FOR IMMEDIATE RELEASE

Hitachi Announces Consolidated Financial Results for Fiscal 2005

Tokyo, April 27, 2006 --- Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced its consolidated financial results for fiscal 2005, ended March 31, 2006.

Notes: 1. All figures, except for the outlook for fiscal 2006, were converted at the rate of 117 yen to the U.S. dollar, the approximate exchange rate on the Tokyo Foreign Exchange Market as of March 31, 2006.
2. Segment information and operating income (loss) are presented in accordance with financial reporting principles and practices generally accepted in Japan.

1. Business Results and Financial Position

Business Results

(1) Summary of Fiscal 2005 Consolidated Business Results

	Year ended March 31, 2006		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	9,464.8	5%	80,896
Operating income	256.0	(8%)	2,188
Income before income taxes and minority interests	274.8	4%	2,349
Income before minority interests	120.5	5%	1,030
Net income	37.3	(28%)	319

During the fiscal year, the world economy remained healthy as a whole. This partly reflected strength in the U.S. economy, despite the impact of sharply higher crude oil prices and other factors. Furthermore, China's economy maintained strong growth, mainly on the back of domestic demand driven by capital investment. Moreover, Asian economies were supported by expanding exports and other factors.

In Japan, the economy remained strong as higher corporate earnings and an improving job and wage environment fueled growth in plant and equipment investment and consumer spending.

In these circumstances, Hitachi continued to make aggressive investments in targeted businesses while executing business structural reforms. In this way, Hitachi reinforced measures to become more competitive on a consolidated basis.

In the fiscal year, Hitachi made Fujitsu Hitachi Plasma Display Limited a consolidated subsidiary with the aim of further reinforcing the group’s plasma display business. In addition, Hitachi decided to strengthen its social and industrial infrastructure systems business by transferring parts of its Industrial Systems Group to Hitachi Plant Engineering & Construction Co., Ltd. on April 1, 2006. At the same time, Hitachi Kiden Kogyo, Ltd. and Hitachi Industries Co., Ltd. were merged into Hitachi Plant Engineering & Construction Co., Ltd. And, with the goal of strengthening the air conditioning and home appliance businesses, Hitachi decided to merge Hitachi Air Conditioning Systems Co., Ltd. and Hitachi Home & Life Solutions, Inc. on April 1.

Hitachi’s consolidated revenues were 9,464.8 billion yen, up 5% year on year. The Information & Telecommunication Systems segment posted higher revenues on strong sales of storage devices, as did the Power & Industrial Systems segment on the back of recovering private-sector plant and equipment investment, and the High Functional Materials & Components segment, mainly due to growth in sales of components and materials for electronics- and automotive-related fields. On the other hand, the Electronic Devices and other segment saw revenues decrease year on year.

Overseas revenues increased 11%, to 3,639.6 billion yen due mainly to growth in the Information & Telecommunication Systems, Power & Industrial Systems, and High Functional Materials & Components, particularly in China, a market Hitachi is targeting.

Operating income, however, declined 8% year on year, to 256.0 billion yen due mainly to lower earnings in the Electronic Devices segment and an operating loss in the Digital Media & Consumer Products segment. The Information & Telecommunication Systems, Power & Industrial Systems, High Functional Materials & Components and Logistics, Services & Others segments all recorded higher operating income.

Other income increased 1%, to 87.5 billion yen. Other deductions declined 32%, to 68.7 billion yen, due to lower restructuring charges and other factors.

As a result, Hitachi recorded income before income taxes and minority interests of 274.8 billion yen, up 4% year on year. After income taxes of 154.3 billion yen, Hitachi posted income before minority interests of 120.5 billion yen. Furthermore, net income declined 28%, to 37.3 billion yen.

(2) Revenues and Operating Income (Loss) by Segment
Results by segment were as follows.

[Information & Telecommunication Systems]

Year ended March 31, 2006			
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	2,360.9	4%	20,179
Operating income	84.6	25%	724

Information & Telecommunication Systems revenues rose 4%, to 2,360.9 billion yen. In software and services, revenues rose compared with the previous fiscal year because of firm growth in the outsourcing business. In hardware, despite of the sale of the former Hitachi Printing Solutions, Ltd. to Ricoh Company, Ltd. and the effect of falling prices of servers and PCs caused by intensified competition, overall hardware revenues increased as a result of higher sales in disk array subsystems and hard disk drives (HDDs).

The segment posted operating income of 84.6 billion yen, up 25% year on year. This result reflected a large increase in earnings in software and services due to improved project management and other factors. Further earnings growth was hampered by lower year-on-year earnings in hardware due to a larger loss in HDD operations and other factors, despite a solid performance in disk array subsystems and other areas.

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. Hitachi's results for the year ended March 31, 2006 include operating results of Hitachi GST for the period from January through December 2005.

[Electronic Devices]

Year ended March 31, 2006			
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	1,204.4	(9%)	10,294
Operating income	20.4	(45%)	174

Electronic Devices revenues declined 9%, to 1,204.4 billion yen, the result of lower sales in the display business due to lackluster LCD sales resulting from falling prices as well as other factors.

Operating income dropped 45% year on year, to 20.4 billion yen due mainly to a larger loss in the LCD business.

[Power & Industrial Systems]

	Year ended March 31, 2006		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	2,805.1	12%	23,976
Operating income	92.5	26%	791

Power & Industrial Systems revenues rose 12%, to 2,805.1 billion yen. This growth reflected healthy sales of industrial machinery and air-conditioning systems thanks to recovering private-sector plant and equipment investment. Another factor was growth in the elevator and escalator business and at Hitachi Construction Machinery Co., Ltd., mainly outside Japan. October 2004 merger with TOKICO LTD. also contributed to revenue growth.

The segment posted a 26% increase in operating income, to 92.5 billion yen due to strong earnings at Hitachi Construction Machinery and increased sales of elevators and escalators, industrial machinery and air-conditioning systems, among other factors.

[Digital Media & Consumer Products]

	Year ended March 31, 2006		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	1,305.6	2%	11,160
Operating loss	(35.7)	-	(306)

Digital Media & Consumer Products segment revenues rose 2%, to 1,305.6 billion yen due to growth in flat-panel TVs and consolidation of Fujitsu Hitachi Plasma Display Limited (FHP) in April 2005.

The segment posted an operating loss of 35.7 billion yen, compared with operating income of 8.6 billion yen in the previous fiscal year. This result was attributable to increased investments for marketing in digital media products and losses in flat-panel TVs and home appliances, mainly due to falling prices.

[High Functional Materials & Components]

	Year ended March 31, 2006		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	1,600.2	6%	13,677
Operating income	110.0	26%	941

Revenues in this segment rose 6%, to 1,600.2 billion yen due mainly to strong growth in sales at Hitachi Chemical Co., Ltd. and Hitachi Metals, Ltd., principally in the electronics- and automotive-related fields. Hitachi Cable, Ltd. also recorded sales growth.

Operating income climbed 26%, to 110.0 billion yen due to higher earnings at Hitachi Chemical, Hitachi Metals and other companies, reflecting higher sales and the benefits of cost-cutting.

[Logistics, Services & Others]

	Year ended March 31, 2006		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	1,214.7	(3%)	10,383
Operating income	19.5	99%	167

Segment revenues declined 3% year on year, to 1,214.7 billion yen despite growth in sales at Hitachi Transport System, Ltd., mostly in the third-party logistics solutions business. This decline in segment revenues was due to lower revenues at Hitachi Mobile Co., Ltd. and at overseas sales companies.

The segment posted operating income of 19.5 billion yen, 99% higher year on year, mainly due to higher revenues at Hitachi Transport System.

[Financial Services]

	Year ended March 31, 2006		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	517.9	(2%)	4,427
Operating income	35.0	13%	299

Segment revenues declined 2%, to 517.9 billion yen, with Hitachi Capital Corporation posting flat revenue growth.

Operating income rose 13%, to 35.0 billion yen, the result of higher earnings at Hitachi Capital.

(3) Revenues by Market

	Year ended March 31, 2006		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Japan	5,825.1	1%	49,788
Overseas	3,639.6	11%	31,108
Asia	1,619.2	15%	13,840
North America	968.9	7%	8,282
Europe	748.4	5%	6,397
Other Areas	302.9	17%	2,589

Revenues in Japan edged up 1% year on year, to 5,825.1 billion yen.
Overseas revenues rose 11%, to 3,639.6 billion yen. Revenues rose sharply in Asia, particularly China. North America and Europe also recorded year-on-year growth.
As a result, the ratio of overseas revenues to consolidated revenues rose by 2 percentage points year on year to 38%.

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

Capital investment on a completion basis, excluding leasing assets, rose 4%, to 397.4 billion yen, mainly due to investments to increase output of HDDs, plasma display panels, automotive-related parts and other products, as well as investments in high functional materials. Depreciation, excluding leasing assets, increased 5%, to 329.6 billion yen. R&D expenditures, which are primarily used to accelerate the launch of new businesses, strengthen frontier and basic research, and upgrade development capabilities in HDDs, automotive-, displays- and digital media-related fields, increased 4%, to 405.0 billion yen, and corresponded to 4.3% of revenues.

Financial Position

(1) Financial Position

As of March 31, 2006

	Billions of yen	Year-over-year change	Millions of U.S. dollars
Total assets	10,021.1	284.9	85,651
Total liabilities	6,476.6	(30.7)	55,356
Interest-bearing debt	2,419.0	(83.4)	20,676
Minority interests	1,036.8	115.7	8,861
Stockholders' equity	2,507.7	199.9	21,434
Stockholders' equity ratio	25.0%	1.3 point improvement	-
D/E ratio (including minority interests)	0.68 times	0.10 point improvement	-

Total assets as of March 31, 2006 were 10,021.1 billion yen, 284.9 billion yen more than at March 31, 2005 due to the consolidation of FHP and other factors. Interest-bearing debt decreased 83.4 billion yen, to 2,419.0 billion yen. Stockholders' equity rose 199.9 billion yen, to 2,507.7 billion yen, due to an improvement in the minimum pension liability adjustments account resulting from such factors as improved returns on pension assets. As a result, the stockholders' equity ratio rose 1.3 points to 25.0%. The debt-to-equity ratio (including minority interests) was 0.68 times, 0.10 point improved from previous year due to a decline in interest-bearing debt and higher stockholders' equity.

(2) Cash Flows

Year ended March 31, 2006

	Billions of yen	Year-over-year change	Millions of U.S. dollars
Cash flows from operating activities	690.8	125.5	5,905
Cash flows from investing activities	(501.3)	25.6	(4,285)
Free cash flows	189.5	151.1	1,620
Cash flows from financing activities	(261.6)	(162.2)	(2,236)

Operating activities provided net cash of 690.8 billion yen, 125.5 billion yen more than one year earlier.

Investing activities used net cash of 501.3 billion yen, 25.6 billion yen less year on year. This was due to efforts to collect investments in leases faster, despite increased capital investment, mainly in businesses targeted for growth.

Free cash flows, the sum of cash flows from operating and investing activities, were an inflow of 189.5 billion yen, 151.1 billion yen more year on year.

Financing activities used net cash of 261.6 billion yen, an increase of 162.2 billion yen due to the repayment of debts and other factors.

The net result of the above items was a 50.4 billion yen decrease in cash and cash equivalents to 658.2 billion yen.

Outlook for Fiscal 2006

	Year ending March 31, 2007		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	9,700.0	2%	88,182
Operating income	290.0	13%	2,636
Income before income taxes and minority interests	280.0	2%	2,545
Income before minority interests	135.0	12%	1,227
Net income	55.0	47%	500

Regarding trends in the world economy, Hitachi expects a moderate economic slowdown in the U.S. due to cooling plant and equipment investment and housing investment, among other factors. However, Hitachi expects that domestic demand will continue to support strong economic growth in China. Economies elsewhere in Asia are expected to see higher exports to China. European economies, meanwhile, are forecast to continue their moderate pace of recovery. Overall, the global economy is expected to remain healthy.

The forecast for the Japanese economy is for continued firm growth, underpinned by growth in exports to China and elsewhere in Asia and by rising consumer spending and plant and equipment investment. There are, however, some concerns, such as the possibility of further jumps in crude oil and raw materials prices and an upturn in long-term interest rates. Falling prices brought about by intensifying competition also mean the outlook for the operating environment still requires caution.

In this environment, Hitachi is presently forecasting the operating results shown above for fiscal 2006. Hitachi will push forward with business reforms targeting future business development, illustrated by the formation of Hitachi Plant Technologies, Ltd. in the social and industrial infrastructure business and Hitachi Appliances, Inc. in the air conditioning and home appliance businesses in April this year. Furthermore, Hitachi will continue efforts to create new businesses and strengthen targeted businesses by maximizing the Hitachi 's internal resources such as R&D and marketing capabilities, personnel, funding system and others. Also, Hitachi is leveraging its group wide synergies to reduce procurement costs, business expenses, IT operational costs and other costs by standardizing and integrating business operations. Hitachi is implementing business restructuring measures to build a high-earnings framework, and reinforce its financial position.

Regarding the HDD, flat-panel TV and LCD businesses where there are issues concerning profitability, Hitachi plans to take wide-ranging countermeasures to quickly improve its development capabilities, cost competitiveness, sales activities and other areas of its operations. Furthermore, Hitachi will work to become more competitive on a consolidated basis and to establish a more powerful earnings base by driving forward structural reforms that target future business development, such as efforts to expand overseas business.

Projections for fiscal 2006 assume an exchange rate of 110 yen to the U.S. dollar and 135 yen to the Euro.

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, shareholders, employees and other stakeholders.

In January 2003, Hitachi unveiled a medium-term management plan called “i.e.HITACHI Plan *II*.” Up to now, Hitachi has executed a host of business structural reforms, including realigning its business portfolio, accelerating the globalization of its operations and creating new businesses. It has also promoted group management and strengthened governance of the group. These and other actions are steadily producing results.

Under its medium-term management plan, Hitachi made up-front investments in HDDs, flat-panel TVs, LCDs and other products that are viewed as core elements of a ubiquitous information society, with the aim of achieving growth over the long term. Nevertheless, Hitachi still has issues to deal with on the earnings front in respect to these businesses. Hitachi is taking wide-ranging countermeasures to quickly improve its development capabilities, cost competitiveness, sales activities and other areas.

Hitachi will continue to make aggressive investments in targeted businesses while continuously executing business structural reforms. In this way, Hitachi will reinforce measures to become more competitive on a consolidated basis and work to establish a more powerful earnings base. Leveraging experience, knowledge and expertise gained from the group’s expansive business domains, Hitachi is determined to give full play to its collective strengths to create added value. Through these initiatives to become more profitable, Hitachi aims to achieve an operating margin of 5% in the near term, as a minimum requirement for being ranked among the world’s leading corporate groups.

To enhance competitiveness in global markets in its various business fields, Hitachi is pushing ahead with efforts to improve productivity and cut costs by strengthening its production ability. Business structural reforms are also being implemented. In specific terms, Hitachi will examine and implement suitable measures to create growth in key fields as well as create new businesses by leveraging 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.

Hitachi will also enhance corporate social responsibility initiatives and reinforce corporate governance with a view to increasing the corporate value of the Group over the long-term. Furthermore, in order to respond to any external threats to corporate value, Hitachi will examine the introduction of measures that enable it to respond to changes in the regulatory environment and other issues in a fair and neutral manner.

The Group invests a great deal of business resources in fundamental research and in the development of market-leading products and businesses that will bear fruit in the future, and realizing the benefits from these management policies requires that they be continued for a set period of time. For this purpose, the Company keeps its shareholders and investors well informed of not just the business results for each period but also of the Company's business policies for creating value in the future.

The Company does not deny the significance of the vitalization of business activities and performance that can be brought about through a change in management control, but it recognizes the necessity of determining the impact on company value and the interests of all shareholders of the buying activities and buyout proposals of parties attempting to acquire a large share of stock of the Company or a Group company by duly examining the business description, future business plans, past investment activities, and other necessary aspects of such a party.

There is no party that is currently attempting to acquire a large share of the Company's stocks nor is there a specific threat, neither does the Company intend to implement specified so-called anti-takeover measures in advance of the appearance of such a party, but the Company does understand that it is one of the natural duties bestowed upon it by the shareholders and investors to continuously monitor the state of trading of the Company's stock and then to immediately take what the Company deems to be the best action in the event of the appearance of a party attempting to purchase a large share of the Company's stock. In particular, together with outside experts, the Company will evaluate the buyout proposal of the party and hold negotiations with the buyer, and if the Company deems that said buyout will not maintain the Company's value and is not in the best interest of the shareholders, then the Company will quickly determine the necessity, content, etc., of specific countermeasures and prepare to implement them. The same response will also be taken in the event a party attempts to acquire a large percentage of the shares of a Group company.

(*) 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.

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. Hitachi has adopted a flexible stance toward supplementing dividends with the repurchase of its own shares, taking its business plans and financial condition, market conditions and other factors into consideration in this respect. In addition, Hitachi will repurchase its own shares on an ongoing basis in order to implement a flexible capital strategy, including business restructuring, to maximize shareholder value.

Hitachi has adopted the "Committees System" under the Commercial Code of Japan. Consequently, in accordance with the enforcement of the new Company Law, it is deemed that Hitachi's Articles of Incorporation allow the Board of Directors to set the record date for the distribution of surplus on days other than September 30, the final day of the interim period, or March 31, the final day of the fiscal year. At this point in time, no decision has been made in this respect or regarding distribution of surplus for the period.

Policy on the Reduction of Number of Shares Constituting Investment Unit

Hitachi believes that the number of shares constituting investment unit in Japanese stock exchanges should be carefully examined from the perspectives of the liquidity of Hitachi stock, shareholder composition and other items. Because Hitachi believes that its shares currently have sufficient liquidity, the company believes that it would be difficult to obtain benefits that would justify the cost of a change in the number of shares constituting investment unit. Hitachi will continue to consider actions related to the establishment of a suitable number of shares constituting investment unit.

Items Concerning Parent Company

Hitachi has no parent company.

Business Risk and Other Risks

The Hitachi Group is engaged in a broad range of business activities on a global scale. Furthermore, the group uses highly sophisticated and specialized technologies and information to conduct these businesses. As a result, business activities are vulnerable to a diverse array of risk factors.

Major risk factors include, but are not limited to, economic trends in major markets; changes in foreign exchange rates; rapid technological innovations; intense competition; supply and demand balance; the procurement of raw materials and components; the ability to acquire companies, conduct mergers and form strategic alliances; progress in business restructuring; overseas business activities; recruiting activities; protection, maintenance and acquisition of intellectual property; litigation and other legal proceedings; product and service quality and liability; the use of information systems; governmental regulations; trends in capital markets; and retirement benefit liabilities.

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:

- fluctuations in product demand and industry capacity, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products 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;
- rapid technological change, 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, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- fluctuations in rates of exchange for the yen and other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated, particularly between the yen and the U.S. dollar;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in product demand and/or exchange rates;
- general socio-economic and political 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 results of litigation and legal proceedings of which the Company, its subsidiaries or its equity method affiliates have become or may become parties;
- uncertainty as to the success of restructuring efforts to improve management efficiency and to strengthen competitiveness;
- 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;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing; 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.