

FOR IMMEDIATE RELEASE

Hitachi Announces Consolidated Financial Results for the First Half of Fiscal 2002

Tokyo, October 31, 2002 --- Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced its consolidated financial results for the first half of fiscal 2002, ended September 30, 2002.

During the period under review, although some regions, notably Asia, showed signs of strength, the global economy remained lackluster, set against a backdrop of a slowing U.S. economy and falling stock prices on world exchanges. The Japanese economy echoed the overall economic mood, despite signs of an upturn in production volumes following a period of inventory destocking. As deflation increased debt burdens and squeezed earnings, corporate sentiment toward capital expenditures failed to improve. And, as employment prospects remained dim, consumers too were reluctant to spend.

Against this backdrop, net sales were largely the same year on year at 3,916.4 billion yen (US\$31,841 million). But Hitachi posted operating income of 61.6 billion yen (US\$502 million), reversing an operating loss of 42.1 billion yen (US\$342 million) in the previous year's first half, as the Corporate Innovation Initiative (CII), including Procurement Renewal Project, produced results, and structural reforms implemented in the previous fiscal year yielded lower fixed costs.

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By segment, in Information & Telecommunication Systems, sales of telecommunication-related equipment fell, while demand for storage solutions remained firm. Consequently, segment sales remained consistent year on year at 878.2 billion yen (US\$7,140 million). The segment recorded operating income of 42.1 billion yen (US\$343 million), up 190% over the same period in fiscal 2001. This result reflects a steady performance in storage solutions and systems integration, as well as benefits from structural reforms, particularly in the telecommunications sector, implemented in the previous fiscal year.

In Electronic Devices, sales in display operations were driven higher by rising demand for small and medium-size TFT LCDs, mainly for mobile phones, and large-size TFT LCDs. This outweighed lower sales stemming from Hitachi's withdrawal from CRTs for PC monitors in the previous fiscal year. Semiconductor sales edged up slightly over the fiscal 2001 interim period on strong demand for system LSIs, including LCD drivers and microcomputers for automotive applications. As a result, segment sales were 766.4 billion yen (US\$6,231 million), almost the same year on year. The segment recorded an operating loss of 7.9 billion yen (US\$64 million), a 65.0 billion yen (US\$528 million) improvement over the 72.9 billion yen (US\$593 million) operating loss in the first half of fiscal 2001. This turnaround reflected the benefits of structural reforms, including the termination of unprofitable products such as CRTs for PC monitors and the streamlining of certain semiconductor production lines.

In Power & Industrial Systems, sales declined 4% overall, to 1,068.1 billion yen (US\$8,684 million). This was on account of lower sales for maintenance services for nuclear and thermal power generation plants of Japanese electric power companies, as well as lower sales of air-conditioning equipment, industrial equipment, chemical plants and other products, due to the fall-off in private-sector plant and equipment investment. Operating income dropped 58%, to 11.1 billion yen (US\$90 million) due to fewer major projects, notably of power generation equipment and other exports, as well as falling sales revenues from environmental equipment in Japan.

In Digital Media & Consumer Products, although sales of mobile phones decreased, sales of optical storage products and plasma TVs increased year on year. In home appliances, overall sales were sluggish due to soft domestic demand. Hitachi Maxell, Ltd. saw audiotape and videotape sales fall, but sales of computer tapes, optical media and rechargeable batteries increased. Overall, segment sales rose 3% year on year, to 597.6 billion yen (US\$4,859 million). The segment recorded operating income of 5.7 billion yen (US\$47 million), a turnaround from the 6.0 billion yen (US\$49 million) operating loss in the same period of the previous fiscal year, even as price competition intensified in a deflationary economic environment. This was partly attributable to the benefits of structural reforms.

In High Functional Materials & Components, Hitachi Metals, Ltd. posted lower sales as a result of customers' inventory volume corrections for electronics-related products and other factors, while Hitachi Cable, Ltd. also posted lower sales, with sales of submarine fiber-optic cables declining sharply. Hitachi Chemical Co., Ltd. posted lower sales for housing equipment and environmental facilities, although sales increased for electronics-related materials such as those for semiconductors and LCDs. As a whole, segment sales decreased 2% year on year, to 613.0 billion yen (US\$4,984 million). However, the segment posted operating income of 9.0 billion yen (US\$74 million), reversing a year-earlier loss of 1.4 billion yen (US\$12 million), as it benefited from the results of structural reforms.

In Logistics, Services & Others, overseas sales companies achieved higher sales of hard disk drives. However, the sale of Tokyo Monorail Co., Ltd., formerly a subsidiary of Hitachi Transport System, Ltd., in the latter half of the previous fiscal year negatively affected segment sales, leading to a slight decline at 700.6 billion yen (US\$5,696 million). Operating income dropped 80%, to 1.4 billion yen (US\$12 million).

In Financial Services, segment sales increased 4% year on year, to 293.3 billion yen (US\$2,385 million). This increase was partly attributable to the boost given by Hitachi Capital Corporation's acquisition of Sekisui Leasing Co., Ltd. in the second half of the previous fiscal year. Operating income declined 9%, to 18.6 billion yen (US\$152 million).

Other income came to 26.7 billion yen (US\$217 million), an increase of 9.4 billion yen (US\$77 million) compared to the first half of the previous fiscal year, mainly reflecting a net gain on securities. Meanwhile, other deductions were 42.5 billion yen (US\$346 million), a 31.1 billion yen (US\$253 million) year-on-year decrease, as restructuring charges were not incurred during the period as was in the first half of fiscal 2001 while interest expenses were lower resulting from reductions in debt.

As a result, income before income taxes was 45.8 billion yen (US\$373 million), and after the recognition of 21.2 billion yen (US\$173 million) in income taxes, Hitachi recorded income before minority interests of 24.6 billion yen (US\$200 million) and net income was 12.8 billion yen (US\$104 million).

Financial Position

Net cash provided by operating activities was 191.5 billion yen (US\$1,557 million), declining 4.8 billion yen year on year, principally due to the payment of special termination benefits under early retirement plans. Efforts were, however, made to use working capital more efficiently, such as by promoting Project C, which reduced the time required to turn over inventory and accounts receivable from 185 days at the end of September 30, 2001, to 160 days at September 30, 2002.

Investing activities used net cash of 128.9 billion yen (US\$1,048 million), 87.6 billion yen (US\$712 million) less year on year, reflecting a decrease in cash used for the purchase of property, plant and equipment as Hitachi made selective capital investments, and cash inflows from the selling of short-term investments and subsidiaries' common stock.

Free cash flows remaining after deducting net cash used in investing activities from net cash provided by operating activities amounted to 62.5 billion yen (US\$508 million).

Financing activities used net cash of 197.8 billion yen (US\$1,609 million), compared with net cash provided of 74.1 billion yen (US\$603 million) in the same period of the previous fiscal year, reflecting the repayment of short-term borrowings by implementing a new committed credit facility.

Cash and cash equivalents as of September 30, 2002 amounted to 875.2 billion yen (US\$7,116 million), a reduction of 154.1 billion yen (US\$1,253 million) during the interim period.

Debt on September 30, 2002 stood at 2,776.9 billion yen (US\$22,576 million), 221.3 billion yen (US\$1,799 million) less than at March 31, 2002.

Capital investment on a completion basis declined 15%, to 375.2 billion yen (US\$3,051 million), and depreciation decreased 13%, to 226.2 billion yen (US\$1,840 million).

All figures were converted at the rate of 123 yen = U.S.\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of September 30, 2002.

Outlook for Fiscal 2002

The world economy seemed to be moving onto a recovery footing, particularly in the U.S. and Asia, at the start of 2002. However, the recovery in the bellwether U.S. economy has slowed, and a string of terrorist attacks in various parts of the world have created a growing sense of instability in the world economy. The Japanese economy, on the other hand, remains mired in recession with no prospects for a full-fledged recovery. Consequently, consumer spending and capital expenditures in Japan are expected to remain depressed, creating an uncertain operating environment for companies.

In this climate, Hitachi will bolster its international competitiveness by accelerating the pace of CII, which targets greater efficiency throughout the organization, to quickly improve its operating results. Concurrently, Hitachi will advance bold management and structural reforms.

Based on the above factors, Hitachi is projecting the following operating results for fiscal 2002, ending March 31, 2003. The projections assume an exchange rate of 120 yen to the U.S. dollar for the second half of fiscal 2002.

Net Sales	8,050 billion yen (US\$65,447 million) (year-on-year increase of 1%)
Operating income	150 billion yen (US\$1,220 million)
Income before income taxes	130 billion yen (US\$1,057 million)
Income before minority interests	61 billion yen (US\$496 million)
Net income	36 billion yen (US\$293 million)

Cautionary Statement

This document contains forward-looking statements which reflect management's current views with respect to certain future events and financial performance. Words such as "anticipate," "believe," "expect," "estimate," "intend," "plan," "project" and similar expressions which indicate future events and trends identify forward-looking statements. Actual results may differ materially from those projected or implied in the forward-looking statements and from historical trends. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate.

Factors that could cause actual results to differ materially from those projected or implied in any forward-looking statements include, but are not limited to, rapid technological change, particularly in the Information & Telecommunication Systems segment and Electronic Devices segment; uncertainty as to Hitachi's ability to continue to develop products and to market products that incorporate new technology on a timely and cost-effective basis and achieve market acceptance; fluctuations in product demand and industry capacity, particularly in the Information & 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 access to liquidity or long-term financing, particularly in the context of restrictions on availability of credit prevailing in Japan; uncertainty as to Hitachi's ability to implement measures to reduce the potential negative impact of fluctuations in product demand and/or exchange rates; general economic conditions and the regulatory and trade environment of Hitachi's major markets, particularly, the United States, Japan and elsewhere in Asia, including, without limitation, continued stagnation or deterioration of the Japanese or other East Asian economies, or direct or indirect restriction by other nations of imports; uncertainty as to Hitachi's access to, or protection for, certain intellectual property rights, particularly those related to electronics and data processing technologies; Hitachi's dependence on alliances with other corporations in designing or developing certain products; and the market prices of equity securities in Japan, declines in which may result in write-downs of equity securities Hitachi holds.

These factors listed above are not exclusive and are in addition to other factors that are stated or indicated elsewhere in this document, or in other materials published by the Company.

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