

Hitachi Announces Consolidated Financial Results for Fiscal 2002

Tokyo, April 28, 2003 --- Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced its consolidated financial results for fiscal 2002, the year ended March 31, 2003.

During the year, the world economy achieved only a modest recovery. While the U.S. and Asia appeared to be moving onto a recovery footing, uncertainty grew in the second half of the year as the key U.S. economy slowed, the Iraq war started and share prices fell. The Japanese economy showed some positive signs with personal spending holding its ground and private-sector plant and equipment investment showing signs of recovery. However, export growth, which had been a source of strength for the Japanese economy, stalled due to the weakness of the global economic recovery. And with structural issues, notably problem loans, still to be addressed in Japan, the economy failed to stage a broad-based recovery.

Against this backdrop, net sales edged up 2% to 8,191.7 billion yen (US\$68,265 million). Hitachi posted operating income of 152.9 billion yen (US\$1,275 million), reversing an operating loss of 117.4 billion yen (US\$978 million) in the previous fiscal year. This improvement was mainly due to lower fixed costs brought about by the structural reforms implemented in the previous fiscal year, as well as to the results of the Corporate Innovation Initiative (CII), including the Procurement Renewal Project.

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By segment, Information & Telecommunication Systems sales rose 4%, to 1,899.6 billion yen (US\$15,830 million) despite difficult market conditions characterized by a slow recovery in worldwide IT demand. Underpinning sales was increased sales for RAID systems and hard disk drives as well as for systems integration services such as for e-government-related projects in Japan. The segment recorded operating income of 110.5 billion yen (US\$921 million), up 209% year on year due to several factors. One was the benefits of structural reforms that have been implemented since fiscal 2001, primarily in the telecommunication equipment sector. Another was increased earnings from RAID systems and systems integration services.

In Electronic Devices, sales were up markedly in semiconductors on solid demand for system LSIs, including LCD drivers and microcontrollers for automotive applications as well as multi-purpose semiconductors. This strength offset sluggish system memory and DRAM sales. In displays, overall sales were largely unchanged. Small and medium-size TFT LCDs used in mobile phones recorded significantly higher sales. But this growth was negated by the absence of sales from CRTs for PC monitors, a business that Hitachi terminated in fiscal 2001, and by lower sales of large-size TFT LCDs due to falling sales prices. Semiconductor manufacturing equipment sales were sluggish as demand failed to recover fully. Nevertheless, segment sales as a whole were 1,570.0 billion yen (US\$13,084 million), 6% higher year on year. While the segment recorded an operating loss of 23.2 billion yen (US\$194 million), this was a 140.3 billion yen (US\$1,170 million) improvement from the 163.6 billion yen (US\$1,364 million) loss recorded in fiscal 2001. This turnaround reflected structural reforms that included the termination of unprofitable products such as CRTs for PC monitors and the streamlining of certain semiconductor production lines.

In Power & Industrial Systems, sales from maintenance services for nuclear and thermal power generation plants of Japanese electric power companies declined. And sales of air-conditioning, industrial and other equipment declined because of the fall-off in private-sector plant and equipment investment in Japan. Nevertheless, segment sales rose 1%, to 2,297.0 billion yen (US\$19,142 million) on sharply higher sales in automotive equipment operations in line with the inclusion in consolidated results of the former Unisia JECS Corporation (now Hitachi Unisia Automotive, Ltd.), which became a wholly owned subsidiary in October 2002, and brisk demand for construction machinery in China and other overseas markets. The segment saw operating income decrease 3%, to 53.2 billion yen (US\$444 million) despite a significant improvement in profitability in construction machinery operations. Dragging down earnings was a decline in profitability in certain major projects, such as power generation equipment in overseas markets, as well as falling earnings from environmental equipment in Japan.

In Digital Media & Consumer Products, segment sales rose 3%, to 1,205.5 billion yen (US\$10,046 million). Sales of optical storage products and plasma TVs grew, but sales of large home appliances were lackluster, the result of falling sales prices in Japan, and mobile phone sales also dropped. At Hitachi Maxell, Ltd., sales were largely on a par with fiscal 2001 levels as growth in rechargeable battery sales, notably lithium-ion batteries used in mobile phones, and recordable DVDs was offset by falling audiotape and videotape sales. The segment recorded operating income of 6.2 billion yen (US\$52 million), a 20.8 billion yen (US\$174 million) turnaround from the 14.6 billion yen (US\$122 million) operating loss posted in fiscal 2001. This reflected an improvement in profitability in rechargeable batteries at Hitachi Maxell and the benefits of structural reforms. Hampering further gains were falling sales prices, mainly of home appliances, and delays in developing new mobile phone models.

In High Functional Materials & Components, segment sales were basically flat year on year at 1,248.5 billion yen (US\$10,405 million). Hitachi Cable, Ltd. saw sales drop year on year as sluggish sales in wires and cables operations, particularly submarine fiber-optic cables, outweighed growth in sales in Japan, mainly from information network-related products. At Hitachi Metals, Ltd. sales were on a par with fiscal 2001. Strong demand for automobile- and electronics-related products was negated by lower sales of construction components, plant and equipment. Hitachi Chemical Co., Ltd. recorded higher sales on growth in electronics-related materials for applications such as semiconductors and LCDs, and industrial materials despite falling demand for housing equipment and environmental facilities. The segment posted operating income of 18.3 billion yen (US\$153 million), a 40.3 billion yen (US\$336 million) improvement from the 22.0 billion yen (US\$184 million) operating loss in fiscal 2001, as earnings benefited from the results of structural reforms.

In Logistics, Services & Others, segment sales rose 1%, to 1,449.5 billion yen (US\$12,080 million) on higher sales of hard disk drives at overseas sales companies. Growth in segment sales was held back by the sale of Tokyo Monorail Co., Ltd., formerly a subsidiary of Hitachi Transport System, Ltd., in the second half of the previous fiscal year. Segment operating income climbed 218%, to 10.3 billion yen (US\$86 million).

In Financial Services, segment sales increased 2%, to 579.2 billion yen (US\$4,827 million). This increase was partly attributable to the boost given by Hitachi Capital Corporation's acquisition of Sekisui Leasing Co., Ltd. in the second half of the previous fiscal year. Hampering further growth was a lackluster performance in core financial services. Segment operating income decreased 68%, to 12.0 billion yen (US\$101 million) for two main reasons. One was lower earnings in the leasing business because of falling interest rates. The other reason was one-time charges taken to strengthen the balance sheet, such as providing for pension reforms.

Other income came to 46.7 billion yen (US\$389 million), up 10.6 billion yen (US\$89 million), reflecting gains on the sale of real estate and other items. Meanwhile, other deductions decreased 401.8 billion yen (US\$3,349 million), to 102.8 billion yen (US\$857 million) as restructuring charges were not incurred during the year, as they were in fiscal 2001, and because of lower interest expenses resulting from reductions in debt.

As a result, income before income taxes was 96.8 billion yen (US\$807 million), and after 52.6 billion yen (US\$439 million) in income taxes, Hitachi recorded income before minority interests of 44.1 billion yen (US\$368 million) and net income of 27.8 billion yen (US\$232 million).

Financial Position

Net cash provided by operating activities was 646.5 billion yen (US\$5,388 million), an increase of 163.6 billion yen (US\$1,364 million) year on year. This was the result of efforts to use working capital more efficiently, such as by promoting Project C, which reduced the time required to turn over inventory and accounts receivable.

Investing activities used net cash of 619.2 billion yen (US\$5,161 million), 346.4 billion yen (US\$2,887 million) more than in fiscal 2001. Hitachi used less cash for the purchase of property, plant and equipment as it made selective capital investments, and cash inflows were generated by sales of short-term investments and subsidiaries' common stock. However, cash was used for the acquisition of IBM's hard disk drive operations.

Free cash flows remaining after deducting net cash used in investing activities from net cash provided by operating activities amounted to 27.2 billion yen (US\$227 million), 182.7 billion yen (US\$1,523 million) less year on year.

Financing activities used net cash of 207.1 billion yen (US\$1,726 million), 370.9 billion yen (US\$3,091 million) less than cash used in fiscal 2001. Due to the establishment of a new credit facility, cash was used for the repayment of short-term borrowings.

Cash and cash equivalents as of March 31, 2003 amounted to 828.1 billion yen (US\$6,901 million), 201.2 billion yen (US\$1,677 million) less than at March 31, 2002.

Debt on March 31, 2003 stood at 2,840.5 billion yen (US\$23,672 million), 157.6 billion yen (US\$1,314 million) less than a year ago.

Capital investment on a completion basis declined 8%, to 787.4 billion yen (US\$6,562 million), and depreciation decreased 9%, to 480.2 billion yen (US\$4,002 million). The Company spent 377.1 billion yen (US\$3,143 million) on research and development, a decrease of 9% from the preceding year. R&D expenditures as a percentage of net sales were 4.6%.

All figures were converted at the rate of 120 yen = U.S.\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of March 31, 2003.

Dividend

Hitachi will recommend a year-end dividend of 3 yen per common share to the annual general meeting of shareholders in June 2003. No year-end dividend was declared in fiscal 2001. Total dividends for fiscal 2002, including the interim dividend of 3 yen per common share paid in December 2002, will thus be 6 yen per common share, compared with 3 yen per common share for fiscal 2001.

Outlook for Fiscal 2003

With uncertainty growing for a combination of reasons, including the U.S. economic downturn, the need to pay for the post-war restoration in Iraq, and the economic impact of SARS (Severe Acute Respiratory Syndrome), a full-scale recovery in the world economy appears to be unlikely. In Japan, continuing sluggishness in consumer spending and private-sector plant and equipment investment is creating an uncertain operating environment.

In this climate, Hitachi will build a highly profitable earnings structure by pushing ahead with efforts to create new businesses and reinforce mainstay ones by capturing synergies across the group. Hitachi will also seek to strengthen its balance sheet. These and other actions will be guided by the "i.e. HITACHI Plan II", the company's new medium-term management plan.

Based on the above factors, Hitachi is projecting the following operating results for fiscal 2003, ending March 31, 2004. The projections assume an exchange rate of 120 yen to the U.S. dollar.

Net sales	8,000 billion yen (US\$66,667 million) (year-on-year decrease of 2%)
Operating income	170 billion yen (US\$1,417 million) (year-on-year increase of 11%)
Income before income taxes	110 billion yen (US\$917 million) (year-on-year increase of 14%)
Income before minority interests	30 billion yen (US\$250 million) (year-on-year decrease of 32%)
Net income	5 billion yen (US\$42 million) (year-on-year decrease of 82%)

Management Policy

Amid intensifying competition in world markets and the economic slump in Japan, Hitachi is reviewing and reshaping its business portfolio from the perspective of raising the efficiency of operations and with the aim of achieving further growth. This process will be consistent with Hitachi's basic management policy, which is to increase shareholder value by raising the return on capital and increasing its market capitalization.

Based on this basic policy, in November 1999 Hitachi launched "i.e. HITACHI Plan," a medium-term management plan that was aimed at transforming Hitachi into a "best solutions partner" capable of delivering business solutions to customers. In this vein, Hitachi has supplied information systems services and social infrastructure systems rooted in IT and knowledge. It has also been supplying the key hardware, software and high functional materials and components required by these services and systems. And Hitachi launched structural reforms designed to transform Hitachi into a global supplier capable of providing total solutions in these targeted fields.

Building on this basic approach, in January 2003, Hitachi unveiled a new medium-term management plan, "i.e. HITACHI Plan II," which runs through fiscal 2005 (ending in March 2006). This three-year period is positioned as a key juncture for enacting major reforms of the company's operating framework and focusing on highly profitable businesses. Hitachi will reshape its business portfolio by creating growth and new businesses in key fields where it can leverage the group's technological strengths and know-how. Portfolio realignment also calls for Hitachi to exit certain businesses that currently account for approximately 20% of Hitachi's net sales. Hitachi will use FIV* (Future Inspiration Value) to make decisions on whether to exit, strengthen or incubate specific businesses.

* 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.

The "i.e. HITACHI Plan II" targets two primary business domains—"New Era Lifeline Support Solutions," which further fuse and enhance information systems services and social infrastructure systems, and "Global Products Incorporating Advanced Technology," where Hitachi aims to achieve strong growth in global markets by focusing on technologies as well as high-performance hardware and software that incorporate knowledge from several disciplines. In this way, Hitachi will establish a highly profitable earnings structure and advance to a new stage of growth.

While it is assumed that net sales will remain at around the present level, the “i.e. HITACHI Plan *II*” will transform Hitachi’s earnings structure so that it can achieve positive FIV in fiscal 2005. This mandates an operating margin of at least 5% and ROE of at least 8%, which will be achieved by implementing a variety of measures. Furthermore, Hitachi has set the goal of maintaining a single-A grade long-term credit rating by strengthening its financial position.

In deciding on individual investments, Hitachi’s policy is to use FIV to select those investments that will contribute to maximizing shareholder value. Combined with further efforts to reduce assets, including accounts receivables and inventories, Hitachi aims to raise the return on assets.

Positioning its brand as an important asset underpinning the company’s competitiveness in an era of consolidated group management, Hitachi is promoting brand management to enhance brand equity.

Hitachi is also working to reinforce corporate governance to establish an executive system that facilitates the speedy and accurate operation of businesses and a high degree of transparency. To this end, Hitachi has reduced the number of directors and vested considerable authority in business groups. At the same time, it has implemented other reforms such as establishing the Advisory Board to bring in advice from outside experts on management issues. And in June 2003, Hitachi will adopt the Committee System, which will ensure the effective supervision of management and promote faster decision-making. Hitachi also plans to appoint four outside directors as part of this move. Hitachi’s 18 publicly-held group companies will also alter their corporate governance structure by adopting the Committee System. Under this new governance structure, Hitachi directors and executive officers will be represented on the boards of group companies as outside directors and certain group companies’ directors will be represented on Hitachi’s Board of Directors. This will produce a group-wide framework with a stronger sense of unity. Moreover, Hitachi established a Compliance Division to ensure strict observance of laws and regulations.

Hitachi views enhancement of the long-term and overall interests of shareholders as an important management objective. To achieve this, Hitachi must make investments in R&D and plant and equipment to maintain its competitiveness and improve profitability. Dividends are therefore decided based on medium- to long-term business plans and the need to ensure the availability of sufficient internal funds for reinvestment and the stable growth of dividends. Hitachi’s financial condition and results of operations are also taken into consideration.

Cautionary Statement

This document contains forward-looking statements which reflect management’s current views with respect to certain future events and financial performance. Words such as “anticipate,” “believe,” “expect,” “estimate,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends identify forward-looking statements. Actual results may differ materially from those projected or implied in the forward-looking statements and from historical trends. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate.

Factors that could cause actual results to differ materially from those projected or implied in any forward-looking statements include, but are not limited to, rapid technological change, particularly in the Information & Telecommunication Systems segment and Electronic Devices segment; uncertainty as to Hitachi's ability to continue to develop products and to market products that incorporate new technology on a timely and cost-effective basis and achieve market acceptance; fluctuations in product demand and industry capacity, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment; increasing commoditization of information technology products, and intensifying price competition in the market for such products; fluctuations in rates of exchange for the yen and other currencies in which Hitachi makes significant sales or in which Hitachi's assets and liabilities are denominated, particularly between the yen and the U.S. dollar; uncertainty as to Hitachi's access to liquidity or long-term financing, particularly in the context of restrictions on availability of credit prevailing in Japan; uncertainty as to Hitachi's ability to implement measures to reduce the potential negative impact of fluctuations in product demand and/or exchange rates; general economic conditions and the regulatory and trade environment of Hitachi's major markets, particularly, the United States, Japan and elsewhere in Asia, including, without limitation, continued stagnation or deterioration of the Japanese or other East Asian economies, or direct or indirect restriction by other nations of imports; uncertainty as to Hitachi's access to, or protection for, certain intellectual property rights, particularly those related to electronics and data processing technologies; Hitachi's dependence on alliances with other corporations in designing or developing certain products; and the market prices of equity securities in Japan, declines in which may result in write-downs of equity securities Hitachi holds.

These factors listed above are not exclusive and are in addition to other factors that are stated or indicated elsewhere in this document, or in other materials published by the Company.

HITACHI, LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

The consolidated financial statements presented herein are expressed in yen and, solely for the convenience of the reader, have been translated into United States dollars at the rate of 120 yen = U.S.\$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of March 31, 2003.

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 years ended March 31			
	YEN (millions)		(A)/(B) X100 (%)	U.S.DOLLARS (millions)
	2003 (A)	2002 (B)		2003
1. Net sales	8,191,752	7,993,784	102	68,265
2. Operating income (loss)	152,967	(117,415)	-	1,275
3. Income (loss) before income taxes and minority interests	96,828	(586,072)	-	807
4. Income (loss) before minority interests	44,166	(514,958)	-	368
5. Net income (loss)	27,867	(483,837)	-	232
6. Net income (loss) per share				
Basic	8.31	(144.95)	-	0.07
Diluted	8.19	-	-	0.07
7. Net income (loss) per ADS (representing 10 shares)				
Basic	83	(1,450)	-	0.69
Diluted	82	-	-	0.68

Notes: 1. Segment Information and operating income (loss) are presented in accordance with financial reporting principles and practices generally accepted in Japan.

2. The figures are for 1,112 consolidated subsidiaries and 119 equity-method affiliates.

CONSOLIDATED STATEMENTS OF INCOME

	The years ended March 31			
	YEN (millions)		(A)/(B) X100 (%)	U.S. DOLLARS (millions)
	2003 (A)	2002 (B)		2003
Net sales	8,191,752	7,993,784	102	68,265
Cost of sales	6,240,493	6,184,396	101	52,004
Selling, general and administrative expenses	1,798,292	1,926,803	93	14,986
Operating income (loss)	152,967	(117,415)	-	1,275
Other income	46,737	36,039	130	389
(Interest and dividends)	23,079	28,615	81	192
(Other)	23,658	7,424	319	197
Other deductions	102,876	504,696	20	857
(Interest charges)	34,338	45,830	75	286
(Other)	68,538	458,866	15	571
Income (loss) before income taxes and minority interests	96,828	(586,072)	-	807
Income taxes	52,662	(71,114)	-	439
Income (loss) before minority interests	44,166	(514,958)	-	368
Minority interests	16,299	(31,121)	-	136
Net income (loss)	27,867	(483,837)	-	232

CONSOLIDATED BALANCE SHEETS

	YEN (millions)		(A)/(B) X100 (%)	U.S.DOLLARS (millions)
	As of March 31, 2003 (A)	As of March 31, 2002 (B)		As of March 31, 2003
Assets	10,179,389	9,915,654	103	84,828
Current assets	5,193,465	5,507,535	94	43,279
Cash and cash equivalents	828,171	1,029,374	80	6,901
Short-term investments	186,972	178,933	104	1,558
Trade receivables				
Notes	153,587	204,855	75	1,280
Accounts	1,903,640	1,895,150	100	15,864
Investment in leases	437,076	527,432	83	3,642
Inventories	1,187,529	1,214,399	98	9,896
Other current assets	496,490	457,392	109	4,137
Investments and advances	726,442	834,907	87	6,054
Property, plant and equipment	2,601,050	2,514,424	103	21,675
Other assets	1,658,432	1,058,788	157	13,820
Liabilities and Stockholders' equity	10,179,389	9,915,654	103	84,828
Current liabilities	4,005,228	3,885,265	103	33,377
Short-term debt and current installments of long-term debt	1,328,446	1,199,921	111	11,070
Trade payables				
Notes	71,934	92,799	78	599
Accounts	1,140,130	991,037	115	9,501
Advances received	252,861	334,172	76	2,107
Other current liabilities	1,211,857	1,267,336	96	10,099
Noncurrent liabilities	3,569,371	2,927,421	122	29,745
Long-term debt	1,512,152	1,798,303	84	12,601
Retirement and severance benefits	1,932,646	1,049,054	184	16,105
Other liabilities	124,573	80,064	156	1,038
Minority interests	751,578	798,744	94	6,263
Stockholders' equity	1,853,212	2,304,224	80	15,443
Common stock	282,032	282,032	100	2,350
Capital surplus	562,214	527,010	107	4,685
Legal reserve and retained earnings	1,766,338	1,753,999	101	14,719
Accumulated other comprehensive income (loss)	(755,525)	(258,484)	-	(6,296)
(Foreign currency translation adjustments)	(60,948)	(38,012)	-	(508)
(Minimum pension liability adjustments)	(698,916)	(260,100)	-	(5,824)
(Net unrealized holding gain on available-for-sale securities)	4,874	39,997	12	41
(Cash flow hedges)	(535)	(369)	-	(4)
Treasury stock	(1,847)	(333)	-	(15)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	YEN (millions)		U.S. DOLLARS (millions)
	The year ended March 31, 2003	The year ended March 31, 2002	The year ended March 31, 2003
Common stock			
Balance at beginning of year	282,032	281,754	2,350
Conversion of convertible debentures	0	278	0
Balance at end of year	282,032	282,032	2,350
Capital surplus			
Balance at beginning of year	527,010	501,243	4,392
Conversion of convertible debentures	370	359	3
Increase arising from issuance of common stock and other	34,834	25,408	290
Balance at end of year	562,214	527,010	4,685
Legal reserve			
Balance at beginning of year	110,751	109,815	923
Transfers from retained earnings	554	978	5
Transfers from (to) minority interests arising from conversion of subsidiaries' convertible debentures and other	4	(42)	0
Balance at end of year	111,309	110,751	928
Retained earnings			
Balance at beginning of year	1,643,248	2,157,136	13,694
Net income (loss)	27,867	(483,837)	232
Cash dividends	(10,013)	(28,373)	(83)
Transfers to legal reserve	(554)	(978)	(5)
Transfers to minority interests arising from conversion of subsidiaries' convertible debentures	(291)	(64)	(2)
Transfers to minority interests arising from change in ownership interest in subsidiaries' common stock and other	(5,228)	(636)	(44)
Balance at end of year	1,655,029	1,643,248	13,792
Legal reserve and retained earnings	1,766,338	1,753,999	14,719
Accumulated other comprehensive income (loss)			
Foreign currency translation adjustments			
Balance at beginning of year	(38,012)	(57,647)	(317)
Current-period change	(22,936)	19,635	(191)
Balance at end of year	(60,948)	(38,012)	(508)
Minimum pension liability adjustments			
Balance at beginning of year	(260,100)	(182,936)	(2,168)
Current-period change	(438,816)	(77,164)	(3,657)
Balance at end of year	(698,916)	(260,100)	(5,824)
Net unrealized holding gain on available-for-sale securities			
Balance at beginning of year	39,997	51,041	333
Changes in unrealized holding gain	(35,123)	(11,044)	(293)
Balance at end of year	4,874	39,997	41
Cash flow hedges			
Balance at beginning of year	(369)	1,096	(3)
Changes in the fair value of derivative financial instruments	(166)	(1,465)	(1)
Balance at end of year	(535)	(369)	(4)
Accumulated other comprehensive income (loss)	(755,525)	(258,484)	(6,296)
Treasury stock			
Balance at beginning of year	(333)	-	(3)
Current-period increase	(1,514)	(333)	(13)
Balance at end of year	(1,847)	(333)	(15)
Total stockholders' equity	1,853,212	2,304,224	15,443

CONSOLIDATED STATEMENTS OF CASH FLOWS

	The years ended March 31		
	YEN (millions)		U.S. DOLLARS (millions)
	2003	2002	2003
Cash flows from operating activities			
Net income (loss)	27,867	(483,837)	232
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation	480,274	529,418	4,002
Deferred income taxes	(35,526)	(182,072)	(296)
(Gain) loss on disposal of rental assets and other property	(14,064)	59,687	(117)
Decrease in receivables	2,280	450,904	19
Decrease in inventories	7,994	261,229	67
Increase (decrease) in payables	96,777	(271,698)	806
Other	80,916	119,235	674
Net cash provided by operating activities	646,518	482,866	5,388
Cash flows from investing activities			
(Increase) decrease in short-term investments	(8,162)	253,236	(68)
Capital expenditures	(323,825)	(429,835)	(2,699)
Purchase of rental assets, net	(411,452)	(411,519)	(3,429)
Purchase of investments and subsidiaries' common stock, net	(95,074)	(74,173)	(792)
Collection of investment in leases	411,522	469,108	3,429
Other	(192,294)	(79,688)	(1,602)
Net cash used in investing activities	(619,285)	(272,871)	(5,161)
Cash flows from financing activities			
Decrease in interest-bearing debt	(184,447)	(578,526)	(1,537)
Dividends paid to stockholders	(9,973)	(28,318)	(83)
Dividends paid to minority stockholders of subsidiaries	(13,108)	(13,401)	(109)
Other	358	42,133	3
Net cash used in financing activities	(207,170)	(578,112)	(1,726)
Effect of exchange rate changes on cash and cash equivalents	(21,266)	15,888	(177)
Net decrease in cash and cash equivalents	(201,203)	(352,229)	(1,677)
Cash and cash equivalents at beginning of year	1,029,374	1,381,603	8,578
Cash and cash equivalents at end of year	828,171	1,029,374	6,901

SEGMENT INFORMATION

(1)INDUSTRY SEGMENTS

		The years ended March 31			
		YEN (millions)		(A)/(B) X100 (%)	U.S. DOLLARS (millions)
		2003 (A)	2002 (B)		2003
Sales	Information & Telecommunication Systems	1,899,651 19%	1,829,661 18%	104	15,830
	Electronic Devices	1,570,069 15%	1,487,200 15%	106	13,084
	Power & Industrial Systems	2,297,068 22%	2,266,895 23%	101	19,142
	Digital Media & Consumer Products	1,205,551 12%	1,170,744 12%	103	10,046
	High Functional Materials & Components	1,248,550 12%	1,250,248 12%	100	10,405
	Logistics, Services & Others	1,449,594 14%	1,430,825 14%	101	12,080
	Financial Services	579,267 6%	567,138 6%	102	4,827
	Subtotal	10,249,750 100%	10,002,711 100%	102	85,415
	Eliminations & Corporate items	(2,057,998)	(2,008,927)	-	(17,150)
Total	8,191,752	7,993,784	102	68,265	
Operating income (loss)	Information & Telecommunication Systems	110,523 -	35,757 -	309	921
	Electronic Devices	(23,242) -	(163,633) -	-	(194)
	Power & Industrial Systems	53,253 -	55,004 -	97	444
	Digital Media & Consumer Products	6,204 -	(14,675) -	-	52
	High Functional Materials & Components	18,301 -	(22,024) -	-	153
	Logistics, Services & Others	10,352 -	3,257 -	318	86
	Financial Services	12,067 -	37,403 -	32	101
	Subtotal	187,458 -	(68,911) -	-	1,562
	Eliminations & Corporate items	(34,491)	(48,504)	-	(287)
Total	152,967	(117,415)	-	1,275	

Note: Net sales by industry segment include intersegment transactions.

(2)GEOGRAPHIC SEGMENTS

			The years ended March 31			
			YEN (millions)		(A)/(B) X100 (%)	U.S. DOLLARS (millions)
			2003 (A)	2002 (B)		2003
Sales	Japan	Outside customer sales	6,290,654 65%	6,134,554 66%	103	52,422
		Intersegment transactions	1,026,916 11%	892,562 10%	115	8,558
		Total	7,317,570 76%	7,027,116 76%	104	60,980
	Asia	Outside customer sales	651,228 7%	607,041 6%	107	5,427
		Intersegment transactions	351,006 3%	349,337 4%	100	2,925
		Total	1,002,234 10%	956,378 10%	105	8,352
	North America	Outside customer sales	802,582 8%	830,959 9%	97	6,688
		Intersegment transactions	38,753 1%	45,382 0%	85	323
		Total	841,335 9%	876,341 9%	96	7,011
	Europe	Outside customer sales	379,615 4%	364,840 4%	104	3,163
		Intersegment transactions	28,382 0%	32,268 0%	88	237
		Total	407,997 4%	397,108 4%	103	3,400
	Other Areas	Outside customer sales	67,673 1%	56,390 1%	120	564
		Intersegment transactions	2,645 0%	2,359 0%	112	22
		Total	70,318 1%	58,749 1%	120	586
	Subtotal		9,639,454 100%	9,315,692 100%	103	80,329
	Eliminations & Corporate items		(1,447,702)	(1,321,908)	-	(12,064)
	Total		8,191,752	7,993,784	102	68,265

		The years ended March 31			
		YEN (millions)		(A)/(B) X100 (%)	U.S. DOLLARS (millions) 2003
		2003 (A)	2002 (B)		
Operating income (loss)	Japan	155,684 82%	(70,420) -	-	1,297
	Asia	18,357 10%	(5,090) -	-	153
	North America	6,336 3%	(21,053) -	-	53
	Europe	6,720 4%	4,007 -	168	56
	Other Areas	2,097 1%	1,842 -	114	17
	Subtotal	189,194 100%	(90,714) -	-	1,577
	Eliminations & Corporate items	(36,227)	(26,701)	-	(302)
Total		152,967	(117,415)	-	1,275

(3)SALES BY MARKET

		The years ended March 31			
		YEN (millions)		(A)/(B) X100 (%)	U.S. DOLLARS (millions) 2003
		2003 (A)	2002 (B)		
Japan		5,546,543 68%	5,444,662 68%	102	46,221
	Asia	1,017,439 12%	896,050 11%	114	8,479
	North America	890,684 11%	930,629 12%	96	7,422
	Europe	537,029 7%	513,310 6%	105	4,475
	Other Areas	200,057 2%	209,133 3%	96	1,667
Outside Japan		2,645,209 32%	2,549,122 32%	104	22,043
Total		8,191,752 100%	7,993,784 100%	102	68,265

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HITACHI, LTD.
UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003
(120yen = U.S.\$1)

April 28, 2003

	YEN			U.S. DOLLARS
	(millions)			(millions)
<u>INCOME STATEMENTS</u>	2003(A)	2002(B)	(A)/(B)×100	2003
Net sales	3,112,411	3,522,299	88%	25,937
Cost of sales	2,517,608	2,927,426	86%	20,980
S.G.A. expenses	541,061	679,615	80%	4,509
<u>Operating income (loss)</u>	53,741	(84,742)	-	448
Other income	51,496	95,016	54%	429
Other deductions	53,223	91,937	58%	444
<u>Ordinary income (loss)</u>	52,014	(81,663)	-	433
Extraordinary gain	92,198	10,729	859%	768
Extraordinary loss	63,127	318,887	20%	526
<u>Income before income taxes (loss)</u>	81,085	(389,820)	-	676
Current income taxes	(17,681)	3,884	-	(147)
Deferred income taxes	70,477	(141,063)	-	587
<u>Net income (loss)</u>	28,289	(252,641)	-	236
Basic EPS (yen and dollars)	8.38	(75.69)	-	0.07
Diluted EPS (yen and dollars)	-	-	-	-
<u>BALANCE SHEETS</u>	2003/3/31(A)	2002/3/31(B)	(A)/(B)×100	2003/3/31
Current assets	1,921,651	2,124,120	90%	16,014
(Quick assets)	1,509,346	1,618,519	93%	12,578
(Inventories)	326,611	391,118	84%	2,722
(Deferred tax assets)	85,693	114,481	75%	714
Fixed assets	1,903,377	1,799,024	106%	15,861
(Investments)	1,078,032	810,124	133%	8,984
(Deferred tax assets)	249,036	307,867	81%	2,075
(Others)	576,309	681,033	85%	4,803
<u>Total assets</u>	3,825,029	3,923,144	97%	31,875
Current liabilities	1,819,074	1,788,217	102%	15,159
Fixed liabilities	631,990	770,341	82%	5,267
(Debentures)	418,471	511,299	82%	3,487
(Long-term loans)	23,548	2,668	883%	196
(Others)	189,971	256,374	74%	1,583
<u>Total liabilities</u>	2,451,065	2,558,558	96%	20,426
<u>Stockholders' equity</u>	1,373,964	1,364,585	101%	11,450
<u>Liabilities and stockholders' equity</u>	3,825,029	3,923,144	97%	31,875

- more -

FORECAST FOR THE YEAR ENDING MARCH 31, 2004

	Net sales	Ordinary income	Net income
Millions of Yen	2,330,000	30,000	20,000
Millions of U.S. dollars	19,417	250	167

Cautionary Statement:

This document contains forward-looking statements which reflect management's current views with respect to certain future events and financial performance. Words such as "anticipate," "believe," "expect," "estimate," "intend," "plan," "project" and similar expressions which indicate future events and trends identify forward-looking statements. Actual results may differ materially from those projected or implied in the forward-looking statements and from historical trends. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate.

Factors that could cause actual results to differ materially from those projected or implied in any forward-looking statements include, but are not limited to, rapid technological change, particularly in the Information & Telecommunication Systems segment and Electronic Devices segment; uncertainty as to Hitachi's ability to continue to develop products and to market products that incorporate new technology on a timely and cost-effective basis and achieve market acceptance; fluctuations in product demand and industry capacity, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment; increasing commoditization of information technology products, and intensifying price competition in the market for such products; fluctuations in rates of exchange for the yen and other currencies in which Hitachi makes significant sales or in which Hitachi's assets and liabilities are denominated, particularly between the yen and the U.S. dollar; uncertainty as to Hitachi's access to liquidity or long-term financing, particularly in the context of restrictions on availability of credit prevailing in Japan; uncertainty as to Hitachi's ability to implement measures to reduce the potential negative impact of fluctuations in product demand and/or exchange rates; general economic conditions and the regulatory and trade environment of Hitachi's major markets, particularly, the United States, Japan and elsewhere in Asia, including, without limitation, continued stagnation or deterioration of the Japanese economy, or direct or indirect restriction by other nations of imports; uncertainty as to Hitachi's access to, or protection for, certain intellectual property rights, particularly those related to electronics and data processing technologies; Hitachi's dependence on alliances with other corporations in designing or developing certain products; and the market prices of equity securities in Japan, declines in which may result in write-downs of equity securities Hitachi holds.

These factors listed above are not exclusive and are in addition to other factors that are stated or indicated elsewhere in this document, or in other materials published by the Company.

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Supplementary information for fiscal 2002, ended March 31, 2003 (Consolidated basis)

1. Summary

(Billions of yen)

	Fiscal 2001		Fiscal 2002		Fiscal 2003 (Forecast)			
	(A)	(A)/ FY2000	(B)	(B)/(A)	1 st half of FY 2003	Note 2	(C)	(C)/(B)
Net sales	7,993.7	95%	8,191.7	102%	3,850.0	98%	8,000.0	98%
C/U (Note 1)	227%	-	263%	-	353%	-	343%	-
Operating income (loss)	(117.4)	-	152.9	-	15.0	24%	170.0	111%
Income (loss) before income taxes and minority interests	(586.0)	-	96.8	-	0	-	110.0	114%
Income (loss) before minority interests	(514.9)	-	44.1	-	(17.0)	-	30.0	68%
Income before minority interests / (Stockholders' equity + Minority interests)	(15.2%)	-	1.5%	-	-	-	-	-
Net income (loss)	(483.8)	-	27.8	-	(30.0)	-	5.0	18%
C/U (Note 1)	-	-	99%	-	-	-	25%	-
ROE	(18.7%)	-	1.3%	-	-	-	-	-
Average exchange rate (yen / U.S.\$)	126	-	121	-	120	-	120	-
Net interest and dividends	(17.2)	-	(11.2)	-	(6.0)	-	(14.0)	-

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

2. 1st half of FY 2003 / 1st half of FY 2002

	As of March 31, 2002	As of March 31, 2003
Cash & cash equivalents, Short-term investments (Billions of yen)	1,208.3	1,015.1
Interest-bearing debt (Billions of yen)	2,998.2	2,840.5
Number of employees	321,517	339,572
Japan	256,823	256,085
Overseas	64,694	83,487
Number of consolidated subsidiaries	1,066	1,112
Japan	712	708
Overseas	354	404

2. Sales by industry segment

(Billions of yen)

	Fiscal 2001		Fiscal 2002		Fiscal 2003 (Forecast)	
	(A)	(A)/FY 2000	(B)	(B)/(A)	(C)	(C)/(B)
Information & Telecommunication Systems	1,829.6	102%	1,899.6	104%	2,200.0	116%
Electronic Devices	1,487.2	74%	1,570.0	106%	1,215.0	77%
Power & Industrial Systems	2,266.8	98%	2,297.0	101%	2,215.0	96%
Digital Media & Consumer Products	1,170.7	111%	1,205.5	103%	1,250.0	104%
High Functional Materials & Components	1,250.2	85%	1,248.5	100%	1,220.0	98%
Logistics, Services & Others	1,430.8	89%	1,449.5	101%	1,250.0	86%
Financial Services	567.1	96%	579.2	102%	565.0	98%
Eliminations & Corporate items	(2,008.9)	-	(2,057.9)	-	(1,915.0)	-
Total	7,993.7	95%	8,191.7	102%	8,000.0	98%

3. Operating income (loss) by industry segment

(Billions of yen)

	Fiscal 2001		Fiscal 2002		Fiscal 2003 (Forecast)	
	(A)	(A)/FY 2000	(B)	(B)/(A)	(C)	(C)/(B)
Information & Telecommunication Systems	35.7	73%	110.5	309%	62.0	56%
Electronic Devices	(163.6)	-	(23.2)	-	15.0	-
Power & Industrial Systems	55.0	71%	53.2	97%	65.0	122%
Digital Media & Consumer Products	(14.6)	-	6.2	-	5.0	81%
High Functional Materials & Components	(22.0)	-	18.3	-	30.0	164%
Logistics, Services & Others	3.2	39%	10.3	318%	10.0	97%
Financial Services	37.4	85%	12.0	32%	20.0	166%
Eliminations & Corporate items	(48.5)	-	(34.4)	-	(37.0)	-
Total	(117.4)	-	152.9	-	170.0	111%

4. Overseas sales by industry segment

(Billions of yen)

	Fiscal 2001		Fiscal 2002		Fiscal 2003 (Forecast)	
	(A)	(A)/FY 2000	(B)	(B)/(A)	(C)	(C)/(B)
Information & Telecommunication Systems	245.1	109%	273.0	111%		
Electronic Devices	496.0	73%	542.0	109%		
Power & Industrial Systems	397.4	102%	411.9	104%		
Digital Media & Consumer Products	528.8	165%	486.8	92%		
High Functional Materials & Components	331.0	88%	311.5	94%		
Logistics, Services & Others	510.9	86%	582.4	114%		
Financial Services	39.5	112%	37.4	95%		
Corporate items	0	-	0	-		
Total	2,549.1	97%	2,645.2	104%	2,940.0	111%

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

(Billions of yen)

	Fiscal 2001		Fiscal 2002	
	(A)	(A)/ FY 2000	(B)	(B)/(A)
Overseas production	1,090.1	84%	1,033.8	95%
Percentage of net sales	14%	-	13%	-
Percentage of overseas sales	43%	-	39%	-

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

	Fiscal 2001		Fiscal 2002		Fiscal 2003 (Forecast)	
	(A)	(A)/ FY 2000	(B)	(B)/(A)	(C)	(C)/ (B)
Information & Telecommunication Systems	89.7	100%	72.7	81%		
Electronic Devices	114.6	51%	91.2	80%		
Power & Industrial Systems	74.5	99%	70.7	95%		
Digital Media & Consumer Products	38.6	85%	35.1	91%		
High Functional Materials & Components	80.2	74%	60.6	76%		
Logistics, Services & Others	40.1	133%	30.8	77%		
Financial Services	472.1	101%	467.6	99%		
Eliminations & Corporate items	(53.8)	-	(41.6)	-		
Total	856.2	88%	787.4	92%	810.0	103%
Leasing Assets	442.1	103%	459.0	104%	460.0	100%
Other	414.1	77%	328.4	79%	350.0	107%

7. Depreciation by industry segment

(Billions of yen)

	Fiscal 2001		Fiscal 2002		Fiscal 2003 (Forecast)	
	(A)	(A)/ FY 2000	(B)	(B)/(A)	(C)	(C)/ (B)
Information & Telecommunication Systems	69.2	110%	59.1	85%		
Electronic Devices	162.1	108%	112.7	70%		
Power & Industrial Systems	62.9	98%	70.1	111%		
Digital Media & Consumer Products	44.0	99%	40.8	93%		
High Functional Materials & Components	81.8	99%	73.0	89%		
Logistics, Services & Others	36.3	104%	28.8	79%		
Financial Services	69.3	111%	91.5	132%		
Corporate Items	3.5	-	3.8	-		
Total	529.4	105%	480.2	91%	480.0	100%
Leasing Assets	79.2	115%	102.0	129%	125.0	122%
Other	450.1	103%	378.2	84%	355.0	94%

8. R&D expenditure by industry segment

(Billions of yen)

	Fiscal 2001		Fiscal 2002		Fiscal 2003 (Forecast)	
	(A)	(A)/ FY 2000	(B)	(B)/(A)	(C)	(C)/ (B)
Information & Telecommunication Systems	136.7	89%	121.3	89%		
Electronic Devices	116.7	91%	105.5	90%		
Power & Industrial Systems	63.7	96%	64.6	101%		
Digital Media & Consumer Products	37.5	101%	33.8	90%		
High Functional Materials & Components	47.5	108%	41.7	88%		
Logistics, Services & Others	11.9	224%	8.5	71%		
Financial Services	1.2	147%	1.4	117%		
Total	415.4	95%	377.1	91%		
Percentage of net sales	5.2%	-	4.6%	-	4.8%	-

9. Balance sheets by financial and non-financial services

(Billions of yen)

Assets	As of March 31, 2002	As of March 31, 2003	Liabilities and Stockholders' equity	As of March 31, 2002	As of March 31, 2003
Manufacturing, Services and Others			Manufacturing, Services and Others		
Cash and cash equivalents	850.9	716.9	Short-term debt	951.7	1,095.6
Short-term investments	158.3	146.0	Trade payables	1,018.3	1,148.6
Trade receivables	1,719.6	1,746.3	Long-term debt	1,026.4	954.3
Inventories	1,198.4	1,186.4	Other liabilities	2,658.2	3,421.0
Investments and advances	835.4	678.3	Total	5,654.7	6,619.7
Property, plant and equipment	2,212.5	2,308.5	Financial Services		
Other assets	1,572.2	2,242.4	Short-term debt	586.6	579.6
Total	8,547.7	9,025.0	Trade payables	243.1	256.0
Financial Services			Long-term debt	903.0	708.1
Cash and cash equivalents	178.3	107.0	Other liabilities	126.7	148.1
Trade receivables	609.8	543.6	Total	1,859.5	1,692.0
Investment in leases	646.5	606.2	Eliminations	(701.6)	(737.1)
Property, plant and equipment	320.9	307.9	Liabilities	6,812.6	7,574.5
Other assets	358.6	367.5	Minority interests	798.7	751.5
Total	2,114.3	1,932.4	Stockholders' equity	2,304.2	1,853.2
Eliminations	(746.5)	(778.0)	Liabilities and stockholders' equity	9,915.6	10,179.3
Assets	9,915.6	10,179.3			

10. Statements of operating results by financial and non-financial services (Billions of yen)

		Fiscal 2001	Fiscal 2002
Manufacturing, Services and Others	Sales	7,731.4	7,891.2
	Cost of sales and selling, general and administrative expenses	7,868.6	7,750.7
	Operating income (loss)	(137.2)	140.5
Financial Services	Sales	567.1	579.2
	Cost of sales and selling, general and administrative expenses	529.7	567.2
	Operating income (loss)	37.4	12.0
Eliminations	Sales	(304.7)	(278.7)
	Cost of sales and selling, general and administrative expenses	(287.1)	(279.1)
	Operating income (loss)	(17.5)	0.3
Total	Sales	7,993.7	8,191.7
	Cost of sales and selling, general and administrative expenses	8,111.1	8,038.7
	Operating income (loss)	(117.4)	152.9

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

Supplementary information for fiscal 2002, ended March 31, 2003 (Unconsolidated basis)**1. Summary**

(Billions of yen)

	Fiscal 2001		Fiscal 2002		Fiscal 2003 (Forecast)			
	(A)	(A)/ FY2000	(B)	(B)/(A)	1 st half of FY 2003	(Note)	(C)	(C)/(B)
Net sales	3,522.2	88%	3,112.4	88%	1,090.0	72%	2,330.0	75%
Operating income (loss)	(84.7)	-	53.7	-	-	-	-	-
Ordinary income (loss)	(81.6)	-	52.0	-	5.0	-	30.0	58%
Net income (loss)	(252.6)	-	28.2	-	5.0	25%	20.0	71%
Dividend payout ratio (%)	-	-	71.6	-	-	-	-	-
Average exchange rate (yen / U.S.\$)	124	-	121	-	120	-	120	-

Note: 1st half of FY 2003 / 1st half of FY 2002

	As of March 31, 2002	As of March 31, 2003
Cash & cash equivalents, Short-term Investments (Billions of yen)	357.6	253.7
Interest-bearing debt (Billions of yen)	648.0	683.3
Number of employees	50,427	44,375

2. Sales by industry segment

(Billions of yen)

	Fiscal 2001		Fiscal 2002		Fiscal 2003 (Forecast)	
	(A)	(A)/ FY2000	(B)	(B)/(A)	(C)	(C)/(B)
Information & Telecommunication Systems	1,408.9	97%	1,440.0	102%	/	
Electronic Devices	523.3	59%	495.6	95%		
Power & Industrial Systems	1,092.9	97%	955.4	87%		
Digital Media & Consumer Products	497.1	93%	221.3	45%		
Total	3,522.2	88%	3,112.4	88%		

3. Capital investment (Based on construction starts)

(Billions of yen)

	Fiscal 2001		Fiscal 2002		Fiscal 2003 (Forecast)	
	(A)	(A)/ FY2000	(B)	(B)/(A)	(C)	(C)/(B)
Information & Telecommunication Systems	18.5	80%	18.5	100%	/	/
Electronic Devices	15.5	12%	31.0	200%		
Power & Industrial Systems	22.0	73%	15.0	68%		
Digital Media & Consumer Products	6.5	72%	1.5	23%		
Other	13.0	118%	11.0	85%		
Total	75.5	37%	77.0	102%		

4. Depreciation (note)

(Billions of yen)

	Fiscal 2001		Fiscal 2002		Fiscal 2003 (Forecast)	
	(A)	(A)/ FY2000	(B)	(B)/(A)	(C)	(C)/(B)
Depreciation	116.7	96%	86.7	74%	52.0	60%

Note: The figures do not include depreciation on leasing assets.

5. R&D expenditures

(Billions of yen)

	Fiscal 2001		Fiscal 2002		Fiscal 2003 (Forecast)	
	(A)	(A)/ FY2000	(B)	(B)/(A)	(C)	(C)/(B)
Total	275.6	90%	223.0	81%	140.0	63%
Percentage of net sales	7.8%	-	7.2%	-	6.0%	-

Supplementary Information on Information & Telecommunication Systems

1. Sales and operating income by product sector (Upper rows show comparisons to the previous year; billions of yen)

	Fiscal 2002			Fiscal 2003 (Forecast)		
	1st half	2nd half	Total	1st half	2nd half	Total
Sales	101%	107%	104%	117%	115%	116%
	878.2	1,021.4	1,899.6	1,030.0	1,170.0	2,200.0
Software & Services	100%	105%	103%	99%	100%	100%
	453.4	531.5	984.9	449.0	532.0	981.0
Hardware	101%	109%	105%	137%	130%	133%
	424.8	489.9	914.7	581.0	638.0	1,219.0
Operating income	290%	322%	309%			56%
	42.1	68.3	110.5			62.0
Software & Services	186%	105%	135%			111%
	31.1	29.5	60.6			67.0
Hardware	-	-	-			-
	11.0	38.9	49.9			(5.0)

Note: 1. On April 1, 2003, all hard disk drive operations were integrated with Hitachi Global Storage Technologies (HGST), a Hitachi subsidiary which started operations on January 1, 2003. HGST has a December 31 year-end and the fiscal 2003 consolidated forecast for Hitachi, Ltd., the year ending March 31, 2004, includes HGST's business forecast for its fiscal year ending December 31, 2003.

2. Sales by product sector (Upper rows show comparisons to the previous year; billions of yen)

	Fiscal 2002			Fiscal 2003 (Forecast)		
	1st half	2nd half	Total	1st half	2nd half	Total
Information & Telecommunication Systems	101%	107%	104%	117%	115%	116%
	878.2	1,021.4	1,899.6	1,030.0	1,170.0	2,200.0
Software & Services	100%	105%	103%	99%	100%	100%
	453.4	531.5	984.9	449.0	532.0	981.0
Software	104%	92%	97%			
	91.6	95.0	186.6			
Services	99%	108%	104%			
	361.8	436.5	798.3			
Hardware	101%	109%	105%	137%	130%	133%
	424.8	489.9	914.7	581.0	638.0	1,219.0
Storage *2	123%	110%	115%			
	165.5	178.4	343.9			
Servers *3	93%	139%	113%			
	60.1	73.0	133.1			
PCs *4	126%	123%	125%			
	71.6	85.1	156.7			
Telecommunication	58%	90%	73%			
	47.2	64.9	112.1			
Others	97%	97%	97%			
	80.4	88.5	168.9			

Notes: 2. Figures for Storage include disk array subsystems, hard disk drives, etc.

3. Figures for Servers include supercomputers, general-purpose computers, UNIX servers, etc.

4. Figures for PCs include PC servers and client PCs.

3.SAN/NAS Storage Solutions (The upper row shows comparisons to the previous year; billions of yen)

	Fiscal 2002			Fiscal 2003 (Forecast)		
	1st half	2nd half	Total	1st half	2nd half	Total
Sales	108%	108%	108%	108%	114%	111%
	130.0	140.0	270.0	140.0	160.0	300.0

4.Shipments of main products

	Fiscal 2002			Fiscal 2003 (Forecast)		
	1st half	2nd half	Total	1st half	2nd half	Total
Large-capacity disk array subsystems *5	11,900	14,300	26,200	19,000	25,000	44,000
Middle-capacity disk array subsystems *5	1,500	2,100	3,600	3,800	5,100	8,900
Hard Disk Drives (million units) *1 *6	4.0	4.6	8.6	40 - 50		
PCs & PC servers *7	280,000	300,000	580,000	300,000	320,000	620,000

Notes: 5. The figures for disk array subsystems represent storage capacity stated in terabyte units.

Effective from the fiscal year ending March 31, 2004, Hitachi will report figures in terms of unit shipments to customers. Previously, production units were used as the reporting unit.

Figures for the first half of fiscal 2002 have been restated accordingly.

6. The Hard Disk Drives forecast for fiscal 2003 represents HGST's forecast for the period from January 1, 2003 through December 31, 2003.

7. PC figures are in units, for Japan only, on a parent company basis.

Supplementary Information on Semiconductors & Displays

1. Semiconductors

On April 1, 2003, Hitachi and Mitsubishi Electric Corporation established Renesas Technology Corp., a new semiconductor company that focuses on system LSI operations. Renesas Technology is an equity-method affiliate for both Hitachi and Mitsubishi Electric.

Sales and operating loss (The upper row shows comparisons to the previous year; billions of yen)

	Fiscal 2002		
	1st half	2nd half	Total
Sales	104% 277.4	131% 312.7	116% 590.2
Operating loss	(14.4)	(13.1)	(27.6)

Sales by product

	Fiscal 2002
DRAM	6%
System Memory	8%
System LSIs	57%
Multi-Purpose Semiconductors	29%

Capital Investment (Billions of yen)

		Fiscal 2002
	Naka Operation	2.5
	Takasaki Operation	2.5
	Koufu Operation	1.0
	Other	0.5
Parent subtotal		6.5
	TTI*	1.5
	Other	11.5
	Domestic subsidiaries	13.0
	HNS**	1.5
	Other	3.0
Overseas subsidiaries		4.5
Subsidiaries subtotal		17.5
Consolidated total		24.0 (1st half:13.0, 2nd half:11.0)

* Trecenti Technologies, Inc.

**Hitachi Nippon Steel Semiconductor Singapore Pte. Ltd.

Microprocessor/Microcontroller Sales (Comparison to the previous year; billions of yen)

Fiscal 2002	
230	135%

DRAM & Flash Memory Production (Chips per month)

	Fiscal 2002			
	1st quarter	2nd quarter	3rd quarter	4th quarter
64MDRAM	550,000	600,000	600,000	600,000
256MDRAM	2,000,000	2,000,000	2,000,000	1,500,000
256M Flash Memory	600,000	600,000	500,000	400,000

2. Displays

Sales and operating income (loss) (The upper row shows comparisons to the previous year; billions of yen)

	Fiscal 2002			Fiscal 2003 (Forecast)		
	1st half	2nd half	Total	1st half	2nd half	Total
Sales	109% 100.0	92% 94.7	100% 194.8	120% 120.0	137% 130.0	128% 250.0
Operating income (loss)	(1.3)	(14.4)	(15.7)	(10.0)	2.5	(7.5)

Sales of major products(Comparison to the previous year; billions of yen)

	Fiscal 2002		Fiscal 2003 (Forecast)	
LCDs	147.0	115%	210.0	143%
Color picture tubes	1.5	8%	0.0	-
Projection tubes	29.0	145%	32.0	110%

LCD Sales (Comparison to the previous year; billions of yen)

	Fiscal 2002				Fiscal 2003 (Forecast)			
	1st half	2nd half	Total		1st half	2nd half	Total	
Total	80.0	67.0	147.0	115%	100.0	110.0	210.0	143%
Large-size LCDs	58.0	40.0	98.0	90%	50.0	55.0	105.0	107%
Medium- & small size LCDs	22.0	27.0	49.0	258%	50.0	55.0	105.0	214%

Capital Investment (Comparison to the previous year; billions of yen)

	Fiscal 2002				Fiscal 2003 (Forecast)			
	1st half	2nd half	Total		1st half	2nd half	Total	
Capital Investment	26.8	1.3	28.1	290%	4.2	0.4	4.6	16%