

HITACHI LTD
Form 6-K
November 16, 2005
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FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

REPORT OF FOREIGN PRIVATE ISSUER

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

For the month of October 2005

Commission File Number 1-8320

Hitachi, Ltd.

(Translation of registrant's name into English)

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

(Address of principal executive offices)

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

Form 20-F Form 40-F

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

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

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

Yes No

If 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 October 31, 2005 regarding financial results for the first half of fiscal 2005.
2. Press release dated October 31, 2005 regarding appointment of President and name for new integrated company to run Hitachi Group's social and industrial infrastructure systems business.

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SIGNATURES

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

Hitachi, Ltd.
(Registrant)

Date: November 16, 2005

By /s/ Takashi Hatchoji

Takashi Hatchoji
Senior Vice President and Executive Officer

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FOR IMMEDIATE RELEASE

**Hitachi Announces Consolidated Financial Results
for the First Half of Fiscal 2005**

Tokyo, October 31, 2005 Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced its consolidated financial results for the first half of fiscal 2005, ended September 30, 2005.

1. Business Results and Financial Position

- Notes: 1. All figures, except for the outlook for fiscal 2005, were converted at the rate of 113 yen to the U.S. dollar, the approximate exchange rate on the Tokyo Foreign Exchange Market as of September 30, 2005.
2. Segment information and operating income (loss) are presented in accordance with financial reporting principles and practices generally accepted in Japan.

Business Results**(1) Summary of Fiscal 2005 First Half Consolidated Business Results**

| | The half year ended September 30, 2005 | | |
|---|---|-----------------------|---------------------|
| | Billions of | Year-over-year | Millions of |
| | yen | % change | U.S. dollars |
| Revenues | 4,413.3 | 2% | 39,056 |
| Operating income | 77.7 | (39)% | 688 |
| Income before income taxes and minority interests | 82.1 | (40)% | 727 |
| Income before minority interests | 21.1 | (69)% | 187 |
| Net loss | (10.9) | | (97) |

During the interim period, the world economy remained healthy, despite slowing economic growth in the U.S. caused mainly by spiraling crude oil and gasoline prices and only a moderate recovery in EU economies. China's economy continued to expand on the back of increasing domestic demand while other Asian economies saw growth in exports to China.

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In Japan, the economy remained strong thanks mainly to growth in private-sector plant and equipment investment spurred by higher corporate earnings and to growth in consumer spending.

Against this backdrop, the Hitachi Group in the first half of fiscal 2005 made Fujitsu Hitachi Plasma Display Limited (FHP) a consolidated subsidiary with the aim of further expanding the group's plasma display business. In another move, Hitachi agreed to cooperate more closely with Clarion Co., Ltd. with the view to bolstering the Car Information Systems (CIS) business. Other actions were also taken during the first half to strengthen businesses targeted for growth. Furthermore, to increase its brand value, Hitachi ran the Hitachi Group Pavilion at the 2005 World Exposition held in Aichi, Japan. The pavilion attracted more than 1.7 million visitors.

Hitachi's consolidated revenues were 4,413.3 billion yen, up 2% year on year. The Power & Industrial Systems segment posted higher revenues on the back of recovering private-sector plant and equipment investment, as did the High Functional Materials & Components segment, mainly due to growth in sales of components and materials for electronics- and automotive-related fields. On the other hand, the Electronic Devices segment saw revenues decrease as sales of LCDs declined due to stiffer competition, and the Digital Media & Consumer Products segment recorded lower revenues due to falling prices.

Operating income dropped 39% year on year, to 77.7 billion yen due mainly to lower earnings in the Electronic Devices and Information & Telecommunication Systems segments and an operating loss in the Digital Media & Consumer Products segment. On the other hand, the Power & Industrial Systems, High Functional Materials & Components and Financial Services segments recorded higher operating income.

As a result, Hitachi recorded income before income taxes and minority interests of 82.1 billion yen, down 40% year on year. After income taxes of 60.9 billion yen, Hitachi posted income before minority interests of 21.1 billion yen. Hitachi posted net loss of 10.9 billion yen, compared with net income of 41.1 billion yen in the first half of fiscal 2004.

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

Results by segment were as follows.

[Information & Telecommunication Systems]

| | The half year ended September 30, 2005 | | |
|------------------|---|-----------------------|---------------------|
| | Billions of | Year-over-year | Millions of |
| | yen | % change | U.S. dollars |
| Revenues | 1,057.1 | (1)% | 9,356 |
| Operating income | 23.2 | (20)% | 206 |

Information & Telecommunication Systems revenues were 1,057.1 billion yen, largely on a par with the previous period. Software and services revenues were slightly higher year on year as a whole mainly because of growth in the outsourcing business; although software sales declined year on year due in part to lower sales of platform software. Hardware revenues declined because of the sale of Hitachi Printing Solutions, Ltd. to Ricoh Company, Ltd. and because of falling prices of servers and PCs as competition intensified, although hard disk drives (HDDs) and disk array subsystems posted higher sales.

The segment posted operating income of 23.2 billion yen, down 20% year on year. Earnings were higher year on year in software and services due to fewer unprofitable projects and other factors. However, segment earnings were brought down by lower year-on-year earnings in hardware due to a loss in HDD operations, despite a solid performance in disk array subsystems and other areas.

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 the first half of fiscal 2005 include operating results of Hitachi GST for the period from January through June 2005.

[Electronic Devices]

| | The half year ended September 30, 2005 | | |
|--|---|-----------------------|---------------------|
| | Billions of | Year-over-year | Millions of |
| | yen | % change | U.S. dollars |

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| | <u>yen</u> | <u>% change</u> | <u>U.S. dollars</u> |
|------------------|------------|-----------------|---------------------|
| Revenues | 583.1 | (16)% | 5,161 |
| Operating income | 9.2 | (69)% | 82 |

Electronic Devices revenues declined 16%, to 583.1 billion yen. This was due to lackluster sales of LCDs in the display business owing to stiffer competition.

Operating income declined 69%, to 9.2 billion yen due mainly to the loss of LCDs in the display business.

[Power & Industrial Systems]

| | <u>The half year ended September 30, 2005</u> | | |
|------------------|---|-----------------------|---------------------|
| | <u>Billions of</u> | <u>Year-over-year</u> | <u>Millions of</u> |
| | <u>yen</u> | <u>% change</u> | <u>U.S. dollars</u> |
| Revenues | 1,278.9 | 14% | 11,318 |
| Operating income | 23.2 | 130% | 205 |

Power & Industrial Systems revenues rose 14%, to 1,278.9 billion yen. This growth reflected healthy sales of industrial machinery and air-conditioning systems thanks to recovering private-sector plant and equipment investment. Another factor was growth in the elevator and escalator business and at Hitachi Construction Machinery Co., Ltd., mainly outside Japan. The October 2004 merger with TOKICO LTD. also contributed to revenue growth.

The segment posted a 130% increase in operating income, to 23.2 billion yen due to fewer unprofitable projects, as well as to higher earnings at Hitachi Construction Machinery and strong growth in sales of elevators and escalators, industrial machinery and air-conditioning systems.

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[Digital Media & Consumer Products]

| | The half year ended September 30, 2005 | | |
|----------------|---|-----------------------|---------------------|
| | Billions of | Year-over-year | Millions of |
| | yen | % change | U.S. dollars |
| Revenues | 611.8 | (5)% | 5,414 |
| Operating loss | (16.2) | | (144) |

Digital Media & Consumer Products segment revenues declined 5%, to 611.8 billion yen, despite the April 2005 consolidation of FHP. This performance was due mainly to lower sales prices for flat-panel TVs, including plasma TVs, and home appliances.

The segment posted an operating loss of 16.2 billion yen, compared with operating income of 10.6 billion yen in the same period in the previous fiscal year. In addition to an operating loss at FHP, this loss reflected falling sales prices for flat-panel TVs and home appliances.

Notes: 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 the first half of fiscal 2005 include the operating results of HLDS for the period from January through June 2005.

[High Functional Materials & Components]

| | The half year ended September 30, 2005 | | |
|------------------|---|-----------------------|---------------------|
| | Billions of | Year-over-year | Millions of |
| | yen | % change | U.S. dollars |
| Revenues | 760.4 | 3% | 6,729 |
| Operating income | 48.0 | 19% | 425 |

Revenues rose 3%, to 760.4 billion yen due mainly to steady growth at Hitachi Chemical Co., Ltd. and Hitachi Metals, Ltd., principally in components and materials for electronics- and automotive-related fields.

Operating income rose 19%, to 48.0 billion yen, due to healthy growth principally in components and materials for automotive-related fields at Hitachi Metals.

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[Logistics, Services & Others]

| | The half year ended September 30, 2005 | | |
|------------------|---|-----------------------|---------------------|
| | Billions of | Year-over-year | Millions of |
| | yen | % change | U.S. dollars |
| Revenues | 570.5 | (7)% | 5,049 |
| Operating income | 6.8 | (8)% | 61 |

Segment revenues declined 7% year on year, to 570.5 billion yen despite growth in sales at Hitachi Transport System, Ltd., mostly in the third-party logistics solutions business. This decline in segment revenues was due to lower revenues at Hitachi Mobile Co., Ltd., as well as lower sales at sales companies in North America and Europe.

The segment posted operating income of 6.8 billion yen, 8% lower year on year. The decrease was due to lower earnings at Hitachi Mobile and overseas sales companies, although Hitachi Transport System recorded solid earnings growth.

[Financial Services]

| | The half year ended September 30, 2005 | | |
|------------------|---|-----------------------|---------------------|
| | Billions of | Year-over-year | Millions of |
| | yen | % change | U.S. dollars |
| Revenues | 260.8 | (4)% | 2,309 |
| Operating income | 16.0 | 60% | 142 |

Segment revenues declined 4%, to 260.8 billion yen, despite healthy growth at Hitachi Capital Corporation, particularly in the home loan and IT equipment leasing businesses.

Operating income climbed 60%, to 16.0 billion yen due to the healthy growth at Hitachi Capital with lower financial costs.

(3) Revenues by Market

| The half year ended September 30, 2005 | | | |
|---|--------------------|-----------------------|---------------------|
| | Billions of | Year-over-year | Millions of |
| | yen | % change | U.S. dollars |
| Japan | 2,741.2 | 1% | 24,259 |
| Overseas | 1,672.0 | 3% | 14,797 |
| Asia | 726.6 | 5% | 6,431 |
| North America | 455.2 | 3% | 4,029 |
| Europe | 340.1 | (2)% | 3,010 |
| Other Areas | 149.9 | 9% | 1,327 |

In the first half of fiscal 2005, revenues in Japan edged up 1% year on year, to 2,741.2 billion yen.

Overseas revenues rose 3%, to 1,672.0 billion yen. Revenues in Europe declined year on year due to sluggish sales of digital consumer electronic products in this region. However, revenues rose in Asia, particularly China, and North America.

As a result, the ratio of overseas revenues to consolidated revenues rose by 1 percentage point year on year to 38%.

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

Capital investment on a completion basis, excluding leasing assets, rose 4%, to 178.7 billion yen, mainly due to investments to increase output of HDDs, plasma display panels, automotive-related parts and other products as well as investments for realigning the display product lineup. Depreciation, excluding leasing assets, increased 5%, to 159.2 billion yen. R&D expenditures, which are primarily used to accelerate the launch of new businesses, strengthen frontier and basic research, and upgrade development capabilities in automotive-, displays- and digital media-related fields, increased 5%, to 197.9 billion yen, and corresponded to 4.5% of revenues.

Financial Position**(1) Financial Position**

| | As of September 30, 2005 | | |
|--|--------------------------|--------------------------|--------------|
| | Billions of | Year-over-year | Millions of |
| | yen | change | U.S. dollars |
| Total assets | 9,889.6 | 153.3 | 87,519 |
| Total liabilities | 6,597.8 | 90.5 | 58,389 |
| Debt | 2,602.5 | 100.0 | 23,032 |
| Minority interests | 955.8 | 34.8 | 8,459 |
| Stockholders' equity | 2,335.8 | 28.0 | 20,671 |
| Stockholders' equity ratio | 23.6% | 0.1 point deterioration | |
| D/E ratio (including minority interests) | 0.79 times | 0.01 point deterioration | |

Total assets as of September 30, 2005 were 9,889.6 billion yen, 153.3 billion yen more than at March 31, 2005 due to the consolidation of FHP and other factors. Debt increased 100.0 billion yen, to 2,602.5 billion yen. Stockholders' equity rose 28.0 billion yen, to 2,335.8 billion yen. As a result, the stockholders' equity ratio of 23.6% was largely the same as at March 31, 2005. The debt-to-equity ratio (including minority interests) was 0.79 times largely the same as the previous year.

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(2) Cash Flows

| | The half year ended September 30, 2005 | | |
|--------------------------------------|---|-----------------------|---------------------|
| | Billions of | Year-over-year | Millions of |
| | yen | change | U.S. dollars |
| Cash flows from operating activities | 221.1 | 70.6 | 1,957 |
| Cash flows from investing activities | (255.4) | (61.8) | (2,261) |
| Free cash flows | (34.3) | 8.7 | (304) |
| Cash flows from financing activities | (37.7) | 73.4 | (334) |

Operating activities provided net cash of 221.1 billion yen, 70.6 billion yen more than one year earlier.

Investing activities used net cash of 255.4 billion yen, 61.8 billion yen more year on year. This was due to increased capital investment, mainly in businesses targeted for growth, despite efforts to collect investments in leases faster.

Free cash flows, the sum of cash flows from operating and investing activities, were an outflow of 34.3 billion yen, an improvement of 8.7 billion yen.

Financing activities used net cash of 37.7 billion yen, 73.4 billion yen less, year on year, due to less redemption of corporate bond and other items.

Cash and cash equivalents as of September 30, 2005 amounted to 646.0 billion yen, a decrease of 62.6 billion yen during the interim period.

Outlook for Fiscal 2005

Year ending March 31, 2006

| Billions of | Year-over-year | Millions of |
|--------------------|-----------------------|--------------------|
|--------------------|-----------------------|--------------------|

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| | <u>yen</u> | <u>% change</u> | <u>U.S. dollars</u> |
|---|------------|-----------------|---------------------|
| Revenues | 9,220.0 | 2% | 83,818 |
| Operating income | 240.0 | (14)% | 2,182 |
| Income before income taxes and minority interests | 220.0 | (17)% | 2,000 |
| Income before minority interests | 95.0 | (17)% | 864 |
| Net income | 20.0 | (61)% | 182 |

Regarding the outlook for the global economy, the Hitachi Group expects the U.S. economy to experience a gentle slowdown due to slowing consumer spending and capital investments, as well as surging prices for crude oil and gasoline and other factors. In terms of Asia, despite fears of falling exports to the U.S., the Chinese economy is expected to continue growing briskly, supported by domestic demand. European economies are forecasted to continue their moderate pace of recovery. Overall, therefore, the global economy is expected to continue expanding, although at a slower pace.

The forecast for the Japanese economy is for firm growth, underpinned by continuing strong exports to China and elsewhere in Asia, despite concerns of a rise in long-term interest rates and pressure on corporate earnings from higher crude oil and raw materials prices.

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Under these circumstances, projections for fiscal 2005, as given the previous page, have been revised from those announced with fiscal 2004 results released on April 28, 2005. Projections assume an exchange rate of 110 yen to the U.S. dollar.

The revision to forecasts for fiscal 2005 reflects projections for losses in the HDD, LCD, flat-panel TV due to poorer performances than initially expected. Hitachi plans to take wide-ranging countermeasures to quickly improve its development capabilities, cost competitiveness, sales abilities and other areas of its operations.

In other fields, Hitachi will push ahead with efforts to create new businesses and strengthen targeted businesses by capturing synergies in resource use across the Hitachi Group. The company will also focus on structural reforms to concentrate more resources on highly profitable businesses and on measures to improve its financial position. For example, Hitachi decided in October 2005 to strengthen its social and industrial infrastructure systems business by transferring parts of its Industrial Systems Group to Hitachi Plant Engineering & Construction Co., Ltd. on April 1, 2006. Hitachi Plant Engineering & Construction, Hitachi Kiden Kogyo, Ltd. and Hitachi Industries Co., Ltd. will merge on the same date as a series of the transaction.

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 focuses 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.

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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.

(*) 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. 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. However, 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.

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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 September 30, 2005, the Board of Directors had 14 members, 4 of whom were from outside Hitachi. Three Directors served concurrently as Executive Officers. The Board Director (Chair) does not serve concurrently as an Executive Officer. Within the Board of Directors, three statutory committees have been established—the Nominating Committee, Audit Committee and Compensation Committee—with outside Directors accounting for the majority of members of each committee.

The Nominating Committee 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.

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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.
- (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.

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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

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.

D. Independent Auditors

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Audits of Hitachi's financial statements have been conducted by Mr. Hideo Doi, Mr. Naomitsu Hirayama and Mr. Satoshi Fukui, all of whom are certified public accountants at Ernst & Young ShinNihon. They implement the audit, supported, when necessary, by certified public accountants, junior accountants and other employees of Ernst & Young ShinNihon. Mr. Hideo Doi and Mr. Naomitsu Hirayama have audited Hitachi's financial statements for 16 years.

(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, and with Asahi Glass Co., Ltd., where Hitachi outside Director Hiromichi Seya serves as Senior Corporate Advisor.

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.

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Policy on the Distribution of Earnings

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

Policy on the Reduction of Number of Shares Constituting Investment Unit

Hitachi believes that the number of shares constituting investment unit in Japanese stock exchanges should be carefully examined from the perspectives of the liquidity of Hitachi stock, shareholder composition and other items. Because Hitachi believes that its shares currently have sufficient liquidity, the company believes that it would be difficult to obtain benefits that would justify the cost of a change in the number of shares constituting investment unit. Hitachi will continue to consider actions related to the establishment of a suitable number of shares constituting investment unit.

Items Concerning Parent Company

Hitachi has no parent company.

Business Risk and Other Risks

The Hitachi Group is engaged in a broad range of business activities on a global scale. Furthermore, the group uses highly sophisticated and specialized technologies and information to conduct these businesses. As a result, business activities are vulnerable to a diverse array of risk factors.

Major risk factors include, but are not limited to, economic trends in major markets; changes in foreign exchange rates; rapid technological innovations; intense competition; supply and demand balance; the procurement of raw materials and components; the ability to acquire companies, conduct mergers and form strategic alliances; progress in business restructuring; overseas business activities; recruiting activities; protection, maintenance and acquisition of intellectual property; product and service quality and liability; the use of information systems; governmental regulations; trends in capital markets; and retirement benefit liabilities.

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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, Electronic Devices segment and Digital Media & Consumer Products segment;
- increasing commoditization of information technology products, and intensifying price competition in the market for such products;
- fluctuations in rates of exchange for the yen and other currencies in which Hitachi makes significant sales or in which Hitachi's assets and liabilities are denominated, particularly between the yen and the U.S. dollar;
- uncertainty as to Hitachi's ability to 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;

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- 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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HITACHI, LTD. AND SUBSIDIARIES**CONSOLIDATED FINANCIAL STATEMENTS****FOR THE HALF YEAR ENDED SEPTEMBER 30, 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 113 yen = U.S.\$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of September 30, 2005.

SUMMARY

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

| | The half years ended September 30 | | | |
|---|--|-----------------|----------------|---------------------|
| | YEN | | (A)/(B) | U.S. DOLLARS |
| | (millions) | | X100 | (millions) |
| | 2005 (A) | 2004 (B) | (%) | 2005 |
| 1. Revenues | 4,413,319 | 4,329,935 | 102 | 39,056 |
| 2. Operating income | 77,754 | 127,332 | 61 | 688 |
| 3. Income before income taxes and minority interests | 82,117 | 136,001 | 60 | 727 |
| 4. Income before minority interests | 21,172 | 67,931 | 31 | 187 |
| 5. Net income (loss) | (10,946) | 41,158 | | (97) |
| 6. Net income (loss) per share | | | | |
| Basic | (3.29) | 12.48 | | (0.03) |
| Diluted | (3.29) | 12.43 | | (0.03) |
| 7. Net income (loss) per ADS (representing 10 shares) | | | | |
| Basic | (33) | 125 | | (0.29) |
| Diluted | (33) | 124 | | (0.29) |

- Notes: 1. The Company's consolidated financial statements are prepared based on U.S.GAAPs.
2. Segment Information and operating income (loss) are presented in accordance with financial reporting principles and practices generally accepted in Japan.
3. The figures are for 966 consolidated subsidiaries, including Variable Interest Entities, and 159 equity-method affiliates.

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CONSOLIDATED STATEMENTS OF OPERATIONS

| | The half years ended September 30 | | | |
|---|--|-----------------|----------------|---------------------|
| | YEN | | (A)/(B) | U.S. DOLLARS |
| | (millions) | | | (millions) |
| | 2005 (A) | 2004 (B) | X100 | 2005 |
| | | (%) | | |
| Revenues | 4,413,319 | 4,329,935 | 102 | 39,056 |
| Cost of sales | 3,439,903 | 3,324,078 | 103 | 30,442 |
| Selling, general and administrative expenses | 895,662 | 878,525 | 102 | 7,926 |
| Operating income | 77,754 | 127,332 | 61 | 688 |
| Other income | 29,070 | 36,400 | 80 | 257 |
| (Interest and dividends) | 11,389 | 10,135 | 112 | 101 |
| (Other) | 17,681 | 26,265 | 67 | 156 |
| Other deductions | 24,707 | 27,731 | 89 | 218 |
| (Interest charges) | 15,673 | 14,235 | 110 | 138 |
| (Other) | 9,034 | 13,496 | 67 | 80 |
| Income before income taxes and minority interests | 82,117 | 136,001 | 60 | 727 |
| Income taxes | 60,945 | 68,070 | 90 | 540 |
| Income before minority interests | 21,172 | 67,931 | 31 | 187 |
| Minority interests | 32,118 | 26,773 | 120 | 284 |
| Net income (loss) | (10,946) | 41,158 | | (97) |

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CONSOLIDATED BALANCE SHEETS

| | YEN | | | U.S. DOLLARS |
|--|-----------------------------|-----------------------------|------------------------|-------------------------|
| | (millions) | | (A)/(B) X100 (%) | (millions) |
| | As of Sept. 30, 2005 (A) | As of March 31, 2005 (B) | | As of Sept. 30, 2005 |
| Assets | 9,889,628 | 9,736,247 | 102 | 87,519 |
| Current assets | 5,394,875 | 5,338,835 | 101 | 47,742 |
| Cash and cash equivalents | 646,085 | 708,715 | 91 | 5,718 |
| Short-term investments | 180,472 | 146,568 | 123 | 1,597 |
| Trade receivables | | | | |
| Notes | 126,818 | 132,572 | 96 | 1,122 |
| Accounts | 2,051,288 | 2,065,194 | 99 | 18,153 |
| Investments in leases | 496,693 | 526,759 | 94 | 4,395 |
| Inventories | 1,329,110 | 1,198,955 | 111 | 11,762 |
| Other current assets | 564,409 | 560,072 | 101 | 4,995 |
| Investments and advances | 970,789 | 894,851 | 108 | 8,591 |
| Property, plant and equipment | 2,400,050 | 2,357,931 | 102 | 21,240 |
| Other assets | 1,123,914 | 1,144,630 | 98 | 9,946 |
| Liabilities and Stockholders' equity | 9,889,628 | 9,736,247 | 102 | 87,519 |
| Current liabilities | 4,110,892 | 4,064,546 | 101 | 36,380 |
| Short-term debt and current installments of long-term debt | 1,213,149 | 1,183,474 | 103 | 10,736 |
| Trade payables | | | | |
| Notes | 55,067 | 62,855 | 88 | 487 |
| Accounts | 1,235,110 | 1,246,401 | 99 | 10,930 |
| Advances received | 286,510 | 247,586 | 116 | 2,536 |
| Other current liabilities | 1,321,056 | 1,324,230 | 100 | 11,691 |
| Noncurrent liabilities | 2,486,989 | 2,442,818 | 102 | 22,009 |
| Long-term debt | 1,389,392 | 1,319,032 | 105 | 12,296 |
| Retirement and severance benefits | 1,011,151 | 1,033,005 | 98 | 8,948 |
| Other liabilities | 86,446 | 90,781 | 95 | 765 |
| Minority interests | 955,871 | 921,052 | 104 | 8,459 |
| Stockholders' equity | 2,335,876 | 2,307,831 | 101 | 20,671 |
| Common stock | 282,033 | 282,033 | 100 | 2,496 |
| Capital surplus | 562,635 | 565,360 | 100 | 4,979 |
| Legal reserve and retained earnings | 1,748,717 | 1,779,198 | 98 | 15,475 |

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| | | | | |
|--|-----------|-----------|-----|---------|
| Accumulated other comprehensive loss | (239,991) | (301,524) | | (2,124) |
| (Foreign currency translation adjustments) | (69,637) | (90,904) | | (616) |
| (Minimum pension liability adjustments) | (237,662) | (242,672) | | (2,103) |
| (Net unrealized holding gain on available-for-sale securities) | 67,589 | 32,996 | 205 | 598 |
| (Cash flow hedges) | (281) | (944) | | (3) |
| Treasury stock | (17,518) | (17,236) | | (155) |

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CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

| | YEN | | U.S. DOLLARS |
|--|---------------------------------------|----------------------------------|---------------------------------------|
| | (millions) | | (millions) |
| | The half year ended Sept. 30, 2005 | The year ended March 31, 2005 | The half year ended Sept. 30, 2005 |
| Common stock | | | |
| Balance at beginning of period | 282,033 | 282,032 | 2,496 |
| Conversion of convertible debentures | 0 | 1 | 0 |
| Balance at end of period | 282,033 | 282,033 | 2,496 |
| Capital surplus | | | |
| Balance at beginning of period | 565,360 | 551,690 | 5,003 |
| Gains on sales of treasury stock | 59 | 12,862 | 1 |
| Increase (decrease) arising from divestiture and other | (2,784) | 808 | (25) |
| Balance at end of period | 562,635 | 565,360 | 4,979 |
| Legal reserve | | | |
| Balance at beginning of period | 110,214 | 109,163 | 975 |
| Transfers from retained earnings | 245 | 921 | 2 |
| Transfers from minority interests | 207 | 130 | 2 |
| Balance at end of period | 110,666 | 110,214 | 979 |
| Retained earnings | | | |
| Balance at beginning of period | 1,668,984 | 1,651,272 | 14,770 |
| Net income (loss) | (10,946) | 51,496 | (97) |
| Cash dividends | (18,323) | (34,628) | (162) |
| Transfers to legal reserve | (245) | (921) | (2) |
| Transfers from (to) minority interests | (1,419) | 1,765 | (13) |
| Balance at end of period | 1,638,051 | 1,668,984 | 14,496 |
| Legal reserve and retained earnings | 1,748,717 | 1,779,198 | 15,475 |
| Accumulated other comprehensive loss | | | |
| Foreign currency translation adjustments | | | |
| Balance at beginning of period | (90,904) | (95,786) | (804) |

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| | | | |
|---|-----------|-----------|---------|
| Current-period change | 21,267 | 4,882 | 188 |
| Balance at end of period | (69,637) | (90,904) | (616) |
| Minimum pension liability adjustments | | | |
| Balance at beginning of period | (242,672) | (329,536) | (2,148) |
| Current-period change | 5,010 | 86,864 | 45 |
| Balance at end of period | (237,662) | (242,672) | (2,103) |
| Net unrealized holding gain on available-for-sale securities | | | |
| Balance at beginning of period | 32,996 | 31,499 | 292 |
| Changes in unrealized holding gains and losses | 34,593 | 1,497 | 306 |
| Balance at end of period | 67,589 | 32,996 | 598 |
| Cash flow hedges | | | |
| Balance at beginning of period | (944) | (41) | (8) |
| Changes in the fair value of derivative financial instruments | 663 | (903) | 5 |
| Balance at end of period | (281) | (944) | (3) |
| Accumulated other comprehensive loss | (239,991) | (301,524) | (2,124) |
| Treasury stock | | | |
| Balance at beginning of period | (17,236) | (32,162) | (153) |
| Current-period (increase) decrease | (282) | 14,926 | (2) |
| Balance at end of period | (17,518) | (17,236) | (155) |
| Total stockholders equity | 2,335,876 | 2,307,831 | 20,671 |

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CONSOLIDATED STATEMENTS OF CASH FLOWS

| | The half years ended September 30 | | |
|---|-----------------------------------|------------------|----------------|
| | YEN | | U.S. DOLLARS |
| | (millions) | | (millions) |
| | 2005 | 2004 | 2005 |
| Cash flows from operating activities | | | |
| Net income (loss) | (10,946) | 41,158 | (97) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities | | | |
| Depreciation | 218,599 | 206,271 | 1,935 |
| Deferred income taxes | 10,636 | 8,213 | 94 |
| Loss (gain) on disposal of rental assets and other property | 7,553 | (445) | 67 |
| Decrease in receivables | 137,913 | 182,556 | 1,221 |
| Increase in inventories | (152,059) | (189,797) | (1,346) |
| Decrease in payables | (57,512) | (83,972) | (509) |
| Other | 66,921 | (13,484) | 592 |
| Net cash provided by operating activities | 221,105 | 150,500 | 1,957 |
| Cash flows from investing activities | | | |
| (Increase) decrease in short-term investments | (25,286) | 30,141 | (224) |
| Capital expenditures | (179,009) | (166,845) | (1,584) |
| Purchase of rental assets, net | (216,523) | (232,004) | (1,916) |
| Sale of investments and subsidiaries common stock, net | 50,388 | 25,222 | 446 |
| Collection of investment in leases | 199,231 | 168,986 | 1,763 |
| Other | (84,293) | (19,111) | (746) |
| Net cash used in investing activities | (255,492) | (193,611) | (2,261) |
| Cash flows from financing activities | | | |
| Decrease in interest-bearing debt | (6,216) | (94,126) | (55) |
| Dividends paid to stockholders | (18,247) | (16,406) | (162) |
| Dividends paid to minority stockholders of subsidiaries | (9,084) | (8,135) | (80) |
| Other | (4,194) | 7,429 | (37) |
| Net cash used in financing activities | (37,741) | (111,238) | (334) |
| Effect of exchange rate changes on cash and cash equivalents | 9,498 | 9,002 | 84 |
| Net decrease in cash and cash equivalents | (62,630) | (145,347) | (554) |
| Cash and cash equivalents at beginning of period | 708,715 | 764,396 | 6,272 |
| Cash and cash equivalents at end of period | 646,085 | 619,049 | 5,718 |

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Note: Cash flows related to inventory-related receivables, which were previously included in cash flows from investing activities, are now included in cash flows from operating activities. As a result of this change, cash flows for the first half of fiscal 2004 have been reclassified.

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SEGMENT INFORMATION**(1) INDUSTRY SEGMENTS**

| | The half years ended September 30 | | | |
|---|-----------------------------------|------------------|------------------------|---------------|
| | YEN | | (A)/(B) X100 (%) | U.S. DOLLARS |
| | (millions) | | | (millions) |
| | 2005 (A) | 2004 (B) | 2005 | |
| Revenues | | | | |
| Information & Telecommunication Systems | 1,057,198 | 1,071,736 | 99 | 9,356 |
| | 21% | 21% | | |
| Electronic Devices | 583,156 | 692,078 | 84 | 5,161 |
| | 11% | 13% | | |
| Power & Industrial Systems | 1,278,905 | 1,120,895 | 114 | 11,318 |
| | 25% | 22% | | |
| Digital Media & Consumer Products | 611,837 | 646,112 | 95 | 5,414 |
| | 12% | 13% | | |
| High Functional Materials & Components | 760,441 | 740,423 | 103 | 6,729 |
| | 15% | 14% | | |
| Logistics, Services & Others | 570,548 | 610,317 | 93 | 5,049 |
| | 11% | 12% | | |
| Financial Services | 260,896 | 270,778 | 96 | 2,309 |
| | 5% | 5% | | |
| Subtotal | 5,122,981 | 5,152,339 | 99 | 45,336 |
| | 100% | 100% | | |
| Eliminations & Corporate items | (709,662) | (822,404) | | (6,280) |
| Total | 4,413,319 | 4,329,935 | 102 | 39,056 |
| Operating income (loss) | | | | |
| Information & Telecommunication Systems | 23,248 | 28,961 | 80 | 206 |
| | 21% | 21% | | |
| Electronic Devices | 9,230 | 30,056 | 31 | 82 |
| | 8% | 22% | | |
| Power & Industrial Systems | 23,216 | 10,088 | 230 | 205 |
| | 21% | 7% | | |
| Digital Media & Consumer Products | (16,231) | 10,618 | | (144) |
| | (15)% | 8% | | |
| High Functional Materials & Components | 48,053 | 40,328 | 119 | 425 |
| | 44% | 29% | | |
| Logistics, Services & Others | 6,898 | 7,528 | 92 | 61 |
| | 6% | 6% | | |

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| | | | | |
|--------------------------------|------------------------|------------------------|-----------|------------|
| Financial Services | 16,019 15% | 9,988 7% | 160 | 142 |
| Subtotal | 110,433 100% | 137,567 100% | 80 | 977 |
| Eliminations & Corporate items | (32,679) | (10,235) | | (289) |
| Total | 77,754 | 127,332 | 61 | 688 |

Note: Revenues by industry segment include intersegment transactions.

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(2) GEOGRAPHIC SEGMENTS

| | The half years ended September 30 | | | |
|---------------------------|--|-------------------------|---------------------------------|---------------------|
| | YEN | | (A)/(B) X100 (%) | U.S. DOLLARS |
| | (millions) | | | (millions) |
| | 2005 (A) | 2004 (B) | 2005 | |
| Revenues | | | | |
| Japan | | | | |
| Outside customer sales | 3,164,988 62% | 3,128,385 62% | 101 | 28,009 |
| Intersegment transactions | 459,321 9% | 482,620 10% | 95 | 4,065 |
| Total | 3,624,309 71% | 3,611,005 72% | 100 | 32,074 |
| Asia | | | | |
| Outside customer sales | 524,756 10% | 530,416 10% | 99 | 4,644 |
| Intersegment transactions | 203,001 4% | 193,389 4% | 105 | 1,796 |
| Total | 727,757 14% | 723,805 14% | 101 | 6,440 |
| North America | | | | |
| Outside customer sales | 426,875 8% | 391,422 8% | 109 | 3,778 |
| Intersegment transactions | 23,678 1% | 14,968 0% | 158 | 209 |
| Total | 450,553 9% | 406,390 8% | 111 | 3,987 |
| Europe | | | | |
| Outside customer sales | 239,728 5% | 230,687 5% | 104 | 2,121 |
| Intersegment transactions | 13,175 0% | 10,319 0% | 128 | 117 |
| Total | 252,903 5% | 241,006 5% | 105 | 2,238 |
| Other Areas | | | | |

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| | | | | |
|--------------------------------|-------------------|-------------------|-----|---------|
| Outside customer sales | 56,972 1% | 49,025 1% | 116 | 504 |
| Intersegment transactions | 1,908 0% | 1,882 0% | 101 | 17 |
| Total | 58,880 1% | 50,907 1% | 116 | 521 |
| Subtotal | 5,114,402 100% | 5,033,113 100% | 102 | 45,260 |
| Eliminations & Corporate items | (701,083) | (703,178) | | (6,204) |
| Total | 4,413,319 | 4,329,935 | 102 | 39,056 |

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| | The half years ended September 30 | | | |
|--------------------------------|--|-----------------|---------------------------|---------------------|
| | YEN | | | U.S. DOLLARS |
| | (millions) | | (A)/(B) | (millions) |
| | 2005 (A) | 2004 (B) | X100 (%) | 2005 |
| Operating income (loss) | | | | |
| Japan | 112,449 | 106,160 | | |
| | 95% | 71% | 106 | 995 |
| Asia | (8,082) | 25,105 | | |
| | (7)% | 17% | | (71) |
| North America | 7,681 | 7,548 | | |
| | 6% | 5% | 102 | 68 |
| Europe | 4,159 | 7,858 | | |
| | 4% | 5% | 53 | 37 |
| Other Areas | 2,067 | 2,214 | | |
| | 2% | 2% | 93 | 18 |
| Subtotal | 118,274 | 148,885 | | |
| | 100% | 100% | 79 | 1,047 |
| Eliminations & Corporate items | (40,520) | (21,553) | | |
| | | | | (359) |
| Total | 77,754 | 127,332 | 61 | 688 |

(3) REVENUES BY MARKET

| | The half years ended September 30 | | | |
|---------------|--|-----------------|---------------------------|---------------------|
| | YEN | | | U.S. DOLLARS |
| | (millions) | | (A)/(B) | (millions) |
| | 2005 (A) | 2004 (B) | X100 (%) | 2005 |
| Japan | 2,741,287 | 2,709,295 | | |
| | 62% | 63% | 101 | 24,259 |
| Outside Japan | 1,672,032 | 1,620,640 | | |
| | 38% | 37% | 103 | 14,797 |
| Asia | 726,662 | 694,304 | | |
| | 17% | 16% | 105 | 6,431 |
| North America | 455,238 | 442,531 | | |
| | 10% | 10% | 103 | 4,029 |
| Europe | 340,164 | 346,287 | | |
| | 8% | 8% | 98 | 3,010 |

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| | | | | |
|-------------|-------------------|-------------------|-----|--------|
| Other Areas | 149,968 3% | 137,518 3% | 109 | 1,327 |
| Total | 4,413,319 100% | 4,329,935 100% | 102 | 39,056 |

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HITACHI, LTD.

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED SEPTEMBER 30, 2005

(113yen = U.S.\$1)

October 31, 2005

| INCOME STATEMENTS | YEN | | | U.S. DOLLARS |
|--|---------------------|---------------------|--------------------|------------------|
| | (millions) | | | (millions) |
| | 2005(A) | 2004(B) | (A)/(B)×100 | 2005 |
| (The half years ended Sept. 30) | | | | |
| Revenues | 1,210,717 | 1,152,807 | 105% | 10,714 |
| Cost of sales | 969,798 | 934,996 | 104% | 8,582 |
| Gross Profit | 240,918 | 217,810 | 111% | 2,132 |
| S.G.A. expenses | 260,211 | 239,560 | 109% | 2,303 |
| Operating income (loss) | (19,293) | (21,750) | | (171) |
| Other income | 50,535 | 53,927 | 94% | 447 |
| Other deductions | 22,297 | 22,536 | 99% | 197 |
| Ordinary income | 8,944 | 9,640 | 93% | 79 |
| Extraordinary gain | 8,503 | 14,472 | 59% | 75 |
| Extraordinary loss | 4,288 | | | 38 |
| Income before income taxes | 13,159 | 24,112 | 55% | 116 |
| Current income taxes | (8,669) | (4,159) | 208% | (77) |
| Deferred income taxes | 1,805 | 1,770 | 102% | 16 |
| Net income | 20,024 | 26,500 | 76% | 177 |
| Basic EPS (yen and dollars) | 6.01 | 8.04 | 75% | 0.05 |
| BALANCE SHEETS | 2005/9/30(A) | 2005/3/31(B) | (A)/(B)×100 | 2005/9/30 |
| Current assets | 1,851,903 | 1,860,523 | 100% | 16,389 |
| (Quick assets) | 1,420,225 | 1,467,950 | 97% | 12,568 |
| (Inventories) | 331,103 | 282,875 | 117% | 2,930 |
| (Deferred tax assets) | 100,574 | 109,698 | 92% | 890 |
| Fixed assets | 1,922,466 | 1,891,998 | 102% | 17,013 |
| (Investments) | 1,321,374 | 1,275,735 | 104% | 11,694 |
| (Deferred tax assets) | 88,861 | 96,883 | 92% | 786 |
| (Others) | 512,230 | 519,379 | 99% | 4,533 |
| Total assets | 3,774,370 | 3,752,522 | 101% | 33,402 |
| Current liabilities | 1,672,065 | 1,776,593 | 94% | 14,797 |
| Fixed liabilities | 712,689 | 610,272 | 117% | 6,307 |
| (Debentures) | 290,000 | 190,000 | 153% | 2,566 |
| (Long-term loans) | 224,248 | 224,533 | 100% | 1,984 |
| (Others) | 198,441 | 195,739 | 101% | 1,756 |
| Total liabilities | 2,384,754 | 2,386,866 | 100% | 21,104 |
| Stockholders equity | 1,389,616 | 1,365,655 | 102% | 12,297 |
| Liabilities and stockholders equity | 3,774,370 | 3,752,522 | 101% | 33,402 |

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FORECAST FOR THE YEAR ENDING MARCH 31, 2006

| | <u>Revenues</u> | <u>Ordinary income</u> | <u>Net income</u> |
|---------------------------------|-----------------|------------------------|-------------------|
| Millions of Yen | 2,640,000 | 40,000 | 20,000 |
| Millions of U.S. dollars | 23,363 | 354 | 177 |

Cautionary Statement

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

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

- fluctuations in product demand and industry capacity, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- uncertainty as to Hitachi's ability to continue to develop and market products that incorporate new technology on a timely and cost-effective basis and to achieve market acceptance for such products;
- rapid technological change, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- increasing commoditization of information technology products, and intensifying price competition in the market for such products;
- 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;

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- uncertainty as to Hitachi's ability to implement measures to reduce the potential negative impact of fluctuations in product demand and/or exchange rates;

- general 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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October 31, 2005

Hitachi, Ltd.

Supplementary information for the first half of fiscal 2005, ended September 30, 2005**1. Summary****(1) Consolidated Basis**

| | (Billions of yen) | | | | | |
|---|-------------------------|----------------------------|-------------------------|-------------|-----------------------|----------------|
| | 1st half of fiscal 2004 | | 1st half of fiscal 2005 | | Fiscal 2005(Forecast) | |
| | (A) | (A)/1st half of FY 2003 | (B) | (B)/(A) | (C) | (C)/ FY2004 |
| Revenues | 4,329.9 | 107% | 4,413.3 | 102% | 9,220.0 | 102% |
| C/U * | 376% | | 365% | | 349% | |
| Operating income | 127.3 | 629% | 77.7 | 61% | 240.0 | 86% |
| Income before income taxes and minority interests | 136.0 | 150% | 82.1 | 60% | 220.0 | 83% |
| Income before minority interests | 67.9 | 474% | 21.1 | 31% | 95.0 | 83% |
| Net income (loss) | 41.1 | 764% | (10.9) | | 20.0 | 39% |
| C/U * | 155% | | | | 100% | |
| Average exchange rate (yen / U.S.\$) | 110 | | 110 | | 110** | |
| Net interest and dividends | (4.1) | | (4.2) | | | |

* Consolidated basis/Unconsolidated basis

** Assumed exchange rate for 2nd half of fiscal 2005

| | As of March 31, 2005 | As of September 30, 2005 |
|--|----------------------|--------------------------|
| Cash & cash equivalents, Short-term investments (Billions of yen) | 855.2 | 826.5 |
| Interest-bearing debt (Billions of yen) | 2,502.5 | 2,602.5 |
| Number of employees | 347,424 | 353,094 |
| Japan | 242,891 | 244,702 |
| Overseas | 104,533 | 108,392 |
| Number of consolidated subsidiaries (Including Variable Interest Entities) | 985 | 966 |
| Japan | 539 | 506 |
| Overseas | 446 | 460 |

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(2) Unconsolidated Basis

| | (Billions of yen) | | | | | |
|--------------------------------------|-------------------------|------------|-------------------------|-------------|-----------------------|----------------|
| | 1st half of fiscal 2004 | | 1st half of fiscal 2005 | | Fiscal 2005(Forecast) | |
| | (A)/1st half | | | | | |
| | (A) | of FY 2003 | (B) | (B)/(A) | (C) | (C)/ FY2004 |
| Revenues | 1,152.8 | 102% | 1,210.7 | 105% | 2,640.0 | 102% |
| Operating income (loss) | (21.7) | | (19.2) | | | |
| Ordinary Income | 9.6 | 96% | 8.9 | 93% | 40.0 | 180% |
| Net income | 26.5 | 138% | 20.0 | 76% | 20.0 | 193% |
| Dividend payout ratio (%) | 68% | | 92% | | | |
| Average exchange rate (yen / U.S.\$) | 110 | | 110 | | 110* | |

* Assumed exchange rate for 2nd half of fiscal 2005

| | As of March 31, 2005 | As of September 30, 2005 |
|---|----------------------|--------------------------|
| Cash & cash equivalents, Short-term investments (Billions of yen) | 266.3 | 279.7 |
| Interest-bearing debt (Billions of yen) | 670.9 | 740.8 |
| Number of employees | 41,069 | 41,557 |

2. Revenues by industry segment

| | (Billions of yen) | | | | | |
|---|-------------------------|-------------|-------------------------|-------------|-----------------------|----------------|
| | 1st half of fiscal 2004 | | 1st half of fiscal 2005 | | Fiscal 2005(Forecast) | |
| | (A)/1st half | | | | | |
| | (A) | of FY 2003 | (B) | (B)/(A) | (C) | (C)/ FY2004 |
| Information & Telecommunication Systems | 1,071.7 | 102% | 1,057.1 | 99% | 2,300.0 | 101% |
| Electronic Devices | 692.0 | 114% | 583.1 | 84% | 1,175.0 | 89% |
| Power & Industrial Systems | 1,120.8 | 104% | 1,278.9 | 114% | 2,675.0 | 106% |
| Digital Media & Consumer Products | 646.1 | 110% | 611.8 | 95% | 1,350.0 | 105% |
| High Functional Materials & Components | 740.4 | 119% | 760.4 | 103% | 1,535.0 | 102% |
| Logistics, Services & Others | 610.3 | 100% | 570.5 | 93% | 1,200.0 | 96% |
| Financial Services | 270.7 | 101% | 260.8 | 96% | 505.0 | 95% |
| Eliminations & Corporate items | (822.4) | | (709.6) | | (1,520.0) | |
| Total | 4,329.9 | 107% | 4,413.3 | 102% | 9,220.0 | 102% |

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3. Operating income (loss) by industry segment

(Billions of yen)

| | 1st half of fiscal 2004 | | 1st half of fiscal 2005 | | Fiscal 2005(Forecast) | |
|---|-------------------------|-------------|-------------------------|------------|-----------------------|------------|
| | (A)/1st half | | | | (C)/ | |
| | (A) | of FY 2003 | (B) | (B)/(A) | (C) | FY2004 |
| Information & Telecommunication Systems | 28.9 | 536% | 23.2 | 80% | 76.0 | 112% |
| Electronic Devices | 30.0 | 818% | 9.2 | 31% | 16.0 | 43% |
| Power & Industrial Systems | 10.0 | 127% | 23.2 | 230% | 103.0 | 140% |
| Digital Media & Consumer Products | 10.6 | | (16.2) | | (41.0) | |
| High Functional Materials & Components | 40.3 | 437% | 48.0 | 119% | 106.0 | 121% |
| Logistics, Services & Others | 7.5 | | 6.8 | 92% | 18.0 | 184% |
| Financial Services | 9.9 | 122% | 16.0 | 160% | 33.0 | 106% |
| Eliminations & Corporate items | (10.2) | | (32.6) | | (71.0) | |
| Total | 127.3 | 629% | 77.7 | 61% | 240.0 | 86% |

4. Overseas revenues by industry segment

(Billions of yen)

| | 1st half of fiscal 2004 | | 1st half of fiscal 2005 | | Fiscal 2005(Forecast) | |
|---|-------------------------|-------------|-------------------------|-------------|-----------------------|-------------|
| | (A)/1st half | | | | (C)/ | |
| | (A) | of FY 2003 | (B) | (B)/(A) | (C) | FY2004 |
| Information & Telecommunication Systems | 325.2 | 106% | 342.6 | 105% | | |
| Electronic Devices | 270.7 | 117% | 214.9 | 79% | | |
| Power & Industrial Systems | 325.6 | 138% | 417.0 | 128% | | |
| Digital Media & Consumer Products | 254.8 | 107% | 259.5 | 102% | | |
| High Functional Materials & Components | 221.6 | 138% | 240.9 | 109% | | |
| Logistics, Services & Others | 202.1 | 95% | 174.1 | 86% | | |
| Financial Services | 20.3 | 105% | 22.6 | 111% | | |
| Eliminations & Corporate items | 0 | | 0 | | | |
| Total | 1,620.6 | 115% | 1,672.0 | 103% | 3,470.0 | 106% |

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

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| | (Billions of yen) | | | |
|---------------------------------|--------------------------------|-------------------|--------------------------------|----------------|
| | <u>1st half of fiscal 2004</u> | | <u>1st half of fiscal 2005</u> | |
| | (A)/1st half | | | |
| | <u>(A)</u> | <u>of FY 2003</u> | <u>(B)</u> | <u>(B)/(A)</u> |
| Overseas production | 787.9 | 113% | 834.9 | 106% |
| Percentage of revenues | 18% | | 19% | |
| Percentage of overseas revenues | 49% | | 50% | |

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

(Billions of yen)

| | Fiscal 2004 | | 1st half of fiscal 2005 | | Fiscal 2005(Forecast) | |
|---|-------------|------|-------------------------|-------------|-----------------------|----------|
| | (A)/ FY | | (B)/1st half of | | (C) | (C)/ (A) |
| | (A) | 2003 | (B) | FY 2004 | | |
| Information & Telecommunication Systems | 103.0 | 126% | 53.1 | 104% | | |
| Electronic Devices | 47.0 | 119% | 15.9 | 74% | | |
| Power & Industrial Systems | 98.3 | 137% | 48.6 | 127% | | |
| Digital Media & Consumer Products | 38.4 | 120% | 19.1 | 91% | | |
| High Functional Materials & Components | 75.5 | 121% | 40.0 | 118% | | |
| Logistics, Services & Others | 31.1 | 107% | 9.7 | 69% | | |
| Financial Services | 591.3 | 113% | 284.3 | 94% | | |
| Eliminations & Corporate items | (25.2) | | (11.8) | | | |
| Total | 959.5 | 118% | 459.2 | 97% | 970.0 | 101% |
| Internal use assets | 382.1 | 129% | 178.7 | 104% | 400.0 | 105% |
| Leasing assets | 577.4 | 111% | 280.4 | 93% | 570.0 | 99% |

7. Depreciation by industry segment

(Billions of yen)

| | Fiscal 2004 | | 1st half of fiscal 2005 | | Fiscal 2005(Forecast) | |
|---|-------------|------|-------------------------|-------------|-----------------------|----------|
| | (A)/ FY | | (B)/1st half of | | (C) | (C)/ (A) |
| | (A) | 2003 | (B) | FY 2004 | | |
| Information & Telecommunication Systems | 77.2 | 95% | 38.5 | 101% | | |
| Electronic Devices | 43.5 | 84% | 21.9 | 101% | | |
| Power & Industrial Systems | 73.8 | 101% | 38.4 | 109% | | |
| Digital Media & Consumer Products | 37.9 | 100% | 21.6 | 118% | | |
| High Functional Materials & Components | 65.7 | 99% | 30.4 | 97% | | |
| Logistics, Services & Others | 23.4 | 91% | 11.5 | 101% | | |
| Financial Services | 100.3 | 105% | 54.6 | 113% | | |
| Eliminations & Corporate items | 2.9 | 85% | 1.3 | 92% | | |
| Total | 425.0 | 97% | 218.5 | 106% | 440.0 | 104% |
| Internal use assets | 313.8 | 95% | 159.2 | 105% | 330.0 | 105% |
| Leasing assets | 111.1 | 104% | 59.3 | 110% | 110.0 | 99% |

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8. R&D expenditure by industry segment

(Billions of yen)

| | Fiscal 2004 | | 1st half of fiscal 2005 | | Fiscal 2005(Forecast) | |
|---|-------------|------|-------------------------|-------------|-----------------------|----------|
| | (A)/ FY | | (B)/1st half of | | (C) | (C)/ (A) |
| | (A) | 2003 | (B) | FY 2004 | | |
| Information & Telecommunication Systems | 164.7 | 97% | 78.8 | 95% | | |
| Electronic Devices | 47.3 | 116% | 23.7 | 103% | | |
| Power & Industrial Systems | 78.5 | 112% | 40.5 | 110% | | |
| Digital Media & Consumer Products | 32.1 | 97% | 16.9 | 109% | | |
| High Functional Materials & Components | 43.3 | 100% | 23.5 | 112% | | |
| Logistics, Services & Others | 5.3 | 43% | 2.4 | 101% | | |
| Financial Services | 2.3 | 116% | 0.8 | 77% | | |
| Corporate items | 14.6 | | 10.9 | 189% | | |
| Total | 388.6 | 105% | 197.9 | 105% | 404.0 | 104% |
| Percentage of revenues | 4.3% | | 4.5% | | 4.4% | |

9. Balance sheets by financial and non-financial services

(Billions of yen)

| | As of March 31, 2005 | As of September 30, 2005 |
|------------------------------------|----------------------------|--------------------------------|
| Assets | | |
| Manufacturing, Services and Others | | |
| Cash and cash equivalents | 656.2 | 598.4 |
| Short-term investments | 106.7 | 136.5 |
| Trade receivables | 1,854.0 | 1,753.8 |
| Inventories | 1,198.9 | 1,329.0 |
| Investments and advances | 814.8 | 865.0 |
| Property, plant and equipment | 2,026.4 | 2,059.1 |
| Other assets | 1,879.0 | 1,884.2 |
| Total | 8,536.5 | 8,626.3 |
| Financial Services | | |
| Cash and cash equivalents | 52.4 | 47.6 |
| Trade receivables | 586.5 | 646.6 |
| Investments in leases | 659.9 | 645.7 |
| Property, plant and equipment | 343.0 | 351.3 |
| Other assets | 515.4 | 573.1 |
| Total | 2,157.4 | 2,264.4 |

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| | | |
|--------------------------------------|---------|------------------|
| Eliminations | (957.6) | (1,001.2) |
| Assets | 9,736.2 | 9,889.6 |
| <hr/> | | |
| Liabilities and stockholders' equity | | |
| Manufacturing, Services and Others | | |
| Short-term debt | 878.3 | 879.5 |
| Trade payables | 1,281.4 | 1,252.8 |
| Long-term debt | 847.2 | 916.4 |
| Other liabilities | 2,531.6 | 2,522.7 |
| <hr/> | | |
| Total | 5,538.6 | 5,571.5 |
| <hr/> | | |
| Financial Services | | |
| Short-term debt | 857.7 | 935.6 |
| Trade payables | 254.9 | 240.1 |
| Long-term debt | 605.0 | 619.8 |
| Other liabilities | 182.5 | 205.2 |
| <hr/> | | |
| Total | 1,900.2 | 2,000.8 |
| <hr/> | | |
| Eliminations | (931.5) | (974.5) |
| Liabilities | 6,507.3 | 6,597.8 |
| Minority interests | 921.0 | 955.8 |
| Stockholders' equity | 2,307.8 | 2,335.8 |
| Liabilities and stockholders' equity | 9,736.2 | 9,889.6 |
| <hr/> | | |

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

| | 1st half of fiscal 2004 | (Billions of yen) 1st half of fiscal 2005 |
|--|-----------------------------|---|
| | <u> </u> | <u> </u> |
| Manufacturing, Services and Others | | |
| Revenues | 4,188.8 | 4,264.5 |
| Cost of sales and selling, general and administrative expenses | 4,071.0 | 4,202.1 |
| Operating income | 117.8 | 62.4 |
| Financial Services | | |
| Revenues | 270.7 | 260.8 |
| Cost of sales and selling, general and administrative expenses | 260.7 | 244.8 |
| Operating income | 9.9 | 16.0 |
| Eliminations | | |
| Revenues | (129.7) | (112.1) |
| Cost of sales and selling, general and administrative expenses | (129.2) | (111.4) |
| Operating income | (0.4) | (0.6) |
| Total | | |
| Revenues | 4,329.9 | 4,413.3 |
| Cost of sales and selling, general and administrative expenses | 4,202.6 | 4,335.5 |
| Operating income | 127.3 | 77.7 |

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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October 31, 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 (LOSS) BY PRODUCT SECTOR *2 *3

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

| | Fiscal 2004 | | | Fiscal 2005 | | |
|-------------------------|-------------|---------|---------|----------------|------------|---------|
| | 1st half | 2nd | Total | 1st half | 2nd half | Total |
| | | half | | | (Forecast) | |
| Revenues | 102% | 95% | 98% | 99% | 104% | 101% |
| | 1,071.7 | 1,196.6 | 2,268.3 | 1,057.1 | 1,242.9 | 2,300.0 |
| Software & Services | 102% | 103% | 103% | 101% | 100% | 100% |
| | 470.0 | 545.5 | 1,015.5 | 472.9 | 547.1 | 1,020.0 |
| Hardware | 101% | 89% | 95% | 97% | 107% | 102% |
| | 601.7 | 651.1 | 1,252.8 | 584.2 | 695.8 | 1,280.0 |
| Operating income (loss) | 536% | 60% | 97% | 80% | 136% | 112% |
| | 28.9 | 38.8 | 67.7 | 23.2 | 52.8 | 76.0 |
| Software & Services | 112% | 72% | 86% | 160% | 173% | 167% |
| | 23.1 | 25.5 | 48.6 | 37.0 | 44.0 | 81.0 |
| Hardware | | 46% | 140% | | 66% | |
| | 5.8 | 13.3 | 19.1 | (13.8) | 8.8 | (5.0) |

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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 | | |
|---------------------|-------------|---------|---------|----------------|------------|---------|
| | 1st half | 2nd | Total | 1st half | 2nd half | Total |
| | | half | | | (Forecast) | |
| Revenues | 102% | 95% | 98% | 99% | 104% | 101% |
| | 1,071.7 | 1,196.6 | 2,268.3 | 1,057.1 | 1,242.9 | 2,300.0 |
| Software & Services | 102% | 103% | 103% | 101% | 100% | 100% |
| | 470.0 | 545.5 | 1,015.5 | 472.9 | 547.1 | 1,020.0 |
| Software | 90% | 103% | 96% | 98% | | |
| | 75.2 | 79.5 | 154.7 | 73.7 | | |
| Services | 105% | 103% | 104% | 101% | | |
| | 394.8 | 466.0 | 860.8 | 399.2 | | |
| Hardware | 101% | 89% | 95% | 97% | 107% | 102% |
| | 601.7 | 651.1 | 1,252.8 | 584.2 | 695.8 | 1,280.0 |
| Storage *4 | 103% | 90% | 96% | 104% | | |
| | 300.5 | 328.3 | 628.8 | 311.4 | | |
| Servers *5 | 70% | 72% | 71% | 83% | | |
| | 47.1 | 47.6 | 94.7 | 39.2 | | |
| PCs *6 | 93% | 64% | 77% | 83% | | |
| | 62.1 | 54.0 | 116.1 | 51.3 | | |
| Telecommunication | 116% | 100% | 107% | 104% | | |
| | 68.2 | 69.5 | 137.7 | 71.2 | | |
| Others | 114% | 103% | 108% | 90% | | |
| | 123.8 | 151.7 | 275.5 | 111.1 | | |

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 six months ended September 30, 2005, includes Hitachi GST's business results for the six months ended June 30, 2005.

*3. Figures for each product exclude intersegment transactions.

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

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| | Fiscal 2004 | | | Fiscal 2005 | | |
|----------|-------------|----------|-------|--------------|------------|------------|
| | | | | 2nd half | Total | |
| | 1st half | 2nd half | Total | 1st half | (Forecast) | (Forecast) |
| Revenues | 101% | 102% | 102% | 110% | 106% | 108% |
| | 129.0 | 139.0 | 268.0 | 142.0 | 148.0 | 290.0 |

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(4) HARD DISK DRIVES *7 *8 *9**(The upper row shows comparisons to the previous year *10)**

| Period recorded for consolidated accounting purposes | | Fiscal 2004 | | |
|---|----------------------|--------------------------|--------------------------|--------------------------|
| | | 1st half | 2nd half | Total |
| (Shipment Period) | | (Jan. 2004 to Jun. 2004) | (Jul. 2004 to Dec. 2004) | (Jan. 2004 to Dec. 2004) |
| | Yen | 112% (99%) | 90% | 99% (94%) |
| Revenues | (billions of yen) | 216.5 | 237.1 | 453.6 |
| | U.S. dollar | 123% (108%) | 93% | 106% (100%) |
| | (millions of dollar) | 1,998 | 2,200 | 4,198 |
| | Yen | () | () | () |
| Operating income (loss) | (billions of yen) | 4.9 | (10.5) | (5.6) |
| | U.S. dollar | () | () | () |
| | (millions of dollar) | 45 | (98) | (53) |
| Shipments (thousand units) *11 | | 122% (108%) | 107% | 113% (107%) |
| | | 20,500 | 26,100 | 46,600 |
| Consumer and Commercial | 1.8/2.5inch *12 | 134% (110%) | 94% | 110% (101%) |
| | | 12,200 | 13,200 | 25,400 |
| Servers *14 | 3.5inch *13 | 91% (91%) | 94% | 93% (93%) |
| | | 5,700 | 7,600 | 13,300 |
| Emerging *15 | | 160% (131%) | 95% | 120% (110%) |
| | | 1,900 | 1,900 | 3,800 |
| | | 353% (353%) | 1,216% | 860% (860%) |
| | | 700 | 3,440 | 4,140 |

(The upper row shows comparisons to the previous year)

| Period recorded for consolidated accounting purposes | | Fiscal 2005 | | |
|---|-----|--------------------------|--------------------------|--------------------------|
| | | 1st half | 2nd half (Forecast) | Total (Forecast) |
| (Shipment Period) | | (Jan. 2005 to Jun. 2005) | (Jul. 2005 to Dec. 2005) | (Jan. 2005 to Dec. 2005) |
| | Yen | 103% | 113% | 108% |
| Revenues | | 223.2 | 266.8 | 490.0 |

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| | | | | |
|--------------------------------|----------------------|---------------|--------|--------|
| | (billions of yen) | | | |
| | U.S. dollar | 105% | 110% | 107% |
| | (millions of dollar) | 2,090 | 2,410 | 4,500 |
| | Yen | | | |
| Operating income (loss) | (billions of yen) | (24.4) | (11.6) | (36.0) |
| | U.S. dollar | | | |
| | (millions of dollar) | (229) | (106) | (335) |
| Shipments (thousand units) *11 | | 27,300 | 32,700 | 60,000 |
| | | 105% | | |
| Consumer and Commercial | 1.8/2.5inch *12 | 12,800 | | |
| | | 150% | | |
| | 3.5inch *13 | 8,600 | | |
| Servers *14 | | 72% | | |
| | | 1,400 | | |
| Emerging *15 | | 654% | | |
| | | 4,580 | | |

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<Fiscal 2005 2nd Half by Quarter>

(The upper row shows comparisons to the previous year)

| Period recorded for consolidated accounting purposes (Shipment Period) | Fiscal 2005 2nd Half | | |
|--|--|--|-------|
| | 3rd quarter (Jul. 2005 to Sep. 2005)*16 | 4th quarter (Forecast) (Oct. 2005 to Dec. 2005) | |
| Revenues | 101% | 125% | |
| Yen (billions of yen) | 122.4 | 144.4 | |
| | 100% | 119% | |
| U.S. dollar (millions of dollar) | 1,090 | 1,320 | |
| Operating income (loss) | Yen (billions of yen) | (7.4) | (4.2) |
| | U.S. dollar (millions of dollar) | (66) | (40) |
| Shipments (thousand units) *11 | 118% | 132% | |
| | 14,300 | 18,400 | |
| Consumer and Commercial | 1.8/2.5inch *12 | 104% | 6,700 |
| | 3.5inch *13 | 140% | 4,800 |
| Servers *14 | 91% | 1,000 | |
| Emerging *15 | 155% | 1,840 | |

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 six months ended September 30, 2005, includes Hitachi GST's business results for the six months ended June 30, 2005. Meanwhile, the results of Hitachi, Ltd.'s hard disk drive operations for the period from January 1, 2003 through March 31, 2003 were included in Hitachi's results for the year ended March 31, 2003. On April 1, 2003, Hitachi, Ltd.'s hard disk drive 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 hard disk drive operations prior to integration and Hitachi GST's operations of the same period of the previous fiscal year.

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- *11. Shipment less than 100,000 units have been rounded, with the exception of Emerging, where shipment less than 10,000 units have been rounded.
- *12. Consumer electronics applications (1.8inch), note-PCs (2.5inch), etc.
- *13. Desktop-PCs, consumer electronics applications (3.5inch), etc.
- *14. Disk array subsystems, servers (3.5inch), etc.
- *15. Hand held devices (1 inch), automotive (2.5 inch), etc.
- *16. Results for hard disk drive operations in the period from July 1, 2005 through September 30, 2005 will be included in Hitachi's fiscal 2005 third-quarter, ending December 31, 2005 results.

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

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

| | Fiscal 2004 | | | Fiscal 2005 | | |
|-------------------------|-------------|----------|--------|---------------|------------------------|---------------------|
| | 1st half | 2nd half | Total | 1st half | 2nd half (Forecast) | Total (Forecast) |
| Revenues | 106% | 69% | 86% | 75% | 103% | 87% |
| | 126.0 | 97.6 | 223.7 | 94.2 | 100.8 | 195.0 |
| Operating income (loss) | | | | (12.8) | (13.2) | (26.0) |
| | 2.1 | (16.7) | (14.6) | | | |

(2) LCD REVENUES

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

| | Fiscal 2004 | | | Fiscal 2005 | | |
|---------------------------|-------------|----------|-------|-------------|------------------------|---------------------|
| | 1st half | 2nd half | Total | 1st half | 2nd half (Forecast) | Total (Forecast) |
| Revenues | 112% | 66% | 87% | 72% | 106% | 86% |
| | 112.0 | 82.0 | 194.0 | 80.5 | 87.0 | 167.5 |
| Large-size LCDs | 93% | 64% | 78% | 55% | 64% | 59% |
| | 51.0 | 37.5 | 88.5 | 28.0 | 24.0 | 52.0 |
| Medium- & small-size LCDs | 136% | 68% | 96% | 86% | 142% | 109% |
| | 61.0 | 44.5 | 105.5 | 52.5 | 63.0 | 115.5 |

3. Digital Media

SHIPMENTS OF MAIN PRODUCTS *17

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(The upper row shows comparisons to the previous year; thousand units)

| | Fiscal 2004 | | | Fiscal 2005 | | |
|-------------------------|-------------|----------|--------|---------------|------------|--------|
| | 1st half | 2nd half | Total | 2nd half | | Total |
| | | | | 1st half | (Forecast) | |
| Optical Disk Drives *18 | 123% | 119% | 121% | 113% | 108% | 110% |
| | 32,000 | 38,000 | 70,000 | 36,000 | 41,000 | 77,000 |
| Plasma Displays *19 | 200% | 100% | 136% | 113% | 357% | 227% |
| | 160 | 140 | 300 | 180 | 500 | 680 |
| Projection TVs | 95% | 100% | 98% | 79% | 75% | 77% |
| | 190 | 240 | 430 | 150 | 180 | 330 |

Notes: *17. 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.

*18. Hitachi-LG Data Storage (HLDS) has a December 31 year-end and the results for Hitachi, Ltd. for the six months ended September 30, 2005, includes HLDS's business results for the six months ended June 30, 2005.

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

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FOR IMMEDIATE RELEASE

Appointment of President and Name for New Integrated Company to Run Hitachi

Group's Social and Industrial Infrastructure Systems Business

Hitachi Executive Vice President Masaharu Sumikawa Appointed President of

Hitachi Plant Technologies, Ltd.

TOKYO, Japan, October 31, 2005 Hitachi, Ltd. (NYSE:HIT/TSE:6501), Hitachi Plant Engineering & Construction Co., Ltd. (TSE:1970), Hitachi Kiden Kogyo, Ltd. (TSE:6354) and Hitachi Industries Co., Ltd. today announced the appointment of Hitachi Executive Vice President and Executive Officer Masaharu Sumikawa as the President and Chief Executive Officer of the new integrated company to be formed on April 1, 2006. The new company is being established with the purpose of strengthening the Hitachi Group's social and industrial infrastructure systems business. Specifically, plans call for part of the Public & Municipal Systems Division (machinery-related systems business) and the majority of the Industrial Systems Division in Hitachi's Industrial Systems Group to be separated and transferred to Hitachi Plant. At the same time, Hitachi Kiden and Hitachi Industries will be merged into Hitachi Plant, which will continue to operate.

Hitachi, Hitachi Plant, Hitachi Kiden and Hitachi Industries have also agreed to rename Hitachi Plant, which will continue to operate, Hitachi Plant Technologies, Ltd., with effect from April 1, 2006 (the date of the corporate split and merger).

Starting operations on April 1, 2006, Hitachi Plant Technologies will leverage the combined *monozukuri* (manufacturing), engineering and work-site capabilities of the Hitachi Group by bringing together the engineering, design and production, construction, service and other functions of the social and industrial infrastructure systems business, which includes industrial machinery, large-scale air-conditioning systems, water treatment systems, industrial plants, cranes and environmental facilities and systems.

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A further announcement will be made concerning other top executive appointments and matters as soon as they are determined.

1. Biography of New President and Chief Executive Officer**Masaharu Sumikawa**

| | | |
|------------------------|---|--|
| 1. Date of Birth | : | July 2, 1943 |
| 2. Education | | |
| March, 1972 | : | Ph.D. in Precision Machinery Engineering, the University of Tokyo |
| 3. Business Experience | | |
| October, 2004 | : | Executive Vice President and Executive Officer |
| February, 2004 | : | Executive Officer |
| June, 2003 | : | Senior Vice President and Executive Officer |
| June, 2002 | : | Senior Executive Managing Director, President and Chief Executive Officer, Power Systems, Power & Industrial Systems Group |
| February, 2002 | : | Senior Corporate Officer, President and Chief Executive Officer, Power & Industrial Systems Group |
| June, 2001 | : | Senior Corporate Officer, Chief Executive Officer, Industrial Systems, Power & Industrial Systems Group |
| April, 2001 | : | Chief Executive Officer, Industrial Systems, Power & Industrial Systems Group |
| April, 1999 | : | General Manager, Thermal & Hydroelectric Systems Division, Power and Industrial Systems Group |
| June, 1995 | : | Deputy General Manager, Hitachi Works |
| April, 1972 | : | Joined Hitachi, Ltd. |

2. Outline of Hitachi Plant Technologies, Ltd.**Details**

| | |
|------------------|---|
| Company Name | Hitachi Plant Technologies, Ltd. |
| Head Office | 1-14, Uchikanda 1-chome, Chiyoda-ku, Tokyo |
| President | Masaharu Sumikawa |
| Revenues | FY06 (target) Approx. 350.0 billion yen |
| [Consolidated] | FY10 (target) Approx. 400.0 billion yen |
| Operating income | FY06 (target) Approx. 11.4 billion yen |
| [Consolidated] | FY10 (target) Approx. 20.0 billion yen |
| No. of Employees | Approx 7,500 |
| [Consolidated] | |
| Main Businesses | Design, development, manufacturing, sales, service and construction of social and industrial infrastructure machine, mechatronics, air-conditioning system, industrial plant, power generation facilities |

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About Hitachi, Ltd.

Hitachi, Ltd., (NYSE: HIT/ TSE: 6501), 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 9,027.0 billion yen (\$84.4 billion). 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 website at <http://www.hitachi.com>

About Hitachi Plant Engineering & Construction Co., Ltd.

Hitachi Plant Engineering & Construction Co., Ltd. (TSE: 1970), headquartered in Tokyo, Japan, is a major general engineering and construction company with approximately 3,440 (consolidated) employees. Fiscal 2004 (ended March 31, 2005) consolidated sales totaled 199.0 billion yen (\$1.8 billion). The company provides design, manufacturing and construction of air-conditioning, clean rooms, water treatment, dust collection systems, plants, industrial equipment, and power plants and substations, and others. For more information on Hitachi Plant, please visit the company's website at <http://www.hitachiplant.hbi.ne.jp>

About Hitachi Kiden Kogyo, Ltd.

Hitachi Kiden Kogyo, Ltd., (TSE: 6354), headquartered in Amagasaki, Japan, is a *monozukuri* (manufacturing) company with approximately 770 employees. Fiscal 2004 (ended March 31, 2005) consolidated sales totaled 25.5 billion yen. The company offers environmental devices, material handling systems, cranes and electrical systems from engineering to maintenance service, including sales, design, production and installation.

About Hitachi Industries Co., Ltd.

Hitachi Industries Co., Ltd., headquartered in Tokyo, Japan, is rolling out extensive businesses to offer industrial machinery, electronics products and engineering services in fields ranging from micro technologies to large-scale system technologies. Fiscal 2004 (ended March 31, 2005) sales totaled 91.8 billion yen. For more information on Hitachi Industries, please visit the company's website at <http://www.hitachi-hic.com>

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