

FOR IMMEDIATE RELEASE

**Hitachi Announces Consolidated Financial Results
for the Third Quarter of Fiscal 2003**

Tokyo, February 4, 2004 --- Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced its consolidated financial results for the third quarter of fiscal 2003, which ended December 31, 2003.

During the quarter, the U.S. economy, driven by consumer spending and plant and equipment investment, remained strong. In addition, Asian economies staged an export-led recovery. Amid falling product and service prices as deflation persisted, the Japanese economy as a whole continued its resurgence, supported in part by the upswing in private-sector plant and equipment investment.

Against this backdrop, net sales rose 7% year on year, to 2,046.9 billion yen (US\$19,131 million). This came amid major year-on-year changes in the Information & Telecommunication Systems and Electronic Devices segments that resulted from ongoing business portfolio realignment across the Hitachi Group. Operating income climbed 391%, to 63.2 billion yen (US\$591 million) with major contribution from improved earnings in Electronic Devices and Digital Media & Consumer Products segments as well as the positive effect of return of the substitutional portion of the Employees Pension Fund to the government.

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By segment, Information & Telecommunication Systems sales increased 26%, to 514.5 billion yen (US\$4,809 million), reflecting a solid performance in software and services, notably in outsourcing services, and hardware operations were bolstered by the inclusion of sales from hard disk drive (HDD) operations acquired from IBM Corporation. Another factor was firm sales of base stations for data communication systems for third-generation mobile phones in Japan. The segment saw its operating income leap 640%, to 13.4 billion yen (US\$125 million).

In Electronic Devices, segment sales declined 12%, to 334.8 billion yen (US\$3,130 million), mainly reflecting the April 2003 transfer of most semiconductor operations to equity-method affiliate Renesas Technology Corp., a joint venture with Mitsubishi Electric Corporation. Sales of Displays grew sharply on brisk demand for TFT LCDs for mobile phones and large flat screen TVs. The segment posted operating income of 11.8 billion yen (US\$111 million), reversing an operating loss of 6.0 billion yen (US\$56 million) a year earlier. Improved profitability in displays contributed to the turnaround.

In Power & Industrial Systems, sales decreased 3%, to 482.0 billion yen (US\$4,505 million) due to sluggish sales of power generation equipment, which negated growth in sales to overseas markets at Hitachi Construction Machinery Co., Ltd. Operating income dipped 68%, to 3.0 billion yen (US\$28 million), despite higher earnings at Hitachi Construction Machinery. The lower profit was attributable to deterioration in profits in power generation equipment as sales declined, as well as to additional work at environmental plant projects in Japan.

In Digital Media & Consumer Products, sales rose 7%, to 328.3 billion yen (US\$3,069 million), overcoming lackluster demand in Japan for home appliances and lower sales of heating appliances due to the mild winter. Moreover, at Hitachi Maxell, Ltd., while sales of recordable DVDs increased, sales were sluggish for computer tapes and lithium ion batteries for mobile phones. Pacing growth in segment sales were higher sales of plasma TVs and optical disk drives in a growing market, as well as sharply higher sales of mobile phones. Segment operating income soared 313%, to 11.3 billion yen (US\$106 million), as structural reforms led to improved profits in home appliances and earnings increased from optical disk drives.

In High Functional Materials & Components, sales increased 6%, to 329.8 billion yen (US\$3,083 million). At Hitachi Cable, Ltd., sales of wires and cables increased while sales of electrical equipment and construction were weak. At Hitachi Chemical Co., Ltd., sales growth was recorded by materials for semiconductors and LCDs. At Hitachi Metals, Ltd., sales were lackluster in construction components, plant and equipment, but remained strong in electronic materials. Segment operating income climbed 110%, to 14.9 billion yen (US\$139 million).

In Logistics, Services & Others, sales decreased 18%, to 307.6 billion yen (US\$2,876 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 semiconductor sales operations to the newly established Renesas Technology, and the transfer of HDD sales operations to Hitachi Global Storage Technologies. Segment operating income rose 28%, to 3.4 billion yen (US\$32 million).

In Financial Services, low interest rates and a declining volume of automobile loans to individuals affected results. Segment sales edged down 3%, to 137.9 billion yen (US\$1,289 million). However, operating income climbed 137%, to 7.3 billion yen (US\$69 million).

Other income jumped 149%, to 18.2 billion yen (US\$171 million), despite lower interest income and dividends received. This increase was mainly attributable to higher gains on the sale of marketable and investment securities. Other deductions increased 80%, to 35.3 billion yen (US\$330 million), due partly to charges for structural reforms.

As a result, Hitachi recorded income before income taxes and minority interests of 46.1 billion yen (US\$432 million), and after 39.2 billion yen (US\$367 million) in income taxes, income before minority interests of 6.9 billion yen (US\$65 million). Hitachi recorded net income of 2.5 billion yen (US\$24 million), reversing a net loss of 2.2 billion yen (US\$21 million) a year earlier.

Financial Position

Operating activities used net cash of 56.9 billion yen (US\$532 million), 26.7 billion yen (US\$250 million) more than a year earlier, the result primarily of higher inventory levels to meet expected sales in the fourth quarter.

Investing activities used net cash of 132.4 billion yen (US\$1,238 million), 205.5 billion yen (US\$1,921 million) less year on year. The decrease was mainly due to the payment for the acquisition of the hard disk drive operations from IBM Corporation in the third quarter of the previous year.

Free cash flows, the sum of cash flows from operating and investing activities, were an outflow of 189.3 billion yen (US\$1,770 million), an improvement of 178.7 billion yen (US\$1,670 million) year on year.

Financing activities provided net cash of 103.3 billion yen (US\$966 million), a decrease of 166.1 billion yen (US\$1,553 million) over the net cash provided in the previous fiscal year, mainly due to a smaller increase in interest-bearing debt.

Cash and cash equivalents as of December 31, 2003 amounted to 614.5 billion yen (US\$5,744 million), a net decrease of 94.4 billion yen (US\$883 million) during the third quarter.

Debt as of December 31, 2003 stood at 2,797.0 billion yen (US\$26,141 million), 94.4 billion yen (US\$883 million) higher than at September 30, 2003 as a result of an increase in short-term debt.

Capital investment on a completion basis rose 16%, to 213.5 billion yen (US\$1,996 million). Of this, investment for internal use assets declined 5% to 70.1 billion yen (US\$656 million) while investment for leasing assets increased 30% to 143.3 billion yen (US\$1,340 million). Depreciation decreased 3%, to 113.9 billion yen (US\$1,065 million) and R&D expenditures amounted to 86.6 billion yen (US\$810 million), a decrease of 4% from the previous year, and corresponded to 4.2% of net sales.

All figures were converted at the rate of 107 yen = U.S.\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of December 30, 2003.

Outlook for Fiscal 2003

The recovery in the world economy is expected to become even more evident based on expectations for more growth in the U.S. economy driven by higher personal spending and recovery in Asia on the back of the U.S. upswing.

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 clouded in uncertainty. There are still no immediate expectations for a dramatic improvement in the job market, and the recent significant changes in foreign exchange rates continue to impact corporate earnings. These and other factors are creating an uncertain operating environment.

Hitachi has decided not to revise its projections for fiscal 2003, as announced in October last year and detailed below. The projections assume an exchange rate of 105 yen to the U.S. dollar for the fourth quarter of fiscal 2003.

Net sales	8,350.0 billion yen (US\$79,524 million)	(year-on-year increase of 2%)
Operating income	170.0 billion yen (US\$1,619 million)	(year-on-year increase of 11%)
Income before income taxes and minority interests	225.0 billion yen (US\$2,143 million)	(year-on-year increase of 132%)
Income before minority interests	45.0 billion yen (US\$429 million)	(year-on-year increase of 2%)
Net income	10.0 billion yen (US\$95 million)	(year-on-year decrease of 64%)

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,” “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.