         |         |
| Ordinary income                      | 20.1              | 39%     | 22.2        | 110%    | (15.0)                  |        | 30.0    | 135%    |
| Net income                           | 40.1              | 142%    | 10.3        | 26%     | 10.0                    | 3.8    | 13.0    | 126%    |
| Dividend payout ratio (%)            | 65.9              |         | 352.6       |         |                         |        |         |         |
| Average exchange rate (yen / U.S.\$) | 112               |         | 107         |         | 100                     |        | 100     |         |

Note: 1<sup>st</sup> half of FY 2005 / 1<sup>st</sup> half of FY 2004

|   | As of March 31, 2004 | As of March 31, 2005 |
|---|----------------------|----------------------|
| Cash & cash equivalents, Short-term Investments (Billions of yen) | 351.4                | 266.3                |
| Interest-bearing debt (Billions of yen)                           | 594.5                | 670.9                |
| Number of employees   | 36,582               | 41,069               |

**2. Consolidated Sales by industry segment**

|   | (Billions of yen) |         |             |         |                         |      |           |         |
|---|-------------------|---------|-------------|---------|-------------------------|------|-----------|---------|
|   | Fiscal 2003       |         | Fiscal 2004 |         | Fiscal 2005 (Forecast)  |      |           |         |
|   | (A)/              |         |             |         | 1 <sup>st</sup> half of |      |           |         |
|   | (A)               | FY 2002 | (B)         | (B)/(A) | FY 2005                 | Note | (C)       | (C)/(B) |
| Information & Telecommunication Systems | 2,314.5           | 122%    | 2,268.3     | 98%     | 1,100.0                 | 103% | 2,390.0   | 105%    |
| Electronic Devices                      | 1,312.3           | 84%     | 1,320.1     | 101%    | 595.0                   | 86%  | 1,260.0   | 95%     |
| Power & Industrial Systems              | 2,297.9           | 100%    | 2,515.3     | 109%    | 1,242.0                 | 111% | 2,610.0   | 104%    |
| Digital Media & Consumer Products       | 1,226.9           | 102%    | 1,280.3     | 104%    | 655.0                   | 101% | 1,380.0   | 108%    |
| High Functional Materials & Components  | 1,297.0           | 104%    | 1,504.3     | 116%    | 730.0                   | 99%  | 1,510.0   | 100%    |
| Logistics, Services & Others            | 1,256.2           | 87%     | 1,248.2     | 99%     | 580.0                   | 95%  | 1,215.0   | 97%     |
| Financial Services                      | 550.9             | 95%     | 529.6       | 96%     | 250.0                   | 92%  | 505.0     | 95%     |
| Eliminations & Corporate items          | (1,623.6)         |         | (1,639.4)   |         | (752.0)                 |      | (1,620.0) |         |
| Total                                   | 8,632.4           | 105%    | 9,027.0     | 105%    | 4,400.0                 | 102% | 9,250.0   | 102%    |

Note : 1<sup>st</sup> half of FY 2005 / 1<sup>st</sup> half of FY 2004

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**3. Consolidated operating income (loss) by industry segment**

|   | (Billions of yen) |         |             |         |                         |      |        |         |
|---|-------------------|---------|-------------|---------|-------------------------|------|--------|---------|
|   | Fiscal 2003       |         | Fiscal 2004 |         | Fiscal 2005 (Forecast)  |      |        |         |
|   | (A)/              |         |             |         | 1 <sup>st</sup> half of |      |        |         |
|   | (A)               | FY 2002 | (B)         | (B)/(A) | FY 2005                 | Note | (C)    | (C)/(B) |
| Information & Telecommunication Systems | 69.9              | 63%     | 67.7        | 97%     | 17.0                    | 59%  | 82.0   | 121%    |
| Electronic Devices                      | 30.4              |         | 37.0        | 122%    | 12.0                    | 40%  | 37.0   | 100%    |
| Power & Industrial Systems              | 33.9              | 64%     | 73.6        | 217%    | 15.5                    | 154% | 98.0   | 133%    |
| Digital Media & Consumer Products       | 6.9               | 112%    | 8.6         | 125%    | (3.0)                   |      | (8.0)  |         |
| High Functional Materials & Components  | 46.7              | 256%    | 87.5        | 187%    | 43.0                    | 107% | 100.0  | 114%    |
| Logistics, Services & Others            | 0.5               | 5%      | 9.8         |         | 5.0                     | 66%  | 18.0   | 184%    |
| Financial Services                      | 22.3              | 186%    | 31.0        | 139%    | 14.0                    | 140% | 32.0   | 103%    |
| Eliminations & Corporate items          | (26.0)            |         | (36.4)      |         | (33.5)                  |      | (59.0) |         |
| Total                                   | 184.8             | 121%    | 279.0       | 151%    | 70.0                    | 55%  | 300.0  | 108%    |

Note : 1<sup>st</sup> half of FY 2005 / 1<sup>st</sup> half of FY 2004**4. Consolidated overseas sales by industry segment**

|   | (Billions of yen) |             |             |         |                        |         |
|---|-------------------|-------------|-------------|---------|------------------------|---------|
|   | Fiscal 2003       |             | Fiscal 2004 |         | Fiscal 2005 (Forecast) |         |
|   | (A)               | (A)/FY 2002 | (B)         | (B)/(A) | (C)                    | (C)/(B) |
|   |                   |             |             |         |                        |         |
| Information & Telecommunication Systems | 687.4             | 252%        | 684.8       | 100%    |                        |         |
| Electronic Devices                      | 495.9             | 92%         | 502.9       | 101%    |                        |         |
| Power & Industrial Systems              | 506.5             | 123%        | 699.2       | 138%    |                        |         |
| Digital Media & Consumer Products       | 493.7             | 101%        | 511.7       | 104%    |                        |         |
| High Functional Materials & Components  | 334.1             | 107%        | 442.8       | 133%    |                        |         |
| Logistics, Services & Others            | 421.0             | 72%         | 392.1       | 93%     |                        |         |
| Financial Services                      | 38.6              | 103%        | 43.6        | 113%    |                        |         |
| Corporate items                         | 0                 |             | 0           |         |                        |         |
| Total                                   | 2,977.5           | 113%        | 3,277.4     | 110%    | 3,480.0                | 106%    |

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

|                                 | Fiscal 2003         |             | (Billions of yen)<br>Fiscal 2004 |         |
|---------------------------------|---------------------|-------------|----------------------------------|---------|
|                                 | (A)                 | (A)/FY 2002 | (B)                              | (B)/(A) |
|                                 | Overseas production | 1,490.3     | 144%                             | 1,604.7 |
| Percentage of revenues          | 17%                 |             | 18%                              |         |
| Percentage of overseas revenues | 50%                 |             | 49%                              |         |

**6. Consolidated capital investment by industry segment** (Completion basis, including leasing assets)

|  | Fiscal 2003                             |             | Fiscal 2004 |         | (Billions of yen)<br>Fiscal 2005 (Forecast) |         |
|--|---|-------------|-------------|---------|---|---------|
|  | (A)                                     | (A)/FY 2002 | (B)         | (B)/(A) | (C)   | (C)/(B) |
|  | Information & Telecommunication Systems | 82.0        | 113%        | 103.0   | 126%  |         |
| Electronic Devices                     | 39.5                                    | 43%         | 47.0        | 119%    |   |         |
| Power & Industrial Systems             | 71.6                                    | 101%        | 98.3        | 137%    |   |         |
| Digital Media & Consumer Products      | 31.9                                    | 91%         | 38.4        | 120%    |   |         |
| High Functional Materials & Components | 62.4                                    | 103%        | 75.5        | 121%    |   |         |
| Logistics, Services & Others           | 29.2                                    | 95%         | 31.1        | 107%    |   |         |
| Financial Services                     | 522.8                                   | 112%        | 591.3       | 113%    |   |         |
| Eliminations & Corporate items         | (23.2)                                  |             | (25.2)      |         |   |         |
| Total                                  | 816.5                                   | 104%        | 959.5       | 118%    | 1,000.0                                     | 104%    |
| Leasing Assets                         | 520.3                                   | 113%        | 577.4       | 111%    | 600.0                                       | 104%    |
| Other                                  | 296.1                                   | 90%         | 382.1       | 129%    | 400.0                                       | 105%    |

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**7. Consolidated depreciation by industry segment**

|   | Fiscal 2003 |             | Fiscal 2004 |         | (Billions of yen)<br>Fiscal 2005 (Forecast) |         |
|---|-------------|-------------|-------------|---------|---|---------|
|   | (A)         | (A)/FY 2002 | (B)         | (B)/(A) | (C)   | (C)/(B) |
|   |             |             |             |         |   |         |
| Information & Telecommunication Systems | 81.3        | 137%        | 77.2        | 95%     |   |         |
| Electronic Devices                      | 52.0        | 46%         | 43.5        | 84%     |   |         |
| Power & Industrial Systems              | 73.5        | 105%        | 73.8        | 101%    |   |         |
| Digital Media & Consumer Products       | 37.8        | 93%         | 37.9        | 100%    |   |         |
| High Functional Materials & Components  | 66.7        | 91%         | 65.7        | 99%     |   |         |
| Logistics, Services & Others            | 25.7        | 89%         | 23.4        | 91%     |   |         |
| Financial Services                      | 95.4        | 104%        | 100.3       | 105%    |   |         |
| Eliminations & Corporate items          | 3.4         | 91%         | 2.9         | 85%     |   |         |
| Total                                   | 436.0       | 91%         | 425.0       | 97%     | 450.0                                       | 106%    |
| Leasing Assets                          | 107.1       | 105%        | 111.1       | 104%    | 120.0                                       | 108%    |
| Other                                   | 328.8       | 87%         | 313.8       | 95%     | 330.0                                       | 105%    |

**8. Consolidated R&D expenditure by industry segment**

|   | Fiscal 2003 |             | Fiscal 2004 |         | (Billions of yen)<br>Fiscal 2005 (Forecast) |         |
|---|-------------|-------------|-------------|---------|---|---------|
|   | (A)         | (A)/FY 2002 | (B)         | (B)/(A) | (C)   | (C)/(B) |
|   |             |             |             |         |   |         |
| Information & Telecommunication Systems | 169.8       | 140%        | 164.7       | 97%     |   |         |
| Electronic Devices                      | 40.9        | 39%         | 47.3        | 116%    |   |         |
| Power & Industrial Systems              | 69.8        | 108%        | 78.5        | 112%    |   |         |
| Digital Media & Consumer Products       | 33.2        | 98%         | 32.1        | 97%     |   |         |
| High Functional Materials & Components  | 43.3        | 104%        | 43.3        | 100%    |   |         |
| Logistics, Services & Others            | 12.5        | 146%        | 5.3         | 43%     |   |         |
| Financial Services                      | 2.0         | 142%        | 2.3         | 116%    |   |         |
| Corporate items                         |             |             | 14.6        |         |   |         |
| Total                                   | 371.8       | 99%         | 388.6       | 105%    | 404.0                                       | 104%    |
| Percentage of revenues                  | 4.3%        |             | 4.3%        |         | 4.4%  |         |

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**9. Consolidated balance sheets by financial and non-financial services**

|                                      | As of March 31, | (Billions of yen)<br>As of March 31, |
|--------------------------------------|-----------------|--------------------------------------|
|                                      | 2004            | 2005                                 |
| Assets                               |                 |                                      |
| Manufacturing, Services and Others   |                 |                                      |
| Cash and cash equivalents            | 689.9           | 656.2                                |
| Short-term investments               | 151.3           | 106.7                                |
| Trade receivables                    | 1,805.1         | 1,854.0                              |
| Inventories                          | 1,122.9         | 1,198.9                              |
| Investments and advances             | 825.5           | 814.8                                |
| Property, plant and equipment        | 1,941.4         | 2,026.4                              |
| Other assets                         | 1,909.2         | 1,879.0                              |
| Total                                | 8,445.5         | 8,536.5                              |
| Financial Services                   |                 |                                      |
| Cash and cash equivalents            | 74.4            | 52.4                                 |
| Trade receivables                    | 600.6           | 586.5                                |
| Investment in leases                 | 588.7           | 659.9                                |
| Property, plant and equipment        | 303.3           | 343.0                                |
| Other assets                         | 495.6           | 515.4                                |
| Total                                | 2,062.9         | 2,157.4                              |
| Eliminations                         | (918.1)         | (957.6)                              |
| Assets                               | 9,590.3         | 9,736.2                              |
| Liabilities and Stockholders' equity |                 |                                      |
| Manufacturing, Services and Others   |                 |                                      |
| Short-term debt                      | 938.6           | 878.3                                |
| Trade payables                       | 1,254.8         | 1,281.4                              |
| Long-term debt                       | 803.9           | 847.2                                |
| Other liabilities                    | 2,688.3         | 2,531.6                              |
| Total                                | 5,685.7         | 5,538.6                              |
| Financial Services                   |                 |                                      |
| Short-term debt                      | 745.4           | 857.7                                |
| Trade payables                       | 243.1           | 254.9                                |
| Long-term debt                       | 647.8           | 605.0                                |
| Other liabilities                    | 181.2           | 182.5                                |
| Total                                | 1,817.7         | 1,900.2                              |
| Eliminations                         | (880.0)         | (931.5)                              |
| Liabilities                          | 6,623.3         | 6,507.3                              |
| Minority interests                   | 798.8           | 921.0                                |
| Stockholders' equity                 | 2,168.1         | 2,307.8                              |
| Liabilities and stockholders' equity | 9,590.3         | 9,736.2                              |

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**10. Consolidated statements of operating results by financial and non-financial services**

|                                    |  | (Billions of yen) |             |
|------------------------------------|--|-------------------|-------------|
|                                    |  | Fiscal 2003       | Fiscal 2004 |
| Manufacturing, Services and Others | Revenues   | 8,333.5           | 8,754.9     |
|                                    |  | 8,171.0           | 8,505.9     |
|                                    | Cost of sales and selling, general and administrative expenses | 162.4             | 249.0       |
|                                    | Operating income   |                   |             |
| Financial Services                 | Revenues   | 550.9             | 529.6       |
|                                    |  | 528.5             | 498.6       |
|                                    | Cost of sales and selling, general and administrative expenses | 22.3              | 31.0        |
|                                    | Operating income   |                   |             |
| Eliminations                       | Revenues   | (252.0)           | (257.5)     |
|                                    |  | (252.0)           | (256.5)     |
|                                    | Cost of sales and selling, general and administrative expenses | 0                 | (1.0)       |
|                                    | Operating income   |                   |             |
| Total                              | Revenues   | 8,632.4           | 9,027.0     |
|                                    |  | 8,447.5           | 8,747.9     |
|                                    | Cost of sales and selling, general and administrative expenses | 184.8             | 279.0       |
|                                    | Operating income   |                   |             |

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

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April 28, 2005

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 BY PRODUCT SECTOR \*2 \*3**

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

|                     | Fiscal 2004 |          |         | Fiscal 2005 (Forecast) |          |         |
|---------------------|-------------|----------|---------|------------------------|----------|---------|
|                     | 1st half    | 2nd half | Total   | 1st half               | 2nd half | Total   |
| Revenues            | 102%        | 95%      | 98%     | 103%                   | 108%     | 105%    |
|                     | 1,071.7     | 1,196.6  | 2,268.3 | 1,100.0                | 1,290.0  | 2,390.0 |
| Software & Services | 102%        | 103%     | 103%    | 99%                    | 101%     | 100%    |
|                     | 470.0       | 545.5    | 1,015.5 | 467.0                  | 553.0    | 1,020.0 |
| Hardware            | 101%        | 89%      | 95%     | 105%                   | 113%     | 109%    |
|                     | 601.7       | 651.1    | 1,252.8 | 633.0                  | 737.0    | 1,370.0 |
| Operating income    | 536%        | 60%      | 97%     | 59%                    | 168%     | 121%    |
|                     | 28.9        | 38.8     | 67.7    | 17.0                   | 65.0     | 82.0    |
| Software & Services | 112%        | 72%      | 86%     |                        |          | 163%    |
|                     | 23.1        | 25.5     | 48.6    |                        |          | 79.0    |
| Hardware            |             | 46%      | 140%    |                        |          | 16%     |
|                     | 5.8         | 13.3     | 19.1    |                        |          | 3.0     |

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 results for Hitachi, Ltd. for the twelve months ended March 31, 2005, includes Hitachi GST's business results for the twelve months ended December 31, 2004.

\*3. Figures for each product exclude intersegment transactions.

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**(2) REVENUES BY PRODUCT SECTOR \*2 \*3**

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

|                     | Fiscal 2004 |          |         | Fiscal 2005 (Forecast) |          |         |
|---------------------|-------------|----------|---------|------------------------|----------|---------|
|                     | 1st half    | 2nd half | Total   | 1st half               | 2nd half | Total   |
| Revenues            | 102%        | 95%      | 98%     | 103%                   | 108%     | 105%    |
|                     | 1,071.7     | 1,196.6  | 2,268.3 | 1,100.0                | 1,290.0  | 2,390.0 |
| Software & Services | 102%        | 103%     | 103%    | 99%                    | 101%     | 100%    |
|                     | 470.0       | 545.5    | 1,015.5 | 467.0                  | 553.0    | 1,020.0 |
| Software            | 90%         | 103%     | 96%     |                        |          |         |
|                     | 75.2        | 79.5     | 154.7   |                        |          |         |
| Services            | 105%        | 103%     | 104%    |                        |          |         |
|                     | 394.8       | 466.0    | 860.8   |                        |          |         |
| Hardware            | 101%        | 89%      | 95%     | 105%                   | 113%     | 109%    |
|                     | 601.7       | 651.1    | 1,252.8 | 633.0                  | 737.0    | 1,370.0 |
| Storage *4          | 103%        | 90%      | 96%     |                        |          |         |
|                     | 300.5       | 328.3    | 628.8   |                        |          |         |
| Servers *5          | 70%         | 72%      | 71%     |                        |          |         |
|                     | 47.1        | 47.6     | 94.7    |                        |          |         |
| PCs *6              | 93%         | 64%      | 77%     |                        |          |         |
|                     | 62.1        | 54.0     | 116.1   |                        |          |         |
| Telecommunication   | 116%        | 100%     | 107%    |                        |          |         |
|                     | 68.2        | 69.5     | 137.7   |                        |          |         |
| Others              | 114%        | 103%     | 108%    |                        |          |         |
|                     | 123.8       | 151.7    | 275.5   |                        |          |         |

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 2004 |          |       | Fiscal 2005 (Forecast) |          |       |
|--|-------------|----------|-------|------------------------|----------|-------|
|  | 1st half    | 2nd half | Total | 1st half               | 2nd half | Total |

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|          |       |       |       |       |       |       |
|----------|-------|-------|-------|-------|-------|-------|
| Revenues | 101%  | 102%  | 102%  | 103%  | 106%  | 104%  |
|          | 129.0 | 139.0 | 268.0 | 133.0 | 147.0 | 280.0 |

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**(4) HARD DISK DRIVES \*7\*8 \*9****(The upper rows show comparisons to the previous year \*10)**

|   |                      | <b>Fiscal 2004</b>              |                                 |                  |                                 |
|---|----------------------|---------------------------------|---------------------------------|------------------|---------------------------------|
| <b>Period recorded for consolidated</b> |                      |                                 |                                 | <b>Total *11</b> |                                 |
| <b>accounting purposes</b>              |                      | <b>1st half</b>                 | <b>2nd half *11</b>             |                  |                                 |
| <b>(Shipment Period)</b>                |                      | <b>(Jan. 2004 to Jun. 2004)</b> | <b>(Jul. 2004 to Dec. 2004)</b> |                  | <b>(Jan. 2004 to Dec. 2004)</b> |
|   |                      | <b>Three months</b>             |                                 |                  |                                 |
|   |                      | <b>ended Mar. 31 *11</b>        |                                 |                  |                                 |
|   |                      | <b>(Oct. 2004 to Dec. 2004)</b> |                                 |                  |                                 |
| Yen                                     |                      |                                 |                                 |                  |                                 |
| (billions of yen)                       |                      |                                 |                                 |                  |                                 |
| Revenues                                |                      | 112% (99%)                      | 85% (85%)                       | 90% (90%)        | 99% (94%)                       |
|   | U.S. dollar          | 216.5                           | 115.7                           | 237.1            | 453.6                           |
|   | (millions of dollar) | 123% (108%)                     | 89% (89%)                       | 93% (93%)        | 106% (100%)                     |
|   | Yen                  | 1,998                           | 1,107                           | 2,200            | 4,198                           |
| (billions of yen)                       |                      |                                 |                                 |                  |                                 |
| Operating income (loss)                 |                      | ( )                             | ( )                             | ( )              | ( )                             |
|   | U.S. dollar          | 4.9                             | (6.3)                           | (10.5)           | (5.6)                           |
|   | (millions of dollar) | ( )                             | ( )                             | ( )              | ( )                             |
| Shipments (thousand units) *12          |                      | 45                              | (60)                            | (98)             | (53)                            |
|   | 1.8/2.5inch *13      | 20,500                          | 13,900                          | 26,100           | 46,600                          |
| Consumer and Commercial                 |                      | 12,200                          | 6,700                           | 13,200           | 25,400                          |
|   | 3.5inch *14          | 5,700                           | 4,200                           | 7,600            | 13,300                          |
| Servers *15                             |                      | 1,900                           | 800                             | 1,900            | 3,800                           |
| Emerging *16                            |                      | 700                             | 2,250                           | 3,440            | 4,140                           |

**(The upper rows show comparisons to the previous year \*10)**

|   |     | <b>Fiscal 2004</b>              | <b>Fiscal 2005</b>                  |  |                                 |
|---|-----|---------------------------------|-------------------------------------|--|---------------------------------|
| <b>Period recorded for consolidated</b> |     | <b>Three months ended</b>       | <b>Three months ended</b>           |  | <b>Total (forecast)</b>         |
| <b>accounting purposes</b>              |     | <b>Jun. 30</b>                  | <b>Jun. 30 (Actual)</b>             |  |                                 |
| <b>(Shipment Period)</b>                |     | <b>(Jan. 2004 to Mar. 2004)</b> | <b>(Jan. 2005 to Mar. 2005) *17</b> |  | <b>(Jan. 2005 to Dec. 2005)</b> |
| Revenues                                | Yen |                                 |                                     |  |                                 |

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|                                |                      |             |        |               |
|--------------------------------|----------------------|-------------|--------|---------------|
|                                | (billions of yen)    | 146% (108%) | 98%    | 110%          |
|                                |                      | 112.6       | 110.8  | 500.0         |
|                                | U.S. dollar          | 162% (120%) | 100%   | 119%          |
|                                |                      | 1,051       | 1,053  | 5,000         |
|                                | (millions of dollar) |             |        |               |
|                                | Yen                  |             |        |               |
|                                | (billions of yen)    |             |        |               |
| Operating income (loss)        |                      | ( )         |        |               |
|                                | U.S. dollar          | 7.0         | (11.5) | (30.0)        |
|                                |                      | ( )         |        |               |
|                                | (millions of dollar) | 65          | (109)  | (300)         |
| Shipments (thousand units) *12 |                      | 10,900      | 13,400 | 60,000 65,000 |
|                                | 1.8/2.5inch *13      |             |        |               |
| Consumer and Commercial        |                      | 6,300       | 6,300  |               |
|                                | 3.5inch *14          | 3,500       | 4,300  |               |
| Servers *15                    |                      | 900         | 700    |               |
| Emerging *16                   |                      | 250         | 2,080  |               |

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- Notes: \*7. Figures include intersegment 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 the results for Hitachi, Ltd. for the twelve months ended March 31, 2005, includes Hitachi GST's business results for the twelve months ended December 31, 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. Hitachi GST's operating currency is U.S. dollar. Yen figures include Yen / dollar conversion fluctuation.
- \*10. Figures in parentheses for year-on-year comparisons represent comparisons with the combined revenues, operating income (loss) and shipments of Hitachi, Ltd.'s HDD operations prior to integration and Hitachi GST's operations of the same period of the previous fiscal year.
- \*11. Figures had been adjusted as a result of financial audit.
- \*12. Shipment less than 100,000 units have been rounded, with the exception of Emerging, where shipment less than 10,000 units have been rounded.
- \*13. Consumer electronics applications (1.8inch), note-PCs (2.5inch), etc.
- \*14. Desktop-PCs, consumer electronics applications (3.5inch), etc.
- \*15. Disk array subsystems, servers (3.5inch), etc.
- \*16. Hand held devices (1 inch), automotive (2.5 inch), etc.
- \*17. Results for HDD operations in the period from January 1, 2005 through March 31, 2005 will be included in Hitachi's fiscal 2005 first-quarter, ending June 30, 2005 results.

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

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

|                         | Fiscal 2004 |          |        | Fiscal 2005 (Forecast) |          |       |
|-------------------------|-------------|----------|--------|------------------------|----------|-------|
|                         | 1st half    | 2nd half | Total  | 1st half               | 2nd half | Total |
| Revenues                | 106%        | 69%      | 86%    | 90%                    | 153%     | 117%  |
|                         | 126.0       | 97.6     | 223.7  | 113.0                  | 149.0    | 262.0 |
| Operating income (loss) | 2.1         | (16.7)   | (14.6) | (7.0)                  | 7.0      | 0     |

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**(2) LCD REVENUES**

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

|                           | Fiscal 2004 |          |       | Fiscal 2005 (Forecast) |          |       |
|---------------------------|-------------|----------|-------|------------------------|----------|-------|
|                           | 1st half    | 2nd half | Total | 1st half               | 2nd half | Total |
| Revenues                  | 112%        | 66%      | 87%   | 88%                    | 157%     | 117%  |
|                           | 112.0       | 82.0     | 194.0 | 98.0                   | 129.0    | 227.0 |
| Large-size LCDs           | 93%         | 64%      | 78%   | 39%                    | 59%      | 47%   |
|                           | 51.0        | 37.5     | 88.5  | 20.0                   | 22.0     | 42.0  |
| Medium- & small-size LCDs | 136%        | 68%      | 96%   | 128%                   | 240%     | 175%  |
|                           | 61.0        | 44.5     | 105.5 | 78.0                   | 107.0    | 185.0 |

**3. Digital Media****SHIPMENTS OF MAIN PRODUCTS \*18**

(The upper rows show comparisons to the previous year; thousand units)

|                         | Fiscal 2004 |          |        | Fiscal 2005(Forecast) |          |        |
|-------------------------|-------------|----------|--------|-----------------------|----------|--------|
|                         | 1st half    | 2nd half | Total  | 1st half              | 2nd half | Total  |
| Optical Disk Drives *19 | 123%        | 119%     | 121%   | 109%                  | 111%     | 110%   |
|                         | 32,000      | 38,000   | 70,000 | 35,000                | 42,000   | 77,000 |
| Plasma Displays *20     | 200%        | 100%     | 136%   | 150%                  | 236%     | 190%   |
|                         | 160         | 140      | 300    | 240                   | 330      | 570    |
| Projection TVs          | 95%         | 100%     | 98%    | 116%                  | 117%     | 116%   |
|                         | 190         | 240      | 430    | 220                   | 280      | 500    |

Notes: \*18. 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.

\*19. Hitachi-LG Data Storage (HLDS) has a December 31 year-end and the results for Hitachi, Ltd. for the twelve months ended March 31, 2005, includes HLDS's business results for the twelve months ended December 31, 2004.

\*20. The sum of plasma TV and plasma monitor shipments.

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FOR IMMEDIATE RELEASE

**Hitachi Announces New Directors**

Tokyo, April 28, 2005 Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced new directors in accordance with a decision taken at a meeting of Nominating Committee convened today, and is subject to approval at Hitachi's Ordinary General Meeting of Shareholders on June 24, 2005.

**1. Director Candidates <Proposed at Hitachi's Ordinary General Meeting of Shareholders on June 24, 2005> [\* New]**

**<Director>**

**Etsuhiko Shoyama**, currently Director; President and Chief Executive Officer

**Yoshiki Yagi**, currently Director (Scheduled to be appointed to Board Director (Chair) of Hitachi, Ltd.)

**Kotaro Muneoka**, currently Director

**Takashi Miyoshi**, currently Director, Senior Vice President and Executive Officer; General Manager of Finance

**<Outside Director>**

**Ginko Sato**, currently Outside Director; Honorary President, Japan Association for the Advancement of Working Women

**Hiromichi Seya**, currently Outside Director; Senior Corporate Advisor, Asahi Glass Co., Ltd.

**Akira Chihaya**, currently Outside Director; Representative Director and Chairman of the Board, Nippon Steel Corporation

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**Toshiro Nishimura**, currently Outside Director; Founder, Senior Counsel of Nishimura & Partners

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**<Director>**

**Isao Uchigasaki**, currently Director, Hitachi Group Executive Officer; General Manager of Hitachi Group Headquarters, Hitachi Group Chief Innovation Officer; Chairman of the Board, Hitachi Chemical Co., Ltd.

**Takashi Kawamura**, currently Director; Chairman of the Board and Representative Executive Officer, Hitachi Software Engineering Co., Ltd.

**Yoshiro Kuwata**, currently Director; Chairman of the Board and Representative Executive Officer, Hitachi High-Technologies Corporation

**Hiroshi Kuwahara**, currently Director; Chairman of the Board and Representative Executive Officer, Hitachi Maxell, Ltd.

**Masayoshi Hanabusa**, currently Director; Chairman of the Board, Hitachi Capital Corporation

\***Ryuichi Seguchi**, currently Chairman of the Board, Hitachi Construction Machinery Co., Ltd.

Each committee is scheduled to be composed of the followings members (Chairman underlined)

**Nominating Committee :**

Masayoshi Hanabusa, Ginko Sato, Hiromichi Seya, Toshiro Nishimura, Etsuhiko Shoyama

**Audit Committee :**

Yoshiki Yagi, Ginko Sato, Hiromichi Seya, Toshiro Nishimura, Kotaro Muneoka,

**Compensation Committee**

Masayoshi Hanabusa, Hiromichi Seya, Akira Chihaya, Toshiro Nishimura, Etsuhiko Shoyama

## 2. Resigning Directors

**Tsutomu Kanai**, currently Chairman of the Board

- Scheduled to be appointed to Chairman Emeritus of Hitachi, Ltd., after the company's Ordinary General Meeting of Shareholders in June 24, 2005.

### About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501 / NYSE:HIT), headquartered in Tokyo, Japan, is a leading global electronics company, with approximately 347,000 employees worldwide. Fiscal 2004 (ended March 31, 2005) consolidated sales totaled 9,027 billion yen (\$84.3billion). The company offers a wide range of systems, products and services in market sectors, including information systems, electronic devices, power and industrial systems, consumer products, materials and financial services. For more information on Hitachi, please visit the company's Web site at <http://www.hitachi.com>.

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**Biography of New Director**

**Ryuichi Seguchi**

- 1. Date of Birth : November 19, 1933
- 2. Education
  - March, 1956 : Graduated from the Faculty of Law, the University of Tokyo
- 3. Business Experience
  - April, 2005 : Chairman of the Board, Hitachi Construction Machinery Co., Ltd.
  - June, 2003 : Chairman of the Board, Representative Officer, Hitachi Construction Machinery Co., Ltd.
  - April, 2003 : Chairman of the Board, Representative Director, Hitachi Construction Machinery Co., Ltd.
  - June, 1997 : President & Chief Executive Officer, Hitachi Construction Machinery Co., Ltd.
  - June, 1993 : Executive Vice President, Hitachi Construction Machinery Co., Ltd.
  - June, 1989 : Senior Executive Managing Director, Hitachi Construction Machinery Co., Ltd.
  - June, 1983 : Executive Managing Director, Hitachi Construction Machinery Co., Ltd.
  - June, 1981 : Board Director, Hitachi Construction Machinery Co., Ltd.
  - October, 1970 : Joined Hitachi Construction Machinery Co., Ltd.
  - April, 1956 : Joined Hitachi, Ltd.

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**FOR IMMEDIATE RELEASE**

**Hitachi to Grant Incentive Stock Options**

Tokyo, Japan, April 28, 2005 Hitachi, Ltd. (NYSE:HIT / TSE:6501, the Company ) today announced that, as a measure intended to contribute to the maximization of corporate value by heightening the motivation of directors, executive officers and employees, the Board of Directors of the Company, at the meeting held today, resolved to submit a proposal at the Ordinary General Meeting of Shareholders, to be held on June 24, 2005, regarding the issue of stock acquisition rights for the purpose of granting stock options pursuant to Article 280-20 and Article 280-21 of the Japanese Commercial Code.

The details of the proposal are as follows:

**1. Qualified persons to be allocated the stock acquisition rights (the Rights )**

Directors, executive officers and employees of the Company

**2. Class and number of shares to be issued upon exercise of the Rights**

Not more than 1,500,000 shares of the Company's common stock (the Common Stock ) in total.

In the event that the Company splits or consolidates its Common Stock, the number of shares to be issued upon exercise of the Rights shall be adjusted according to the following formula.

Number of shares after adjustment = Number of shares before adjustment × Ratio of stock split or consolidation

Any fraction less than one share derived in consequence of adjustment shall be rounded down to the nearest one share.

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**3. Total number of the Rights to be issued**

Not more than 1,500 Rights in total. The number of shares to be issued upon exercise of each Right shall be 1,000, which shall be adjusted in accordance with the preceding provision (2. above).

**4. Issue price of the Rights**

No consideration shall be paid.

**5. Amount to be paid upon exercise of the Rights**

The amount to be paid per share upon exercise of the Rights (the Exercise Price ) shall be 1.05 times of the average of the closing price (including indication of any bid or offer) of a Common Stock on the Tokyo Stock Exchange on each of the thirty consecutive trading days commencing on the forty-fifth trading day preceding the issue date (excluding the number of days on which no closing price is quoted), any fraction less than one yen shall be rounded up to the nearest one yen. However, in the event that the price is less than the closing price of the issue date (or if no closing price is quoted on the issue date, the latest closing price before the issue date shall be applied), the Exercise Price shall be 1.05 times of the closing price of the issue date.

In the event that the Company issues new shares or reissues its own shares at price less than the market price (excluding the issue of shares resulting from the exercise of the stock acquisition rights) after the issue date, the Exercise Price will be subject to adjustment in accordance with the following formula, and any fraction less than one yen derived in consequence of adjustment shall be rounded up to the nearest one yen.

$$\begin{array}{r}
 \text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of new shares to be issued} \times \text{Amount to be paid per share}}{\text{Market price per share before issue}}}{\text{Number of shares already issued} + \text{Number of new shares to be issued}}
 \end{array}$$

In the above formula, the number of its own shares shall be excluded from the number of shares already issued. In the case of the reissue of its own shares, Number of new shares to be issued means Number of its own shares to be reissued and Market price per share before issue means Market price per share before reissue.



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Upon stock split or consolidation of Common Stocks, the Exercise Price will be subject to adjustment in accordance with the following formula, and any fraction less than one yen derived in consequence of adjustment shall be rounded up to the nearest one yen.

$$\text{Exercise Price After adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of stock split or consolidation}}$$

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**6. Period during which the Rights may be exercised**

The Rights will be exercisable within a three-year period following one year from the issue date.

**7. Conditions for exercise of the Rights**

- (1) In the event a person holding the Rights loses the position of director, executive officer or employee of the Company, such person may exercise the Rights only within the succeeding six months of such event. In the event of the death of the person, the Rights cannot be exercised.
- (2) Other terms of exercising the Rights shall be subject to the provisions in granting agreement between the Company and each qualified person.

**8. Cancellation of the Rights**

The Company may cancel the Rights at any time without consideration.

**9. Restriction on the transfer of the Rights**

The approval by the Board of Directors of the Company shall be required for transfer of the Rights.

Note:

The issue of the Rights above is subject to the approval by shareholders at the 136th Ordinary General Meeting of Shareholders to be held on June 24, 2005.

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