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Hitachi, Ltd.

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(Registrant)

Date February 3, 2004  
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By /s/ Takashi Hatchoji  
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Takashi Hatchoji  
Vice President and Executive Officer

(Summary Translation)

Interim Business Report

(from April 1, 2003 to September 30, 2003)

Hitachi, Ltd.  
Tokyo, Japan

(Note) Certain information including product introduction is omitted from this English translation.

To Our Shareholders:

In providing this report on our business results for the first half of fiscal 2003, we wish to express our deep gratitude to all our shareholders for the understanding and support you have extended to the Hitachi Group.

During the half-year period under review, in Japan private-sector plant and equipment investment showed some improvement, but with public works investment and consumer spending continuing to be restrained, the economy failed to find any path to a real recovery.

In this business environment, since the preceding fiscal year Hitachi has been proceeding with strategic alliances, M&As and reorganizations. These have included the acquisition of IBM Corporation's hard disk drive (HDD) operations and the transfer of system LSI and other semiconductor business operations to Renesas Technology Corp., a company jointly established with Mitsubishi Electric Corporation. During the period under review, in which these moves were completed, forming a new business structure, consolidated net sales rose 3% from the same period of the preceding fiscal year, to JPY 4,041.4 billion.

Our main segment, Information & Telecommunication Systems, moved forward with the integration of the acquired HDD business into Hitachi's operations. With the profitability of such business still in the process of being strengthened, segment operating income, while still within the projected range, showed a major decrease. Financial Services and Digital Media & Consumer Products also showed a sharp drop in operating income. Thus, consolidated operating income decreased 67% from the same period of the preceding fiscal

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year, to JPY 20.2 billion. Other income, including net gain on securities, was JPY 111.9 billion, and other deductions amounted to JPY 41.6 billion. As a result, Hitachi recorded income before income taxes and minority interests of JPY 90.5 billion, and net income of JPY 5.3 billion.

On an unconsolidated basis, Hitachi recorded net sales of JPY 1,128.2 billion and posted an operating loss of JPY 6.9 billion. Ordinary income amounted to JPY 10.0 billion. Hitachi recorded an extraordinary gain of JPY 8.4 billion from the sale of subsidiaries' common stock and investments in securities, and an extraordinary loss of JPY 4.9 billion from impairment loss on investments in subsidiaries and securities. As a result, net income amounted to JPY 19.2 billion.

At a meeting of the Board of Directors, it was decided to pay an interim dividend of JPY 3 per share.

Fiscal 2003 marked the start of "i.e. HITACHI Plan II," a medium-term management plan running to fiscal 2005 that emphasizes management goals. The storage solutions business, which supports the recording and utilization of the vast quantities of information possessed by customers, and the urban renewal business, which provides urban functions with higher safety and more comfort and convenience, are among the areas of operations that the "i.e. HITACHI Plan II" will give priority to strengthening. A wide range of HDD applications will be developed, starting with digital consumer electronics and in-vehicle terminals, as Hitachi, together with the companies of the Hitachi Group, move to create new businesses that will form the core of future operations, with the goal of establishing a high-profit structure.

With respect to the implementation of the new plan, the ordinary general meeting of shareholders held in June 2003 approved the adoption of a Committee System corporate structure. Under the new system, the Board of Directors focuses on decisions involving basic management policies and supervision of execution by Executive Officers, while Executive Officers elected by the Board are responsible for executing the business operations. The aim of the new system is to speed up business operations and to achieve greater transparency in management, thereby responding to the trust placed in us by our shareholders. The major companies of the Hitachi Group are also moving to a Committee System structure to speed up management and to raise efficiency by strengthening the group's integrated management.

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With regard to the business outlook, expectations for an expansion of the Japanese economy are running up against concerns about a reversal. As such, the state of the economy will continue to preclude optimism. For its part, Hitachi intends to focus the total capabilities of the Hitachi Group towards achieving the goals of the "i.e. HITACHI Plan II" and thereby establishing a solid foundation for generating profits.

We hope we can look forward to receiving your continuing support and understanding of our efforts.

December 2003

Tsutomu Kanai  
Chairman of the Board

Etsuhiko Shoyama  
President and Chief Executive Officer

Outline of Business Results

Information & Telecommunication Systems

Sales rose sharply from the acquisition of IBM Corporation's HDD operations, and in the software and services businesses, solid results were turned in by outsourcing services for financial institutions, helping push up segment sales 20%, to JPY 1,053.2 billion. Operating income decreased 87%, to JPY 5.3 billion.

Electronic Devices

The segment saw sales decrease 21%, to JPY 607.5 billion, due to the effect of the transfer of system LSI and other semiconductor operations to equity-method affiliate Renesas Technology Corp. The segment recorded operating income of JPY 3.6 billion, rebounding from an operating loss of JPY 7.9 billion in the same period of the preceding year.

Power & Industrial Systems

Sales of power generation equipment and other plant operations were sluggish. However, Hitachi Construction Machinery Co., Ltd. posted higher sales in China and other overseas markets, and sales of automotive products were boosted by the inclusion of the sales of UNISIA JECS Corporation, which became a wholly-owned subsidiary on October 1, 2002. Thus, at JPY 1,073.4 billion, segment sales stayed more or less unchanged. Operating income decreased 29%, to JPY 7.9 billion.

Digital Media & Consumer Products

Sales of plasma TVs, projection TVs and other display equipment increased. However, segment sales declined 2%, to JPY 585.4 billion, due primarily to a decrease in sales of room air conditioners and washing machines. Operating income decreased 87%, to JPY 0.7 billion.

High Functional Materials & Components

At Hitachi Cable, Ltd., Hitachi Chemical Co., Ltd. and Hitachi Metals, Ltd., construction materials and plant construction operations were sluggish. However, good growth was registered by information systems and electronic related materials primarily for semiconductors, and by high-grade metal products for automobiles. Segment sales increased 1%, to JPY 622.2 billion. Operating income rose 2%, to JPY 9.2 billion.

Logistics, Services & Others

Hitachi Transport System, Ltd. showed a solid performance. However, the changes that took place in the semiconductor and HDD operations meant the exclusion of sales of such products in this segment. Thus, segment sales decreased 13%, to JPY 612.9 billion. The segment recorded an operating loss of JPY 0.3 billion, compared to an operating income of JPY 1.4 billion in the same period of the preceding year.

Financial Services

Low interest rates and the slow pace of automobile loans to individuals had an adverse effect on the performance of Hitachi Capital Corporation, which provides companies and individuals with leases, loans and other financial services. Segment sales decreased 9%, to JPY 267.9 billion. Operating income decreased 56%, to JPY 8.1 billion.

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Authorized	10,000,000,000 shares	
Issued	3,368,124,286 shares	
Capital Stock		JPY282,032,490,653
Number of Shares per Unit		1,000 shares
Number of Shareholders	424,163	

### Shareholders Composition

Class of Shareholders	Number of Shareholders	Number of Shares Held (shares)
Financial Institutions and Securities Firms	488	1,097,964,005
Individuals	418,414	1,043,093,812
Foreign Investors	1,062	1,054,595,335
Others	4,195	172,139,941
Governments	4	331,193
Total	424,163	3,368,124,286

### Transition of Shareholders Composition

Class of Shareholders	March 2002	March 2003
Financial Institutions and Securities Firms	38.66%	36.83%
Individuals	26.27%	30.44%
Foreign Investors	31.82%	29.38%
Others	3.25%	3.34%
Governments	0.00%	0.01%
Total	100.00%	100.00%

### 10 Largest Shareholders

Name of Shareholders	Number of Shares Held	Percentage
		shares
Japan Trustee Services Bank, Ltd.	211,389,000	
NATS CUMCO	186,108,080	

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The Chase Manhattan Bank, N.A. London	168,458,263
The Master Trust Bank of Japan, Ltd.	164,277,321
Nippon Life Insurance Company	112,772,960
State Street Bank and Trust Company	87,989,148
Hitachi Employees' Shareholding Association	86,143,952
The Dai-Ichi Mutual Life Insurance Company	79,080,222
Morgan Grenfell and Co. Limited	75,313,000
Hitachi, Ltd.	69,798,603

Notes: NATS CUMCO is the nominee name of the depositary bank, Citibank, N.A., for the aggregate of the Company's American Depositary Receipts (ADRs) holders.

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Board of Directors and Executive Officers (As of September 30, 2003)

Board of Directors

Chairman of the Board	Tsutomu Kanai
Director	*Etsuhiko Shoyama
Director	*Yoshiki Yagi
Director	*Yoshiro Kuwata
Director	Shigemichi Matsuka
Director	Kotaro Muneoka
Director	**Ginko Sato
Director	**Hiromichi Seya
Director	**Akira Chihaya
Director	**Toshiro Nishimura
Director	Hiroshi Kuwahara
Director	Takashi Kawamura
Director	Masayoshi Hanabusa

- (Notes)
1. The Directors marked with \* are Executive Officers.
  2. The Directors marked with \*\* are outside directors who fulfill the qualification requirements to be outside directors as provided for in Article 188.2.7-2 of the Commercial Code of Japan.
  3. Members of each committee are as follows.

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Nominating Committee: Tsutomu Kanai (Chairman), Etsuhiko Shoyama, Ginko Sato, Hiromichi Seya, Toshiro Nishimura

Audit Committee: Shigemichi Matsuka (Chairman), Kotaro Muneoka, Ginko Sato, Hiromichi Seya, Toshiro Nishimura

Compensation Committee: Tsutomu Kanai (Chairman), Etsuhiko Shoyama, Hiromichi Seya, Akira Chihaya, Toshiro Nishimura

### Executive Officers

Representative Executive Officer President and Chief Executive Officer	Etsuhiko Shoyama	
Representative Executive Officer Executive Vice President and Executive Officer	Yoshiki Yagi	In charge of finance and corpora
Representative Executive Officer Executive Vice President and Executive Officer	Yoshiro Kuwata	In charge of business developmen business.
Representative Executive Officer Executive Vice President and Executive Officer	Kazuo Kumagai	In charge of legal matters, corp communications and sales operati
Representative Executive Officer Executive Vice President and Executive Officer	Katsukuni Hisano	In charge of automotive systems
Senior Vice President and Executive Officer	Takao Matsui	In charge of corporate marketing operations.
Senior Vice President and Executive Officer	Isao Ono	In charge of information & teleco systems business.
Senior Vice President and Executive Officer	Masaharu Sumikawa	In charge of power & industrial and production engineering.
Senior Vice President and Executive Officer	Michiharu Nakamura	In charge of research & developm businesses.
Senior Vice President and Executive Officer	Hiromi Kuwahara	In charge of corporate strategy resources.
Vice President and Executive Officer	Minoru Tsukada	In charge of sales operations (K
Vice President and Executive Officer	Yoshito Tsunoda	In charge of urban planning and systems business.
Vice President and Executive Officer	Hiroaki Nakanishi	In charge of global business.

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Vice President and Executive Officer	Tadahiko Ishigaki	In charge of corporate marketing
Vice President and Executive Officer	Shozo Saito	In charge of power systems busin
Vice President and Executive Officer	Manabu Shinomoto	In charge of platform and network
Vice President and Executive Officer	Takuya Tajima	In charge of social and industri systems business.
Vice President and Executive Officer	Takashi Hatchoji	In charge of legal matters, corp communications and corporate aud
Vice President and Executive Officer	Kazuo Furukawa	In charge of information & teleco systems business.
Executive Officer	Makoto Ebata	In charge of group management.
Executive Officer	Yasuo Sakuta	In charge of intellectual proper
Executive Officer	Takao Suzuki	In charge of sales operations (C
Executive Officer	Koichiro Nishikawa	In charge of business developmen
Executive Officer	Tsugio Momose	In charge of digital media busin
Executive Officer	Kazuhiro Mori	In charge of sales operations (C
Executive Officer	Iwao Hara	In charge of human resources.
Executive Officer	Takashi Miyoshi	In charge of finance.
Executive Officer	Taiji Hasegawa	In charge of automotive systems
Executive Officer	Masahiro Hayashi	In charge of system solutions bu

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Interim Financial Information for the First Half of the Year Ending March 31, 2004

Consolidated Financial Statements (Summary)

Consolidated Balance Sheets

	Billions of yen	
	September 30, 2003	March 31, 2003
(Assets)		
Current assets	5,132.3	5,193.4
Investments and advances	877.7	726.4
Property, plant and equipment	2,339.0	2,601.0
Other assets	1,535.2	1,658.4



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Total assets	9,884.4	10,179.3
(Liabilities and stockholders' equity)		
Current liabilities	3,933.0	4,005.2
Noncurrent liabilities	3,375.7	3,569.3
Minority interests	750.1	751.5
Total stockholders' equity	1,825.5	1,853.2
Total liabilities and stockholders' equity	9,884.4	10,179.3

### Consolidated Income Statements

	Years ended March 31	
	First half of 2004	First half of 2003
	(Billions of yen)	
Net sales	4,041.4	3,916.4
Operating income	20.2	61.6
Income before income taxes and minority interests	90.5	33.4
Income before minority interests	14.3	17.3
Net income	5.3	5.6

### Consolidated Statements of Cash Flows

	Years ended March 31	
	First half of 2004	First half of 2003
	(Billions of yen)	
Cash flows from operating activities	224.5	191.5
Cash flows from investing activities	(157.1)	(128.9)
Cash flows from financing activities	(173.7)	(197.8)
Effect of exchange rate changes on cash and cash equivalents	(12.7)	(18.8)
Net decrease in cash and cash equivalents	(119.0)	(154.1)
Cash and cash equivalents at beginning of period	828.1	1,029.3
Cash and cash equivalents at end of period	709.0	875.2

- (Notes)
1. The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States.
  2. Figures for the first half of 2003 have been restated due to the adoption of Emerging Issues Task Force Issue No. 03-2 (January 2003), "Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities."
  3. Segment information and operating income have been prepared in conformity with accounting principles generally accepted in Japan.
  4. The number of consolidated subsidiaries is 967 and the number of companies accounted for under the equity method is 165 as of the end of September 2003.

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## Unconsolidated Financial Statements (Summary)

### Unconsolidated Balance Sheets

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	Billions of yen	
	September 30, 2003	March 31, 2003
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(Assets)		
Current assets	1,681.9	1,921.6
Fixed assets	1,879.9	1,903.3
Tangible fixed assets	296.7	420.4
Intangible fixed assets	146.7	155.8
Investments	1,436.4	1,327.0
Total assets	3,561.9	3,825.0
(Liabilities and stockholders' equity)		
Current liabilities	1,712.1	1,819.0
Fixed liabilities	483.6	631.9
Total liabilities	2,195.8	2,451.0
Capital stock	282.0	282.0
Capital surplus	268.7	268.7
Retained earnings	812.8	802.8
Unrealized holding gains on securities	34.4	22.1
Treasury stock	(31.9)	(1.8)
Total stockholders' equity	1,366.1	1,373.9
Total liabilities and stockholders' equity	3,561.9	3,825.0

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### Unconsolidated Income Statements

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	Years ended March 31	
	First half of 2004	First half of 2003
(Billions of yen)		
Net sales	1,128.2	1,515.6
Operating income (loss)	(6.9)	0.2
Ordinary income (loss)	10.0	(2.4)
Extraordinary gain	8.4	32.9
Extraordinary loss	4.9	-
Income before income taxes	13.5	30.5
Net income	19.2	19.7

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- (Notes)
1. Accumulated depreciation of tangible fixed assets: JPY814.2 billion
  2. Net income per share for the first half of the year ended March 31, 2004: JPY5.82
  3. Extraordinary gain of JPY8.4 billion is gain on sale of subsidiaries' common stock and investments in securities.
  4. Extraordinary loss of JPY4.9 billion is impairment loss on investments in subsidiaries and securities.

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Five-Year Summary

	Years ended March 31			
	2000	2001	2002	2003
(Billions of yen)				
Consolidated Financial Information				
Net sales	8,001.2	8,416.9	7,993.7	8,191.7
Overseas sales	2,343.6	2,625.6	2,549.1	2,645.2
Operating income (loss)	174.3	342.3	(117.4)	152.9
Net income (loss)	16.9	104.3	(483.8)	27.8
Unconsolidated Financial Information				
Net sales	3,771.9	4,015.8	3,522.2	3,112.4
Operating income (loss)	40.8	98.5	(84.7)	53.7
Net income (loss)	11.8	40.1	(252.6)	28.2

Net Sales by Industry Segment (Consolidated basis)

	First half of year ended March 31
Information & Telecommunication Systems	22%
Electronic Devices	13%
Power & Industrial Systems	22%
Digital Media & Consumer Products	12%
High Functional Materials & Components	13%
Logistics, Services & Others	13%
Financial Services	5%
Subtotal sales	4,822.7 billion yen
Eliminations & Corporate items	781.3 billion yen
Net sales	4,041.4 billion yen

(Note) Percentage figures shown above are the proportions of each segment sales to subtotal sales.

Operating Income (Loss) by Industry Segment (Consolidated basis)

	First half of year ended March 31
(Billions of yen)	
Information & Telecommunication Systems	5.3
Electronic Devices	3.6
Power & Industrial Systems	7.9
Digital Media & Consumer Products	0.7
High Functional Materials & Components	9.2

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Logistics, Services & Others	(0.3)
Financial Services	8.1
Subtotal	34.7
Eliminations & Corporate items	(14.5)
Total	20.2

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Overseas Sales by Market (Consolidated basis)

First half of year ended March 31, 2004

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Asia	39%
North America	30%
Europe	22%
Other Areas	9%

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