

## **Hitachi Posts Significant Recovery**

Tokyo, April 28, 2000 --- Hitachi, Ltd. (TSE:6501) today announced results for the fiscal year 1999, ended March 31, 2000.

The Japanese economy got a partial boost from private-sector capital investment in information technology (IT) during the fiscal year. However, the operating environment was also characterized by declining public-sector capital expenditures, poor prospects for a recovery in personal consumption and a stronger yen. Overseas, Asian economies rebounded and the U.S. economy maintained strong momentum. In this climate, consolidated net sales for fiscal 1999 were flat year-on-year at 8,001,203 million yen (\$75,483 million).

Consolidated business results are for Hitachi, Ltd. and its 1,047 subsidiaries, including 312 overseas corporations.

By segment, sales in Information Systems & Electronics were held to a 1% increase. Semiconductor sales rose on expanded demand for use in PCs and mobile communications equipment. Furthermore, thin-film transistor (TFT) LCDs posted sharp growth, most notably because of strong demand from PC manufacturers. Computer operations, however, experienced a decline in sales. While systems integration services continued to perform well, particularly the operations of Hitachi, Ltd., Hitachi Software Engineering Co., Ltd. and Hitachi Information Systems, Ltd., mainframe computer operations were affected by two factors: the reluctance of buyers, especially overseas, to make purchases due to Y2K concerns and the pressure of intensifying competition.

In the Power & Industrial Systems segment, overall sales dipped below year-ago levels. Power systems results of Hitachi, Ltd. and Hitachi Plant Engineering & Construction Co., Ltd. were hamstrung by a prolonged slump in capital expenditures by Japanese power companies. Industrial systems also could not overcome the effects of declining capital expenditures in the private sector in Japan.

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The Consumer Products segment reported higher year-on-year sales. Although air conditioner results were not as good as expected on account of unseasonably cool summer weather in Japan, washing machines and refrigerators did well. And at Hitachi Maxell, Ltd., high growth was posted in storage media, particularly CD-Rs and computer tapes.

In Materials, sales were higher than the previous year's level. The segment was able to overcome a downturn in demand from generally lower private-sector capital expenditures. Hitachi Cable, Ltd., Hitachi Metals, Ltd. and Hitachi Chemical Co., Ltd. all recorded higher sales of materials for electronic products on the back of brisk demand for semiconductor and LCD materials.

Services & Other sales increased from a year ago. This was attributable to growth in automobile loans at Hitachi Credit Corporation, which offset lower overseas sales of mainframe computers at Nissei Sangyo Co., Ltd.

The Company spent 432,342 million yen (\$4,079 million) on research and development, a decrease of 13 % from the same period last year. R&D expenditures as a percentage of net sales were 5.4 %.

During the period, Hitachi's plant and equipment investment amounted to 574,642 million yen (\$5,421 million), a decrease of 2 % from the same period a year earlier.

Operating income came to 174,364 million yen (\$1,645 million). This was the result of a dramatic improvement in Information Systems & Electronics, primarily in semiconductor and LCD operations, the first black ink in three fiscal years in Consumer Products and improved performances in other segments.

Other income increased 23,719 million yen (\$224 million), to 72,101 million yen (\$680 million), due mainly to higher gains on sale of marketable securities. Other deductions declined 68,509 million yen (\$646 million) to 167,230 million yen (\$1,577 million) on account of lower restructuring charges compared with the previous fiscal year.

This resulted in income before income taxes and minority interests of 79,235 million yen (\$748 million). Net income, after the deduction of income taxes of 47,502 million yen (\$448 million) and minority interests of 14,811 million yen (\$140 million), was 16,922 million yen (\$160 million).

### **Outlook for Fiscal 2000**

Increased private-sector capital expenditures in electronic devices and IT is putting the Japanese economy on a recovery footing. But a full-fledged recovery in personal consumption is still some way off, as the employment picture remains bleak. Overseas, further recovery is likely in Asian economies, but whether the U.S. economy can continue its rapid growth is unclear.

In this environment, Hitachi will strive to realize the goals of its medium-term business plan,

the “i.e. HITACHI Plan,” transforming itself into a solutions-providing company centered on information and electronics to generate higher sales and earnings.

Hitachi’s consolidated forecast for fiscal 2000, ending March 31, 2001, is as follows:

Net sales	8,300,000 million yen (\$78,302 million) (up 4% from the preceding year)
Operating income	245,000 million yen (\$2,311 million) (up 41% from the preceding year)
Income before income taxes	225,000 million yen (\$2,123 million) (up 184% from the preceding year)
Net income	80,000 million yen (\$755 million) (up 373% from the preceding year)

All figures were converted at the rate of 106 yen = U.S. \$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of March 31, 2000.

#### 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; exchange rates and their fluctuations between 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, 2000**

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 ¥106=U.S.\$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of March 31, 2000.

**SUMMARY**

In millions of yen and U.S. dollars, except Net income (loss) per share (5) and Net income (loss) per American Depositary Share (6).

Years ended March 31, 2000 and 1999

	YEN (millions)		(A)/(B) X100	U.S.DOLLARS (millions)
	2000 (A)	1999 (B)		2000
1. Net sales	8,001,203	7,977,374	100	75,483
2. Operating income (loss)	174,364	(34,074)	-	1,645
3. Income (loss) before income taxes	79,235	(221,431)	-	748
4. Net income (loss)	16,922	(336,916)	-	160
5. Net income (loss) per share				
Basic	5.07	(100.94)	-	0.05
Diluted	4.99	-	-	0.05
6. Net income (loss) per ADS (representing 10 shares )				
Basic	51	(1,009)	-	0.48
Diluted	50	-	-	0.47
7. Total assets	9,837,198	9,715,982	101	92,804

Note: The Company changed the method of carrying the investment in its certain affiliated company from cost to equity in 2000. Accordingly, figures for 1999 have been restated.

## CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2000 and 1999

	YEN (millions )		(A)/(B) X100	U.S. DOLLARS (millions)
	2000 (A)	1999 (B)		2000
Net sales	8,001,203	7,977,374	100	75,483
Cost of sales	5,898,756	6,052,345	97	55,649
Selling, general and administrative expenses	1,928,083	1,959,103	98	18,189
Operating income (loss)	174,364	(34,074)	-	1,645
Other income	72,101	48,382	149	680
(Interest and dividends)	42,042	47,238	89	397
(Other)	30,059	1,144	-	283
Other deductions	167,230	235,739	71	1,577
(Interest)	52,015	59,028	88	490
(Other)	115,215	176,711	65	1,087
Income (Loss) before income taxes	79,235	(221,431)	-	748
Income taxes	47,502	108,449	44	448
Income (Loss) before minority interests	31,733	(329,880)	-	300
Minority interests	14,811	7,036	211	140
Net income (loss)	16,922	(336,916)	-	160

Note: The Company changed the method of carrying the investment in its certain affiliated company from cost to equity in 2000. Accordingly, the Consolidated Statement of Income has been restated for 1999.

**CONSOLIDATED BALANCE SHEETS**

	YEN (millions)		(A)/(B) X100	U.S.DOLLARS (millions)
	As of March 31, 2000 (A)	As of March 31, 1999 (B)		As of March 31, 2000
Assets	9,837,198	9,715,982	101	92,804
Current Assets	5,913,779	5,861,654	101	55,790
Cash 1	1,169,884	1,123,877	104	11,036
Marketable securities 1	756,182	665,489	114	7,134
Trade receivables				
Notes	295,526	307,354	96	2,788
Accounts	1,908,692	1,878,272	102	18,006
Inventories	1,416,878	1,470,847	96	13,367
Other current assets	366,617	415,815	88	3,459
Noncurrent receivables and restricted funds	160,583	176,403	91	1,515
Investments and advances	658,846	680,389	97	6,216
Property, plant and equipment	2,554,749	2,607,607	98	24,101
Other assets	549,241	389,929	141	5,182
Liabilities and stockholders' equity	9,837,198	9,715,982	101	92,804
Current liabilities	3,925,641	3,762,748	104	37,035
Short-term debt and current installments of long-term debt	1,305,670	1,159,811	113	12,318
Trade payables				
Notes	98,058	97,863	100	925
Accounts	974,721	907,641	107	9,195
Advances received	382,085	418,360	91	3,605
Other current liabilities	1,165,107	1,179,073	99	10,992
Noncurrent liabilities	2,263,749	2,286,826	99	21,356
Long-term debt	1,482,810	1,478,168	100	13,989
Retirement and severance benefits	699,385	723,028	97	6,598
Other liabilities	81,554	85,630	95	769
Minority interests 2	771,596	758,115	102	7,279
Stockholders' equity 2	2,876,212	2,908,293	99	27,134
Capital	281,738	281,735	100	2,658
Capital surplus	499,081	494,782	101	4,708
Legal reserve and retained earnings	2,172,970	2,189,841	99	20,500
Accumulated other comprehensive income (Foreign currency translation adjustments)	(77,577)	(58,065)	-	(732)

Notes 1: "Cash" and "Marketable securities" include the balance of "Cash and cash equivalents" of ¥ 1,357,432 million (\$12,806 million) and ¥ 1,237,527 million (\$11,675 million) at March 31, 2000 and March 31, 1999, respectively.

2: Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities," has not been implemented in the consolidated balance sheets as allowed by the U.S. Securities and Exchange Commission. If implemented, unrealized holding gains (net) of securities in the scope of SFAS No. 115 were included in measurement of these investments, and the balances of "Minority interests" and "Stockholders' equity" were increased as follows.

	March 31, 2000	March 31, 1999
Unrealized holding gains (net)	¥ 222,390 million (\$2,098 million)	¥ 196,587 million (\$1,855 million)
Minority interests	¥ 20,329 million (\$192 million)	¥ 18,347 million (\$173 million)
Stockholders' equity	¥ 111,475 million (\$1,052 million)	¥ 97,722 million (\$922 million)

3: The Company changed the method of carrying the investment in its certain affiliated company from cost to equity in 2000.

Accordingly, the Consolidated Balance Sheet has been restated for 1999.

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Year S ended March 31, 2000 and 1999

	YEN (millions )		U.S. DOLLARS (millions)
	2000	1999	2000
<b>Common stock</b>			
Balance at beginning of year	281,735	281,735	2,658
Conversion of convertible debentures	3	-	0
Balance at end of year	281,738	281,735	2,658
<b>Capital Surplus</b>			
Balance at beginning of year	494,782	492,272	4,668
Conversion of convertible debentures	3,954	2,190	37
Increase arising from sale of subsidiaries' common stock and other	345	320	3
Balance at end of year	499,081	494,782	4,708
<b>Legal reserve</b>			
Balance at beginning of year	105,905	104,370	999
Transfers from retained earnings	1,271	1,591	12
Transfers to minority interests arising from conversion of subsidiaries' convertible debentures	(94)	(37)	(1)
Transfers to minority interests arising from sale of subsidiaries' common stock and other	(197)	(19)	(2)
Balance at end of year	106,885	105,905	1,008
<b>Retained earnings</b>			
Balance at beginning of year as previously reported	2,044,425	2,406,253	19,287
Restatement 2	39,511	37,633	373
Balance at beginning of year as restated	2,083,936	2,443,886	19,660
Net income (loss)	16,922	(336,916)	160
Cash dividends	(28,371)	(18,358)	(268)
Transfers to legal reserve	(1,271)	(1,591)	(12)
Transfers to minority interests arising from conversion of subsidiaries' convertible debentures	(2,291)	(727)	(21)
Transfers to minority interests arising from sale of subsidiaries' common stock and other	(2,840)	(2,358)	(27)
Balance at end of year	2,066,085	2,083,936	19,492
<b>Legal reserve and retained earnings</b>	2,172,970	2,189,841	20,500
<b>Accumulated other comprehensive income (loss)</b>			
Balance at beginning of year	(58,065)	(43,860)	(548)
Current-period change	(19,512)	(14,205)	(184)
Balance at end of year	(77,577)	(58,065)	(732)
<b>Total stockholders' equity</b>	2,876,212	2,908,293	27,134

Notes 1: In accordance with SFAS No. 130, "Reporting Comprehensive Income," the Company's comprehensive income (loss) consists of net income (loss) and foreign currency translation adjustments.

The comprehensive income (loss) did not include unrealized holding gains and losses on available-for-sale securities, because the Company has not adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," as previously agreed with the U.S. Securities and Exchange Commission.

2: The Company changed the method of carrying the investment in its certain affiliated company from cost to equity in 2000. Accordingly, the Consolidated Statement of Stockholders' Equity has been restated for 1999.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2000 and 1999

	YEN (millions)		U.S. DOLLARS (millions)
	2000	1999	2000
Cash flows from operating activities			
Net income (loss)	16,922	(336,916)	160
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation	541,253	547,022	5,106
Deferred income taxes	(67,179)	(12,187)	(634)
Loss on disposal of rental assets and other property	19,921	69,996	188
Increase in receivables	(107,685)	(2,549)	(1,016)
(Increase) decrease in inventories	(26,273)	127,802	(248)
Increase (decrease) in payables	78,728	(45,274)	743
Other	(4,237)	40,985	(40)
Net cash provided by operating activities	451,450	388,879	4,259
Cash flows from investing activities			
(Increase) decrease in short-term investments	(15,155)	153,382	(143)
Capital expenditures and proceeds from disposition of rental assets and other property	(443,123)	(592,915)	(4,180)
Proceeds from sale and purchase of investments and subsidiaries' common stock	27,508	2,705	259
Other	(4,821)	(13,721)	(45)
Net cash used in investing activities	(435,591)	(450,549)	(4,109)
Cash flows from financing activities			
Increase in interest-bearing debt	164,525	143,226	1,552
Dividends paid to stockholders	(27,762)	(18,412)	(262)
Dividends paid to minority stockholders of subsidiaries	(12,033)	(11,722)	(113)
Other	1,100	701	10
Net cash provided by financing activities	125,830	113,793	1,187
Effect of exchange rate changes on cash and cash equivalents	(21,784)	(14,136)	(206)
Net increase in cash and cash equivalents	119,905	37,987	1,131
Cash and cash equivalents at beginning of year	1,237,527	1,199,540	11,675
Cash and cash equivalents at end of year	1,357,432	1,237,527	12,806

Note: The Company changed the method of carrying the investment in its certain affiliated company from cost to equity in 1999. Accordingly, the Consolidated Statement of Cash Flows has been restated for 1999.

## SEGMENT INFORMATION

Years ended March 31, 2000 and 1999

### (1)INDUSTRY SEGMENTS

		YEN (millions)		(A)/(B) X100	U.S. DOLLARS (millions)
		2000 (A)	1999 (B)		2000
Sales	Information Systems & Electronics	3,148,888 32%	3,106,377 31%	101	29,706
	Power & Industrial Systems	2,372,610 24%	2,406,966 24%	99	22,383
	Consumer Products	904,992 9%	897,241 9%	101	8,538
	Materials	1,346,292 13%	1,338,819 14%	101	12,701
	Services & Other	2,146,177 22%	2,123,300 22%	101	20,247
	Subtotal	9,918,959 100%	9,872,703 100%	100	93,575
	Eliminations	(1,917,756)	(1,895,329)	-	(18,092)
	Total	8,001,203	7,977,374	100	75,483
Operating income	Information Systems & Electronics	52,325 24%	(90,362) -	-	494
	Power & Industrial Systems	41,790 19%	30,313 -	138	394
	Consumer Products	19,949 9%	(6,375) -	-	188
	Materials	49,887 23%	27,886 -	179	471
	Services & Other	53,781 25%	51,474 -	104	507
	Subtotal	217,732 100%	12,936 -	-	2,054
	Eliminations & Corporate items	(43,368)	(47,010)	-	(409)
	Total	174,364	(34,074)	-	1,645

Note: Net sales by industry segment include intersegment transactions.

**(2)GEOGRAPHIC SEGMENTS**

			YEN (millions)		(A)/(B) X100	U.S. DOLLARS
			2000 (A)	1999 (B)		(millions) 2000
Sales	Japan	Outside customer sales	6,410,934 69%	6,325,140 69%	101	60,481
		Intersegment transactions	951,918 10%	914,527 10%	104	8,980
		Total	7,362,852 79%	7,239,667 79%	102	69,461
	Other Areas	Outside customer sales	1,590,269 17%	1,652,234 18%	96	15,003
		Intersegment transactions	320,993 4%	264,487 3%	121	3,028
		Total	1,911,262 21%	1,916,721 21%	100	18,031
	Subtotal		9,274,114 100%	9,156,388 100%	101	87,492
	Eliminations		(1,272,911)	(1,179,014)	-	(12,009)
	Total		8,001,203	7,977,374	100	75,483
	Operating income	Japan		183,954 83%	3,116 31%	-
Other areas		38,925 17%	6,825 69%	570	367	
Subtotal		222,879 100%	9,941 100%	-	2,103	
Eliminations & Corporate items		(48,515)	(44,015)	-	(458)	
Total		174,364	(34,074)	-	1,645	

**(3)SALES BY MARKET**

		YEN (millions)		(A)/(B) X100	U.S. DOLLARS (millions)
		2000 (A)	1999 (B)		2000
Japan		5,657,571 71%	5,533,554 69%	102	53,373
	Asia	897,664 11%	895,457 11%	100	8,469
	North America	767,241 10%	838,848 11%	91	7,238
	Europe	484,744 6%	539,741 7%	90	4,573
	Other areas	193,983 2%	169,774 2%	114	1,830
Outside Japan		2,343,632 29%	2,443,820 31%	96	22,110
Total		8,001,203 100%	7,977,374 100%	100	75,483

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**HITACHI, LTD.**  
**UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2000**  
(106 yen = U.S.\$1)

April 28, 2000

	YEN (millions)	1999	% Increase (Decrease)	U.S. DOLLARS (millions)
<u>INCOME STATEMENTS</u>	2000	2000		2000
Net sales	3,771,948	3,781,118	0	35,584
Cost of sales	3,025,959	3,112,327	( 3 )	28,547
S.G.A. expenses	705,123	764,285	( 8 )	6,652
<u>Operating income (loss)</u>	40,865	(95,494)	-	386
Other income	89,143	63,585	40	841
Other deductions	98,221	83,011	18	927
<u>Ordinary income (loss)</u>	31,787	(114,920)	-	300
Extraordinary gain	58,942	38,146	55	556
Extraordinary loss	88,823	233,709	( 62 )	838
<u>Income (loss) before income taxes</u>	1,906	(310,483)	-	18
Current income taxes	240	240	0	2
Deferred income taxes	(10,206)	(135,189)	( 92 )	(96)
<u>Net income (loss)</u>	11,872	(175,534)	-	112
Basic EPS (yen and dollars)	3.56	(52.59)	-	0.03
Diluted EPS (yen and dollars)	-	-	-	-
<u>BALANCE SHEETS</u>	2000/3/31	1999/3/31		2000/3/31
Current assets	2,476,772	2,497,521	( 1 )	23,366
(Quick assets)	1,870,094	1,798,571	4	17,642
(Inventories)	541,182	637,742	( 15 )	5,105
(Deferred tax assets)	65,496	61,207	7	618
Fixed assets	1,527,143	1,652,066	( 8 )	14,407
(Investments)	597,429	690,110	( 13 )	5,636
(Deferred tax assets)	270,321	264,404	2	2,550
(Others)	659,393	697,552	( 5 )	6,221
<u>Total assets</u>	4,003,916	4,149,588	( 4 )	37,773
Current liabilities	1,577,344	1,616,585	( 2 )	14,881
Fixed liabilities	840,195	930,133	( 10 )	7,926
(Debentures)	540,121	540,127	0	5,095
(Long-term loans)	2,785	2,602	7	26
(Others)	297,288	387,404	( 23 )	2,805
<u>Total liabilities</u>	2,417,539	2,546,718	( 5 )	22,807
<u>Stockholders' equity</u>	1,586,376	1,602,869	( 1 )	14,966
<u>Liabilities and stockholders' equity</u>	4,003,916	4,149,588	( 4 )	37,773

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**FORECAST FOR THE YEAR ENDING MARCH 31, 2001**

	<b>Net sales</b>	<b>Ordinary income</b>	<b>Net income</b>
<b>Millions of Yen</b>	3,790,000	45,000	33,000
<b>Millions of U.S. dollars</b>	35,755	425	311

Cautionary Statement

The forecast for the year ending March 31, 2001 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; exchange rates and their fluctuations between 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 1999, ended March 31, 2000 (Consolidated basis)**

**1. Summary (note 1)**

(Billions of yen)

	Fiscal 1998		Fiscal 1999		Fiscal 2000 (Forecast)	
	(A)	(A)/FY97	(B)	(B)/(A)	(C)	(C)/(B)
Net sales	7,977.3	95%	8,001.2	100%	8,300.0	104%
C/U (note 2)	211%	-	212%	-	219%	-
Operating income (loss)	(34.0)	-	174.3	-	245.0	141%
Income (loss) before income taxes	(221.4)	-	79.2	-	225.0	284%
Net income (loss)	(336.9)	-	16.9	-	80.0	473%
C/U (note 2)	-	-	143%	-	242%	-
Average exchange rate (yen / U.S.\$)	129	-	111	-	105	-
Net interest and dividends	(11.7)	-	(9.9)	-	(11.0)	-

Notes: 1. The Company changed the method of carrying the investment in its certain affiliated company from cost to equity in 2000. Accordingly, figures for fiscal 1999 have been restated.

2. C/U : Consolidated basis / Unconsolidated basis

	As of March 31, 1999	As of March 31, 2000
Cash & cash equivalents, Short-term investments (Billions of yen)	1,789.3	1,926.0
Interest-bearing debt (Billions of yen)	2,637.9	2,788.4
Number of employees	328,351	337,911
Japan	266,642	270,092
Overseas	61,709	67,819
Number of consolidated subsidiaries	1,010	1,047
Japan	709	735
Overseas	301	312

## 2. Sales by industry segment

(Billions of yen)

	Fiscal 1998		Fiscal 1999		Fiscal 2000 (Forecast)	
	(A)	(A)/FY97	(B)	(B)/(A)	(C)	(C)/(B)
Information Systems & Electronics	3,106.3	92%	3,148.8	101%	3,270.0	104%
Electronic Devices	880.0	83%	960.0	109%	1,040.0	108%
Information, Telecommunication & Other	2,226.3	96%	2,188.8	98%	2,230.0	102%
Power & Industrial Systems	2,406.9	95%	2,372.6	99%	2,370.0	100%
Consumer Products	897.2	97%	904.9	101%	910.0	101%
Materials	1,338.8	91%	1,346.2	101%	1,360.0	101%
Services & Other	2,123.3	88%	2,146.1	101%	2,400.0	112%
Subtotal	9,872.7	92%	9,918.9	100%	10,310.0	104%
Eliminations	(1,895.3)	-	(1,917.7)	-	(2,010.0)	-
Total	7,977.3	95%	8,001.2	100%	8,300.0	104%

## 3. Sales by market

(Billions of yen)

	Fiscal 1998		Fiscal 1999		Fiscal 2000 (Forecast)	
	(A)	(A)/FY97	(B)	(B)/(A)	(C)	(C)/(B)
Japan	5,533.5	95%	5,657.5	102%	5,800.0	103%
Asia	895.4	85%	897.6	100%	-	-
North America	838.8	95%	767.2	91%	-	-
Europe	539.7	102%	484.7	90%	-	-
Other Areas	169.7	115%	193.9	114%	-	-
Outside Japan	2,443.8	94%	2,343.6	96%	2,500.0	107%
Total	7,977.3	95%	8,001.2	100%	8,300.0	104%

## 4. Overseas sales by industry segment

(Billions of yen)

	Fiscal 1998		Fiscal 1999		Fiscal 2000 (Forecast)	
	(A)	(A)/FY97	(B)	(B)/(A)	(C)	(C)/(B)
Information Systems & Electronics	723.9	95%	671.5	93%	/	
Power & Industrial Systems	443.1	104%	410.3	93%		
Consumer Products	375.1	99%	319.6	85%		
Materials	301.7	98%	318.4	106%		
Services & Other	599.8	81%	623.6	104%		
Total	2,443.8	94%	2,343.6	96%		

**5. Operating income (loss) by industry segment**

(Billions of yen)

	Fiscal 1998		Fiscal 1999		Fiscal 2000 (Forecast)	
	(A)	(A)/FY97	(B)	(B)/(A)	(C)	(C)/(B)
Information Systems & Electronics	(90.3)	-	52.3	-	78.0	149%
Electronic Devices	(119.9)	-	32.0	-	66.0	206%
Information, Telecommunication & Other	29.5	28%	20.2	68%	12.0	59%
Power & Industrial Systems	30.3	32%	41.7	138%	46.0	110%
Consumer Products	(6.3)	-	19.9	-	28.0	140%
Materials	27.8	42%	49.8	179%	64.0	128%
Services & Other	51.4	97%	53.7	104%	64.0	119%
Subtotal	12.9	5%	217.7	-	280.0	129%
Eliminations	(47.0)	-	(43.3)	-	(35.0)	-
Total	(34.0)	-	174.3	-	245.0	141%

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

(Billions of yen)

	Fiscal 1998		Fiscal 1999	
	(A)	(A)/FY97	(B)	(B)/(A)
Overseas production	1,136.4	101%	1,058.1	93%
Percentage of net sales	14%	-	13%	-
Percentage of overseas sales	47%	-	45%	-

**7. Capital investment, Depreciation, R&D expenditure**

(Billions of yen)

	Fiscal 1998		Fiscal 1999		Fiscal 2000 (Forecast)	
	(A)	(A)/FY97	(B)	(B)/(A)	(C)	(C)/(B)
Capital investment	585.7	82%	574.6	98%	650.0	113%
Leasing assets	212.6	98%	211.1	99%	240.0	114%
Other	373.0	75%	363.4	97%	410.0	113%
Depreciation	547.0	99%	541.2	99%	540.0	100%
Leasing assets	143.4	105%	144.2	101%	154.0	107%
Other	403.6	98%	397.0	98%	396.0	100%
R&D expenditure	496.7	97%	432.3	87%	430.0	99%
Percentage of net sales	6.2%	-	5.4%	-	5.2%	-

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

	Fiscal 1998		Fiscal 1999		Fiscal 2000 (Forecast)	
	(A)	(A)/FY97	(B)	(B)/(A)	(C)	(C)/(B)
Information Systems & Electronics	202.4	73%	193.7	96%		
Power & Industrial Systems	60.6	82%	59.9	99%		
Consumer Products	47.1	83%	39.2	83%		
Materials	90.5	92%	79.6	88%		
Services & Other	186.6	95%	188.2	101%		
Eliminations & Corporate Items	(1.8)	-	13.7	-		
Total	585.7	82%	574.6	98%		

**9. Depreciation by industry segment** (Including leasing assets) (Billions of yen)

	Fiscal 1998		Fiscal 1999		Fiscal 2000 (Forecast)	
	(A)	(A)/FY97	(B)	(B)/(A)	(C)	(C)/(B)
Information Systems & Electronics	213.2	94%	190.8	89%		
Power & Industrial Systems	65.5	102%	62.9	96%		
Consumer Products	47.4	101%	44.1	93%		
Materials	82.3	101%	78.5	95%		
Services & Other	125.2	109%	153.2	122%		
Corporate items	13.2	78%	11.5	87%		
Total	547.0	99%	541.2	99%		

**10. R&D expenditure by industry segment** (Billions of yen)

	Fiscal 1998		Fiscal 1999		Fiscal 2000 (Forecast)	
	(A)	(A)/FY97	(B)	(B)/(A)	(C)	(C)/(B)
Information Systems & Electronics	331.1	98%	281.9	85%		
Power & Industrial Systems	92.7	98%	73.9	80%		
Consumer Products	25.1	84%	29.1	116%		
Materials	46.2	100%	44.7	97%		
Services & Other	1.4	103%	2.5	182%		
Total	496.7	97%	432.3	87%		

**Supplementary information for fiscal 1999, ended March 31, 2000 (Unconsolidated basis)****1. Summary**

(Billions of yen)

	Fiscal 1998		Fiscal 1999		Fiscal 2000 (Forecast)	
	(A)	(A)/FY97	(B)	(B)/(A)	(C)	(C)/(B)
Net sales	3,781.1	93%	3,771.9	100%	3,790.0	100%
Operating income (loss)	(95.4)	-	40.8	-	55.0	135%
Income (loss) before income taxes	(114.9)	-	31.7	-	45.0	142%
Net income (loss)	(175.5)	-	11.8	-	33.0	278%
Dividend payout ratio (%)	-	-	169	-	-	-
Average exchange rate (yen / U.S.\$)	129	-	111	-	105	-
Net interest and dividends	38.1	-	46.1	-	30.0	-

	As of March 31, 1999	As of March 31, 2000	As of March 31, 2001 (Forecast)
Cash & cash equivalents, Short-term investments (Billions of yen)	617.5	689.1	-
Interest-bearing debt (Billions of yen)	728.5	729.8	-
Number of employees	67,078	59,692	56,800

**2. Sales by industry segments (note)**

(Billions of yen)

	Fiscal 1998		Fiscal 1999		Fiscal 2000 (Forecast)	
	(A)	(A)/FY97	(B)	(B)/(A)	(C)	(C)/(B)
Information & Telecommunication Systems	1,438.4	101%	1,378.5	96%		
Electronic Devices	511.8	78%	635.2	124%		
Power & Industrial Systems	1,305.1	90%	1,230.0	94%		
Digital Media & Consumer Products	525.6	94%	528.0	100%		
Total	3,781.1	93%	3,771.9	100%	3,790.0	100%

Note: Industry segments have been reclassified starting fiscal 1999. As a result, figures of fiscal 1998 have been restated.

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

(Billions of yen)

	Fiscal 1998		Fiscal 1999		Fiscal 2000 (Forecast)	
	(A)	(A)/FY97	(B)	(B)/(A)	(C)	(C)/(B)
Information & Telecommunication Systems	34.5	105%	24.5	71%		
Electronic Devices	47.5	45%	92.0	194%		
Power & Industrial Systems	22.5	80%	28.0	124%		
Digital Media & Consumer Products	8.0	73%	6.5	81%		
Others	10.5	88%	9.0	86%		
Total	123.0	65%	160.0	130%		

**4. Depreciation (note)**

(Billions of yen)

	Fiscal 1998		Fiscal 1999		Fiscal 2000 (Forecast)	
	(A)	(A)/FY97	(B)	(B)/(A)	(C)	(C)/(B)
Depreciation	157.5	85%	135.9	86%	140.0	103%

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

**5. R&D expenditures**

(Billions of yen)

	Fiscal 1998		Fiscal 1999		Fiscal 2000 (Forecast)	
	(A)	(A)/FY97	(B)	(B)/(A)	(C)	(C)/(B)
Total	371.4	96%	300.1	81%	300.0	100%
Percentage of net sales	9.8%	-	8.0%	-	7.9%	-

**6. International procurement**

(Billions of yen)

	Fiscal 1998		Fiscal 1999		Fiscal 2000 (Forecast)	
	(A)	(A)/FY97	(B)	(B)/(A)	(C)	(C)/(B)
International procurement	493.3	92%	486.9	99%	550.0	113%

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

## 1. Computers

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

	Fiscal 1999			Fiscal 2000 (Forecast)		
	1st half	2nd half	Total	1st half	2nd half	Total
Consolidated basis	96%	96%	96%	99%	106%	103%
Total	805	865	1,670	800	920	1,720
Unconsolidated basis	94%	97%	95%	98%	105%	102%
Total	623	685	1,308	611	719	1,330
In Japan	99%	104%	101%	104%	103%	103%
	490	593	1,083	509	611	1,120
Export	79%	68%	74%	77%	117%	93%
	133	92	225	102	108	210
Export ratio	21.3%	13.4%	17.2%	16.7%	15.0%	15.8%

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

	Fiscal 1999			Fiscal 2000 (Forecast)		
	1st half	2nd half	Total	1st half	2nd half	Total
Supercomputers	13	8	21	27	14	41
General-purpose computers (Total)	774	793	1,567	580	470	1,050
High-end (A)	190	248	438	170	150	320
Large (B)	468	446	914	210	160	370
(A)+(B)	658	694	1,352	380	310	690
Midrange	116	99	215	200	160	360
UNIX servers & workstations	2,900	2,000	4,900	2,550	1,850	4,400
PCs & PC servers	303,000	307,000	610,000	340,000	370,000	710,000
Large-capacity disk storage subsystems (RAID)	1,850	2,250	4,100	2,400	3,520	5,920

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 1998	Fiscal 1999
Hardware	47%	43%
Software, Services	53%	57%

\* Information systems operations : Finance & Distribution Systems, Industrial Information Systems, Government & Public Corporation Information Systems, Telecommunication & Information Infrastructure Systems and Information & Computer Systems (excluding Telecommunication Systems)

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

	Fiscal 1998	Fiscal 1999
Finance	27%	27%
Manufacturing	22%	19%
Distribution	18%	19%
Public utilities, other	33%	35%

\* Information systems operations : Finance & Distribution Systems, Industrial Information Systems, Government & Public Corporation Information Systems, Telecommunication & Information Infrastructure Systems and Information & Computer Systems (excluding Telecommunication Systems)

● Outline of operations :

<Fiscal 1999>

In Japan, SI and service segment sales were up. However, overseas sales declined sharply due to the effect of concerns over the year 2000 problem and lower prices of general-purpose computers.

<Fiscal 2000>

In Japan, a rising tide of investment in information technology in the financial and other sectors is expected to boost sales of solutions. Overseas, while the Company is moving forward with a transition from the former emphasis on hardware sales to a solutions-based business, sales are expected to show a year-on-year decline.

## 2. Telecommunication Systems (unconsolidated basis)

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

	Fiscal 1999			Fiscal 2000 (Forecast)		
	1st half	2nd half	Total	1st half	2nd half	Total
Total	122%	99%	109%	109%	103%	106%
	93	107	200	101	110	211
Export ratio	10%	8%	9%	13%	18%	15%

● Outline of operations :

< Fiscal 1999 >

In Japan, major gains were registered by mobile terminals, and exports of optical transmission systems and optical components were also higher. The overall result was a year-on-year sales increase of 9%, to 200 billion yen.

< Fiscal 2000 >

The brisk pace of export sales of optical transmission systems and optical components to North America is expected to continue. Sales of 211 billion yen are projected for fiscal 2000, an increase of 6% compared to the preceding year.

### 3. Semiconductors (consolidated basis)

Sales (unit is billions of yen; % change from preceding year)

Fiscal 1999				Fiscal 2000 (Forecast)			
1st half	2nd half	Total		1st half	2nd half	Total	
320	350	670	112%	370	380	750	112%

Sales by division

	Fiscal 1999	Fiscal 2000 (Forecast)
DRAM Business Division	21%	17%
System Memory Business Division	7%	10%
System LSI Business Division	47%	48%
Multi-Purpose Semiconductor Business Division	25%	25%

DRAM production quantity

	As of April 2000	Planned
64MDRAM	8 million pieces/month	December 2000: 3 million pieces/month March 2001 : 2 million pieces/month
256MDRAM	700,000 pieces/month	December 2000: 1.8 million pieces/month March 2001 : 2.5 million pieces/month

## Flash Memory production quantity

	As of April 2000	Planned
64M Flash Memory	600,000 pieces/month	December 2000: 500,000 pieces/month March 2001 : 500,000 pieces/month
256M Flash Memory	500,000 pieces/month	December 2000: 1.5 million pieces/month March 2001 : 2.0 million pieces/month

## Microprocessor/microcontroller sales (unit is billions of yen; % change from preceding year)

Fiscal 1999		Fiscal 2000 (Forecast)	
200	118%	230	115%

## Semiconductor Capital Investment

(unit is billions of yen)

		Fiscal 1999	Fiscal 2000 (Planned)
Parent	Naka Operation	22	21
	Takasaki Operation	14	13
	Koufu Operation	6	13
	Other	16	21
subtotal		58	68
Subsidiaries	Domestic affiliates	35	105
	TTI*1	-	70
	Other	35	35
	Overseas affiliates	55	31
	HNS*2	40	24
	Other	15	7
subtotal		90	136
Hitachi consolidated total		148	204

\*1: TTI (Trecenti Technologies, Inc.) was established as a subsidiary in March, 2000.

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

## ● Outline of operations :

&lt;Fiscal 1999&gt;

Microprocessors/microcontrollers for PCs, PC peripherals, cellular phones and automotive applications did well, as did high-power amplifiers for GSM applications. As a result, sales rose 12% year-on-year, to 670 billion yen.

<Fiscal 2000>

Lineups of SuperH microprocessors and other system LSI products, general-purpose semiconductor products for GSM applications and system memory products are being strengthened. This is expected to result in sales of 750 billion yen, 12% more than the preceding year.

#### 4. Liquid-crystal displays(consolidated basis)

Production (unit is billions of yen; % change from preceding year)

	Fiscal 1999		Fiscal 2000 (Forecast)	
	TFT LCDs	144	240%	150
STN LCDs	16	80%	26	163%
Total	160	200%	176	110%

Capital Investment (unit is billions of yen; % change from preceding year)

Fiscal 1999		Fiscal 2000 (Planned)	
31	620%	50	161%

#### ● Outline of operations :

< Fiscal 1999>

In TFT LCDs, with the increased capacity of the V2 line, production rose to 144 billion yen, representing a year-on-year increase of 140%. In STN LCDs, as a result of the shift from large-size models to mid-size models, production amounted to 16 billion yen, 20% less than the preceding year.

<Fiscal 2000>

In TFT LCDs, Hitachi's in-house production of main components, such as color filters and LCD drivers, along with higher throughput, is expected to push up production by 4% year-on-year, to 150 billion yen. In STN LCDs, an aggressive push into growth markets such as color STN LCDs for cellular phones, is expected to boost production to 26 billion yen, 63% up over the preceding year.