

FOR IMMEDIATE RELEASE

**Hitachi Announces Consolidated Financial Results
for the First Quarter Ended June 30, 2003**

Tokyo, July 31, 2003 --- Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced its consolidated financial results for the first quarter ended June 30, 2003.

During the quarter, consumption and production were slow in Asia, particularly China, due to the effects of severe acute respiratory syndrome (SARS). In the U.S., a rising jobless rate and other factors continued to fuel concerns about the economic outlook. European economies, meanwhile, languished at the hands of the strong euro and other negative trends. The Japanese economy, while showing signs of an upturn in private-sector plant and equipment investment, was characterized by sluggish export growth, as exports to the rest of Asia slowed, and anemic personal spending.

Against this backdrop, Hitachi's consolidated net sales edged up 2%, to 1,895.9 billion yen (US\$15,800 million), with major year-on-year changes in Information & Telecommunication Systems, Electronic Devices and other segments due to the effects of ongoing business portfolio realignment by the Hitachi Group. Hitachi posted an operating loss of 33.7 billion yen (US\$281 million), compared with operating income of 13.6 billion yen (US\$114 million) in the same quarter of the previous fiscal year.

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By segment, Information & Telecommunication Systems sales increased 11%, to 446.9 billion yen (US\$3,724 million). Software sales were weak in a sluggish Japanese economy, but the addition of sales from the hard disk drive (HDD) operations acquired from IBM Corporation, higher sales of base stations for wireless communications infrastructure and other factors lifted overall segment sales above the previous year. The segment recorded an operating loss of 26.7 billion yen (US\$223 million), compared with an operating loss of 5.8 billion yen (US\$49 million) in the previous year, due mainly to a loss in HDD operations.

In Electronic Devices, sales dropped 26% year on year, to 277.6 billion yen (US\$2,313 million). Sales fell sharply in semiconductor operations due in part to the April 2003 transfer of most of this business to equity-method affiliate Renesas Technology Corp., a joint venture with Mitsubishi Electric Corporation. In displays, while sales of small and medium-size TFT LCDs for mobile phones were brisk, sales of large-size TFT LCDs were soft. The segment recorded an operating loss of 6.9 billion yen (US\$58 million), compared with operating income of 2.3 billion yen (US\$20 million) in the previous year. This was attributable to a sharp deterioration in profits from large-size TFT LCDs in display operations due to lower prices year on year.

In Power & Industrial Systems, sales rose 2%, to 494.5 billion yen (US\$4,121 million). Sales of power generation equipment continued to languish and sales of infrastructure and other facilities to the public sector declined due to budgetary constraints. On the other hand, sales of construction machinery increased in China and other overseas markets, and sales of automotive products were markedly higher in line with the inclusion in consolidated results of the former Unisia JECS Corporation (now Hitachi Unisia Automotive, Ltd.), which became a subsidiary in October 2002. Segment operating income dropped 60% year on year, to 2.9 billion yen (US\$24 million), despite a dramatic improvement in earnings from construction machinery. This decline reflected a deterioration in profitability in power generation equipment and public-works facilities, and lower earnings from elevators and escalators due to lower prices for maintenance services.

In Digital Media & Consumer Products, segment sales declined 3%, to 295.9 billion yen (US\$2,466 million). While plasma TV and mobile phone sales rose, sales of large home appliances declined to falling sales prices amid soft demand and a deflationary environment in Japan. At Hitachi Maxell, Ltd., optical media sales remained healthy. The segment recorded an operating loss of 0.4 billion yen (US\$4 million), compared with operating income of 6.5 billion yen (US\$55 million) in the previous year. This was mainly the result of the effect of lower sales prices, particularly in respect of large home appliances, exceeding the benefits of cost cutting because of deflation.

In High Functional Materials & Components, segment sales rose 2%, to 305.5 billion yen (US\$2,547 million). At Hitachi Cable, Ltd., sales were strong for wires and cables, such as fiber-optic cables for domestic communications carriers, as well as for information systems and electronic components. At Hitachi Chemical Co., Ltd., sales were healthy of materials for electronic components, industrial materials, housing equipment and environmental facilities, although sales of printed circuit boards and related materials declined. At Hitachi Metals, Ltd., sales were firm for automotive-related components. The segment saw operating income decline 4%, to 4.4 billion yen (US\$37 million).

In Logistics, Services & Others, segment sales decreased 10%, to 307.2 billion yen (US\$2,560 million), despite strong sales from the logistics solutions business at Hitachi Transport System, Ltd. Overseas sales companies saw sales decline due to the transfer of semiconductors sales operations to the newly established Renesas Technology, and the transfer of HDD sales operations to Hitachi Global Storage Technologies. The segment recorded an operating loss of 3.0 billion yen (US\$26 million), compared with operating income of 1.7 billion yen (US\$14 million) in the previous year.

In Financial Services, segment sales decreased 7%, to 133.1 billion yen (US\$1,110 million) because of the effect of low interest rates and a declining volume of automobile loans to individuals. Segment operating income declined 59%, to 4.1 billion yen (US\$35 million).

Other income declined 32%, to 17.3 billion yen (US\$144 million) due to lower interest income and dividends received as well as a decline in gains on the sale of marketable securities and other factors. Meanwhile, other deductions declined 67%, to 14.5 billion yen (US\$121 million) due to exchange gains, which contrasted with exchange losses recorded in the previous year.

As a result, Hitachi recorded a loss before income taxes and minority interests of 30.9 billion yen (US\$258 million), and after 3.2 billion yen (US\$27 million) in income taxes, loss before minority interests of 34.1 billion yen (US\$285 million). The net loss was 38.4 billion yen (US\$320 million), 26.7 billion yen (US\$223 million) more than in the previous year.

Financial Position

Operating activities used net cash of 22.8 billion yen (US\$191 million), an increase of 4.6 billion yen (US\$39 million) compared with the previous year. The main reason was a large decrease in payables.

Investing activities used net cash of 148.7 billion yen (US\$1,239 million), 23.0 billion yen (US\$192 million) less than in the previous year, due to an increase in collection of investment in leases and other factors.

Free cash flows, the sum of cash flows from operating activities and investing activities, amounted to negative 171.6 billion yen (US\$1,430 million), an improvement of 18.3 billion yen (US\$153 million) from the previous year.

Financing activities provided net cash of 17.2 billion yen (US\$143 million), compared with net cash used of 19.3 billion yen (US\$161 million) in the previous year. This mainly reflects cash inflows from the issue of bonds for refinancing purposes in May 2003, which outweighed cash outflows for the purchase of own shares the same month.

As a result, cash and cash equivalents as of June 30, 2003 were 674.5 billion yen (US\$5,622 million), a reduction of 153.5 billion yen (US\$1,280 million) during the first quarter.

Debt on June 30, 2003 stood at 2,871.1 billion yen (US\$23,926 million), 30.5 billion yen (US\$255 million) more than at March 31, 2003 as a result of the issuance of bonds in May.

Capital investment on a completion basis rose 3%, to 180.2 billion yen (US\$1,502 million), while depreciation decreased 7%, to 107.8 billion yen (US\$898 million). The Company spent 78.7 billion yen (US\$656 million) on research and development, a decrease of 13% from the previous year. R&D expenditures as a percentage of net sales were 4.2%.

All figures are converted at the rate of 120 yen = U.S.\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of June 30, 2003.

Outlook for the First Half of Fiscal 2003

The first-quarter results were lower than in the corresponding quarter of the previous year due to losses in HDD operations acquired from IBM Corporation and other factors.

Lingering uncertainty in the second quarter concerning the outlook for the U.S. and other economies around the world has created an unpredictable operating environment for Hitachi.

Hitachi has revised its projections for the first half of fiscal 2003 due to such factors as the selling of its shares in affiliate Nitto Denko Corporation in July 2003.

There are no changes to Hitachi's forecasts for the fiscal year ending March 31, 2004.

The interim projections assume an exchange rate of 120 yen to the U.S. dollar, the same rate that was assumed in April this year.

Net sales	4,000 billion yen (US\$33,333 million)	(year-on-year increase of 2%)
Operating income	15 billion yen (US\$125 million)	(year-on-year decrease of 76%)
Income before income taxes and minority interests	50 billion yen (US\$417 million)	(year-on-year increase of 49%)
Loss before minority interests	17 billion yen (US\$142 million)	(- %)
Net loss	30 billion yen (US\$250 million)	(- %)

Cautionary Statement

Certain statements contained in this document may constitute forward-looking statements which reflect management's current views with respect to certain future events and financial performance based on certain assumptions 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 may 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 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 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;
- 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.

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