FOR IMMEDIATE RELEASE

Hitachi Announces Consolidated Financial Results for the First Half of Fiscal 2003

Tokyo, October 29, 2003 --- Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced its consolidated financial results for the first half of fiscal 2003, ended September 30, 2003.

During the interim period, economic conditions steadily improved in the U.S., where the driving force of expansion was personal consumption, and there was a rapid recovery in Asia following a temporary slowdown due to the effects of the severe acute respiratory syndrome (SARS) outbreak.

The Japanese economy also showed signs of an upturn, with personal spending holding firm and private-sector plant and equipment investment rebounding. The economy, however, was hampered by falling product and service prices as the deflationary economy persisted.

Against this backdrop, Hitachi's consolidated net sales rose 3%, to 4,041.4 billion yen (US$36,409 million), despite major year-on-year changes in Information & Telecommunication Systems, Electronic Devices and other segments due to the effects of ongoing business portfolio realignment across the Hitachi Group. Operating income dropped 67%, to 20.2 billion yen (US$182 million), but this was better than forecast.

- more -

By segment, Information & Telecommunication Systems sales rose 20%, to 1,053.2 billion yen (US$9,489 million). Sales for software and services were steady thanks to increased outsourcing services for financial institutions, and the hardware sector was bolstered by the inclusion of sales from hard disk drive (HDD) operations acquired from IBM Corporation and base stations for mobile phones. The segment saw operating income decrease 87%, to 5.3 billion yen (US$49 million), mainly due to operating losses in HDD operations acquired from IBM Corporation.

In Electronic Devices, sales declined 21%, to 607.5 billion yen (US$5,473 million). Sales fell sharply in semiconductor operations due 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 decreased. The segment recorded operating income of 3.6 billion yen (US$33 million), reversing an operating loss of 7.9 billion yen (US$71 million) in the same period of the previous fiscal year. This improvement was attributable to the transfer of semiconductor operations as well as to strong performances in semiconductor manufacturing equipment and life science systems, among other areas.

In Power & Industrial Systems, sales were on a par with the previous year's interim period at 1,073.4 billion yen (US$9,671 million). Hitachi Construction Machinery Co., Ltd. recorded higher sales, mainly to 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. On the other hand, sales of power generation equipment continued to languish. Segment operating income decreased 29%, to 7.9 billion yen (US$71 million), despite a dramatic improvement in earnings at Hitachi Construction Machinery. This decline primarily reflected a deterioration in profitability in power generation equipment and public-works facilities in line with lower sales.

In Digital Media & Consumer Products, segment sales edged down 2%, to 585.4 billion yen (US$5,274 million). Sales of plasma TVs, projection TVs and other display equipment rose. However, sales of large home appliances declined due to sluggish domestic demand and falling sales prices as well as the effect of unseasonable weather in Japan. At Hitachi Maxell, Ltd., optical media sales remained healthy. Segment operating income dropped 87%, to 0.7 billion yen (US$7 million). This was partly due to the effect of unseasonable weather on room air conditioners.

- more -

In High Functional Materials & Components, segment sales edged up 1%, to 622.2 billion yen (US$5,605 million). At Hitachi Cable, Ltd., sales in electric equipment, construction and others were soft, but sales were robust in information systems and electronic components. At Hitachi Chemical Co., Ltd., sales growth was recorded by materials for semiconductors and displays, and sales were strong for industrial materials such as carbon materials for negative electrodes for lithium-ion batteries. At Hitachi Metals, Ltd., sales were lackluster in construction components, plant and equipment, but remained strong in respect of high-grade metal products and materials and of high-grade casting components for automobiles. Segment operating income increased 2%, to 9.2 billion yen (US$83 million).

In Logistics, Services & Others, segment sales decreased 13%, to 612.9 billion yen (US$5,522 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 0.3 billion yen (US$4 million), compared with operating income of 1.4 billion yen (US$13 million) in the same period of the previous fiscal year.

In Financial Services, low interest rates and a declining volume of automobile loans to individuals affected results. Segment sales declined 9%, to 267.9 billion yen (US$2,414 million) and segment operating income declined 56%, to 8.1 billion yen (US$74 million).

Other income increased 319%, to 111.9 billion yen (US$1,008 million), despite lower interest income and dividends received. This increase was mainly attributable to higher gains on the sale of marketable and investment securities, notably the sale of shares in affiliate Nitto Denko Corporation. Meanwhile, other deductions declined 24%, to 41.6 billion yen (US$375 million), due to an improvement in results from equity-method affiliates.

As a result, Hitachi recorded income before income taxes and minority interests of 90.5 billion yen (US$815 million), and after 76.1 billion yen (US$686 million) in income taxes, income before minority interests of 14.3 billion yen (US$129 million). Hitachi recorded net income of 5.3 billion yen (US$49 million), 5% lower than in the same period of the previous fiscal year.

Financial Position

Operating activities provided net cash of 224.5 billion yen (US$2,023 million), an increase of 33.0 billion yen (US$297 million) compared with the previous year. This was primarily the result of decreases in inventories and payables.

Investing activities used net cash of 157.1 billion yen (US$1,416 million), an increase of 28.2 billion yen (US$254 million) compared with the previous year. While there were cash inflows from the sale of investments and subsidiaries' common stock, there was an increase in cash outflows for the purchase of property, plant and equipment for businesses.

Free cash flows, the sum of cash flows from operating activities and investing activities, were a positive 67.4 billion yen (US$607 million), an increase of 4.8 billion yen (US$44 million) from the previous year.

Financing activities used net cash of 173.7 billion yen (US$1,565 million), an improvement of 241.0 billion yen (US$217 million), mainly due to a decrease in borrowings resulting from the use of a pooling system for Hitachi Group funds. Cash was used for the purchase of Hitachi's own shares in May 2003.

As a result, cash and cash equivalents as of September 30, 2003 amounted to 709.0 billion yen (US$6,388 million), a reduction of 119.0 billion yen (US$1,073 million) during the interim period.

Debt on September 30, 2003 stood at 2,702.6 billion yen (US$24,348 million), 137.9 billion yen (US$1,243 million) less than at March 31, 2003 as a result of a decrease in long-term debt due to the repayment of borrowings.

Capital investment on a completion basis rose 2%, to 380.9 billion yen (US$3,432 million), while depreciation decreased 5%, to 213.9 billion yen (US$1,927 million). R&D expenditures amounted to 184.4 billion yen (US$1,662 million), a decrease of 3% from the previous year, and corresponded to 4.6% of net sales.

All figures, except for the outlook for fiscal 2003, were converted at the rate of 111 yen = U.S.$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of September 30, 2003.

Outlook for Fiscal 2003

The recovery in the world economy is expected to become even more evident based on a number of factors: expectations for moderate growth in the key U.S. economy driven by higher personal spending; recovery in Asia on the back of the U.S. upswing; and the view that European economies have bottomed out.

The Japanese economy, while benefiting from the continuation of strong exports to the U.S. and Asia as well as increasing private-sector plant and equipment investment, is expected to remain difficult. With more work to do in regards to deregulation and measures to tackle other structural economic issues, such as the disposal of problem loans, there are no immediate expectations for a dramatic improvement in the job market or wage levels. And the significant changes in foreign exchange rates that have recently occurred continue to impact corporate earnings. These and other factors are creating an unpredictable operating environment.

Under these circumstances, Hitachi will push ahead with efforts to create new businesses and strengthen key business domains 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 2003, as given below, assume an exchange rate of 110 yen to the U.S. dollar.

Net sales	8,350.0 billion yen (US$75,909 million)	(year-on-year increase of 2%)
Operating income	170.0 billion yen (US$1,545 million)	(year-on-year increase of 11%)
Income before income taxes and minority interests	225.0 billion yen (US$2,045 million)	(year-on-year increase of 132%)
Income before minority interests	45.0 billion yen (US$409 million)	(year-on-year increase of 2%)
Net income	10.0 billion yen (US$91 million)	(year-on-year decrease of 64%)

Management Policy

Basic Management Policy and Strategy

Amid intensifying competition in world markets and the economic slump in Japan, Hitachi is reviewing and reshaping its business portfolio from the perspective of raising the efficiency of operations and with the aim of achieving further growth. This process will be consistent with Hitachi's basic management policy, which is to increase shareholder value by raising the return on capital and increasing market capitalization.

In line with this basic policy, in January 2003, Hitachi unveiled a new medium-term management plan, "i.e. HITACHI Plan *II*," which runs through fiscal 2005 (ending in March 2006). This three-year period is positioned as a key juncture for focusing on highly profitable businesses. Hitachi will create growth and new businesses in key fields where it can leverage the group's technological strengths and know-how. During this period, Hitachi will also enact major reforms of the company's operating framework. Hitachi plans to exit unprofitable businesses and push through restructuring measures that go beyond the corporate group. Hitachi will use FIV* (Future Inspiration Value) to make decisions on whether to exit, strengthen or incubate specific businesses.

* 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.

The "i.e. HITACHI Plan *II*" targets two primary business domains—"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 from several disciplines. In this way, Hitachi will establish a highly profitable earnings structure and advance to a new stage of growth.

The "i.e. HITACHI Plan *II*" will transform Hitachi's earnings structure so that it can achieve positive FIV in fiscal 2005. This mandates an operating margin of at least 5% and ROE of at least 8%, which will be achieved by implementing a variety of measures. Furthermore, Hitachi has set the goal of maintaining a single-A grade long-term credit rating by strengthening its financial position.

In deciding on individual investments, Hitachi's policy is to use FIV to select investments that will contribute to maximizing shareholder value. Combined with further efforts to reduce assets, including accounts receivables and inventories, Hitachi aims to raise the return on assets.

Positioning its brand as an important asset underpinning the company's competitiveness in an era of consolidated group management, Hitachi is promoting brand management to enhance brand equity.

- more -

Corporate Governance

(1) Basic Stance and Initiatives Regarding Corporate Governance

Hitachi is working to reinforce corporate governance to establish an executive system that facilitates speedy businesses 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 focuses on decisions involving basic management policies and management supervision while entrusting to executive officers most of its authority to make decisions with respect to Hitachi's business affairs. The Board of Directors has 13 members, 4 of whom are from outside Hitachi. Three directors serve concurrently as executive officers. The Chairman of the Board does not serve concurrently as an executive officer. Within the Board of Directors three committees have been established—the Nominating Committee, Audit Committee and Compensation Committee—with outside directors accounting for the majority of members of each committee. Hitachi has also set up a Group Management Committee on its own volition; this committee gives the Board of Directors advice on and monitors management of the group as a whole. Hitachi's 18 publicly-held group companies have also adopted the Committee System with the similar aim of speeding up operations and improving management efficiency by increasingly managing the group in a uniform way. Additionally, to ensure strict observance of laws and regulations, Hitachi established a Compliance Division as a specialist body reporting directly to the president. Besides running educational programs on legal compliance and conducting related audits, the Compliance Division receives, investigates and responds to internal complaints. Accompanying these initiatives, Hitachi has established the Advisory Board, an oversight body comprising members from outside the company, including attorneys. Another aspect of Hitachi's compliance system is that audit fees and non-audit services provided by independent auditors require the pre-approval of the Audit Committee.

(2) Personal, financial and trading relationships between Hitachi and outside directors and other beneficial relationships

Hitachi has continuous business transactions with Asahi Glass Co., Ltd., the chairman of the board of which is Hitachi outside director Hiromichi Seya, and Nippon Steel Corporation, the chairman of the board of which is Hitachi outside director Akira Chihaya.

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 has adopted a flexible stance toward the acquisition of its own shares, taking business plans, financial condition, market conditions and other factors into consideration in this respect.

- more -

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.