

HITACHI LTD  
Form 6-K  
November 01, 2007  
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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 2007

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)

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

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

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This report on Form 6-K contains the followings:

1. Press release dated October 25, 2007 regarding Revisions to Consolidated Interim Business Forecast for Fiscal 2007
2. Press release dated October 31, 2007 regarding Consolidated Financial Results for the First Half of Fiscal 2007

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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 1, 2007

By /s/ Masahiro Hayashi  
Masahiro Hayashi  
Executive Vice President and Executive Officer

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FOR IMMEDIATE RELEASE

**Hitachi Announces Revisions to Consolidated Interim Business Forecast  
for Fiscal 2007**

Tokyo, October 25, 2007 Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced revisions to the Company's consolidated interim business forecast for fiscal 2007, the year ending March 31, 2008, which were announced on September 14.

**1. Revisions of Consolidated Interim Business Forecast (from April 1, 2007 to September 30, 2007)**

(Billions of yen)

|   | Revenues       | Operating<br>income | Income<br>before income<br>taxes and<br>minority<br>interests | Income (loss)<br>before<br>minority<br>interests | Net income<br>(loss) |
|---|----------------|---------------------|---|--|----------------------|
| Previous forecast (A)                               | 4,950.0        | 90.0                | 80.0  | 10.0   | (35.0)               |
| <b>Revised forecast (B)</b>                         | <b>5,280.0</b> | <b>121.0</b>        | <b>136.0</b>  | <b>35.0</b>                                      | <b>(13.5)</b>        |
| (B) - (A)   | 330.0          | 31.0                | 56.0  | 25.0   | 21.5                 |
| <br>  |                |                     |   |  |                      |
| % change  | 7%             | 34%                 | 70%   | 250%   |                      |
| <br>  |                |                     |   |  |                      |
| First half of fiscal 2006, ended September 30, 2006 | 4,770.9        | 19.8                | 25.8  | (34.7)   | (78.0)               |

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**2. Reasons for Revisions**

Regarding interim revenues, in addition to growth in the system integration and outsourcing business as well as disk array subsystems of the Information & Telecommunication Systems segment, Hitachi is now forecasting higher revenues than initially expected in the Electronic Devices segment, High Functional Materials & Components segment and Logistics, Services & Others segment, where sales are strong.

On the earnings front, Hitachi has announced better forecast than those announced on September 14 for operating income, income before income taxes and minority interests, income before minority interests and net loss. Besides the higher-than-expected revenue projection, the revised forecast are based on stronger project management in the Information & Telecommunication Systems segment, healthy results in the Power & Industrial Systems and High Functional Materials & Components segments, compensating the loss in Digital Media & Consumer Products segment.

**3. Outlook for Fiscal 2007**

There is no change to the Company's full-year forecast for fiscal 2007 on account of increasing uncertainty about the future, typified by spread concerns over the slowdown in the U.S. economy, foreign exchange rate fluctuations and escalating prices of raw materials.

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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 statements and from historical trends include, but are not limited to:

increasing commoditization of information technology products, and intensifying price competition in the markets for such products, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;

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;

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 restrictions 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 results of litigation and legal proceedings of which the Company, its subsidiaries or its equity method affiliates have become or may become parties;

the possibility of incurring expenses resulting from any defects in products or services of Hitachi;

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 order materials published by Hitachi.

### **About Hitachi, Ltd.**

Hitachi, Ltd., (NYSE: HIT / TSE: 6501), headquartered in Tokyo, Japan, is a leading global electronics company with approximately 384,000 employees worldwide. Fiscal 2006 (ended March 31, 2007) consolidated revenues totaled 10,247 billion yen (\$86.8 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>.

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**FOR IMMEDIATE RELEASE**

**Hitachi Announces Consolidated Financial Results  
for the First Half of Fiscal 2007**

Tokyo, October 31, 2007 Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced its consolidated financial results for the first half of fiscal 2007, ended September 30, 2007.

- Notes: 1. All figures, except for the outlook for fiscal 2007, were converted at the rate of 115 yen to the U.S. dollar, the approximate exchange rate on the Tokyo Foreign Exchange Market as of September 28, 2007.
2. Segment information and operating income (loss) are presented in accordance with financial reporting principles and practices generally accepted in Japan.

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**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 |                       | X100<br>(%) | U.S. Dollars<br>(millions)<br>2007 |
|---|-----------------------------------|-----------------------|-------------|------------------------------------|
|   | Yen                               | (B)/(A)               |             |                                    |
|   | (millions)<br>2006(A)             | (millions)<br>2007(B) |             |                                    |
| 1. Revenues   | 4,770,904                         | 5,280,485             | 111         | 45,917                             |
| 2. Operating income                                   | 19,857                            | 121,668               | 613         | 1,058                              |
| 3. Income before income taxes and minority interests  | 25,813                            | 136,059               | 527         | 1,183                              |
| 4. Income (loss) before minority interests            | (34,714)                          | 35,940                |             | 313                                |
| 5. Net income (loss)                                  | (78,086)                          | (13,060)              |             | (114)                              |
| 6. Net income (loss) per share                        |                                   |                       |             |                                    |
| Basic   | (23.42)                           | (3.93)                |             | (0.03)                             |
| Diluted   | (23.44)                           | (4.06)                |             | (0.04)                             |
| 7. Net income (loss) per ADS (representing 10 shares) |                                   |                       |             |                                    |
| Basic   | (234)                             | (39)                  |             | (0.34)                             |
| Diluted   | (234)                             | (41)                  |             | (0.36)                             |

- 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 920 consolidated subsidiaries, including Variable Interest Entities, and 165 equity-method affiliates.

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**Business Results****1. Summary of Fiscal 2007 First Half Consolidated Business Results****(1) Business Environment**

During the interim period, the global economy remained strong, underpinned by high economic growth in countries like China, despite disruptions in financial markets caused by the subprime loan problem. In the U.S. economy, although exports remained firm, backed by a weak dollar, housing investment was still soft and growth in consumer spending slowed. In the EU, economies of member states were generally strong, with Germany, France, the U.K. and others experiencing growth in exports and capital investment. The Chinese economy sustained a high rate of growth, led by rising exports and continued expansion in investment in fixed assets. Asian economies other than China were also buoyant, with India, for example, enjoying increased foreign investment and expanding internal demand. The exports of ASEAN countries also expanded.

The Japanese economy continued to grow, albeit moderately, driven by capital investment and exports, although the economy temporarily stalled with consumer spending lacking vitality.

**(2) Business Results**

|   | <b>The half year ended September 30, 2007</b> |                                    |                                     |
|---|---|------------------------------------|-------------------------------------|
|   | <b>Billions of<br/>yen</b>                    | <b>Year-over-year<br/>% change</b> | <b>Millions of<br/>U.S. dollars</b> |
| Revenues  | 5,280.4                                       | 11%                                | 45,917                              |
| Operating income                                  | 121.6   | 513%                               | 1,058                               |
| Income before income taxes and minority interests | 136.0   | 427%                               | 1,183                               |
| Income before minority interests                  | 35.9  |                                    | 313                                 |
| Net loss  | (13.0)  |                                    | (114)                               |

Hitachi's fiscal 2007 first-half consolidated revenues rose 11%, to 5,280.4 billion yen year on year. Revenues were higher year on year in the Information & Telecommunication Systems segment on growth in storage solutions, solutions for financial institutions and ATMs. The Power & Industrial Systems segment also recorded higher revenues, mainly on growth in power systems, including equipment for nuclear power plants in Japan and thermal power plants overseas, and railcars, elevators and escalators, automotive systems and construction machinery. The High Functional Materials & Components segment also saw revenues rise year on year due to strong results in products for automobiles and electronics.

Overseas revenues climbed 17%, to 2,284.9 billion yen. Revenues were higher year on year in all regions. The Information & Telecommunication Systems and Power & Industrial Systems segments grew in Asia, including China, and Europe.

Consolidated operating income soared 513%, to 121.6 billion yen, despite the loss of the Digital Media & Consumer Products segment and other segments. The overall result reflected a large increase in earnings in the Power & Industrial Systems segment owing mainly to the absence of lump-sum charges booked in the previous fiscal year to cost overruns in construction at an overseas thermal power plant and costs to cover repair for turbine damage at certain nuclear power plants. Also contributing to the much higher overall earnings were firm growth in the Electronic Devices, High Functional Materials & Components, and Logistics, Services & Others segments.

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Other income increased 51%, to 59.0 billion yen, reflecting the sale of some shares in Hitachi-GE Nuclear Energy, Ltd. following its launching operations as well as improvements in gains on sale of real estate, exchange gains and equity in earnings recovery of affiliated companies. Other deductions increased 35% year on year, to 44.6 billion yen, chiefly due to the recording of an impairment loss relating to the decision to halt production on the old line at a plasma display panel production subsidiary, in a move intended to improve competitiveness in the business.

As a result, Hitachi recorded income before income taxes and minority interests of 136.0 billion yen, up 427% year on year. After income taxes of 100.1 billion yen, Hitachi posted income before minority interests of 35.9 billion yen. However, Hitachi recorded a net loss of 13.0 billion yen, although this was a 65.0 billion yen improvement on the interim net loss posted in the first six months of the previous fiscal year.

**(3) Revenues and Operating Income (Loss) by Segment**

Results by segment were as follows.

**[Information & Telecommunication Systems]**

|                  | The half year ended September 30, 2007 |                            |                             |
|------------------|--|----------------------------|-----------------------------|
|                  | Billions of<br>yen                     | Year-over-year<br>% change | Millions of<br>U.S. dollars |
| Revenues         | 1,254.5                                | 9%                         | 10,909                      |
| Operating income | 12.4                                   | (10%)                      | 108                         |

Information & Telecommunication Systems revenues rose 9%, to 1,254.5 billion yen. Software and services revenues were higher than the corresponding period of the previous year due to firm growth in software sales, especially middleware, in addition to growth in services, reflecting a strong performance in systems integration, particularly services for financial institutions, and expansion in outsourcing and consulting businesses. Hardware revenues also rose, the result of higher sales of HDDs, especially new products, disk array subsystems and ATMs.

Segment operating income declined 10% year on year, to 12.4 billion yen. Earnings in software and services rose mainly due to higher sales and stronger project management in services, in addition to solid earnings in software. In hardware, although HDD operations reported a loss, this was compensated for by healthy earnings in disk array subsystems and improved earnings in ATMs.

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 2007 include operating results of Hitachi GST for the period from January through June 2007.

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**[Electronic Devices]**

|                  | The half year ended September 30, 2007 |                            |                             |
|------------------|--|----------------------------|-----------------------------|
|                  | Billions of<br>yen                     | Year-over-year<br>% change | Millions of<br>U.S. dollars |
| Revenues         | 643.3                                  | 0%                         | 5,594                       |
| Operating income | 25.8                                   | 7%                         | 224                         |

Electronic Devices revenues were 643.3 billion yen, almost the same as the first half of the previous fiscal year, as firm sales at Hitachi High-Technologies Corporation were negated by lower year-on-year sales in the display business as Hitachi prioritized resources to focus on small and medium-sized LCDs.

Operating income increased 7%, to 25.8 billion yen due mainly to improved profitability in the display business and strong earnings at Hitachi High-Technologies.

**[Power & Industrial Systems]**

|                  | The half year ended September 30, 2007 |                            |                             |
|------------------|--|----------------------------|-----------------------------|
|                  | Billions of<br>yen                     | Year-over-year<br>% change | Millions of<br>U.S. dollars |
| Revenues         | 1,598.3                                | 25%                        | 13,899                      |
| Operating income | 63.6                                   |                            | 553                         |

Power & Industrial Systems revenues climbed 25%, to 1,598.3 billion yen. One factor was growth in the power systems business due to higher sales of nuclear power plant equipment in Japan, and of coal-fired thermal power plant equipment with a lower environmental impact technology. The overall segment revenue growth also reflected growth in railcars and systems, strong sales of elevators and escalators and industrial equipment, and robust revenues at Hitachi Construction Machinery Co., Ltd. Growth in automotive systems, due in part to Clarion Co., Ltd. becoming a consolidated subsidiary in December 2006, also lifted overall segment performance.

The segment posted operating income of 63.6 billion yen, a 108.9 billion yen improvement on the previous fiscal year's interim result. There was a large improvement in earnings in the power systems business, as it moved back into the black. Besides higher sales, this was due to the absence of lump-sum charges booked in the previous fiscal year to cover cost overruns in construction at an overseas thermal power plant and to cover repair costs for turbine damage at certain nuclear power plants. Furthermore, in addition to increased earnings in automotive systems, Hitachi Construction Machinery recorded robust earnings.

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**[Digital Media & Consumer Products]**

|                | The half year ended September 30, 2007 |                |              |
|----------------|--|----------------|--------------|
|                | Billions of                            | Year-over-year | Millions of  |
|                | yen                                    | % change       | U.S. dollars |
| Revenues       | 728.0                                  | (4)%           | 6,331        |
| Operating loss | (50.8)                                 |                | (442)        |

Digital Media & Consumer Products revenues decreased 4%, to 728.0 billion yen, despite growth in sales of room air conditioners, commercial-use air conditioners, washing machines and certain other products. The lower overall segment revenues reflected contraction in the projection TV business resulting from the shift to flat-panel TVs and lower sales in mobile phones, which recorded strong growth in the previous fiscal year due to an expanded lineup to meet demand associated with the introduction of phone number portability in Japan.

The segment recorded an operating loss of 50.8 billion yen, 16.3 billion yen more than the corresponding period of the previous fiscal year, due mainly to the effect on earnings in the flat-panel TV business of lower-than-expected sales and lower prices of large-screen TVs in the North American market. On a positive note, earnings remained strong in commercial-use air conditioners and improvement in room air conditioners.

**[High Functional Materials & Components]**

|                  | The half year ended September 30, 2007 |                |              |
|------------------|--|----------------|--------------|
|                  | Billions of                            | Year-over-year | Millions of  |
|                  | yen                                    | % change       | U.S. dollars |
| Revenues         | 933.5                                  | 7%             | 8,118        |
| Operating income | 64.6                                   | 1%             | 562          |

High Functional Materials & Components revenues increased 7%, to 933.5 billion yen on the back of higher sales at Hitachi Metals, Ltd., principally in automotive-related products, and IT equipment- and digital electronics related products such as for LCDs; firm sales growth at Hitachi Chemical Co., Ltd., mainly in the semiconductor-related field; and increased sales at Hitachi Cable, Ltd., principally due to higher sales of wires and cables where the price of copper remained high relative to the previous fiscal year. There was also growth in sales of submarine optical fiber cables due to large orders.

Operating income was 64.6 billion yen, largely on a par with the fiscal 2006 interim result, due to firm earnings at Hitachi Metals, Hitachi Chemical and Hitachi Cable.

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**[Logistics, Services & Others]**

|                  | The half year ended September 30, 2007 |                            |                             |
|------------------|--|----------------------------|-----------------------------|
|                  | Billions of<br>yen                     | Year-over-year<br>% change | Millions of<br>U.S. dollars |
| Revenues         | 618.7                                  | 1%                         | 5,380                       |
| Operating income | 10.7                                   | 35%                        | 94                          |

Logistics, Services & Others revenues were largely unchanged at 618.7 billion yen. Although sales rose at Hitachi Transport System, Ltd., due to expansion in third-party logistics business and large orders, certain overseas sales subsidiaries recorded lower sales.

However, the segment posted a 35% year-on-year increase in operating income, to 10.7 billion yen, the result of higher earnings at Hitachi Transport System stemming from improved efficiency in third-party logistics business and other factors.

**[Financial Services]**

|                  | The half year ended September 30, 2007 |                            |                             |
|------------------|--|----------------------------|-----------------------------|
|                  | Billions of<br>yen                     | Year-over-year<br>% change | Millions of<br>U.S. dollars |
| Revenues         | 222.3                                  | (16)%                      | 1,933                       |
| Operating income | 12.9                                   | (18)%                      | 113                         |

Financial Services revenues decreased 16%, to 222.3 billion yen.

Segment operating income declined 18%, to 12.9 billion yen, mainly on account of higher interest rates.

**(4) Revenues by Market**

|               | The half year ended September 30, 2007 |                            |                             |
|---------------|--|----------------------------|-----------------------------|
|               | Billions of<br>yen                     | Year-over-year<br>% change | Millions of<br>U.S. dollars |
| Japan         | 2,995.4                                | 6%                         | 26,048                      |
| Outside Japan | 2,284.9                                | 17%                        | 19,870                      |
| Asia          | 1,028.2                                | 15%                        | 8,941                       |
| North America | 520.1                                  | 1%                         | 4,523                       |
| Europe        | 506.9                                  | 33%                        | 4,408                       |
| Other Areas   | 229.6                                  | 39%                        | 1,997                       |

Revenues in Japan were 2,995.4 billion yen, 6% higher than in the first six months of fiscal 2006.

Outside Japan, revenues climbed 17% as a whole year on year, to 2,284.9 billion yen, the result of growth in Europe and Asia, mainly China. As a result, the ratio of overseas revenues to consolidated revenues rose 2 percentage points to 43%.

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

Capital investment on a completion basis, excluding leasing assets, rose 15%, to 274.9 billion yen, mainly due to investments in manufacturing facilities for equipment for power plant, railcars, construction machinery, HDD and plasma display operations.

Depreciation, excluding leasing assets, increased 24%, to 204.0 billion yen, reflecting the increase in capital investment and the change of accounting estimate of depreciation.

R&D expenditures, which were used to accelerate development capabilities primarily in automotive systems, digital media-related fields and HDD operations, increased 3%, to 208.8 billion yen, and corresponded to 4.0% of consolidated revenues.

**2. Outlook for Fiscal 2007**

|   | Year ending March 31, 2008 |                         |                          |
|---|----------------------------|-------------------------|--------------------------|
|   | Billions of yen            | Year-over-year % change | Millions of U.S. dollars |
| Revenues  | 10,500.0                   | 2%                      | 95,455                   |
| Operating income                                  | 290.0                      | 59%                     | 2,636                    |
| Income before income taxes and minority interests | 300.0                      | 48%                     | 2,727                    |
| Income before minority interests                  | 130.0                      | 229%                    | 1,182                    |
| Net income  | 40.0                       |                         | 364                      |

In terms of the outlook for the global economy, Hitachi expects the pace of growth to slow in the U.S. economy, reflecting continued sluggishness in housing investment and consumer spending due to fallout from the subprime loan problem and the impact of soaring crude oil prices. On the other hand, European economies are expected to remain solid, supported mainly by capital investment and consumer spending. Furthermore, the Chinese economy is expected to maintain a high growth rate for the time being, although there are concerns surrounding rising prices for goods and the increase value of the yuan. Other Asian economies are projected to remain strong, driven by exports to China and other factors.

The Japanese economy, meanwhile, is forecast to remain on an expansionary, albeit moderate, course due to increasing exports to Asia and elsewhere and an upturn in industrial output following the end of a period of inventory adjustment, although capital investment is only expected to grow at a low rate and consumer spending lacks vigor. Persistently high prices for raw materials, fears of a credit crunch triggered by the subprime loan problem and other causes for concern have, however, conspired to create an unpredictable operating environment.

Under these circumstances, Hitachi is forecasting the results shown above for fiscal 2007, the same as those announced with fiscal 2006 consolidated financial results on May 16, 2007.



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The Hitachi Group is executing a corporate strategy announced in November 2006 based on the themes of collaborative creation and profits. With a rigorous focus on a market-oriented approach and profit creation as the basic policy, the aim is to establish a structure that consistently generates high profits through the execution of key initiatives: increasing management efficiency through application of FIV\* (Future Inspiration Value), Hitachi's original benchmark based on the estimated cost of capital; creation of a business portfolio with higher profitability; promotion of group management; and innovation in collaboration with partners and Hitachi Group companies.

In line with this management policy, Hitachi is working to build a business portfolio for stable, high profits by strengthening its social innovation business, which consists of social infrastructure, industrial infrastructure, life infrastructure and information infrastructure businesses. This will be supported by efforts to maximize synergies with the infrastructure technology/products business that underpins social innovation business operations. During the interim period, to strengthen the nuclear power business, Hitachi established new companies launched in June 2007 its operations of nuclear power businesses in the U.S. and Canada, and in Japan the following July, based on a global strategy agreement with GE in November 2006. In addition, in April 2007 Hitachi subscribed to Nidec Corporation's tender offer for the shares of Hitachi subsidiary Japan Servo Co., Ltd., and sold shares.

Moving forward, Hitachi will continue efforts to maximize group synergies. By taking full advantage of its management resources, such as R&D, marketing capabilities, personnel and its funding system in Hitachi Group, Hitachi will engage in collaborative creation with customers and create new businesses as well as strengthen targeted businesses. Also, Hitachi will strengthen purchasing power based on the group database worldwide, standardize and integrate business operations and take other steps to reduce procurement costs, business expenses, IT operational costs and other costs. Hitachi is implementing business restructuring measures aimed at building a high-earnings framework, and strengthening its financial position.

In HDD, flat-panel TV and other businesses where there are currently issues with profitability, Hitachi is implementing wide-ranging countermeasures to improve its development capabilities, cost competitiveness, marketing activities and other areas of its operations, with the aim of rapidly improving performance in these businesses.

In HDD operations, Hitachi is concentrating management resources on 2.5-inch, 3.5-inch and server products that maximize the advantages of perpendicular magnetic recording technology for high-capacity storage as it strengthens development capabilities. It is also determined to expand shipments of competitive new products. In addition, Hitachi continues to reform its development structure in a bid to strengthen technological capabilities. Actions in this context include continued optimization of manufacturing and development bases such as the closure of a plant in Mexico. Moreover, to speed up the pace of these reforms, Hitachi has revamped its management structure to create a more rigorously efficient and steadily faster-moving organization.

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In flat-panel TV operations, Hitachi is endeavoring to increase its market share by quickly bringing attractive new products to market. This includes launching before the end of 2007 in Japan an ultra-thin LCD TV that is the world's thinnest at only 35mm. Hitachi is also concentrating production at the highly efficient third plant of the Miyazaki Works belonging to plasma display panel production subsidiary Fujitsu Hitachi Plasma Display Limited. By also suspending production at the second plant, Hitachi expects to improve production efficiency. Combined with ongoing efforts to cut materials expenses and fixed costs, Hitachi aims to improve earnings in its flat-panel TV business.

Projections assume exchange rates of 110 yen to the U.S. dollar and 155 yen to the euro for the second half of fiscal 2007.

(\*) FIV is Hitachi's economic value-added evaluation index in which the cost of capital is deducted from after-tax operating profit. After-tax operating profit must exceed the cost of capital to achieve positive FIV.

**3. Financial Position**

|  | Billions of<br>yen | As of September 30, 2007<br>Change from<br>March 31, 2007 | Millions of<br>U.S. dollars |
|--|--------------------|---|-----------------------------|
| Total assets                             | 10,738.7           | 94.4  | 93,380                      |
| Total liabilities                        | 7,154.9            | 27.2  | 62,217                      |
| Interest-bearing debt                    | 2,662.7            | (24.7)  | 23,154                      |
| Minority interests                       | 1,155.4            | 81.7  | 10,048                      |
| Stockholders' equity                     | 2,428.2            | (14.5)  | 21,116                      |
| Stockholders' equity ratio               | 22.6%              | 0.3 point deterioration                                   |                             |
| D/E ratio (including minority interests) | 0.74 times         | 0.02 point improvement                                    |                             |

Total assets as of September 30, 2007 were 10,738.7 billion yen, an increase of 94.4 billion yen from March 31, 2007. Interest-bearing debt decreased 24.7 billion yen, to 2,662.7 billion yen, as Hitachi repaid debt using surplus funds. Stockholders' equity decreased 14.5 billion yen from March 31, 2007 to 2,428.2 billion yen. As a result of these changes, the stockholders' equity ratio declined 0.3 of a point to 22.6%. The debt-to-equity ratio (including minority interests) improved 0.02 of a point to 0.74.

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**4. Cash Flows**

|                                      | <b>The half year ended September 30, 2007</b> |                       |                     |
|--------------------------------------|---|-----------------------|---------------------|
|                                      | <b>Billions of</b>                            | <b>Year-over-year</b> | <b>Millions of</b>  |
|                                      | <b>yen</b>                                    | <b>change</b>         | <b>U.S. dollars</b> |
| Cash flows from operating activities | 378.5   | 201.0                 | 3,292               |
| Cash flows from investing activities | (424.9)                                       | (117.2)               | (3,695)             |
| Free cash flows                      | (46.3)  | 83.8                  | (403)               |
| Cash flows from financing activities | (30.5)  | (152.5)               | (266)               |

Operating activities provided net cash of 378.5 billion yen, an increase of 201.0 billion yen year on year, reflecting the improvement in net loss and progress in quickly collecting accounts receivable.

Investing activities used net cash of 424.9 billion yen, 117.2 billion yen more than in the fiscal 2006 interim period. This was mainly due to the purchase of shares in GE-Hitachi Nuclear Energy Holdings, LLC, which launched operations in June 2007, and increased investment in HDD manufacturing facilities.

Free cash flows, the sum of cash flows from operating and investing activities, were an outflow of 46.3 billion yen, 83.8 billion yen less than the fiscal 2006 interim period.

Financing activities used net cash of 30.5 billion yen, mainly for the substantial repayment of debt and payment of dividends.

The net result of the above items was a decrease of 72.8 billion yen in cash and cash equivalents during the first half of fiscal 2007, to 545.0 billion yen.

**5. Trend of Cash Flow Index**

|  | <b>Year ended</b> | <b>Half year</b>     | <b>Year ended</b> | <b>Half year</b>     |
|--|-------------------|----------------------|-------------------|----------------------|
|  | <b>March 31,</b>  | <b>ended</b>         | <b>March 31,</b>  | <b>ended</b>         |
|  | <b>2006</b>       | <b>September 30,</b> | <b>2007</b>       | <b>September 30,</b> |
|  |                   | <b>2006</b>          |                   | <b>2007</b>          |
| Shareholders' equity ratio (%)           | 25.0              | 23.4                 | 22.9              | 22.6                 |
| Equity ratio based on market value (%)   | 27.7              | 22.3                 | 28.6              | 23.7                 |
| Cash flow to interest-bearing debt ratio | 3.5               | 14.7                 | 4.4               | 7.0                  |
| Interest coverage ratio (times)          | 20.8              | 10.3                 | 16.3              | 18.0                 |

\* Shareholders' equity ratio: Shareholders' equity / Total assets

\* Equity ratio based on market value: Market capitalizations / Total assets

\* Cash flow to interest-bearing debt ratio: Interest-bearing debt / Cash flows from operating activities

\* Interest coverage ratio: Cash flows from operating activities / Interest charges

Note: Market capitalization is computed based on the number of issued shares, excluding treasury stock.

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**6. Basic Policy on the Distribution of Earnings and Fiscal 2007 and 2008 Dividends**

Hitachi has positioned the expansion of overall profits for shareholders over the long term as an important management goal.

In the energy, information, social infrastructure and other industrial fields in which Hitachi's main business segments are active, ensuring competitiveness and increasing earnings amid rapid technological innovation and structural changes in markets requires substantial upfront investments, such as in the form of capital expenditures and research and development. For this reason, 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 reinvestment based on medium- and long-term business plans, as well as to ensure the stable growth of dividends.

Regarding the repurchase of its own shares, Hitachi has adopted a flexible stance toward supplementing dividends through share buybacks, viewing this as a measure for returning profits to shareholders. In doing so, it takes into consideration its business plans and financial condition, market conditions and other factors. Hitachi will repurchase its own shares on an ongoing basis in order to implement a flexible capital strategy, including business restructuring, to maximize shareholder value.

Based on the above policies, Hitachi plans to pay a dividend of 3 yen per share applicable to fiscal 2007 first half. The dividend for fiscal 2008 is still undecided.

**7. 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; litigation and other legal proceedings; product and service quality and liability; natural disasters and similar events; information security; 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:

increasing commoditization of information technology products, and intensifying price competition in the markets for such products, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;

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;

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 restrictions 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 results of litigation and legal proceedings of which the Company, its subsidiaries or its equity method affiliates have become or may become parties;

the possibility of incurring expenses resulting from any defects in products or services of Hitachi;

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 order materials published by Hitachi.

### **Corporate Strategy**

This section has been omitted because there have been no major changes to the information disclosed by the Company on May 16, 2007 in a release titled "Hitachi Announces Consolidated Financial Results for Fiscal 2006." This earnings release can be viewed at the following URL <http://www.hitachi.com/New/cnews/070516.html>

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**Consolidated Statements of Operations**

|   | The half years ended September 30 |           |                        |                                       |
|---|-----------------------------------|-----------|------------------------|---------------------------------------|
|   | Yen                               |           | (B)/(A)<br>X100<br>(%) | U.S.<br>Dollars<br>(millions)<br>2007 |
|   | (millions)                        |           |                        |                                       |
|   | 2006(A)                           | 2007(B)   |                        |                                       |
| Revenues  | 4,770,904                         | 5,280,485 | 111                    | 45,917                                |
| Cost of sales                                     | 3,799,045                         | 4,112,063 | 108                    | 35,757                                |
| Selling, general and administrative expenses      | 952,002                           | 1,046,754 | 110                    | 9,102                                 |
| Operating income                                  | 19,857                            | 121,668   | 613                    | 1,058                                 |
| Other income                                      | 39,008                            | 59,066    | 151                    | 514                                   |
| (Interest and dividends)                          | 14,249                            | 18,825    | 132                    | 164                                   |
| (Other)   | 24,759                            | 40,241    | 163                    | 350                                   |
| Other deductions                                  | 33,052                            | 44,675    | 135                    | 388                                   |
| (Interest charges)                                | 17,238                            | 20,985    | 122                    | 182                                   |
| (Other)   | 15,814                            | 23,690    | 150                    | 206                                   |
| Income before income taxes and minority interests | 25,813                            | 136,059   | 527                    | 1,183                                 |
| Income taxes                                      | 60,527                            | 100,119   | 165                    | 871                                   |
| Income (loss) before minority interests           | (34,714)                          | 35,940    |                        | 313                                   |
| Minority interests                                | 43,372                            | 49,000    | 113                    | 426                                   |
| Net income (loss)                                 | (78,086)                          | (13,060)  |                        | (114)                                 |

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**Consolidated Balance Sheets**

|  | Yen             |                 |           | U.S. Dollars    |
|--|-----------------|-----------------|-----------|-----------------|
|  | (millions)      |                 |           | (millions)      |
|  | As of March 31, | As of Sept. 30, | (B)-(A)   | As of Sept. 30, |
|  | 2007(A)         | 2007(B)         |           | 2007            |
| Assets   | 10,644,259      | 10,738,735      | 94,476    | 93,380          |
| Current assets   | 5,434,135       | 5,363,384       | (70,751)  | 46,638          |
| Cash and cash equivalents                                      | 617,866         | 545,028         | (72,838)  | 4,739           |
| Short-term investments   | 33,986          | 42,019          | 8,033     | 365             |
| Trade receivables  |                 |                 |           |                 |
| Notes  | 154,406         | 154,764         | 358       | 1,346           |
| Accounts   | 2,341,609       | 2,150,950       | (190,659) | 18,704          |
| Investments in leases  | 148,456         | 146,001         | (2,455)   | 1,270           |
| Inventories  | 1,450,258       | 1,619,904       | 169,646   | 14,086          |
| Other current assets   | 687,554         | 704,718         | 17,164    | 6,128           |
| Investments and advances                                       | 1,049,724       | 1,163,663       | 113,939   | 10,119          |
| Property, plant and equipment                                  | 2,688,977       | 2,764,141       | 75,164    | 24,036          |
| Other assets   | 1,471,423       | 1,447,547       | (23,876)  | 12,587          |
| Liabilities, Minority interests and Stockholders' equity       | 10,644,259      | 10,738,735      | 94,476    | 93,380          |
| Current liabilities  | 4,667,544       | 4,713,472       | 45,928    | 40,987          |
| Short-term debt and current portion of long-term debt          | 1,197,607       | 1,171,572       | (26,035)  | 10,188          |
| Trade payables   |                 |                 |           |                 |
| Notes  | 85,282          | 80,788          | (4,494)   | 703             |
| Accounts   | 1,584,959       | 1,532,080       | (52,879)  | 13,322          |
| Advances received  | 284,704         | 404,180         | 119,476   | 3,515           |
| Other current liabilities                                      | 1,514,992       | 1,524,852       | 9,860     | 13,260          |
| Noncurrent liabilities   | 2,460,169       | 2,441,506       | (18,663)  | 21,230          |
| Long-term debt   | 1,489,843       | 1,491,156       | 1,313     | 12,967          |
| Retirement and severance benefits                              | 818,457         | 772,514         | (45,943)  | 6,718           |
| Other liabilities  | 151,869         | 177,836         | 25,967    | 1,546           |
| Minority interests   | 1,073,749       | 1,155,466       | 81,717    | 10,048          |
| Stockholders' equity   | 2,442,797       | 2,428,291       | (14,506)  | 21,116          |
| Common stock   | 282,033         | 282,033         | 0         | 2,452           |
| Capital surplus  | 560,796         | 560,615         | (181)     | 4,875           |
| Legal reserve and retained earnings                            | 1,713,757       | 1,686,188       | (27,569)  | 14,663          |
| Accumulated other comprehensive loss                           | (88,450)        | (74,657)        | 13,793    | (649)           |
| (Foreign currency translation adjustments)                     | (20,906)        | (10,385)        | 10,521    | (90)            |
| (Pension liability adjustments)                                | (146,329)       | (132,621)       | 13,708    | (1,153)         |
| (Net unrealized holding gain on available-for-sale securities) | 77,883          | 66,883          | (11,000)  | 582             |
| (Cash flow hedges)   | 902             | 1,466           | 564       | 13              |
| Treasury stock   | (25,339)        | (25,888)        | (549)     | (225)           |



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**Consolidated Statements of Stockholders' Equity**

|   | Yen (millions)  |                    |                      |   |                   |                                 |
|---|-----------------|--------------------|----------------------|---|-------------------|---------------------------------|
|   | Common<br>stock | Capital<br>surplus | Retained<br>earnings | Accumulated<br>other<br>comprehensive<br>loss | Treasury<br>stock | Total<br>stockholders<br>equity |
| The half year ended Sept. 30, 2007  |                 |                    |                      |   |                   |                                 |
| As of March 31, 2007  | 282,033         | 560,796            | 1,713,757            | (88,450)                                      | (25,339)          | 2,442,797                       |
| Decrease arising from equity transaction, net transfer of minority interests, and other |                 | (220)              | (4,534)              |   |                   | (4,754)                         |
| Net income (loss)   |                 |                    | (13,060)             |   |                   | (13,060)                        |
| Current-period change of accumulated other comprehensive loss                           |                 |                    |                      | 13,793  |                   | 13,793                          |
| Cash dividends  |                 |                    | (9,975)              |   |                   | (9,975)                         |
| Current-period change arising from treasury stock                                       |                 | 39                 |                      |   | (549)             | (510)                           |
| As of September 30, 2007  | 282,033         | 560,615            | 1,686,188            | (74,657)                                      | (25,888)          | 2,428,291                       |
| The year ended March 31, 2007   |                 |                    |                      |   |                   |                                 |
| As of March 31, 2006  | 282,033         | 561,484            | 1,778,203            | (95,997)                                      | (17,950)          | 2,507,773                       |
| Decrease arising from equity transaction, net transfer of minority interests, and other |                 | (3,293)            | (3,329)              |   |                   | (6,622)                         |
| Net income (loss)   |                 |                    | (32,799)             |   |                   | (32,799)                        |
| Current-period change of accumulated other comprehensive loss                           |                 |                    |                      | 7,547   |                   | 7,547                           |
| Cash dividends  |                 |                    | (28,318)             |   |                   | (28,318)                        |
| Current-period change arising from treasury stock                                       |                 | 2,605              |                      |   | (7,389)           | (4,784)                         |
| As of March 31, 2007  | 282,033         | 560,796            | 1,713,757            | (88,450)                                      | (25,339)          | 2,442,797                       |

U.S. Dollars (millions)

|   | Common<br>stock | Capital<br>surplus | Retained<br>earnings | Accumulated<br>other<br>comprehensive<br>loss | Treasury<br>stock | Total<br>stockholders<br>equity |
|---|-----------------|--------------------|----------------------|---|-------------------|---------------------------------|
| The half year ended Sept. 30, 2007  |                 |                    |                      |   |                   |                                 |
| As of March 31, 2007  | 2,452           | 4,876              | 14,902               | (769)   | (220)             | 21,242                          |
| Decrease arising from equity transaction, net transfer of minority interests, and other |                 | (2)                | (39)                 |   |                   | (41)                            |
| Net income (loss)   |                 |                    | (114)                |   |                   | (114)                           |
| Current-period change of accumulated other comprehensive loss                           |                 |                    |                      | 120   |                   | 120                             |
| Cash dividends  |                 |                    | (87)                 |   |                   | (87)                            |
| Current-period change arising from treasury stock                                       |                 | 0                  |                      |   | (5)               | (4)                             |
| As of September 30, 2007  | 2,452           | 4,875              | 14,663               | (649)   | (225)             | 21,116                          |

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**Consolidated Statements of Cash Flows**

|   | The half years ended September 30 |           | U.S. Dollars<br>(millions)<br>2007 |
|---|-----------------------------------|-----------|------------------------------------|
|   | Yen                               |           |                                    |
|   | (millions)<br>2006                | 2007      |                                    |
| Cash flows from operating activities  |                                   |           |                                    |
| Net income (loss)   | (78,086)                          | (13,060)  | (114)                              |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities |                                   |           |                                    |
| Depreciation  | 228,078                           | 265,796   | 2,311                              |
| Deferred income taxes   | (2,205)                           | 16,972    | 148                                |
| Loss on disposal of rental assets and other property                                    | 9,925                             | 1,048     | 9                                  |
| Decrease in receivables   | 179,067                           | 323,244   | 2,811                              |
| Increase in inventories   | (274,363)                         | (193,189) | (1,680)                            |
| Increase (decrease) in payables   | 61,707                            | (75,065)  | (653)                              |
| Other   | 53,381                            | 52,834    | 459                                |
| Net cash provided by operating activities   | 177,504                           | 378,580   | 3,292                              |
| Cash flows from investing activities  |                                   |           |                                    |
| Decrease in short-term investments  | 7,362                             | 14,072    | 122                                |
| Capital expenditures  | (227,378)                         | (250,066) | (2,174)                            |
| Purchase of rental assets, net  | (212,011)                         | (180,469) | (1,569)                            |
| Sale (purchase) of investments and subsidiaries common stock, net                       | 8,745                             | (139,991) | (1,217)                            |
| Collection of investments in leases   | 159,612                           | 161,225   | 1,402                              |
| Other   | (44,017)                          | (29,697)  | (258)                              |
| Net cash used in investing activities   | (307,687)                         | (424,926) | (3,695)                            |
| Cash flows from financing activities  |                                   |           |                                    |
| Increase (decrease) in interest-bearing debt  | 157,782                           | (48,141)  | (419)                              |
| Dividends paid to stockholders  | (18,252)                          | (9,947)   | (86)                               |
| Dividends paid to minority stockholders of subsidiaries                                 | (10,351)                          | (12,739)  | (111)                              |
| Other   | (7,130)                           | 40,277    | 350                                |
| Net cash provided by (used in) financing activities                                     | 122,049                           | (30,550)  | (266)                              |
| Effect of exchange rate changes on cash and cash equivalents                            | 1,100                             | 4,058     | 35                                 |
| Net decrease in cash and cash equivalents   | (7,034)                           | (72,838)  | (633)                              |
| Cash and cash equivalents at beginning of period  | 658,255                           | 617,866   | 5,373                              |
| Cash and cash equivalents at end of period  | 651,221                           | 545,028   | 4,739                              |

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**Segment Information****(1) Industry Segments**

|                         |                                 | The half years ended September 30 |                   |                        | U.S. Dollars<br>(millions)<br>2007 |
|-------------------------|---------------------------------|-----------------------------------|-------------------|------------------------|------------------------------------|
|                         |                                 | 2006(A)                           | 2007(B)           | (B)/(A)<br>X100<br>(%) |                                    |
| Revenues                |                                 |                                   |                   |                        |                                    |
|                         | Information & Telecommunication | 1,147,815                         | 1,254,539         | 109                    | 10,909                             |
|                         | Systems                         | 20%                               | 21%               |                        |                                    |
|                         | Electronic Devices              | 645,921<br>11%                    | 643,333<br>11%    | 100                    | 5,594                              |
|                         | Power & Industrial Systems      | 1,280,816<br>23%                  | 1,598,343<br>27%  | 125                    | 13,899                             |
|                         | Digital Media & Consumer        | 758,759                           | 728,038           | 96                     | 6,331                              |
|                         | Products                        | 14%                               | 12%               |                        |                                    |
|                         | High Functional Materials       | 870,283                           | 933,580           | 107                    | 8,118                              |
|                         | & Components                    | 16%                               | 15%               |                        |                                    |
|                         | Logistics, Services & Others    | 610,984<br>11%                    | 618,719<br>10%    | 101                    | 5,380                              |
|                         | Financial Services              | 263,658<br>5%                     | 222,313<br>4%     | 84                     | 1,933                              |
|                         | Subtotal                        | 5,578,236<br>100%                 | 5,998,865<br>100% | 108                    | 52,164                             |
|                         | Eliminations & Corporate items  | (807,332)                         | (718,380)         |                        | (6,247)                            |
|                         | Total                           | 4,770,904                         | 5,280,485         | 111                    | 45,917                             |
| Operating income (loss) |                                 |                                   |                   |                        |                                    |
|                         | Information & Telecommunication | 13,873                            | 12,455            | 90                     | 108                                |
|                         | Systems                         | 30%                               | 9%                |                        |                                    |
|                         | Electronic Devices              | 24,088<br>53%                     | 25,814<br>19%     | 107                    | 224                                |
|                         | Power & Industrial Systems      | (45,334)<br>(99%)                 | 63,641<br>46%     |                        | 553                                |
|                         | Digital Media & Consumer        | (34,468)                          | (50,866)          |                        | (442)                              |
|                         | Products                        | (75%)                             | (37%)             |                        |                                    |
|                         | High Functional Materials       | 63,886                            | 64,637            | 101                    | 562                                |
|                         | & Components                    | 140%                              | 46%               |                        |                                    |
|                         | Logistics, Services & Others    | 7,986<br>17%                      | 10,763<br>8%      | 135                    | 94                                 |
|                         | Financial Services              | 15,758<br>34%                     | 12,978<br>9%      | 82                     | 113                                |
|                         | Subtotal                        | 45,789                            | 139,422           | 304                    | 1,212                              |

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|                                | 100%     | 100%     |     |       |
|--------------------------------|----------|----------|-----|-------|
| Eliminations & Corporate items | (25,932) | (17,754) |     | (154) |
| Total                          | 9,857    | 121,668  | 613 | 1,058 |

Note: Revenues by industry segment include intersegment transactions.

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**(2) Geographic Segments**

|               |                           | The half years ended September 30 |             |         | U.S.       |
|---------------|---------------------------|-----------------------------------|-------------|---------|------------|
|               |                           | Yen                               |             | (B)/(A) | Dollars    |
|               |                           | (millions)                        |             | X100    | (millions) |
|               |                           | 2006(A)                           | 2007(B)     | (%)     | 2007       |
| Revenues      |                           |                                   |             |         |            |
| Japan         | Outside customer sales    | 3,259,141                         | 3,468,331   | 106     | 30,159     |
|               |                           | 57%                               | 54%         |         |            |
|               | Intersegment transactions | 616,076                           | 716,648     | 116     | 6,232      |
|               |                           | 11%                               | 11%         |         |            |
|               | Total                     | 3,875,217                         | 4,184,979   | 108     | 36,391     |
|               |                           | 68%                               | 65%         |         |            |
| Asia          | Outside customer sales    | 683,171                           | 824,793     | 121     | 7,172      |
|               |                           | 12%                               | 13%         |         |            |
|               | Intersegment transactions | 263,741                           | 316,417     | 120     | 2,751      |
|               |                           | 5%                                | 5%          |         |            |
|               | Total                     | 946,912                           | 1,141,210   | 121     | 9,924      |
|               |                           | 17%                               | 18%         |         |            |
| North America | Outside customer sales    | 475,854                           | 494,368     | 104     | 4,299      |
|               |                           | 8%                                | 8%          |         |            |
|               | Intersegment Transactions | 36,803                            | 56,442      | 153     | 491        |
|               |                           | 1%                                | 1%          |         |            |
|               | Total                     | 512,657                           | 550,810     | 107     | 4,790      |
|               |                           | 9%                                | 9%          |         |            |
| Europe        | Outside customer sales    | 282,533                           | 383,292     | 136     | 3,333      |
|               |                           | 5%                                | 6%          |         |            |
|               | Intersegment transactions | 15,159                            | 29,669      | 196     | 258        |
|               |                           | 0%                                | 0%          |         |            |
|               | Total                     | 297,692                           | 412,961     | 139     | 3,591      |
|               |                           | 5%                                | 6%          |         |            |
| Other Areas   | Outside customer sales    | 70,205                            | 109,701     | 156     | 954        |
|               |                           | 1%                                | 2%          |         |            |
|               | Intersegment Transactions | 8,165                             | 11,563      | 142     | 101        |
|               |                           | 0%                                | 0%          |         |            |
|               | Total                     | 78,370                            | 121,264     | 155     | 1,054      |
|               |                           | 1%                                | 2%          |         |            |
|               | Subtotal                  | 5,710,848                         | 6,411,224   | 112     | 55,750     |
|               |                           | 100%                              | 100%        |         |            |
|               | Eliminations &            |                                   |             |         |            |
|               | Corporate items           | (939,944)                         | (1,130,739) |         | (9,833)    |
| Total         |                           | 4,770,904                         | 5,280,485   | 111     | 45,917     |

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|                                | The half years ended September 30 |                  |             | U.S. Dollars<br>(millions)<br>2007 |
|--------------------------------|-----------------------------------|------------------|-------------|------------------------------------|
|                                | Yen                               |                  | (B)/(A)     |                                    |
|                                | (millions)<br>2006(A)             | 2007(B)          | X100<br>(%) |                                    |
| Operating income (loss)        |                                   |                  |             |                                    |
| Japan                          | 16,713<br>37%                     | 130,875<br>91%   | 783         | 1,138                              |
| Asia                           | 561<br>1%                         | (10,965)<br>(8%) |             | (95)                               |
| North America                  | 15,900<br>36%                     | 3,641<br>3%      | 23          | 32                                 |
| Europe                         | 8,228<br>18%                      | 13,701<br>10%    | 167         | 119                                |
| Other Areas                    | 3,563<br>8%                       | 6,279<br>4%      | 176         | 55                                 |
| Subtotal                       | 44,965<br>100%                    | 143,531<br>100%  | 319         | 1,248                              |
| Eliminations & Corporate items | (25,108)                          | (21,863)         |             | (190)                              |
| Total                          | 19,857                            | 121,668          | 613         | 1,058                              |

**(3) Revenues by Market**

|               | The half years ended September 30 |                   |             | U.S. Dollars<br>(millions)<br>2007 |
|---------------|-----------------------------------|-------------------|-------------|------------------------------------|
|               | Yen                               |                   | (B)/(A)     |                                    |
|               | (millions)<br>2006(A)             | 2007(B)           | X100<br>(%) |                                    |
| Japan         | 2,820,304<br>59%                  | 2,995,490<br>57%  | 106         | 26,048                             |
| Asia          | 891,251<br>19%                    | 1,028,246<br>19%  | 115         | 8,941                              |
| North America | 514,264<br>11%                    | 520,172<br>10%    | 101         | 4,523                              |
| Europe        | 380,362<br>8%                     | 506,970<br>10%    | 133         | 4,408                              |
| Other Areas   | 164,723<br>3%                     | 229,607<br>4%     | 139         | 1,997                              |
| Outside Japan | 1,950,600<br>41%                  | 2,284,995<br>43%  | 117         | 19,870                             |
| Total         | 4,770,904<br>100%                 | 5,280,485<br>100% | 111         | 45,917                             |

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**Per Share Information**

|                                | <b>The half years ended September 30</b> |              |                       |
|--------------------------------|--|--------------|-----------------------|
|                                | <b>2006</b>                              | <b>2007</b>  | <b>2007</b>           |
|                                | <b>(Yen)</b>                             | <b>(Yen)</b> | <b>(U.S. Dollars)</b> |
| Stockholders' equity per share | 720.42                                   | 730.41       | 6.35                  |
| Net income (loss) per share    |  |              |                       |
| Basic                          | (23.42)                                  | (3.93)       | (0.03)                |
| Diluted                        | (23.44)                                  | (4.06)       | (0.04)                |

The reconciliations of the numbers and the amounts used in the basic and diluted net income (loss) per share computations are as follows:

|  | <b>2006</b>               | <b>The half years ended September 30</b> |                                   |
|--|---------------------------|--|-----------------------------------|
|  | <b>(Number of shares)</b> | <b>2007</b>                              | <b>2007</b>                       |
|  |                           | <b>(Number of shares)</b>                |                                   |
| Weighted average number of shares on which basic net income (loss) per share is calculated | 3,333,692,599             | 3,324,730,702                            |                                   |
| Effect of dilutive securities:   |                           |  |                                   |
| Stock options  | 183,049                   | 220,937                                  |                                   |
| Number of shares on which diluted net income (loss) per share is calculated                | 3,333,875,648             | 3,324,951,639                            |                                   |
|  | <b>(Millions of yen)</b>  | <b>(Millions of yen)</b>                 | <b>(Millions of U.S. dollars)</b> |
| Net income (loss) applicable to common stockholders  | (78,086)                  | (13,060)                                 | (114)                             |
| Effect of dilutive securities:   |                           |  |                                   |
| Other  | (56)                      | (450)                                    | (4)                               |
| Net income (loss) on which diluted net income (loss) per share is calculated               | (78,142)                  | (13,510)                                 | (117)                             |

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**Unconsolidated Financial Statements Summary****Income Statements**

|  | The half years ended September 30 |            |                        |                    |
|--|-----------------------------------|------------|------------------------|--------------------|
|  | Yen                               |            |                        | U.S. Dollars       |
|  | (millions)                        | (millions) | (B)/(A)<br>X100<br>(%) | (millions)<br>2007 |
|  | 2006(A)                           | 2007(B)    |                        |                    |
| Revenues                                     | 1,229,485                         | 1,272,924  | 104                    | 11,069             |
| Cost of sales                                | 1,009,574                         | 1,048,350  | 104                    | 9,116              |
| Gross Profit                                 | 219,910                           | 224,574    | 102                    | 1,953              |
| Selling, general and administrative expenses | 285,126                           | 268,263    | 94                     | 2,333              |
| Operating income (loss)                      | (65,215)                          | (43,688)   |                        | (380)              |
| Other income                                 | 41,208                            | 46,268     | 112                    | 402                |
| Other deductions                             | 27,008                            | 25,866     | 96                     | 225                |
| Ordinary income (loss)                       | (51,015)                          | (23,286)   |                        | (202)              |
| Extraordinary gain                           | 19,264                            | 35,421     | 184                    | 308                |
| Extraordinary loss                           | 77,609                            | 51,931     | 67                     | 452                |
| Income (loss) before income taxes            | (109,361)                         | (39,796)   |                        | (346)              |
| Current income taxes                         | (8,801)                           | (8,388)    | 95                     | (73)               |
| Deferred income taxes                        | (34,321)                          | (2,711)    | 8                      | (24)               |
| Net income (loss)                            | (66,238)                          | (28,696)   |                        | (250)              |
| Basic EPS (yen and dollars)                  | (19.87)                           | (8.63)     |                        | (0.08)             |

**Balance Sheets**

|                            | Yen                        |                             |                        |                                       |
|----------------------------|----------------------------|-----------------------------|------------------------|---------------------------------------|
|                            | (millions)                 |                             |                        | U.S. Dollars                          |
|                            | As of March 31,<br>2007(A) | As of Sept. 30,<br>2007 (B) | (B)/(A)<br>X100<br>(%) | (millions)<br>As of Sept. 30,<br>2007 |
| Current assets             | 1,927,116                  | 1,750,471                   | 91                     | 15,221                                |
| (Quick assets)             | 1,525,965                  | 1,358,842                   | 89                     | 11,816                                |
| (Inventories)              | 277,449                    | 274,437                     | 99                     | 2,386                                 |
| (Deferred tax assets)      | 123,700                    | 117,190                     | 95                     | 1,019                                 |
| Fixed assets               | 1,946,785                  | 2,053,029                   | 105                    | 17,852                                |
| (Investments)              | 1,395,682                  | 1,506,307                   | 108                    | 13,098                                |
| (Deferred tax assets)      | 23,127                     | 38,938                      | 168                    | 339                                   |
| (Others)                   | 527,976                    | 507,782                     | 96                     | 4,415                                 |
| Total assets               | 3,873,901                  | 3,803,500                   | 98                     | 33,074                                |
| Current liabilities        | 1,931,985                  | 1,906,482                   | 99                     | 16,578                                |
| Fixed liabilities          | 755,220                    | 759,165                     | 101                    | 6,601                                 |
| (Debentures)               | 290,000                    | 285,000                     | 98                     | 2,478                                 |
| (Long-term loans)          | 291,088                    | 306,052                     | 105                    | 2,661                                 |
| (Others)                   | 174,132                    | 168,113                     | 97                     | 1,462                                 |
| Total liabilities          | 2,687,206                  | 2,665,648                   | 99                     | 23,180                                |
| Net assets                 | 1,186,695                  | 1,137,852                   | 96                     | 9,894                                 |
| Liabilities and net assets | 3,873,901                  | 3,803,500                   | 98                     | 33,074                                |

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October 31, 2007

Hitachi, Ltd.

**Supplementary Information****For the First Half of Fiscal 2007, ended September 30, 2007****1. Summary****(1) Consolidated Basis****(Billions of yen)**

|   | 1st half of fiscal 2006 |                         | 1st half of fiscal 2007 |             | Fiscal 2007 (Forecast) |            |
|---|-------------------------|-------------------------|-------------------------|-------------|------------------------|------------|
|   | (A)                     | (A)/1st half of FY 2005 | (B)                     | (B)/(A)     | (C)                    | (C)/FY2006 |
| Revenues  | 4,770.9                 | 108%                    | <b>5,280.4</b>          | <b>111%</b> | 10,500.0               | 102%       |
| C/U *   | 388%                    |                         | <b>415%</b>             |             |                        |            |
| Operating income                                  | 19.8                    | 26%                     | <b>121.6</b>            | <b>613%</b> | 290.0                  | 159%       |
| Income before income taxes and minority interests | 25.8                    | 31%                     | <b>136.0</b>            | <b>527%</b> | 300.0                  | 148%       |
| Income (loss) before minority interests           | (34.7)                  |                         | <b>35.9</b>             |             | 130.0                  | 329%       |
| Net income (loss)                                 | (78.0)                  |                         | <b>(13.0)</b>           |             | 40.0                   |            |
| C/U *   |                         |                         |                         |             |                        |            |
| Average exchange rate (yen / U.S.\$)              | 115                     |                         | <b>119</b>              |             | 110**                  |            |
| Net interest and dividends                        | (2.9)                   |                         | <b>(2.1)</b>            |             |                        |            |

\* Consolidated basis / Unconsolidated basis

\*\* Assumed exchange rate for 2nd half of fiscal 2007

|   | As of March 31, 2007 | As of September 30, 2007 |
|---|----------------------|--------------------------|
| Cash & cash equivalents, Short-term investments (Billions of yen) | 651.8                | <b>587.0</b>             |
| Interest-bearing debt (Billions of yen)                           | 2,687.4              | <b>2,662.7</b>           |
| Number of employees   | 384,444              | <b>389,091</b>           |
| Japan   | 250,767              | <b>255,845</b>           |
| Overseas  | 133,677              | <b>133,246</b>           |
| Number of consolidated subsidiaries                               |                      |                          |
| (Including Variable Interest Entities)                            | 934                  | <b>920</b>               |
| Japan   | 450                  | <b>429</b>               |
| Overseas  | 484                  | <b>491</b>               |

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**(2) Unconsolidated Basis**

(Billions of yen)

|                                      | 1st half of fiscal 2006 |                         | 1st half of fiscal 2007 |         |
|--------------------------------------|-------------------------|-------------------------|-------------------------|---------|
|                                      | (A)                     | (A)/1st half of FY 2005 | (B)                     | (B)/(A) |
| Revenues                             | 1,229.4                 | 102%                    | 1,272.9                 | 104%    |
| Operating income (loss)              | (65.2)                  |                         | (43.6)                  |         |
| Ordinary income (loss)               | (51.0)                  |                         | (23.2)                  |         |
| Net income (loss)                    | (66.2)                  |                         | (28.6)                  |         |
| Dividend payout ratio (%)            |                         |                         |                         |         |
| Average exchange rate (yen / U.S.\$) | 116                     |                         | 120                     |         |

|   | As of March 31, 2007 | As of September 30, 2007 |
|---|----------------------|--------------------------|
| Cash & cash equivalents, Short-term investments (Billions of yen) | 177.8                | 130.8                    |
| Interest-bearing debt (Billions of yen)                           | 797.6                | 821.9                    |
| Number of employees   | 41,016               | 40,605                   |

**2. Consolidated Revenues by Industry Segment**

(Billions of yen)

|   | 1st half of fiscal 2006 |                         | 1st half of fiscal 2007 |         | Fiscal 2007 (Forecast) |            |
|---|-------------------------|-------------------------|-------------------------|---------|------------------------|------------|
|   | (A)                     | (A)/1st half of FY 2005 | (B)                     | (B)/(A) | (C)                    | (C)/FY2006 |
| Information & Telecommunication Systems | 1,147.8                 | 109%                    | 1,254.5                 | 109%    | 2,490.0                | 101%       |
| Electronic Devices                      | 645.9                   | 111%                    | 643.3                   | 100%    | 1,255.0                | 97%        |
| Power & Industrial Systems              | 1,280.8                 | 100%                    | 1,598.3                 | 125%    | 3,420.0                | 113%       |
| Digital Media & Consumer Products       | 758.7                   | 124%                    | 728.0                   | 96%     | 1,530.0                | 102%       |
| High Functional Materials & Components  | 870.2                   | 114%                    | 933.5                   | 107%    | 1,850.0                | 103%       |
| Logistics, Services & Others            | 610.9                   | 107%                    | 618.7                   | 101%    | 1,210.0                | 100%       |
| Financial Services                      | 263.6                   | 101%                    | 222.3                   | 84%     | 450.0                  | 90%        |
| Eliminations & Corporate items          | (807.3)                 |                         | (718.3)                 |         | (1,705.0)              |            |
| Total                                   | 4,770.9                 | 108%                    | 5,280.4                 | 111%    | 10,500.0               | 102%       |

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**3. Consolidated Operating Income (Loss) by Industry Segment**

(Billions of yen)

|   | 1st half of fiscal 2006 |                         | 1st half of fiscal 2007 |         | Fiscal 2007 (Forecast) |            |
|---|-------------------------|-------------------------|-------------------------|---------|------------------------|------------|
|   | (A)                     | (A)/1st half of FY 2005 | (B)                     | (B)/(A) | (C)                    | (C)/FY2006 |
| Information & Telecommunication Systems | 13.8                    | 60%                     | 12.4                    | 90%     | 83.0                   | 138%       |
| Electronic Devices                      | 24.0                    | 261%                    | 25.8                    | 107%    | 44.0                   | 96%        |
| Power & Industrial Systems              | (45.3)                  |                         | 63.6                    |         | 150.0                  | 412%       |
| Digital Media & Consumer Products       | (34.4)                  |                         | (50.8)                  |         | (72.0)                 |            |
| High Functional Materials & Components  | 63.8                    | 133%                    | 64.6                    | 101%    | 133.0                  | 100%       |
| Logistics, Services & Others            | 7.9                     | 116%                    | 10.7                    | 135%    | 19.0                   | 94%        |
| Financial Services                      | 15.7                    | 98%                     | 12.9                    | 82%     | 22.0                   | 93%        |
| Eliminations & Corporate items          | (25.9)                  |                         | (17.7)                  |         | (89.0)                 |            |
| Total                                   | 19.8                    | 26%                     | 121.6                   | 613%    | 290.0                  | 159%       |

**4. Consolidated Overseas Revenues by Industry Segment**

(Billions of yen)

|   | 1st half of fiscal 2006 |                         | 1st half of fiscal 2007 |         | Fiscal 2007 (Forecast) |            |
|---|-------------------------|-------------------------|-------------------------|---------|------------------------|------------|
|   | (A)                     | (A)/1st half of FY 2005 | (B)                     | (B)/(A) | (C)                    | (C)/FY2006 |
| Information & Telecommunication Systems | 410.0                   | 120%                    | 449.1                   | 110%    |                        |            |
| Electronic Devices                      | 236.2                   | 110%                    | 265.7                   | 112%    |                        |            |
| Power & Industrial Systems              | 491.6                   | 118%                    | 672.1                   | 137%    |                        |            |
| Digital Media & Consumer Products       | 294.4                   | 113%                    | 310.8                   | 106%    |                        |            |
| High Functional Materials & Components  | 292.8                   | 122%                    | 329.2                   | 112%    |                        |            |
| Logistics, Services & Others            | 200.3                   | 115%                    | 226.5                   | 113%    |                        |            |
| Financial Services                      | 25.0                    | 111%                    | 31.3                    | 125%    |                        |            |
| Total                                   | 1,950.6                 | 117%                    | 2,284.9                 | 117%    | 4,500.0                | 108%       |

**5. Overseas Production (Total Revenues of Overseas Manufacturing Subsidiaries)**

(Billions of yen)

|                                 | 1st half of fiscal 2006 |                         | 1st half of fiscal 2007 |         |
|---------------------------------|-------------------------|-------------------------|-------------------------|---------|
|                                 | (A)                     | (A)/1st half of FY 2005 | (B)                     | (B)/(A) |
| Overseas production             | 1,070.0                 | 128%                    | 1,274.6                 | 119%    |
| Percentage of revenues          |                         | 22%                     |                         | 24%     |
| Percentage of overseas revenues |                         | 55%                     |                         | 56%     |

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**6. Consolidated Capital Investment by Industry Segment (Completion basis, including leasing assets)**

|  | Fiscal 2006                             |             | 1st half of fiscal 2007<br>(B)/1st half<br>of FY 2006 |                            | (Billions of yen)<br>Fiscal 2007 (Forecast) |         |
|--|---|-------------|---|----------------------------|---|---------|
|  | (A)                                     | (A)/FY 2005 | (B)   | (B)/1st half<br>of FY 2006 | (C)   | (C)/(A) |
|  | Information & Telecommunication Systems | 155.6       | 126%  | <b>60.6</b>                | <b>85%</b>                                  |         |
| Electronic Devices                     | 34.6                                    | 97%         | <b>13.3</b>   | <b>76%</b>                 |   |         |
| Power & Industrial Systems             | 151.9                                   | 142%        | <b>77.8</b>   | <b>108%</b>                |   |         |
| Digital Media & Consumer Products      | 83.1                                    | 216%        | <b>59.2</b>   | <b>196%</b>                |   |         |
| High Functional Materials & Components | 91.8                                    | 109%        | <b>54.1</b>   | <b>117%</b>                |   |         |
| Logistics, Services & Others           | 28.2                                    | 117%        | <b>18.2</b>   | <b>140%</b>                |   |         |
| Financial Services                     | 554.8                                   | 97%         | <b>235.8</b>  | <b>88%</b>                 |   |         |
| Eliminations & Corporate items         | (51.8)                                  |             | <b>(19.7)</b>   |                            |   |         |
| Total                                  | 1,048.5                                 | 110%        | <b>499.5</b>  | <b>99%</b>                 | 1,050.0                                     | 100%    |
| Internal use assets                    | 522.9                                   | 132%        | <b>274.9</b>  | <b>115%</b>                | 570.0                                       | 109%    |
| Leasing assets                         | 525.5                                   | 94%         | <b>224.6</b>  | <b>85%</b>                 | 480.0                                       | 91%     |

**7. Consolidated Depreciation by Industry Segment**

|  | Fiscal 2006                             |             | 1st half of fiscal 2007<br>(B)/1st half<br>of FY 2006 |                            | (Billions of yen)<br>Fiscal 2007 (Forecast) |         |
|--|---|-------------|---|----------------------------|---|---------|
|  | (A)                                     | (A)/FY 2005 | (B)   | (B)/1st half<br>of FY 2006 | (C)   | (C)/(A) |
|  | Information & Telecommunication Systems | 93.2        | 113%  | <b>55.7</b>                | <b>127%</b>                                 |         |
| Electronic Devices                     | 37.8                                    | 83%         | <b>18.6</b>   | <b>94%</b>                 |   |         |
| Power & Industrial Systems             | 91.7                                    | 115%        | <b>56.0</b>   | <b>138%</b>                |   |         |
| Digital Media & Consumer Products      | 43.5                                    | 107%        | <b>28.7</b>   | <b>144%</b>                |   |         |
| High Functional Materials & Components | 65.9                                    | 102%        | <b>38.7</b>   | <b>122%</b>                |   |         |
| Logistics, Services & Others           | 23.3                                    | 99%         | <b>12.0</b>   | <b>105%</b>                |   |         |
| Financial Services                     | 113.8                                   | 102%        | <b>54.4</b>   | <b>92%</b>                 |   |         |
| Eliminations & Corporate items         | 2.6                                     | 100%        | <b>1.2</b>  | <b>96%</b>                 |   |         |
| Total                                  | 472.1                                   | 105%        | <b>265.7</b>  | <b>117%</b>                | 560.0                                       | 119%    |
| Internal use assets                    | 346.4                                   | 105%        | <b>204.0</b>  | <b>124%</b>                | 440.0                                       | 127%    |
| Leasing assets                         | 125.7                                   | 104%        | <b>61.7</b>   | <b>96%</b>                 | 120.0                                       | 95%     |

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**8. Consolidated R&D Expenditure by Industry Segment**

|  | Fiscal 2006                             |             | 1st half of fiscal 2007 |                            | (Billions of yen)<br>Fiscal 2007 (Forecast) |         |
|--|---|-------------|-------------------------|----------------------------|---|---------|
|  | (A)                                     | (A)/FY 2005 | (B)                     | (B)/1st half<br>of FY 2006 | (C)   | (C)/(A) |
|  | Information & Telecommunication Systems | 157.8       | 98%                     | 77.0                       | 96%   |         |
| Electronic Devices                     | 46.0                                    | 98%         | 22.9                    | 101%                       |   |         |
| Power & Industrial Systems             | 95.0                                    | 111%        | 52.2                    | 128%                       |   |         |
| Digital Media & Consumer Products      | 35.8                                    | 107%        | 19.0                    | 101%                       |   |         |
| High Functional Materials & Components | 50.1                                    | 103%        | 25.5                    | 103%                       |   |         |
| Logistics, Services & Others           | 2.5                                     | 53%         | 2.0                     | 454%                       |   |         |
| Financial Services                     | 1.5                                     | 90%         | 0.6                     | 88%                        |   |         |
| Corporate items                        | 23.4                                    | 107%        | 9.2                     | 73%                        |   |         |
| Total                                  | 412.5                                   | 102%        | 208.8                   | 103%                       | 430.0                                       | 104%    |
| Percentage of revenues                 | 4.0%                                    |             | 4.0%                    |                            | 4.1%  |         |

**9. Consolidated Balance Sheets by Financial and Non-Financial Services**

|                                    | As of             |                       | Liabilities and Stockholders equity                        | (Billions of yen)          |                                |
|------------------------------------|-------------------|-----------------------|--|----------------------------|--------------------------------|
|                                    | March 31,<br>2007 | September 30,<br>2007 |  | As of<br>March 31,<br>2007 | As of<br>September 30,<br>2007 |
| Assets                             |                   |                       | Manufacturing, Services and Others                         |                            |                                |
| Manufacturing, Services and Others |                   |                       | Short-term debt  | 1,088.2                    | 1,083.1                        |
| Cash and cash equivalents          | 575.2             | 507.5                 | Trade payables   | 1,612.5                    | 1,587.4                        |
| Short-term investments             | 32.0              | 40.2                  | Long-term debt   | 934.7                      | 957.4                          |
| Trade receivables                  | 2,095.2           | 1,895.6               | Other liabilities  | 2,520.4                    | 2,614.5                        |
| Inventories                        | 1,450.7           | 1,620.1               | Total  | 6,155.9                    | 6,242.5                        |
| Investments and advances           | 906.5             | 1,023.4               | Financial Services   |                            |                                |
| Property, plant and equipment      | 2,323.3           | 2,393.2               | Short-term debt  | 811.7                      | 825.3                          |
| Other assets                       | 2,023.5           | 2,080.1               | Trade payables   | 335.7                      | 297.8                          |
| Total                              | 9,406.7           | 9,560.4               | Long-term debt   | 709.9                      | 683.2                          |
| Financial Services                 |                   |                       | Other liabilities  | 292.2                      | 308.0                          |
| Cash and cash equivalents          | 42.5              | 37.4                  | Total  | 2,149.7                    | 2,114.4                        |
| Trade receivables                  | 721.5             | 723.0                 | Eliminations   | (1,178.0)                  | (1,202.0)                      |
| Investments in leases              | 664.5             | 637.1                 | Liabilities  | 7,127.7                    | 7,154.9                        |
| Property, plant and equipment      | 373.7             | 378.3                 | Minority interests   | 1,073.7                    | 1,155.4                        |
| Other assets                       | 639.6             | 628.4                 | Stockholders equity  | 2,442.7                    | 2,428.2                        |
| Total                              | 2,442.0           | 2,404.5               | Liabilities, Minority interests and<br>Stockholders equity | 10,644.2                   | 10,738.7                       |
| Eliminations                       | (1,204.5)         | (1,226.2)             |  |                            |                                |
| Assets                             | 10,644.2          | 10,738.7              |  |                            |                                |

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**10. Consolidated Statements of Operations by Financial and Non-Financial Services**

|                                    |   | 1st half of fiscal<br>2006 | (Billions of yen)<br>1st half of fiscal<br>2007 |
|------------------------------------|---|----------------------------|---|
|                                    | Revenues  | 4,612.7                    | 5,148.0   |
| Manufacturing, Services and Others | Cost of sales and selling, general and<br>administrative expenses | 4,607.6                    | 5,037.9   |
|                                    | Operating income  | 5.0                        | 110.1   |
|                                    | Revenues  | 263.6                      | 222.3   |
| Financial Services                 | Cost of sales and selling, general and<br>administrative expenses | 247.9                      | 209.3   |
|                                    | Operating income  | 15.7                       | 12.9  |
|                                    | Revenues  | (105.5)                    | (89.8)  |
| Eliminations                       | Cost of sales and selling, general and<br>administrative expenses | (104.5)                    | (88.4)  |
|                                    | Operating income  | (0.9)                      | (1.4)   |
|                                    | Revenues  | 4,770.9                    | 5,280.4   |
| Total                              | Cost of sales and selling, general and<br>administrative expenses | 4,751.0                    | 5,158.8   |
|                                    | Operating income  | 19.8                       | 121.6   |

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, 2007

Hitachi, Ltd.

**Supplementary Information on Information & Telecommunication Systems,  
Displays and Digital Media**

Note: \*1. Segment information and operating income are presented in accordance with financial reporting principles and practices generally accepted in Japan.

**1. Information & Telecommunication Systems** \*2**(1) Revenues and Operating Income (Loss)** \*3

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

|                         | Fiscal 2006 |          |         | Fiscal 2007    |                     |                  |
|-------------------------|-------------|----------|---------|----------------|---------------------|------------------|
|                         | 1st half    | 2nd half | Total   | 1st half       | 2nd half (Forecast) | Total (Forecast) |
| Revenues                | 109%        | 102%     | 105%    | <b>109%</b>    | 93%                 | 101%             |
|                         | 1,147.8     | 1,324.4  | 2,472.2 | <b>1,254.5</b> | 1,235.5             | 2,490.0          |
| Software & Services     | 114%        | 104%     | 108%    | <b>111%</b>    | 91%                 | 100%             |
|                         | 536.9       | 608.4    | 1,145.3 | <b>594.8</b>   | 555.2               | 1,150.0          |
| Software                | 106%        | 95%      | 100%    | <b>103%</b>    |                     |                  |
|                         | 78.4        | 75.6     | 154.0   | <b>80.7</b>    |                     |                  |
| Services                | 115%        | 106%     | 110%    | <b>112%</b>    |                     |                  |
|                         | 458.5       | 532.8    | 991.3   | <b>514.1</b>   |                     |                  |
| Hardware                | 105%        | 99%      | 102%    | <b>108%</b>    | 95%                 | 101%             |
|                         | 610.9       | 716.0    | 1,326.9 | <b>659.7</b>   | 680.3               | 1,340.0          |
| Storage *4              | 113%        | 110%     | 111%    | <b>115%</b>    |                     |                  |
|                         | 351.2       | 420.1    | 771.3   | <b>402.4</b>   |                     |                  |
| Servers *5              | 121%        | 95%      | 106%    | <b>93%</b>     |                     |                  |
|                         | 47.3        | 45.9     | 93.2    | <b>44.2</b>    |                     |                  |
| PCs *6                  | 72%         | 60%      | 66%     | <b>68%</b>     |                     |                  |
|                         | 37.0        | 32.5     | 69.5    | <b>25.0</b>    |                     |                  |
| Telecommunication       | 86%         | 89%      | 88%     | <b>95%</b>     |                     |                  |
|                         | 61.5        | 57.4     | 118.9   | <b>58.3</b>    |                     |                  |
| Others                  | 103%        | 94%      | 97%     | <b>114%</b>    |                     |                  |
|                         | 113.9       | 160.1    | 274.0   | <b>129.8</b>   |                     |                  |
| Operating income (loss) | 60%         | 76%      | 71%     | <b>90%</b>     | 152%                | 138%             |
|                         | 13.8        | 46.4     | 60.3    | <b>12.4</b>    | 70.6                | 83.0             |
| Software & Services     | 75%         | 121%     | 101%    | <b>136%</b>    | 93%                 | 107%             |
|                         | 27.8        | 56.4     | 84.2    | <b>37.7</b>    | 52.3                | 90.0             |
| Hardware                |             |          |         | <b>(25.3)</b>  | 18.3                | (7.0)            |
|                         | (14.0)      | (10.0)   | (24.0)  |                |                     |                  |

Notes: \*2. The Hard Disk Drive 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 six months, ended September 30, 2007, include the operating results of Hitachi GST for the six months ended June 30, 2007.

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

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

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

\*6. Figures for PCs include PC servers, client PCs (only commercial use from FY2006), etc.

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**(2) Storage Solutions (except Hard Disk Drives)**

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

|          | Fiscal 2006 |          |       | Fiscal 2007  |                        |                     |
|----------|-------------|----------|-------|--------------|------------------------|---------------------|
|          | 1st half    | 2nd half | Total | 1st half     | 2nd half<br>(Forecast) | Total<br>(Forecast) |
| Revenues | 114%        | 106%     | 109%  | <b>107%</b>  | 100%                   | 103%                |
|          | 162.0       | 186.0    | 348.0 | <b>174.0</b> | 186.0                  | 360.0               |

**(3) Hard Disk Drives \*7 \*8**

(The upper rows show comparisons to the previous year)

| Period recorded for              |                      | Fiscal 2006               |                           |                           | Fiscal 2007                           |                           |                           |
|----------------------------------|----------------------|---------------------------|---------------------------|---------------------------|---------------------------------------|---------------------------|---------------------------|
|                                  |                      | 1st half                  | 2nd half                  | Total                     | 1st half<br>Jan. 2007 to<br>Jun. 2007 | 2nd half<br>(Forecast)    | Total<br>(Forecast)       |
| consolidated accounting purposes | Shipment Period      | Jan. 2006 to<br>Jun. 2006 | Jul. 2006 to<br>Dec. 2006 | Jan. 2006 to<br>Dec. 2006 | Jun. 2007                             | Jul. 2007 to<br>Dec. 2007 | Jan. 2007 to<br>Dec. 2007 |
| Revenues                         | Yen                  | 113%                      | 116%                      | 114%                      | <b>118%</b>                           | 108%                      | 113%                      |
|                                  | (billions of yen)    | 252.3                     | 315.8                     | 568.1                     | <b>298.7</b>                          | 342.2                     | 640.9                     |
|                                  | U.S. dollar          | 104%                      | 113%                      | 109%                      | <b>114%</b>                           | 112%                      | 113%                      |
|                                  | (millions of dollar) | 2,183                     | 2,694                     | 4,877                     | <b>2,479</b>                          | 3,021                     | 5,500                     |
| Operating income (loss)          | Yen                  |                           |                           |                           |                                       |                           |                           |
|                                  | (billions of yen)    | (18.4)                    | (25.4)                    | (43.7)                    | <b>(38.9)</b>                         | 2.1                       | (36.8)                    |
|                                  | U.S. dollar          |                           |                           |                           |                                       |                           |                           |
|                                  | (millions of dollar) | (159)                     | (216)                     | (375)                     | <b>(323)</b>                          | 23                        | (300)                     |
| Shipments (thousand units) *9    |                      | 108%                      | 130%                      | 120%                      | <b>134%</b>                           | 124%                      | 129%                      |
|                                  |                      | 29,600                    | 40,400                    | 70,000                    | <b>39,700</b>                         | 50,300                    | 90,000                    |
| Consumer and                     | 1.8/2.5inch *10      | 126%                      | 139%                      | 133%                      | <b>126%</b>                           |                           |                           |
|                                  |                      | 16,100                    | 21,600                    | 37,700                    | <b>20,300</b>                         |                           |                           |
| Commercial                       | 3.5inch *11          | 126%                      | 145%                      | 137%                      | <b>153%</b>                           |                           |                           |
|                                  |                      | 10,800                    | 15,800                    | 26,600                    | <b>16,500</b>                         |                           |                           |
| Servers *12                      |                      | 138%                      | 111%                      | 122%                      | <b>119%</b>                           |                           |                           |
|                                  |                      | 1,900                     | 2,200                     | 4,100                     | <b>2,300</b>                          |                           |                           |
| Emerging *13                     |                      | 18%                       | 29%                       | 22%                       | <b>83%</b>                            |                           |                           |
|                                  |                      | 810                       | 790                       | 1,600                     | <b>670</b>                            |                           |                           |



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**< 2nd Half by Quarter >**

(The upper rows show comparisons to the previous year)

| Period recorded for              |                      | Fiscal 2006 2nd Half                     |  | Fiscal 2007 2nd Half                     |  |
|----------------------------------|----------------------|--|--|--|--|
|                                  |                      | 3rd quarter<br>Jul. 2006 to<br>Sep. 2006 | 4th quarter<br>Oct. 2006 to<br>Dec. 2006 | 3rd quarter<br>Jul. 2007 to<br>Sep. 2007 | 4th quarter<br>(Forecast)<br>Oct. 2007 to<br>Dec. 2007 |
| consolidated accounting purposes |                      |  |  |  |  |
| Shipment Period                  |                      |  |  |  |  |
| Revenues                         | Yen                  | 127%                                     | 107%                                     | 109%                                     | 107%   |
|                                  | (billions of yen)    | 155.0                                    | 160.8                                    | 169.4                                    | 172.8  |
|                                  | U.S. dollar          | 122%                                     | 106%                                     | 109%                                     | 115%   |
|                                  | (millions of dollar) | 1,328                                    | 1,365                                    | 1,450                                    | 1,571  |
| Operating income (loss)          | Yen                  |  |  |  |  |
|                                  | (billions of yen)    | (14.4)                                   | (11.0)                                   | (6.8)                                    | 8.9  |
|                                  | U.S. dollar          |  |  |  |  |
|                                  | (millions of dollar) | (124)                                    | (93)                                     | (58)                                     | 81   |
| Shipments (thousand units) *9    |                      | 139%                                     | 122%                                     | 122%                                     | 126%   |
|                                  |                      | 19,900                                   | 20,500                                   | 24,300                                   | 25,900   |
| Consumer and                     | 1.8/2.5inch *10      | 166%                                     | 119%                                     | 114%                                     |  |
|                                  |                      | 11,100                                   | 10,400                                   | 12,700                                   |  |
| Commercial                       | 3.5inch *11          | 151%                                     | 141%                                     | 144%                                     |  |
|                                  |                      | 7,200                                    | 8,600                                    | 10,400                                   |  |
| Servers *12                      |                      | 110%                                     | 112%                                     | 95%                                      |  |
|                                  |                      | 1,100                                    | 1,200                                    | 1,000                                    |  |
| Emerging *13                     |                      | 24%                                      | 39%                                      | 40%                                      |  |
|                                  |                      | 450                                      | 340                                      | 180                                      |  |

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

\*8. Hitachi GST's operating currency is U.S. dollar. Yen figures include yen / dollar conversion fluctuation.

\*9. Shipment less than 100,000 units have been rounded, with the exception of Emerging, where shipment less than 10,000 units have been rounded.

\*10. Consumer electronics applications (1.8inch), note-PCs (2.5inch), etc.

\*11. Desktop-PCs, consumer electronics applications (3.5inch), etc.

\*12. Disk array subsystems, servers (3.5inch), etc.

\*13. Hand held devices (1inch), automotive (2.5inch), etc.

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**2. Displays****(1) Revenues and Operating Income (Loss)**

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

|                         | Fiscal 2006 |          |       | 1st half     | Fiscal 2007            |                     |
|-------------------------|-------------|----------|-------|--------------|------------------------|---------------------|
|                         | 1st half    | 2nd half | Total |              | 2nd half<br>(Forecast) | Total<br>(Forecast) |
| Revenues                | 107%        | 102%     | 105%  | <b>94%</b>   | 106%                   | 100%                |
|                         | 101.0       | 99.2     | 200.3 | <b>94.6</b>  | 105.4                  | 200.0               |
| Operating income (loss) |             |          |       | <b>(1.6)</b> | 74%                    | 360%                |
|                         | (4.3)       | 4.9      | 0.5   |              | 3.6                    | 2.0                 |

**(2) LCD Revenues**

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

|          | Fiscal 2006 |          |       | 1st half    | Fiscal 2007            |                     |
|----------|-------------|----------|-------|-------------|------------------------|---------------------|
|          | 1st half    | 2nd half | Total |             | 2nd half<br>(Forecast) | Total<br>(Forecast) |
| Revenues | 107%        | 108%     | 108%  | <b>100%</b> | 99%                    | 99%                 |
|          | 86.0        | 91.0     | 177.0 | <b>86.0</b> | 90.0                   | 176.0               |

**3. Digital Media****Shipments of Main Products \*14**

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

|                         | Fiscal 2006 |          |        | 1st half      | Fiscal 2007            |                     |
|-------------------------|-------------|----------|--------|---------------|------------------------|---------------------|
|                         | 1st half    | 2nd half | Total  |               | 2nd half<br>(Forecast) | Total<br>(Forecast) |
| Optical Disk Drives *15 | 100%        | 106%     | 103%   | <b>111%</b>   | 124%                   | 118%                |
|                         | 36,000      | 41,000   | 77,000 | <b>40,000</b> | 51,000                 | 91,000              |
| Plasma TVs *16          | 178%        | 150%     | 160%   | <b>128%</b>   | 176%                   | 156%                |
|                         | 320         | 450      | 770    | <b>410</b>    | 790                    | 1,200               |
| LCD TVs                 | 222%        | 172%     | 189%   | <b>152%</b>   | 161%                   | 158%                |
|                         | 200         | 310      | 510    | <b>300</b>    | 500                    | 800                 |

Notes: \*14. Shipment less than 10,000 units have been rounded, with the exception of Optical Disk Drives, where shipment less than 100,000 units have been rounded.

\*15. The Optical Disk Drive operations are conducted by Hitachi-LG Data Storage, Inc. (HLDS), which has a December 31 fiscal year-end, different from Hitachi's March 31 year-end. Hitachi's results for the six months, ended September 30, 2007 include the operating results of HLDS for the six months ended June 30, 2007.

\*16. The sum of plasma TV and plasma monitor shipments.

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