FOR IMMEDIATE RELEASE

Hitachi Announces Consolidated Financial Results for the First Half of Fiscal 2004

Tokyo, October 29, 2004 --- Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced its consolidated financial results for the first half of fiscal 2004, ended September 30, 2004.

1. Business Results and Financial Position

Note: All figures were converted at the rate of 111 yen to the U.S. dollar, the approximate exchange rate on the Tokyo Foreign Exchange Market as of September 30, 2004.

Business Results

(1) Summary of Fiscal 2004 First Half Consolidated Business Results

Notes: 1.All figures, except for the outlook for fiscal 2004, were converted at the rate of 111 yen to the U.S. dollar, the approximate exchange rate on the Tokyo Foreign Exchange Market as of September 30, 2004.
2.Segment information and operating income (loss) are presented in accordance with accounting principles generally accepted in Japan.

The half year ended September 30, 2004

	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	4,329.9	7%	39,008
Operating income	127.3	529%	1,147
Income before income taxes and minority interests	136.0	50%	1,225
Income before minority interests	67.9	374%	612
Net income	41.1	664%	371

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During the interim period, the world economy remained strong, supported by such factors as rising worldwide demand for digital consumer electronics, rising demand for IT-related equipment, particularly in the U.S., and increasing demand in China.

The Japanese economy also remained robust on the strength of improving corporate earnings, particularly from exports, healthy growth in private-sector plant and equipment investment and other factors.

Against this backdrop, Hitachi's consolidated revenues increased 7% year on year, to 4,329.9 billion yen, most of the business segments posting year-on-year increases. Revenues in High Functional Materials & Components were up, particularly for components and materials for electronics-related products on buoyant conditions in the digital consumer electronics market. The Electronic Devices segment saw strong growth in semiconductor and LCD manufacturing equipment while Digital Media & Consumer Products recorded strong growth in plasma TVs and other products.

Operating income leapt 529%, to 127.3 billion yen as all segments posted year-on-year gains. The Information & Telecommunication Systems segment saw hard disk drive (HDD) operations become profitable, while the High Functional Materials & Components and Electronic Devices segments were other standout performers.

Other income was 36.4 billion yen, down 67% on the same period a year ago. This decrease was due to a decline in gains on the sale of investment securities and other factors. Meanwhile, other deductions declined 33%, to 27.7 billion yen due to income from equity-method affiliates and an exchange gain, as opposed to a loss from equity-method affiliates and an exchange loss in the previous fiscal year, and other factors.

As a result, Hitachi recorded income before income taxes and minority interests of 136.0 billion yen, up 50% year on year. After income taxes of 68.0 billion yen, Hitachi posted income before minority interests of 67.9 billion yen. Net income climbed 664% year on year, to 41.1 billion yen.

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(2) Revenues and Operating Income by Segment

Results by segment were as follows.

[Information & Telecommunication Systems]

	The half year ended September 30, 2004		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	1,071.7	2%	9,655
Operating income	28.9	436%	261

Information & Telecommunication Systems revenues increased 2%, to 1,071.7 billion yen. Software and services businesses revenues increased as a whole on a solid performance by the outsourcing business in services businesses, despite a decrease in sales of platform software in software businesses due to a fall in demand for mainframes. Hardware businesses sales grew slightly due to growth in HDDs and ATM-related systems for handling new bills and healthy sales from telecommunications networks, which offset lower sales of servers.

The segment posted operating income of 28.9 billion yen, 436% up year on year, as HDD operations moved from last year's loss into the black and due to other factors.

Note: HDD operations are conducted by Hitachi Global Storage Technologies (Hitachi GST), which has a December 31 fiscal year-end, different from Hitachi's March 31 year-end. Operating results for Hitachi GST for the six-month period from January through June 2004 are included in Hitachi's fiscal 2004 first-half results.

[Electronic Devices]

	The half year ended September 30, 2004		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	692.0	14%	6,235
Operating income	30.0	718%	271

In the Electronic Devices segment, revenues rose 14%, to 692.0 billion yen, the result of strong sales at Hitachi High-Technologies Corporation, particularly of semiconductor and LCD manufacturing equipment. This was also the result of higher sales of displays due to growth in sales of small and medium-size TFT LCDs for mobile phones and large LCDs for flat-panel TVs.

The segment posted a 718% year-on-year increase in operating income, to 30.0 billion yen, reflecting higher earnings at Hitachi High-Technologies, particularly from semiconductor and LCD manufacturing equipment, and improved earnings from the display business.

[Power & Industrial Systems]

	The half year ended September 30, 2004		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	1,120.8	4%	10,098
Operating income	10.0	27%	91

Power & Industrial Systems revenues rose 4%, to 1,120.8 billion yen. This increase was attributable to robust sales of industrial machinery thanks to recovering private-sector plant and equipment investment, higher sales at Hitachi Construction Machinery Co., Ltd., mainly outside Japan, and the effect of newly consolidating a subsidiary that manufactures and sells elevators and escalators in China, which was previously accounted for using equity method, offsetting lower sales of power generation equipments.

The segment posted a 27% increase in operating income, to 10.0 billion yen, on higher earnings at Hitachi Construction Machinery and healthy earnings from industrial machinery.

[Digital Media & Consumer Products]

	The half year ended September 30, 2004		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	646.1	10%	5,821
Operating income	10.6	-	95

In Digital Media & Consumer Products, revenues increased 10%, to 646.1 billion yen, on growth in sales of plasma TVs and LCD projectors and healthy sales of room air-conditioners, washing machines and other mainstay home appliances.

The segment recorded operating income of 10.6 billion yen. This reflected improved profitability in home appliances and growth in projection TVs and LCD projectors, among other factors.

Note: The optical disk drive business is conducted by Hitachi-LG Data Storage, Inc. (HLDS), which has a December 31 fiscal year-end. The operating results for HLDS for the six-month period from January through June 2004 are included in Hitachi’s fiscal 2004 first-half results.

[High Functional Materials & Components]

	The half year ended September 30, 2004		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	740.4	19%	6,671
Operating income	40.3	337%	363

In High Functional Materials & Components, revenues rose 19%, to 740.4 billion yen as Hitachi Chemical Co., Ltd., Hitachi Metals, Ltd. and Hitachi Cable, Ltd. reported strong sales, particularly for electronics-related products. The increase also reflected the effect of consolidating NEOMAX Co., Ltd., formerly Sumitomo Special Metals Co., Ltd., from April 2004.

Segment operating income jumped 337%, to 40.3 billion yen due to strong electronics-related product sales and other factors.

[Logistics, Services & Others]

	The half year ended September 30, 2004		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	610.3	0%	5,498
Operating income	7.5	-	68

In Logistics, Services & Others, revenues were nearly the same as a year earlier at 610.3 billion yen. While Hitachi Transport System, Ltd. and Hitachi Mobile Co., Ltd. posted healthy sales, segment revenues were affected by the transfer of semiconductor sales operations at overseas sales companies to Renesas Technology Corp. and other factors.

The segment posted operating income of 7.5 billion yen after recording an operating loss of 0.3 billion yen in the same period a year earlier.

[Financial Services]

	The half year ended September 30, 2004		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	270.7	1%	2,439
Operating income	9.9	22%	90

In Financial Services, revenues edged up 1%, to 270.7 billion yen due to strong growth at Hitachi Capital Corporation, particularly in other financial services.

Operating income increased 22%, to 9.9 billion yen.

(3) Revenues by Market

	The half year ended September 30, 2004		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Japan	2,709.2	3%	24,408
Overseas	1,620.6	15%	14,600
Asia	694.3	25%	6,255
North America	442.5	3%	3,987
Europe	346.2	14%	3,119
Other Areas	137.5	15%	1,239

Revenues in both Japan and overseas surpassed the same period in the previous fiscal year due to factors such as rising demand for digital consumer electronics and IT-related equipment in the U.S.

Revenues in Japan rose 3%, to 2,709.2 billion yen. Sales growth was recorded by components and materials for electronics-related products, particularly digital consumer electronics, semiconductor and LCD manufacturing equipment and plasma TVs, among other products.

Overseas revenues increased 15%, to 1,620.6 billion yen due to growth in sales of electronics components and materials for electronics-related products and in sales at Hitachi Construction Machinery, fueled by rising demand for digital consumer electronics, increasing demand for IT-related equipment in the U.S. and increasing demand in China.

(4) Capital Investment, Depreciation and R&D Expenditures
Capital investment on a completion basis, excluding leasing assets, increased 19%, to 171.6 billion yen. Depreciation, excluding leasing assets, declined 5%, to 152.2 billion yen. R&D expenditures increased 3%, to 189.1 billion yen, and corresponded to 4.4% of revenues.

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Financial Position

(1) Cash Flows

	The half year ended September 30, 2004		
	Billions of yen	Year-over-year Change	Millions of U.S. dollars
Cash flows from operating activities	157.6	(66.9)	1,421
Cash flows from investing activities	(200.7)	(43.6)	(1,809)
Free cash flows	(43.1)	(110.5)	(388)
Cash flows from financing activities	(111.2)	62.5	(1,002)

Operating activities provided net cash of 157.6 billion yen, 66.9 billion yen less than in the previous period. This reflected factors such as an increase in inventories due to a projected sales increase in the second half of fiscal 2004.

Investing activities used net cash of 200.7 billion yen, 43.6 billion yen more than in the previous period. This was the result of an increase in capital investments for Hitachi's key business and decrease in sales of affiliates' common stock compared with the previous period.

Free cash flows, the sum of cash flows from operating and investing activities, were an outflow of 43.1 billion yen, 110.5 billion yen lower than a year earlier.

Financing activities used net cash of 111.2 billion yen, 62.5 billion yen less than in the previous period due to factors such as a decrease in debt.

Cash and cash equivalents as of September 30, 2004 amounted to 619.0 billion yen, a decrease of 145.3 billion yen during the interim period.

(2) Financial Position

	As of September 30, 2004		
	Billions of yen	Change from March 31, 2004	Millions of U.S. dollars
Total assets	9,636.8	46.5	86,819
Total liabilities	6,542.4	(80.9)	58,941
Debts	2,465.8	(31.7)	22,215
Minority interests	874.3	75.5	7,877
Stockholders' equity	2,220.0	51.9	20,001
Stockholders' equity ratio	23.0%	0.4 point increase	-
D/E ratio (including minority interests)	0.80 times	0.04 point increase	-

Total assets at September 30, 2004 increased 46.5 billion yen, to 9,636.8 billion yen, compared with March 31, 2004, due to factors such as the effect of consolidating NEOMAX and a China-based elevator and escalator manufacturing and sales company. Debt decreased 31.7 billion yen, to 2,465.8 billion yen. Stockholders' equity increased 51.9 billion yen, to 2,220.0 billion yen due to increasing net income and other factors. As a consequence, the stockholders' equity ratio improved by 0.4 of a percentage point to 23.0%. The debt-to-equity ratio (including minority interests) was also improved by 0.04 points to 0.80 times.

Outlook for Fiscal 2004

	Fiscal 2004, ending March 31, 2005		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	8,900.0	3%	84,761
Operating income	300.0	62%	2,857
Income before income taxes and minority interests	300.0	27%	2,857
Income before minority interests	150.0	290%	1,428
Net income	100.0	530%	952

Note: Estimates for fiscal 2004 assume a rate of 105 yen to the U.S. dollar.

In terms of trends in the world economy, Hitachi expects Asian economies to remain healthy, supported by demand in China, and European economies are expected to continue their modest recovery. However, the U.S. economy is expected to slow slightly due to the surge in crude oil and raw materials prices and as the effects of tax cuts, low interest rates and other government policies wear off. Furthermore, while slow growth in inventories indicates that a sudden drop in demand is unlikely in the market for electronics-related products, there is a risk of a slowdown in the latter half of the fiscal year. Therefore, Hitachi believes it will be necessary to keep a close eye on market trends going forward.

The Japanese economy is expected to slow, albeit moderately, as a possible slowdown in demand for digital consumer electronics and plant and equipment investment, such as in electronic components, may stymie the recovery in employment and wage levels.

Under these circumstances, Hitachi will push ahead with efforts to create new businesses and strengthen targeted businesses by capturing synergies in resource use across the Hitachi Group, guided by "i.e.HITACHI Plan *II*." The company will also focus on structural reforms to concentrate more resources on highly profitable businesses and on measures to improve its financial position.

Projections for fiscal 2004, as given above, have been revised from those issued with fiscal 2003 results released on April 28, 2004.

2. Management Policy

Basic Management Policy and Strategy

Amid intensifying competition in world markets, Hitachi aims to step up its development by delivering competitive products and services imbuing higher value for customers. By taking full advantage of the diverse resources of the Hitachi Group while at the same time reviewing and restructuring businesses, Hitachi will bolster its competitiveness. This process will be consistent with Hitachi's basic management policy, which is to increase shareholder value by meeting the expectations of customers, employees, shareholders and other stakeholders.

In line with this basic policy, in January 2003, Hitachi unveiled a medium-term management plan, "i.e.HITACHI Plan *II*," which runs through fiscal 2005 (ending in March 2006). This plan targets two primary business domains that are the focus of the Hitachi Group—"New Era Lifeline Support Solutions," which further fuse and enhance information systems services and social infrastructure systems, and "Global Products Incorporating Advanced Technology," where Hitachi aims to achieve strong growth in global markets by focusing on technologies as well as high-performance hardware and software that incorporate knowledge. Various measures are being pursued for growth in both these fields.

In April 2004, Hitachi established the Hitachi Group Headquarters to accelerate group management in a manner best suited to Hitachi in two main ways: bolster the individual businesses of Hitachi Group companies, and give full play to the collective strengths of the Hitachi Group by encouraging greater inter-group collaboration. The Hitachi Group Headquarters will spearhead redoubled efforts to implement measures aimed at raising the corporate value of the Hitachi Group.

To enhance competitiveness in global markets in Hitachi's various business fields toward achieving the goals of "i.e.HITACHI Plan *II,*" Hitachi is improving its productivity by strengthening its production ability, and pushing ahead with efforts to cut costs. Business structural reforms are also being implemented. In specific terms, Hitachi will examine and implement suitable measures to create growth and new businesses in key fields that leverage the group's technological strengths and know-how; restructure the group with the aim of more effectively utilizing the group's resources; and exit unprofitable businesses and push through restructuring measures that go beyond the Hitachi Group.

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FIV* (Future Inspiration Value), a benchmark based on the estimated cost of capital, is used to make decisions on actions for strengthening businesses. In deciding on individual investments, Hitachi uses FIV to select investments that will contribute to maximizing shareholder value. Combined with a powerful drive to reduce assets, including trade receivables and inventories, Hitachi aims to raise the return on assets. Through these and other actions, Hitachi has set the goal of maintaining a single-A grade long-term credit rating by increasing asset efficiency and strengthening its financial position.

The "i.e.HITACHI Plan *II*" will transform Hitachi's earnings structure into a highly profitable one so that it can achieve positive FIV in fiscal 2005. At present, Hitachi has set the goals of generating consolidated operating income in excess of 400 billion yen and of achieving a debt-equity ratio (including minority interests) of 0.8 times in fiscal 2005. Hitachi is also expecting revenues in the order of 9 trillion yen in fiscal 2005.

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

3. Corporate Governance

Hitachi is working to reinforce corporate governance to establish an executive system that facilitates speedy business operations and a high degree of transparency. In June 2003, Hitachi adopted the Committee System to ensure the effective supervision of management and promote faster decision-making by demarcating responsibilities for management oversight and those for the execution of business operations.

The Board of Directors determines basic management policies and supervises executive officers in the performance of their duties while entrusting to executive officers considerable authority to make decisions with respect to Hitachi's business affairs. As of September 30, 2004, the Board of Directors had 14 members, 4 of whom were from outside Hitachi. Three directors served concurrently as executive officers. The Chairman of the Board does not serve concurrently as an executive officer.

Within the Board of Directors, three statutory committees have been established—the Nominating Committee, Audit Committee and Compensation Committee—with outside directors accounting for the majority of members of each committee. The Nominating Committee has the authority to decide on proposals submitted to the General Meeting of Shareholders for the appointment and dismissal of directors. The Audit Committee audits the performance of directors and executive officers and has the authority to decide on proposals submitted to the General Meeting of Shareholders for the appointment and dismissal of independent auditors. The Compensation Committee has the authority to set remuneration for individual directors and executive officers. Hitachi also established a dedicated organization to support the Board of Directors and its committees, including the Audit Committee. The Hitachi employees who staff this organization do not take orders from any executive officers. At the same time, Corporate Auditing and Legal and Corporate Communications employees perform certain administrative functions for the Board of Directors and its committees.

Executive officers execute Hitachi's business affairs and decide on matters pertaining to the same in accordance with the division of duties stipulated by resolutions of the Board of Directors. Important matters affecting the company as a whole are examined at the Senior Executive Committee, whose members are key executive officers, to reach decisions after taking into account a range of perspectives. The executive officers report their decisions to members of the Audit Committee.

Regarding risk management, each division implements countermeasures, such as the formulation of rules and guidelines. At the same time, where it is necessary to respond to new risks that arise, executive officers are assigned responsibility for quickly dealing with them. Furthermore, to ensure greater efficiency in the execution of day-to-day operations and compliance, internal audits are conducted to monitor business operations so that improvements can be made. Moreover, to ensure strict legal compliance, Hitachi has various committees and a whistle-blower system.

Regarding the reliability of financial reports, the Audit Committee monitors the independent auditors, and receives the audit plans of the independent auditors in advance to ensure that these auditors are not influenced by executive officers. Moreover, the prior approval of the Audit Committee is required with respect to the remuneration of the independent auditors and non-audit work.

Policy on the Distribution of Earnings

Hitachi sets dividends by taking into consideration a range of factors, including its financial condition, results of operations and payout ratio. This policy is motivated by the desire to ensure the availability of sufficient internal funds for making investments in R&D and plant and equipment that are essential for maintaining competitiveness and improving profitability based on medium- and long-term plans, as well as to ensure the stable growth of dividends. Moreover, Hitachi regards the repurchase of its shares as an action that can be implemented flexibly to supplement dividends while taking into consideration funding demands of business plans, market conditions and other factors.

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Cautionary Statement

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this document.

Factors that could cause actual results to differ materially from those projected or implied in any “forward-looking statement” and from historical trends include, but are not limited to:

- rapid technological change, particularly in the Information & Telecommunication Systems segment and Electronic Devices segment;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technology on a timely and cost-effective basis and to achieve market acceptance for such products;
- fluctuations in product demand and industry capacity, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- increasing commoditization of information technology products, and intensifying price competition in the market for such products;
- fluctuations in rates of exchange for the yen and other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated, particularly between the yen and the U.S. dollar;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- 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, a return to stagnation or deterioration of the Japanese economy, or direct or indirect restriction by other nations on imports;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property rights, particularly those related to electronics and data processing technologies;
- uncertainty as to the success of alliances upon which Hitachi depends, some of which Hitachi may not control, with other corporations in the design and development of certain key products; and
- uncertainty as to general market price levels for equity securities in Japan, declines in which may require Hitachi to write-down equity securities it holds.

The factors listed above are not all-inclusive and are in addition to other factors contained in Hitachi’s periodic filings with the U.S. Securities and Exchange Commission and in other materials published by Hitachi.

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