

FOR IMMEDIATE RELEASE

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

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

1. Business Results and Financial Position

Note: 1.All figures, except for the outlook for the first half of 2004, were converted at the rate of 108 yen to the U.S. dollar, the approximate exchange rate on the Tokyo Foreign Exchange Market as of June 30, 2004.

2.Segment information and operating income (loss) are presented in accordance with financial reporting principles and practices generally accepted in Japan.

Business Results

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

| | Three months ended June 30, 2004 | | |
|---|----------------------------------|----------------------------|-----------------------------|
| | Billions of yen | Year-over-year % change | Millions of U.S. dollars |
| Revenues | 2,063.4 | 9% | 19,106 |
| Operating income | 37.6 | - | 349 |
| Income before income taxes and minority interests | 45.8 | - | 424 |
| Income before minority interests | 25.7 | - | 238 |
| Net income | 16.0 | - | 149 |

During the first quarter in the world economy, the U.S. economy continued to record strong growth, as did Asian economies on the back of exports to the U.S. and China.

The Japanese economy was also robust, with strong exports, improving corporate earnings and rising private-sector plant and equipment investment.

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Against this backdrop, Hitachi's first quarter consolidated results were better than forecast on April 28, 2004, when the company released its fiscal 2003 full-year results.

Consolidated revenues rose 9% year on year, to 2,063.4 billion yen. The Electronic Devices, Digital Media & Consumer Products and High Functional Materials & Components segments posted sharp growth, buoyed by strong sales in the digital consumer electronics market.

Hitachi posted operating income of 37.6 billion yen, reversing an operating loss of 33.7 billion yen in the same period of the previous fiscal year. All segments, with the exception of Power & Industrial Systems, were profitable.

Other income was 17.5 billion yen, almost the same as in the first quarter of fiscal 2003. Meanwhile, other deductions declined 35%, to 9.3 billion yen due to an improvement in equity in earnings of affiliated companies.

As a result, Hitachi recorded income before income taxes and minority interests of 45.8 billion yen, compared with a loss of 30.9 billion yen in the same period of fiscal 2003. Furthermore, after income taxes, Hitachi posted income before minority interests of 25.7 billion yen, reversing a loss of 34.1 billion yen, and net income of 16.0 billion yen, compared with a loss of 38.4 billion yen in the first quarter of fiscal 2003.

(2) Revenues and Operating Income (Loss) by Segment

Revenues in all segments, with the exception of Logistics, Services & Others and Financial Services, were higher year on year.

Regarding operating income (loss), except for Power & Industrial Systems, all segments recorded higher year-on-year operating income.

As a whole both revenues and operating income exceeded forecasts issued with Hitachi's fiscal 2003 results.

[Information & Telecommunication Systems]

| | Three months ended June 30, 2004 | | |
|------------------|----------------------------------|----------------------------|-----------------------------|
| | Billions of yen | Year-over-year % change | Millions of U.S. dollars |
| Revenues | 480.4 | 7% | 4,448 |
| Operating income | 5.6 | - | 53 |

Information & Telecommunication Systems revenues increased 7%, to 480.4 billion yen, despite a decrease in sales of platform software in software and services in line with a drop-off in demand for mainframes. The increase was attributable to strong sales of hard disk drives (HDDs), base stations for data communication systems for third-generation mobile phones and other products in the hardware sector.

The segment posted operating income of 5.6 billion yen, turning around a year-earlier loss of 26.7 billion yen, 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 three-month period from January through March 2004 are included in Hitachi's fiscal 2004 first quarter results.

[Electronic Devices]

| Three months ended June 30, 2004 | | | |
|----------------------------------|--------------------|----------------------------|-----------------------------|
| | Billions of yen | Year-over-year % change | Millions of U.S. dollars |
| Revenues | 337.8 | 22% | 3,129 |
| Operating income | 16.3 | - | 151 |

In Electronic Devices, revenues climbed 22%, to 337.8 billion yen, the result of higher sales in displays due to growth in sales of TFT LCDs for mobile phones and large flat screen TVs. This was also the result of higher sales of semiconductor manufacturing equipment and other products at Hitachi High-Technologies Corporation.

The segment posted operating income of 16.3 billion yen, reversing an operating loss of 6.9 billion yen a year earlier. A significant improvement in earnings in the display business contributed to this turnaround.

[Power & Industrial Systems]

| Three months ended June 30, 2004 | | | |
|----------------------------------|--------------------|----------------------------|-----------------------------|
| | Billions of yen | Year-over-year % change | Millions of U.S. dollars |
| Revenues | 517.9 | 5% | 4,796 |
| Operating loss | (6.1) | - | (57) |

Power & Industrial Systems revenues were up 5%, to 517.9 billion yen. While sales of power generation equipment were sluggish, sales of commercial-use air-conditioning and refrigeration systems and industrial machinery were brisk and Hitachi booked sales for large railway systems projects. In addition, sales were higher at Hitachi Construction Machinery Co., Ltd., mainly outside Japan.

The segment posted an operating loss of 6.1 billion yen, compared with operating income of 2.9 billion yen a year earlier, despite higher earnings at Hitachi Construction Machinery. The loss was attributable to decrease in earnings in power generation equipment, as well as to expenditures accompanying additional work at environmental plant projects in Japan.

[Digital Media & Consumer Products]

| Three months ended June 30, 2004 | | | |
|----------------------------------|--------------------|----------------------------|-----------------------------|
| | Billions of yen | Year-over-year % change | Millions of U.S. dollars |
| Revenues | 333.4 | 13% | 3,087 |
| Operating income | 5.2 | - | 48 |

In Digital Media & Consumer Products, revenues increased 13%, to 333.4 billion yen, on growth in sales of plasma TVs and optical disk drives as well as other factors.

The segment recorded operating income of 5.2 billion yen, a turnaround from the operating

loss of 0.4 billion yen in the first quarter of fiscal 2003. This reflected gains in optical disk drives, LCD projectors and other products as well as improved profitability in home appliances such as room air-conditioners and vacuum cleaners.

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 three-month period from January through March 2004 are included in Hitachi's fiscal 2004 first quarter results.

[High Functional Materials & Components]

| | Three months ended June 30, 2004 | | |
|------------------|----------------------------------|----------------------------|-----------------------------|
| | Billions of yen | Year-over-year % change | Millions of U.S. dollars |
| Revenues | 363.8 | 19% | 3,369 |
| Operating income | 18.3 | 316% | 170 |

In High Functional Materials & Components, revenues rose 19%, to 363.8 billion yen as Hitachi Chemical Co., Ltd., Hitachi Metals, Ltd. and Hitachi Cable, Ltd. benefited from 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 316%, to 18.3 billion yen on strong electronics-related product sales and other factors.

[Logistics, Services & Others]

| | Three months ended June 30, 2004 | | |
|------------------|----------------------------------|----------------------------|-----------------------------|
| | Billions of Yen | Year-over-year % change | Millions of U.S. dollars |
| Revenues | 292.6 | (5)% | 2,710 |
| Operating income | 1.5 | - | 14 |

In Logistics, Services & Others, revenues decreased 5%, to 292.6 billion yen, despite strong sales at Hitachi Transport System, Ltd. and Hitachi Mobile Co., Ltd. The decrease was attributable to the transfer of semiconductor sales operations at overseas sales companies to Renesas Technology Corp. and other factors.

The segment posted operating income of 1.5 billion yen after recording an operating loss of 3.0 billion yen in the first quarter of fiscal 2003, which resulted from the improvement of Hitachi Transport System and overseas sales companies.

[Financial Services]

| | Three months ended June 30, 2004 | | |
|------------------|----------------------------------|----------------------------|-----------------------------|
| | Billions of yen | Year-over-year % change | Millions of U.S. dollars |
| Revenues | 129.0 | (3)% | 1,195 |
| Operating income | 4.9 | 19% | 46 |

In Financial Services, low interest rates and a declining volume of automobile loans to individuals affected results. Segment revenues declined 3%, to 129.0 billion yen as a result.

Operating income increased 19%, to 4.9 billion yen, partly the result of higher earnings at Hitachi Capital Corporation due to lower financing costs.

(3) Revenues by Market

| | Three months ended June 30, 2004 | | |
|---------------|----------------------------------|-------------------------|--------------------------|
| | Billions of yen | Year-over-year % change | Millions of U.S. dollars |
| Japan | 1,254.9 | 5% | 11,620 |
| Overseas | 808.4 | 16% | 7,486 |
| Asia | 343.8 | 14% | 3,184 |
| North America | 220.5 | 3% | 2,042 |
| Europe | 182.9 | 37% | 1,695 |
| Other Areas | 61.0 | 20% | 565 |

Revenues in Japan rose 5%, to 1,254.9 billion yen. While sales of power generation equipment and industrial machinery declined, sales growth was recorded by electronics-related products, including digital media products, such as plasma TVs, electronic components and materials.

Overseas revenues increased 16%, to 808.4 billion yen due to higher sales of HDDs and optical disk drives as well as growth in sales to overseas markets at Hitachi Construction Machinery and other factors.

(4) Capital Investment, Depreciation and R&D Expenditures

Capital investment on a completion basis, excluding leasing assets, rose 20%, to 72.2 billion yen. Depreciation, excluding leasing assets, declined 2%, to 78.9 billion yen. R&D expenditures increased 10%, to 86.9 billion yen, and corresponded to 4.2% of revenues.

Financial Position

(1) Cash Flows

| | Three months ended June 30, 2004 | | |
|--------------------------------------|----------------------------------|-----------------------|--------------------------|
| | Billions of yen | Year-over-year Change | Millions of U.S. dollars |
| Cash flows from operating activities | (17.5) | 5.3 | (162) |
| Cash flows from investing activities | (136.4) | 12.2 | (1,264) |
| Free cash flows | (154.0) | 17.5 | (1,426) |
| Cash flows from financing activities | 28.6 | 11.3 | 265 |

Operating activities used net cash of 17.5 billion yen, 5.3 billion yen less than in the previous fiscal year. The main reason for this improvement was an increase in net income, despite of an increase in inventories due to seasonal factors and the payment of bonuses and tax.

Investing activities used net cash of 136.4 billion yen, 12.2 billion yen less than in the previous fiscal year. While cash of 227.0 billion yen was used by capital investment, including for leasing assets, Hitachi also promoted the collection of investments in leases.

Free cash flows, the sum of cash flows from operating and investing activities, were an outflow of 154.0 billion yen, a 17.5 billion yen improvement over the first quarter of the previous fiscal year.

Financing activities provided net cash of 28.6 billion yen, 11.3 billion yen more than in the previous fiscal year, when Hitachi repurchased own shares.

Cash and cash equivalents as of June 30, 2004 amounted to 642.0 billion yen, a decrease of 122.3 billion yen during the quarter.

(2) Financial Position

| | As of June 30, 2004 | | |
|--|---------------------|----------------------------|--------------------------|
| | Billions of yen | Change from March 31, 2004 | Millions of U.S. dollars |
| Total assets | 9,650.5 | 60.2 | 89,357 |
| Total liabilities | 6,638.2 | 14.9 | 61,466 |
| Debts | 2,596.0 | 98.5 | 24,038 |
| Minority interests | 839.7 | 40.9 | 7,776 |
| Stockholders' equity | 2,172.4 | 4.3 | 20,116 |
| Stockholders' equity ratio | 22.5% | 0.1 point decrease | - |
| D/E ratio (including minority interests) | 0.86 times | 0.02 point increase | - |

Total assets at June 30, 2004 increased 60.2 billion yen, to 9,650.5 billion yen, compared with March 31, 2004, due to an increase in inventory to meet expected higher sales in the second quarter and the effect of consolidating NEOMAX effective from the beginning of the fiscal year. Debts increased 98.5 billion yen, to 2,596.0 billion yen. Stockholders' equity increased 4.3 billion yen, to 2,172.4 billion yen. The stockholders' equity ratio at 22.5% was largely unchanged from March 31, 2004. The debt-to-equity ratio (including minority interests) was 0.86 times, almost the same as at March 31, 2004.

Outlook for the First Half of Fiscal 2004

| | The first half of fiscal 2004 ending September 30, 2004 | | |
|---|---|-------------------------|--------------------------|
| | Billions of yen | Year-over-year % change | Millions of U.S. dollars |
| Revenues | 4,150.0 | 3% | 39,524 |
| Operating income | 90.0 | 345% | 857 |
| Income before income taxes and minority interests | 80.0 | (12%) | 762 |
| Income before minority interests | 43.0 | 200% | 410 |
| Net income | 25.0 | 364% | 238 |

Note: Estimates for the first half of 2004 were converted at the rate of 105 yen to the U.S. dollar.

While there are fears of a slowdown in the U.S. economy due to the lessening effects of tax cuts and the departure from an ultra-low interest rate policy, growth is expected to continue. Asian economies are also expected to expand, underpinned by rising demand for IT-related equipment, particularly in the U.S., and rising demand in China. European economies are expected to stage a modest economic recovery.

The Japanese economy is expected to also continue growing strongly on the back of increasing exports, which are being fueled by the U.S. economic upswing and the healthy Chinese economy, continuing strength in private-sector plant and equipment investment, and consumer spending, as income and employment prospects improve slightly.

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.

There are no changes to Hitachi's forecasts for the first half of fiscal 2004.

Cautionary Statement

Certain statements contained 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," "intend," "plan," "project" and similar expressions which indicate future events and trends are used to assist readers in identifying these "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 on 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, particularly in the context of limited credit availability currently prevailing in Japan;
- uncertainty as to Hitachi's ability to implement measures to reduce the potential negative impact of fluctuations in product demand and/or exchange rates;
- general economic conditions and the regulatory and trade environment of Hitachi's major markets, particularly, the United States, Japan and elsewhere in Asia, including, without limitation, continued stagnation or deterioration of the Japanese economy, or direct or indirect restriction by other nations on imports;
- uncertainty as to Hitachi's access to, and 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.