

## **Hitachi Shows Major Improvement in Profits**

Tokyo, April 27, 2001 --- Hitachi, Ltd. (TSE:6501) today announced results for the fiscal year 2000, ended March 31, 2001.

During the fiscal year, the Japanese economy was given a partial boost by private-sector capital investment in information technology. At the same time, however, public-sector investment remained sluggish, and a recovery in personal consumption lacked any real strength. Overseas, the U.S. economy slowed in the second half of 2000, but still managed to maintain a high rate of growth. Despite being affected by the U.S. slowdown, the Asian and European economies continued to grow steadily. In this climate, Hitachi's operating segments all posted higher sales, resulting in consolidated net sales of 8,416,982 million yen (US\$67,879 million), 5% higher than the preceding year.

Consolidated business results are for Hitachi, Ltd. and its 1,069 subsidiaries, including 335 overseas corporations.

By segment, in the latter half of the fiscal year Information Systems & Electronics carried out some adjustment of electronic components inventories, and a decrease in prices resulted in lower sales of thin-film transistor (TFT) LCDs. However, strong first-half growth of system LSIs and memories helped semiconductors to post a year-on-year gain. In computer operations, storage system sales were higher, making up for a sharp decline in overseas sales of mainframe computers. In Japan, good growth was also registered by the software, systems integration and services operations of Hitachi, Ltd., Hitachi Software Engineering Co., Ltd. and Hitachi Information Systems, Ltd. The overall result was an increase of 10% in segment sales, to 3,455,578 million yen (US\$27,868 million).

Operating in a climate marked by the continuing low level of capital expenditures by Japan's power companies, the Power & Industrial Systems segment maintained domestic and overseas sales of thermal power systems at a stable level, achieving a year-on-year increase in sales of power systems. Sales of building system equipment and services continued to do well. As for industrial systems, with private-sector investment staging a mild recovery, there was a feeling that some business sectors, including chemical and pharmaceutical plants and energy-saving

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equipment, had finally bottomed out. Sales of rolling stock and rolling mills, however, remained stagnant. On the plus side, Hitachi Plant Engineering & Construction Co., Ltd. secured major orders for clean rooms for semiconductor production plants, and for thermal power systems. As a result, segment sales rose 7% year on year, to 2,530,772 million yen (US\$20,409 million).

In Consumer Products, air-conditioner sales growth slowed, while sales of refrigerators were higher than the preceding year, helped by a more comprehensive lineup of models. Also higher were sales of mobile phones. At Hitachi Maxell, Ltd., sales of computer tapes rose, but sales of lithium ion rechargeable batteries declined, and optical storage media product sales were lackluster. Overall, segment sales for the fiscal year increased by 2%, to 923,458 million yen (US\$7,447 million).

In Materials, major first-half gains in sales of electronics-related materials by Hitachi Cable, Ltd., Hitachi Metals, Ltd. and Hitachi Chemical Co., Ltd. more than made up for the effects of electronic components inventory adjustments made during the second half. Thus, segment sales came to 1,460,638 million yen (US\$11,779 million), 8% more than the preceding fiscal year.

In Services & Other, Nissei Sangyo Co., Ltd. posted increases in sales of critical dimension measurement scanning electron microscopes and other semiconductor manufacturing equipment, and optical communication components for wavelength division multiplexing systems. In addition, Hitachi Capital Corporation posted gains in loan guarantees for purchases of automobiles and other items. As a result, segment sales amounted to 2,458,270 million yen (US\$19,825 million), a year-on-year increase of 15%.

The Company spent 435,579 million yen (US\$3,513 million) on research and development, an increase of 1% from the preceding year. R&D expenditures as a percentage of net sales were 5.2 %.

During the period, Hitachi's plant and equipment investment amounted to 971,095 million yen (US\$7,831 million), an increase of 16 %.

As a result of the major improvement achieved by Information Systems & Electronics, particularly in semiconductor operations, and the gains made in Power & Industrial Systems, Materials and Services & Other segments, operating income came to 342,312 million yen (US\$2,761 million), representing a year-on-year increase of 96%.

Other income amounted to 69,613 million yen (US\$561 million), a decrease of 2,488 million yen (US\$20 million). On the other hand, while interest and discount charges increased as a result of an increase in interest-bearing debt, other deductions showed a dramatic decrease, to 88,270 million yen (US\$712 million), owing to decreases in foreign exchange losses and restructuring charges.

Income before income taxes came to 323,655 million yen (US\$2,610 million). After the deduction of income taxes of 164,861 million yen (US\$1,330 million) and minority interests of 54,414 million yen (US\$439 million), net income amounted to 104,380 million yen (US\$842 million).

## Outlook for Fiscal 2001

There are concerns over fading personal consumption and a slowdown in private-sector capital investment, now that the Japanese economy has moved into a deflationary phase. There is a further concern over the global impact of the slowdown the U.S. economy has been experiencing since the second half of 2000. For businesses, such factors create a difficult management environment that requires constant caution.

In this climate, Hitachi will continue to steadily transform itself into a solution enterprise, using information technology to improve efficiency and implementing qualitative and structural changes to achieve the goals of “i.e. HITACHI Plan,” its medium-term business plan.

Hitachi's consolidated forecast for fiscal 2001, ending March 31, 2002, is as follows:

Net Sales	8,750,000 million yen (\$70,565 million) (year-on-year increase of 4%)
Operating income	280,000 million yen (\$2,258 million) (year-on-year decrease of 18%)
Income before income taxes and minority interests	270,000 million yen (\$2,177 million) (year-on-year decrease of 17%)
Income before minority interests	136,000 million yen (\$1,097 million) (year-on-year decrease of 14%)
Net income	90,000 million yen (\$726 million) (year-on-year decrease of 14%)

All figures were converted at the rate of 124 yen = U.S. \$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of March 30, 2001.

### Cautionary Statement

Statements in this news release contain 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 Systems & Electronics 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 Systems & Electronics segment and the 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 access to liquidity or long-term financing, particularly in the context of restrictions or 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.

**HITACHI, LTD. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2001**

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 124 yen = U.S.\$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of March 30, 2001.

**SUMMARY**

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

	Years ended March 31			
	YEN (millions)		(A)/(B) X100	U.S.DOLLARS (millions)
	2001 (A)	2000 (B)		2001
1. Net sales	8,416,982	8,001,203	105	67,879
2. Operating income	342,312	174,364	196	2,761
3. Income before income taxes and minority interests	323,655	79,235	408	2,610
4. Income before minority interests	158,794	31,733	500	1,281
5. Net income	104,380	16,922	617	842
6. Net income per share				
Basic	31.27	5.07	617	0.25
Diluted	30.32	4.99	608	0.24
7. Net income per ADS (representing 10 shares )				
Basic	313	51	617	2.52
Diluted	303	50	608	2.44

- Notes: 1. The Company changed the method of carrying its investment in a certain affiliated company from cost to equity in the fiscal year ended March 31, 2000.
2. Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities," has been implemented in the body of the consolidated financial statements for the fiscal year ended March 31, 2001. Accordingly, figures for the fiscal year ended March 31, 2000 have been restated.
3. The merger of Hitachi Leasing, Ltd. (an affiliated company whose investment had been carried on the equity method) with Hitachi Credit Corporation, a Hitachi subsidiary, effective on October 1, 2000, is assumed to have taken place on April 1, 2000. As a result, Hitachi Leasing, Ltd. and its subsidiaries are consolidated as subsidiaries for the fiscal year ended March 31, 2001.
4. SFAS No. 87, "Employers' Accounting for Pensions," has been implemented for the fiscal year ended March 31, 2001.

## CONSOLIDATED STATEMENTS OF INCOME

	Years ended March 31			
	YEN (millions)		(A)/(B) X100	U.S. DOLLARS (millions)
	2001 (A)	2000 (B)		2001
Net sales	8,416,982	8,001,203	105	67,879
Cost of sales	6,155,023	5,898,756	104	49,637
Selling, general and administrative expenses	1,919,647	1,928,083	100	15,481
Operating income	342,312	174,364	196	2,761
Other income	69,613	72,101	97	561
(Interest and dividends)	42,069	42,042	100	339
(Other)	27,544	30,059	92	222
Other deductions	88,270	167,230	53	712
(Interest)	58,759	52,015	113	474
(Other)	29,511	115,215	26	238
Income before income taxes and minority interests	323,655	79,235	408	2,610
Income taxes	164,861	47,502	347	1,330
Income before minority interests	158,794	31,733	500	1,281
Minority interests	54,414	14,811	367	439
Net income	104,380	16,922	617	842

## CONSOLIDATED BALANCE SHEETS

	YEN (millions)		(A)/(B) X100	U.S.DOLLARS (millions)
	As of March 31, 2001 (A)	As of March 31, 2000 (B)		As of March 31, 2001
Assets	11,246,608	9,983,361	113	90,698
Current assets	6,844,501	5,965,543	115	55,198
Cash and cash equivalents	1,381,603	1,357,432	102	11,142
Short-term investments	433,650	632,434	69	3,497
Trade receivables				
Notes	307,635	295,526	104	2,481
Accounts	2,191,698	1,908,692	115	17,675
Investment in leases	623,789	-	-	5,031
Inventories	1,514,163	1,416,878	107	12,211
Other current assets	391,963	354,581	111	3,161
Noncurrent receivables and restricted funds	163,003	160,583	102	1,315
Investments and advances	885,669	817,436	108	7,142
Property, plant and equipment	2,674,957	2,554,749	105	21,572
Other assets	678,478	485,050	140	5,472
Liabilities and stockholders' equity	11,246,608	9,983,361	113	90,698
Current liabilities	4,622,657	3,939,836	117	37,279
Short-term debt and current installments of long-term debt	1,611,855	1,305,670	123	12,999
Trade payables				
Notes	138,161	98,058	141	1,114
Accounts	1,160,789	974,721	119	9,361
Advances received	385,741	382,085	101	3,111
Other current liabilities	1,326,111	1,179,302	112	10,694
Noncurrent liabilities	2,937,291	2,263,913	130	23,688
Long-term debt	1,881,270	1,482,810	127	15,172
Retirement and severance benefits	982,332	699,385	140	7,922
Other liabilities	73,689	81,718	90	594
Minority interests	825,158	791,925	104	6,655
Stockholders' equity	2,861,502	2,987,687	96	23,077
Capital	281,754	281,738	100	2,272
Capital surplus	501,243	499,081	100	4,042
Legal reserve and retained earnings	2,266,951	2,189,426	104	18,282
Accumulated other comprehensive income	(188,446)	17,442	-	(1,520)
(Foreign currency translation adjustments)	(57,647)	(77,577)	-	(465)
(Minimum pension liability adjustment)	(182,936)	-	-	(1,475)
(Net unrealized holding gains on securities)	51,041	95,019	54	412
(Net unrealized gains on derivative financial instruments)	1,096	-	-	9

**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

	YEN (millions)		U.S. DOLLARS (millions)
	Year ended March 31, 2001	Year ended March 31, 2000	Year ended March 31, 2001
Common stock			
Balance at beginning of year	281,738	281,735	2,272
Conversion of convertible debentures	16	3	0
Balance at end of year	281,754	281,738	2,272
Capital surplus			
Balance at beginning of year	499,081	494,782	4,025
Conversion of convertible debentures	1,069	3,954	9
Increase arising from sale of subsidiaries' common stock and other	1,093	345	9
Balance at end of year	501,243	499,081	4,042
Legal reserve			
Balance at beginning of year	106,885	105,905	862
Transfers from retained earnings	2,971	1,271	24
Transfers to minority interests arising from conversion of subsidiaries' convertible debentures	(17)	(94)	0
Transfers to minority interests arising from sale of subsidiaries' common stock and other	(24)	(197)	0
Balance at end of year	109,815	106,885	886
Retained earnings			
Balance at beginning of year as previously reported	-	2,083,936	-
Restatement	-	16,456	-
Balance at beginning of year as restated	2,082,541	2,100,392	16,795
Net income	104,380	16,922	842
Cash dividends	(28,371)	(28,371)	(229)
Transfers to legal reserve	(2,971)	(1,271)	(24)
Transfers to minority interests arising from conversion of subsidiaries' convertible debentures	(347)	(2,291)	(3)
Transfers to minority interests arising from sale of subsidiaries' common stock and other	1,904	(2,840)	15
Balance at end of year	2,157,136	2,082,541	17,396
Legal reserve and retained earnings	2,266,951	2,189,426	18,282
Accumulated other comprehensive income (loss)			
Foreign currency translation adjustments			
Balance at beginning of year	(77,577)	(58,065)	(626)
Current-period change	19,930	(19,512)	161
Balance at end of year	(57,647)	(77,577)	(465)
Minimum pension liability adjustment			
Balance at beginning of year	-	-	-
Current-period change	(182,936)	-	(1,475)
Balance at end of year	(182,936)	-	(1,475)
Net unrealized holding gains on securities, net of reclassification adjustment			
Balance at beginning of year as previously reported	-	-	-
Restatement	-	81,266	-
Balance at beginning of year as restated	95,019	81,266	766
Current-period change	(43,978)	13,753	(355)
Balance at end of year	51,041	95,019	412
Net unrealized gains on derivative financial instruments			
Balance at beginning of year	-	-	-
Changes in the fair value of derivative financial instruments	1,096	-	9
Balance at end of year	1,096	-	9
Accumulated other comprehensive income (loss)	(188,446)	17,442	(1,520)
Total stockholders' equity	2,861,502	2,987,687	23,077

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended March 31		
	YEN (millions)		U.S. DOLLARS (millions)
	2001	2000	2001
Cash flows from operating activities			
Net income	104,380	16,922	842
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	505,507	541,253	4,077
Deferred income taxes	12,505	(67,179)	101
Loss on disposal of rental assets and other property	19,165	19,921	155
Increase in receivables	(72,035)	(107,685)	(581)
Increase in inventories	(128,477)	(26,273)	(1,036)
Increase in payables	95,855	78,728	773
Other	(1,467)	(4,237)	(12)
Net cash provided by operating activities	535,433	451,450	4,318
Cash flows from investing activities			
(Increase) decrease in short-term investments	198,610	(15,155)	1,602
Capital expenditures	(463,585)	(365,744)	(3,739)
Proceeds from sale and purchase of rental assets	(436,163)	(118,273)	(3,517)
Proceeds from sale and purchase of investments and subsidiaries' common stock	(75,000)	27,508	(605)
Collection of investment in leases	421,527	-	3,399
Other	(16,106)	36,073	(130)
Net cash used in investing activities	(370,717)	(435,591)	(2,990)
Cash flows from financing activities			
Increase (decrease) in interest-bearing debt	(128,875)	164,525	(1,039)
Dividends paid to stockholders	(28,235)	(27,762)	(228)
Dividends paid to minority stockholders of subsidiaries	(15,739)	(12,033)	(127)
Other	13,342	1,100	108
Net cash provided by (used for) financing activities	(159,507)	125,830	(1,286)
Effect of exchange rate changes on cash and cash equivalents	18,962	(21,784)	153
Net increase in cash and cash equivalents	24,171	119,905	195
Cash and cash equivalents at beginning of year	1,357,432	1,237,527	10,947
Cash and cash equivalents at end of year	1,381,603	1,357,432	11,142



## SEGMENT INFORMATION

### (1)INDUSTRY SEGMENTS

		Years ended March 31			
		YEN (millions)		(A)/(B) X100	U.S. DOLLARS (millions) 2001
		2001 (A)	2000 (B)		
Sales	Information Systems & Electronics	3,455,578 32%	3,148,888 32%	110	27,868
	Power & Industrial Systems	2,530,772 23%	2,372,610 24%	107	20,409
	Consumer Products	923,458 9%	904,992 9%	102	7,447
	Materials	1,460,638 13%	1,346,292 13%	108	11,779
	Services & Other	2,458,270 23%	2,146,177 22%	115	19,825
	Subtotal	10,828,716 100%	9,918,959 100%	109	87,328
	Eliminations & Corporate items	(2,411,734)	(1,917,756)	-	(19,449)
Total		8,416,982	8,001,203	105	67,879
Operating income	Information Systems & Electronics	142,111 38%	52,325 24%	272	1,146
	Power & Industrial Systems	85,216 22%	41,790 19%	204	687
	Consumer Products	2,478 1%	19,949 9%	12	20
	Materials	82,148 22%	49,887 23%	165	662
	Services & Other	66,428 17%	53,781 25%	124	536
	Subtotal	378,381 100%	217,732 100%	174	3,051
	Eliminations & Corporate items	(36,069)	(43,368)	-	(291)
Total		342,312	174,364	196	2,761

Note: Net sales by industry segment include intersegment transactions.

**(2)GEOGRAPHIC SEGMENTS**

			Years ended March 31			
			YEN (millions)		(A)/(B) X100	U.S. DOLLARS (millions) 2001
			2001 (A)	2000 (B)		
Sales	Japan	Outside customer sales	6,557,736 65%	6,410,934 69%	102	52,885
		Intersegment transactions	1,148,587 12%	951,918 10%	121	9,263
		Total	7,706,323 77%	7,362,852 79%	105	62,148
	Asia	Outside customer sales	550,303 6%	462,652 5%	119	4,438
		Intersegment transactions	415,946 4%	303,156 3%	137	3,354
		Total	966,249 10%	765,808 8%	126	7,792
	North America	Outside customer sales	863,349 9%	723,086 8%	119	6,962
		Intersegment transactions	48,141 0%	31,512 0%	153	388
		Total	911,490 9%	754,598 8%	121	7,351
	Europe	Outside customer sales	395,809 4%	364,618 4%	109	3,192
		Intersegment transactions	27,513 0%	44,737 0%	61	222
		Total	423,322 4%	409,355 4%	103	3,414
	Other Areas	Outside customer sales	49,785 0%	39,913 1%	125	401
		Intersegment transactions	4,254 0%	10,016 0%	42	34
		Total	54,039 0%	49,929 1%	108	436
	Subtotal		10,061,423 100%	9,342,542 100%	108	81,141
	Eliminations		(1,644,441)	(1,341,339)	-	(13,262)
	Total		8,416,982	8,001,203	105	67,879

		Years ended March 31			
		YEN (millions)		(A)/(B) X100	U.S. DOLLARS (millions) 2001
		2001 (A)	2000 (B)		
Operating income	Japan	303,359 82%	183,954 82%	165	2,446
	Asia	45,032 12%	21,302 10%	211	363
	North America	7,037 2%	15,513 7%	45	57
	Europe	13,109 4%	3,871 2%	339	106
	Other Areas	1,246 0%	(1,407) -1%	-	10
	Subtotal	369,783 100%	223,233 100%	166	2,982
	Eliminations & Corporate items	(27,471)	(48,869)	-	(222)
Total		342,312	174,364	196	2,761

**(3)SALES BY MARKET**

		Years ended March 31			
		YEN (millions)		(A)/(B) X100	U.S. DOLLARS (millions) 2001
		2001 (A)	2000 (B)		
Japan		5,791,300 69%	5,657,571 71%	102	46,704
	Asia	966,870 11%	897,664 11%	108	7,797
	North America	903,800 11%	767,241 10%	118	7,289
	Europe	550,968 7%	484,744 6%	114	4,443
	Other Areas	204,044 2%	193,983 2%	105	1,646
Outside Japan		2,625,682 31%	2,343,632 29%	112	21,175
Total		8,416,982 100%	8,001,203 100%	105	67,879

**HITACHI, LTD.**  
**UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2001**  
**(124yen = U.S.\$1)**

April 27, 2001

	YEN (millions)			U.S. DOLLARS (millions)
<b><u>INCOME STATEMENTS</u></b>				
	<b>2001(A)</b>	<b>2000(B)</b>	<b>(A)/(B)×100</b>	<b>2001</b>
Net sales	4,015,824	3,771,948	106%	32,386
Cost of sales	3,198,457	3,025,959	106%	25,794
S.G.A. expenses	718,789	705,123	102%	5,797
<b>Operating income</b>	98,577	40,865	241%	795
Other income	62,498	89,143	70%	504
Other deductions	105,018	98,221	107%	847
<b>Ordinary income</b>	56,058	31,787	176%	452
Extraordinary gain	34,865	58,942	59%	281
Extraordinary loss	32,663	88,823	37%	263
<b>Income before income taxes</b>	58,261	1,906	-	470
Current income taxes	3,404	240	-	27
Deferred income taxes	14,735	(10,206)	-	119
<b>Net income</b>	40,121	11,872	338%	324
Basic EPS (yen and dollars)	12.02	3.56	338%	0.10
Diluted EPS (yen and dollars)	12.01	-	-	0.10
<b><u>BALANCE SHEETS</u></b>				
	<b>2001/3/31(A)</b>	<b>2000/3/31(B)</b>	<b>(A)/(B)×100</b>	<b>2001/3/31</b>
Current assets	2,421,631	2,476,772	98%	19,529
(Quick assets)	1,815,308	1,870,094	97%	14,640
(Inventories)	522,495	541,182	97%	4,214
(Deferred tax assets)	83,827	65,496	128%	676
Fixed assets	1,697,658	1,527,143	111%	13,691
(Investments)	791,613	597,429	133%	6,384
(Deferred tax assets)	194,047	270,321	72%	1,565
(Others)	711,997	659,393	108%	5,742
<b>Total assets</b>	4,119,290	4,003,916	103%	33,220
Current liabilities	1,698,302	1,577,344	108%	13,696
Fixed liabilities	762,672	840,195	91%	6,151
(Debentures)	511,299	540,121	95%	4,123
(Long-term loans)	2,688	2,785	97%	22
(Others)	248,685	297,288	84%	2,006
<b>Total liabilities</b>	2,460,974	2,417,539	102%	19,847
<b>Stockholders' equity</b>	1,658,316	1,586,376	105%	13,374
<b>Liabilities and stockholders' equity</b>	4,119,290	4,003,916	103%	33,220

**FORECAST FOR THE YEAR ENDING MARCH 31, 2002**

	<b>Net sales</b>	<b>Ordinary income</b>	<b>Net income</b>
<b>Millions of Yen</b>	3,840,000	60,000	40,000
<b>Millions of U.S. dollars</b>	30,968	484	323

Cautionary Statement

The forecast for the year ending March 31, 2002 is forward-looking information which reflects management's current views with respect to certain future events and financial performance. Actual results may differ materially from this forecast. Further, this forward-looking information is based upon assumptions of future events which may not prove to be accurate.

Factors that could cause actual results to differ materially from the forecast include, but are not limited to, rapid technological change, particularly in the Information Systems & Electronics 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 Systems & Electronics segment and the 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 access to liquidity or long-term financing, particularly in the context of restrictions or 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.

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## Supplementary information for fiscal 2000, ended March 31, 2001 (Consolidated basis)

## 1. Summary

(Billions of yen)

	Fiscal 1999		Fiscal 2000		Fiscal 2001 (Forecast)			
	(A)	(A)/ FY98	(B)	(B)/(A)	1 <sup>st</sup> half of FY 2001	Note 2	(C)	(C)/(B)
Net sales	8,001.2	100%	8,416.9	105%	4,120.0	103%	8,750.0	104%
C/U (Note 1)	212%	-	210%	-	218%	-	228%	
Operating income	174.3	-	342.3	196%	80.0	48%	280.0	82%
Income before income taxes and minority interests	79.2	-	323.6	408%	80.0	52%	270.0	83%
Income before minority interests	31.7	-	158.7	500%	37.0	40%	136.0	86%
Income before minority interests / (Stockholders' equity + Minority interests)	0.8%	-	4.3%	-	-	-	-	-
Net income	16.9	-	104.3	617%	20.0	32%	90.0	86%
C/U (Note 1)	143%	-	260%	-	167%	-	225%	-
ROE	0.6%	-	3.6%	-	-	-	-	-
Average exchange rate (yen / U.S.\$)	111	-	111	-	120	-	120	-
Net interest and dividends	(9.9)	-	(16.6)	-	(5.0)	-	(15.0)	-

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

2. 1<sup>st</sup> half of FY 2001 / 1<sup>st</sup> half of FY 2000

	As of March 31, 2000	As of March 31, 2001
Cash & cash equivalents, Short-term investments (Billions of yen)	1,989.8	1,815.2
Interest-bearing debt (Billions of yen)	2,788.4	3,493.1
Number of employees	337,911	340,939
Japan	270,092	268,090
Overseas	67,819	72,849
Number of consolidated subsidiaries	1,047	1,069
Japan	735	734
Overseas	312	335

## 2. Sales by industry segment

(Billions of yen)

	Fiscal 1999		Fiscal 2000		Fiscal 2001 (Forecast)	
	(A)	(A)/FY 1998	(B)	(B)/(A)	(C)	(C)/(B)
Information Systems & Electronics	3,148.8	101%	3,455.5	110%	3,615.0	105%
Electronic Devices	960.0	109%	1,040.0	108%	1,060.0	102%
Information, Telecommunication & Other	2,188.8	98%	2,415.5	110%	2,555.0	106%
Power & Industrial Systems	2,372.6	99%	2,530.7	107%	2,440.0	96%
Consumer Products	904.9	101%	923.4	102%	1,080.0	117%
Materials	1,346.2	101%	1,460.6	108%	1,515.0	104%
Services & Other	2,146.1	101%	2,458.2	115%	2,520.0	103%
Subtotal	9,918.9	100%	10,828.7	109%	11,170.0	103%
Eliminations & Corporate items	(1,917.7)	-	(2,411.7)	-	(2,420.0)	-
Total	8,001.2	100%	8,416.9	105%	8,750.0	104%

## 3. Operating income by industry segment

(Billions of yen)

	Fiscal 1999		Fiscal 2000		Fiscal 2001 (Forecast)	
	(A)	(A)/FY 1998	(B)	(B)/(A)	(C)	(C)/(B)
Information Systems & Electronics	52.3	-	142.1	272%	82.0	58%
Electronic Devices	32.0	-	87.3	272%	(1.0)	-
Information, Telecommunication & Other	20.2	68%	54.7	270%	83.0	152%
Power & Industrial Systems	41.7	138%	85.2	204%	89.0	104%
Consumer Products	19.9	-	2.4	12%	10.0	404%
Materials	49.8	179%	82.1	165%	65.0	79%
Services & Other	53.7	104%	66.4	124%	73.0	110%
Subtotal	217.7	-	378.3	174%	319.0	84%
Eliminations & Corporate items	(43.3)	-	(36.0)	-	(39.0)	-
Total	174.3	-	342.3	196%	280.0	82%

**4. Overseas sales by industry segment**

(Billions of yen)

	Fiscal 1999		Fiscal 2000		2002 (Forecast)	
	(A)	(A)/FY1998	(B)	(B)/(A)	(C)	(C)/(B)
Information Systems & Electronics	671.5	93%	748.1	111%		
Power & Industrial Systems	410.3	93%	418.9	102%		
Consumer Products	319.6	85%	321.0	100%		
Materials	318.4	106%	376.6	118%		
Services & Other	623.6	104%	760.5	122%		
Eliminations & Corporate items	0	-	2	-		
Total	2,343.6	96%	2,625.6	112%		

**5. Sales by Market**

(Billions of yen)

	Fiscal 1999		Fiscal 2000		Fiscal 2001 (Forecast)	
	(A)	(A)/FY 1998	(B)	(B)/(A)	(C)	(C)/(B)
Japan	5,657.5	102%	5,791.3	102%	6,000.0	104%
Asia	897.6	100%	966.8	108%		
North America	767.2	91%	903.8	118%		
Europe	484.7	90%	550.9	114%		
Other Areas	193.9	114%	204.0	105%		
Outside Japan	2,343.6	96%	2,625.6	112%		
Total	8,001.2	100%	8,416.9	105%	8,750.0	104%

**6. Overseas production (Total sales of overseas manufacturing subsidiaries)**

(Billions of yen)

	Fiscal 1999		Fiscal 2000	
	(A)	(A)/FY 1998	(B)	(B)/(A)
Overseas production	1,058.1	93%	1,292.3	122%
Percentage of net sales	13%	-	15%	-
Percentage of overseas sales	45%	-	49%	-



**7. Capital investment (Completion basis)**

(Billions of yen)

	Fiscal 1999	Fiscal 2000		Fiscal 2001 (Forecast)	
	(A)	(B)	(B)/(A)	(C)	(C)/(B)
Information Systems & Electronics	239.4	315.1	132%		
Power & Industrial Systems	68.1	80.0	117%		
Consumer Products	41.3	45.3	110%		
Materials	83.9	110.0	131%		
Services & Other	447.9	483.6	108%		
Eliminations & Corporate items	(43.8)	(63.1)	-		
Capital investment (Total)	836.9	971.0	116%		
Leasing Assets	407.9	429.9	105%	525.0	122%
Other	429.0	541.1	126%	500.0	92%

**8. Depreciation**

(Billions of yen)

	Fiscal 1999	Fiscal 2000		Fiscal 2001 (Forecast)	
	(A)	(B)	(B)/(A)	(C)	(C)/(B)
Information Systems & Electronics	218.6	216.3	99%		
Power & Industrial Systems	70.8	67.1	95%		
Consumer Products	45.9	44.5	97%		
Materials	81.7	83.1	102%		
Services & Other	108.5	83.7	77%		
Eliminations & Corporate items	11.9	10.5	88%		
Depreciation (Total)	537.6	505.5	94%		
Leasing Assets	93.9	68.6	73%	110.8	161%
Other	443.6	436.8	98%	468.0	107%

Note: The merger of Hitachi Leasing, Ltd. (an affiliated company whose investment had been carried out on the equity method) with Hitachi Credit Corporation, a Hitachi subsidiary, effective on October 1, 2000, is assumed to have taken place on April 1, 2000. As a result, Hitachi Leasing, Ltd. and its subsidiaries are consolidated as subsidiaries for fiscal 2000. Accordingly, capital investment and depreciation for fiscal 1999 have been restated.

**9. R&D expenditure**

(Billions of yen)

	Fiscal 1999		Fiscal 2000		Fiscal 2001 (Forecast)	
	(A)	(A)/ FY 1998	(B)	(B)/(A)	(C)	(C)/ (B)
Information Systems & Electronics	281.9	85%	287.6	102%	/	
Power & Industrial Systems	73.9	80%	69.7	94%		
Consumer Products	29.1	116%	32.6	112%		
Materials	44.7	97%	43.8	98%		
Services & Other	2.5	182%	1.6	64%		
Total	432.3	87%	435.5	101%	433.0	99%
Percentage of net sales	5.4%	-	5.2%	-	4.9%	-

**Supplementary information for fiscal 2000, ended March 31, 2001 (Unconsolidated basis)****1. Summary**

(Billions of yen)

	Fiscal 1999		Fiscal 2000		Fiscal 2001 (Forecast)			
	(A)	(A)/FY98	(B)	(B)/(A)	1 <sup>st</sup> half of FY 2001	(note)	(C)	(C)/(B)
Net sales	3,771.9	100%	4,015.8	106%	1,890.0	100%	3,840.0	96%
Operating income	40.8	-	98.5	241%	25.0	64%	80.0	81%
Ordinary income	31.7	-	56.0	176%	15.0	58%	60.0	107%
Net income	11.8	-	40.1	338%	12.0	51%	40.0	100%
Dividend payout ratio (%)	169	-	92	-	-	-	-	-
Average exchange rate (yen / U.S.\$)	111	-	112	-	120	-	120	-
Net interest and dividends	46.1	-	31.0	-	14.0	-	26.0	-

Note: 1<sup>st</sup> half of FY 2001 / 1<sup>st</sup> half of FY 2000

	As of March 31, 2000	As of March 31, 2001	As of March 31, 2002 (Forecast)
Cash & cash equivalents, Short-term Investments (Billions of yen)	689.1	619.0	-
Interest-bearing debt (Billions of yen)	729.8	679.6	-
Number of employees	59,692	55,609	53,000

**2. Sales by industry segment**

(Billions of yen)

	Fiscal 1999		Fiscal 2000		Fiscal 2001 (Forecast)	
	(A)	(A)/FY98	(B)	(B)/(A)	(C)	(C)/(B)
Information & Telecommunication Systems	1,378.5	96%	1,456.3	106%		
Electronic Devices	635.2	124%	748.4	118%		
Power & Industrial Systems	1,230.0	94%	1,275.3	104%		
Digital Media & Consumer Products	528.0	100%	535.7	101%		
Total	3,771.9	100%	4,015.8	106%		

**3. Capital investment (Based on construction starts)**

(Billions of yen)

	Fiscal 1999		Fiscal 2000		Fiscal 2001 (Forecast)	
	(A)	(A)/ FY98	(B)	(B)/(A)	(C)	(C)/(B)
Information & Telecommunication Systems	24.5	71%	24.0	98%	/	
Electronic Devices	92.0	194%	130.0	141%		
Power & Industrial Systems	28.0	124%	31.5	113%		
Digital Media & Consumer Products	6.5	81%	9.0	138%		
Other	9.0	86%	11.0	122%		
Total	160.0	130%	205.5	128%		

**4. Depreciation (note)**

(Billions of yen)

	Fiscal 1999		Fiscal 2000		Fiscal 2001 (Forecast)	
	(A)	(A)/ FY98	(B)	(B)/(A)	(C)	(C)/(B)
Depreciation	135.9	86%	121.3	89%	140.0	115%

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

**5. R&D expenditures**

(Billions of yen)

	Fiscal 1999		Fiscal 2000		Fiscal 2001 (Forecast)	
	(A)	(A)/ FY98	(B)	(B)/(A)	(C)	(C)/(B)
Total	300.1	81%	305.6	102%	300.0	98%
Percentage of net sales	8.0%	-	7.6%	-	7.8%	-

**6. International procurement**

(Billions of yen)

	Fiscal 1999		Fiscal 2000		Fiscal 2001 (Forecast)	
	(A)	(A)/ FY98	(B)	(B)/(A)	(C)	(C)/(B)
International procurement	486.9	99%	577.0	118%	630.0	109%

## Supplementary information on Information Systems &amp; Electronics sector

## 1. Computers

Sales (total internal and external sales) (Upper rows are percentage changes from preceding year; billions of yen)

	Fiscal 2000			Fiscal 2001 (Forecast)		
	1st half	2nd half	Total	1st half	2nd half	Total
Consolidated basis	99%	108%	103%	113%	109%	111%
Total	795	932	1,727	900	1,020	1,920
Unconsolidated basis	100%	106%	103%	102%	100%	101%
Total	623	725	1,348	634	722	1,356
In Japan	105%	101%	103%	103%	102%	103%
	515	600	1,115	532	614	1,146
Export	81%	136%	104%	94%	86%	*90%
	108	125	233	102	108	210
Export ratio	17.3%	17.2%	17.3%	16.1%	15.0%	15.5%

\* Changes in the formats of agreements with overseas affiliates will result in a decrease of exports in terms of units, but there will still be an increase of 12% compared to the previous level.

Orders received for main products, in numbers of units (includes export models other than PC export models) :  
unconsolidated basis

	Fiscal 2000			Fiscal 2001 (Forecast)		
	1st half	2nd half	Total	1st half	2nd half	Total
Supercomputers	10	12	22	11	13	24
General-purpose computers (Total)	384	269	653	176	175	351
High-end (A)	96	68	164	5	5	10
Large (B)	167	97	264	39	40	79
(A)+(B)	263	165	428	44	45	89
Midrange	121	104	225	132	130	262
UNIX servers	1,400	800	2,200	1,300	1,600	2,900
UNIX workstations	1,000	700	1,700	700	700	1,400
PCs & PC servers	310,000	340,000	650,000	330,000	390,000	720,000
Large-capacity disk storage subsystems (RAID)	3,300	5,400	8,700	7,000	9,000	16,000

Notes: Figures for supercomputers and general-purpose computers are based on the number of instruction processors.

Figures for parallel supercomputers (SR series) are based on the number of systems.

Figures for disk storage subsystems are based on the number of terabytes.

Domestic orders received by information systems operations, by product sector: unconsolidated basis \*

	Fiscal 1999	Fiscal 2000
Hardware	43%	38%
Software, Services	57%	62%

\* Information systems operations :Solution Systems, Information & Telecommunication Platform Systems and Information & Network Services (excluding Telecommunication Systems)

Domestic orders received by information systems operations, by industry: unconsolidated basis\*

	Fiscal 1999	Fiscal 2000
Finance	27%	28%
Manufacturing	19%	20%
Distribution	19%	21%
Public utilities, other	35%	31%

\* Information systems operations :Solution Systems, Information & Telecommunication Platform Systems and Information & Network Services (excluding Telecommunication Systems)

● Outline of operations :

<Fiscal 2000>

In Japan, the solutions business grew steadily, with demand coming mainly from the financial sectors, while overseas, growth was registered by storage operations, enabling higher revenues to be achieved.

<Fiscal 2001 (Forecast)>

Continuing growth is projected for the solutions business in Japan, and for the storage business overseas.

## 2. Telecommunication Systems (unconsolidated basis)

Sales (total internal and external sales, unconsolidated basis)

(Upper rows are percentage changes from preceding year; billions of yen)

	Fiscal 2000			Fiscal 2001(Forecast)*		
	1st half	2nd half	Total	1st half	2nd half	Total
Total	109%	109%	109%	115%	110%	112%
	101	117	218	116	129	245
Export ratio	9%	11%	10%	14%	12%	13%

\* From fiscal 2001, the optical components business will be transferred to affiliated companies. A year-on-year increase of 29% is projected.

● Outline of operations :

<Fiscal 2000>

In addition to brisk domestic sales of cellular phones and ISDN switchboards, export sales of optical components to North America were sharply higher, resulting in an overall increase in sales compared to the preceding year.

<Fiscal 2001 (Forecast)>

Domestic sales of cellular phones and large export sales of optical transmission systems to North America are expected to result in a year-on-year improvement.

### 3. Semiconductors (consolidated basis)

Sales (Upper rows are percentage changes from preceding year; billions of yen)

Fiscal 2000			Fiscal 2001 (Forecast)		
1st half	2nd half	Total	1st half	2nd half	Total
122%	109%	115%	95%	108%	101%
390	380	770	370	410	780

Sales by division

	Fiscal 2000	Fiscal 2001 (Forecast)
DRAM Business Division	18%	15%
System Memory Business Division	9%	11%
System LSI Business Division	48%	50%
Multi-Purpose Semiconductor Business Division	25%	24%

Semiconductor Capital Investment

(Billions of yen)

		Fiscal 2000	Fiscal 2001 (Planned)	
Parent	Naka Operation	14	10	
	Takasaki Operation	12	7	
	Koufu Operation	30	17	
	Other	20	10	
Parent subtotal		76	44	
		(1st half: 36, 2nd half: 40)	(1st half: 9, 2nd half: 35)	
Subsidiaries	TTI*1	70	55	
	Other	48	20	
	Domestic subsidiaries		118	75
	HNS*2	13	14	
	Other	13	7	
	Overseas subsidiaries		26	21
Subsidiaries subtotal		144	96	
Hitachi consolidated total		220	140	
		(1st half: 148, 2nd half: 72)	(1st half: 33, 2nd half: 107)	

\*1: TTI: Trecenti Technologies, Inc.

\*2: HNS: Hitachi Nippon Steel Semiconductor Singapore Pte. Ltd.

DRAM production quantity

	As of April 2001	Planned
64MDRAM	6 million pieces/month	December 2001: 3 million pieces/month March 2002 : 2 million pieces/month
256MDRAM	2 million pieces/month	December 2001: 3 million pieces/month March 2002 : 3.5 million pieces/month

Flash Memory production quantity

	As of April 2001	Planned
64M Flash Memory	100,000 pieces/month	December 2001: 100,000 pieces/month March 2002 : 100,000 pieces/month
256M Flash Memory	600,000 pieces/month	December 2001: 800,000 pieces/month March 2002 : 1 million pieces/month

Microprocessor/microcontroller sales (Billions of yen; % change from preceding year)

Fiscal 2000		Fiscal 2001 (Forecast)	
240	120%	260	108%

● Outline of operations :

<Fiscal 2000>

Sales rose 15% year on year, to 770 billion yen, helped by growth of microprocessors/microcontrollers and other system LSI products, high-power amplifiers for GSM applications, and system memory products.

<Fiscal 2001(Forecast)>

System LSI products and system memory products are expected to grow, but sales of DRAMs, discretés and some other products are expected to decrease, resulting in projected sales of 780 billion yen, a year-on-year increase of 1%.

#### 4. Displays (consolidated basis)

Sales (Billions of yen; % change from preceding year)

Total	Fiscal 2000		Fiscal 2001 (Forecast)	
		270 (1st half :150, 2 nd half: 120)	93%	280 (1st half: 120, 2nd half: 160)
Major products				
LCDs	153	96%	170	111%
Color display tubes	59	84%	49	83%
Color picture tubes	22	85%	27	123%
Projection tubes	20	111%	24	120%

LCD Production (Billions of yen; % change from preceding year)

	Fiscal 2000			Fiscal 2001 (Forecast)			
	1st half	2nd half	Total	1st half	2nd half	Total	
TFT LCDs	79	55	134	58	86	144	107%
STN LCDs	10	9	19	11	15	26	137%
Total	89	64	153	69	101	170	111%

LCD Capital Investment (Billions of yen; % change from preceding year)

Fiscal 2000			Fiscal 2001 (Planned)		
1st half	2nd half	Total	Total		
28	27	55	177%	10	18%

● Outline of operations :

<Fiscal 2000>

Falling prices of TFT LCDs and color display tubes resulted in a sales of 270 billion yen, 7% less than the preceding year.

<Fiscal 2001(Forecast)>

A new production line for TFT LCDs, along with a move into medium-sized and small model sectors, is expected to push up sales by 4%, to 280 billion yen.