



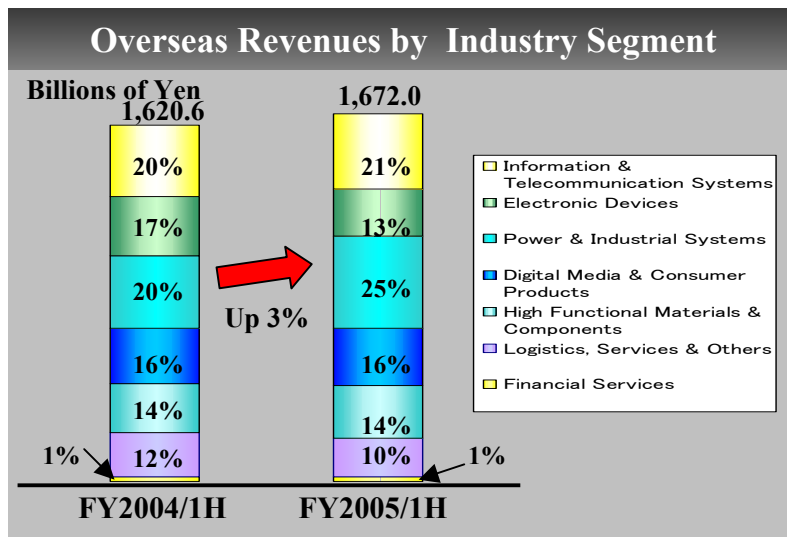
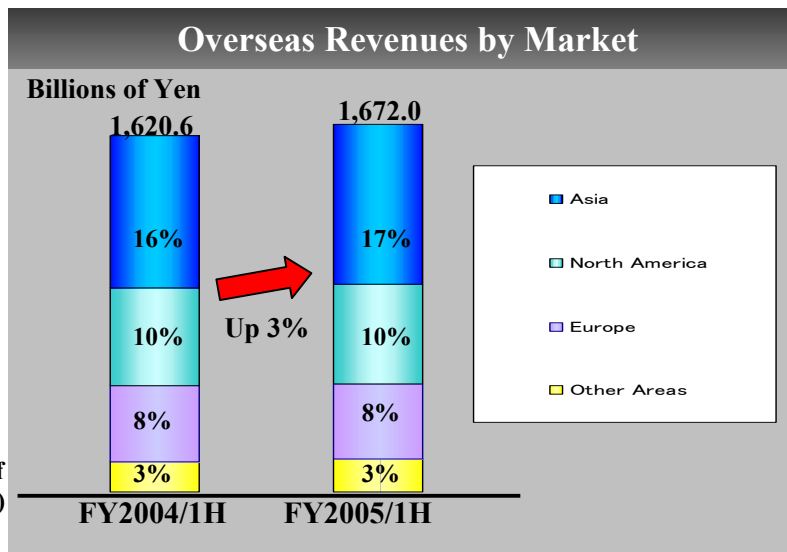
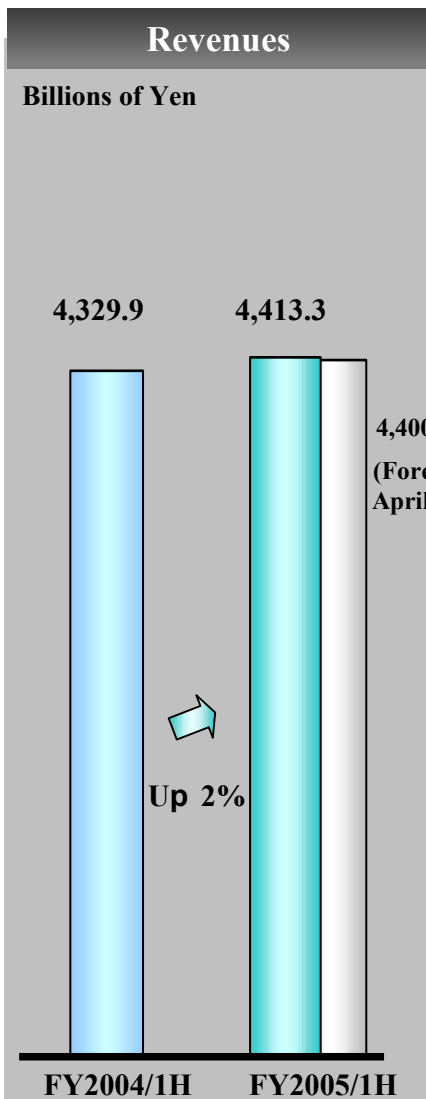
Overview of Consolidated Financial Results for the First Half of Fiscal 2005

October 31, 2005

Hitachi, Ltd.

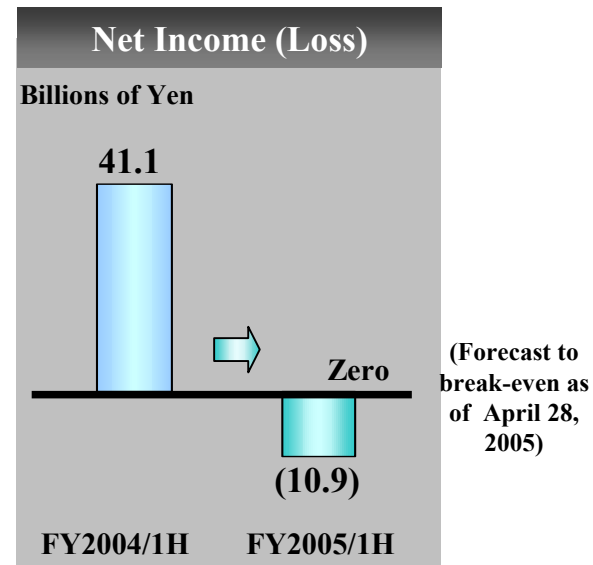
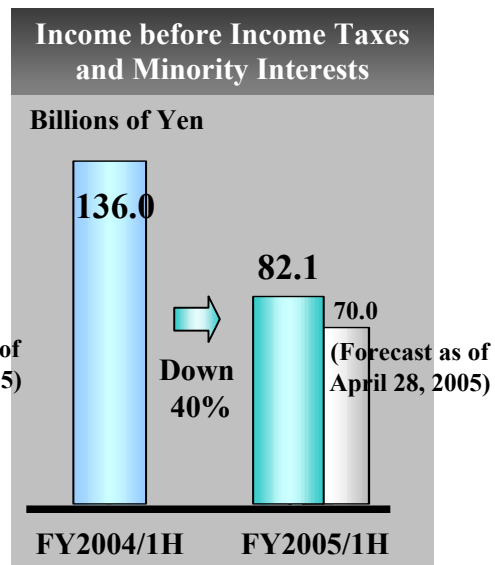
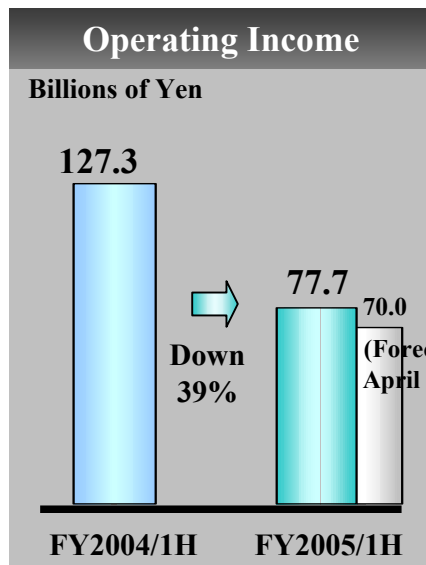
01

Consolidated Financial Highlights for the First Half of Fiscal 2005



Financial Highlights for the First Half of FY2005

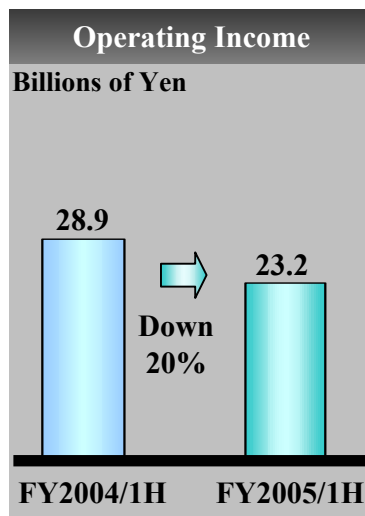
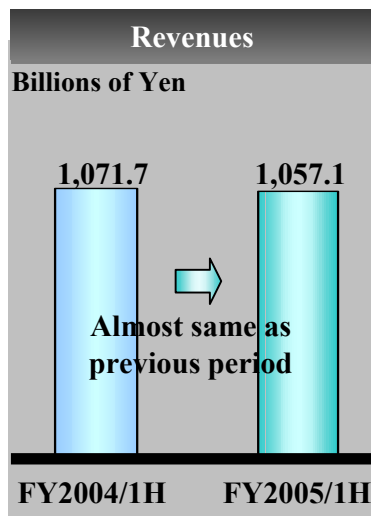
- Revenues edged up
- Exceeded forecast as of April 28, 2005
- Ratio of overseas revenues to consolidated revenues was 38% (Record high) (FY2004 1H : 37%)



Financial Highlights for the First Half of FY2005

-Exceeded forecasts of operating income and income before income taxes and minority interests as of April 28, 2005

Information & Telecommunication Systems



Revenues

Software/Services

- Slightly higher year on year as a whole mainly because of growth in the outsourcing business
- Software sales declined year on year due in part to lower sales of platform software.

Hardware

- Declined because of the sale of Hitachi Printing Solutions, Ltd. last October and falling prices of servers and PCs as competition intensified, although hard disk drives (HDDs) and disk array subsystems posted higher sales.

Operating Income

Software/Services

- Fewer unprofitable projects and other factors

Hardware

- A loss in HDD operations, despite a solid performance in disk array subsystems

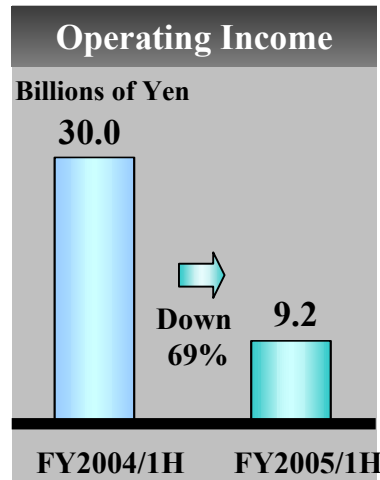
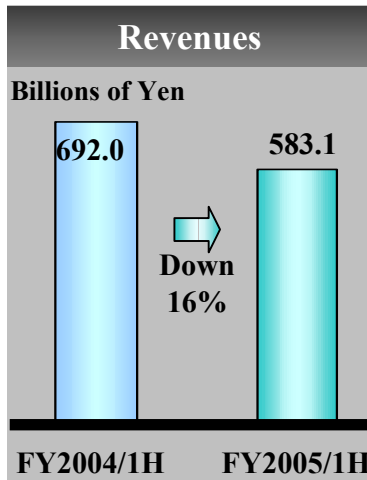
FY2005/1H(Billions of Yen)	Revenues	YoY change	Operating Income(Loss)	YoY change
Software / Services	472.9	1%	37.0	60%
Hardware <Hard Disk Drives>	584.2 <223.2>	(3%) <3%>	(13.8) <(24.4)>	- <->

Topics in the First Half of FY2005

Expanded outsourcing business (Takeda Pharmaceutical Company Limited, Sankyo Co., Ltd., etc.)
Strengthened security business (Finger vein authentication, encryption technology, etc.)

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 first half of fiscal 2005 include operating results of Hitachi GST for the period from January through June 2005.

Electronic Devices



Revenues

- Declined due to lackluster sales of LCDs in the display business owing to stiffer competition

Operating Income

- Declined due mainly to the loss posted by LCDs in the display business

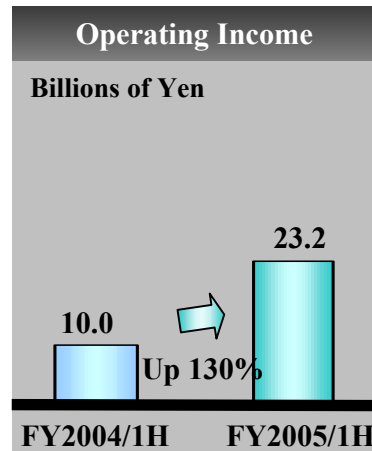
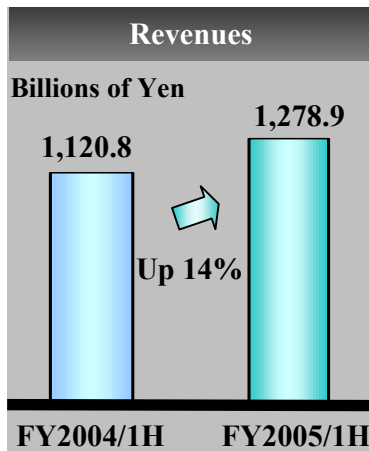
FY2005/1H (Billions of Yen)	Revenues	YoY change	Operating Loss	YoY change
Displays	94.2	(25%)	(12.8)	-

Topics in the First Half of FY2005

Hitachi High-Technologies Corp. constructed a new plant for semiconductor inspection equipment

Hitachi High-Technologies Corp. established a wholly owned trading company in China

Power & Industrial Systems



Revenues

- Healthy sales of industrial machinery and air-conditioning systems thanks to recovering private-sector plant and equipment investment
- Growth in the elevator and escalator business and at Hitachi Construction Machinery mainly outside Japan
- Benefits of merger with TOKICO

Operating Income

- Increased due to fewer unprofitable projects, as well as to higher earnings at Hitachi Construction Machinery and strong growth in sales of elevators and escalators, industrial machinery and air-conditioning systems

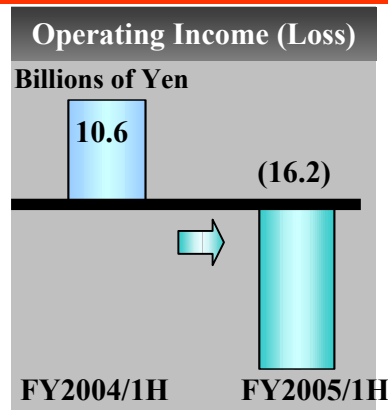
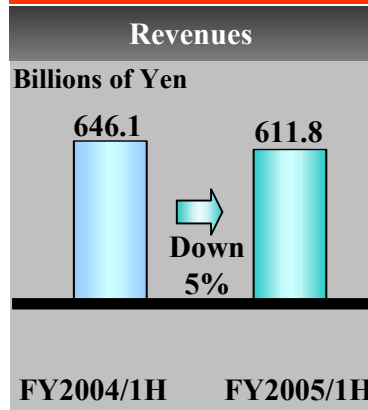
Topics in the First Half of FY2005

Strengthened cooperation with Clarion Co. Ltd. to bolster Car Information Systems (CIS) business

Consolidated a manufacturing company and service company for elevators and escalators in Thailand

Received order for rail vehicles and maintenance in the U.K.

Digital Media & Consumer Products



Revenues

-Declined due mainly to lower sales prices for flat-panel TVs, including plasma TVs, and home appliances, despite the April 2005 consolidation of Fujitsu Hitachi Plasma Display Limited (FHP)

Operating Income (Loss)

-In addition to an operating loss at FHP, this loss reflected falling sales prices for flat-panel TVs and home appliances

FY2005/1H (Billions of Yen)	Revenues	YoY change
Fujitsu Hitachi Plasma Display	23.0	-

Topics in the First Half of FY2005

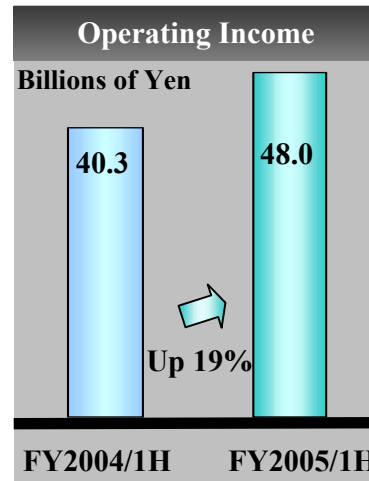
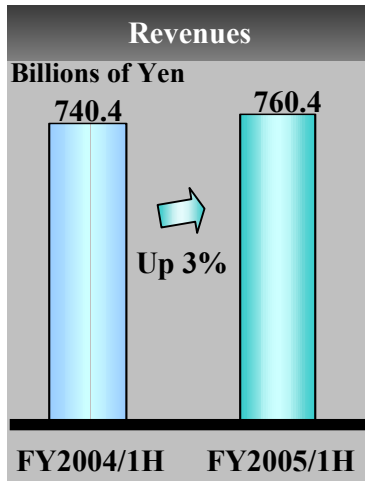
Decided to increase investment in facilities to raise production levels, in addition to converting FHP into a consolidated subsidiary

Successfully developed a 55 inch full high-definition (HD) plasma display panel

Stepped up launch of value-added home appliances (washer-dryers, dish washer-dryers, etc.)

Note: The optical disk drive business is conducted by Hitachi-LG Data Storage, Inc. (HLDS), which has a December 31 fiscal year-end. Hitachi's results for the first half of fiscal 2005 include the operating results of HLDS for the period from January through June 2005.

High Functional Materials & Components



Revenues

- Steady growth at Hitachi Chemical Co., Ltd. and Hitachi Metals, Ltd., principally in components and materials for electronics- and automotive-related fields

Operating Income

- Healthy growth principally in components and materials for automotive-related fields at Hitachi Metals

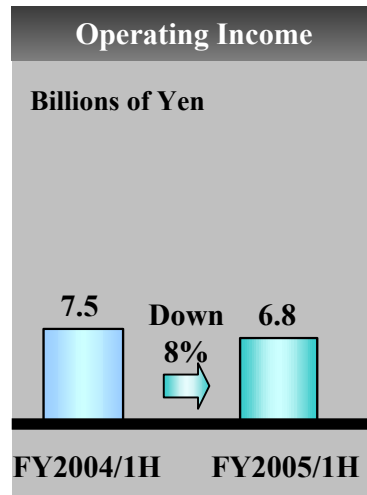
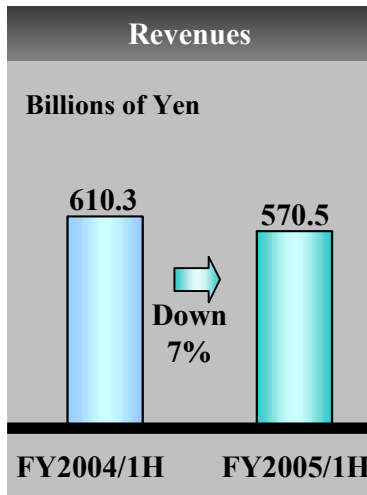
Topics in the First Half of FY2005

Hitachi Chemical started production at a new electrical insulating varnish production base in China.

Hitachi Metals strengthened magnetic materials operations, creating two pillars: a soft magnetic materials business, as a new in-house company, and a hard magnetic materials business.

Hitachi Cable established a company to manufacture and sell contact wires and wire rods in China.

Logistics, Services & Others



Revenues

-Declined due to lower revenues at Hitachi Mobile Co., Ltd., as well as lower sales at sales companies in North America and Europe, despite growth in sales at Hitachi Transport System, Ltd.

Operating Income

-Decreased due to lower earnings at Hitachi Mobile, although Hitachi Transport System recorded solid earnings growth

Topics in the First Half of FY2005

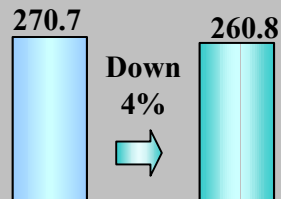
Hitachi Transport System opened a joint distribution center for the toiletries industry.

Hitachi Mobile delivered an auto used-car auction system to JU-Chiba.

Financial Services

Revenues

Billions of Yen

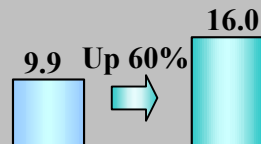


FY2004/1H

FY2005/1H

Operating Income

Billions of Yen



FY2004/1H

FY2005/1H

Revenues

-Declined, despite healthy growth at Hitachi Capital Corporation, particularly in the home loan and IT equipment leasing businesses

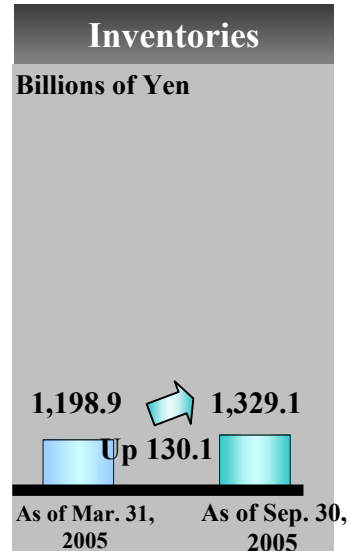
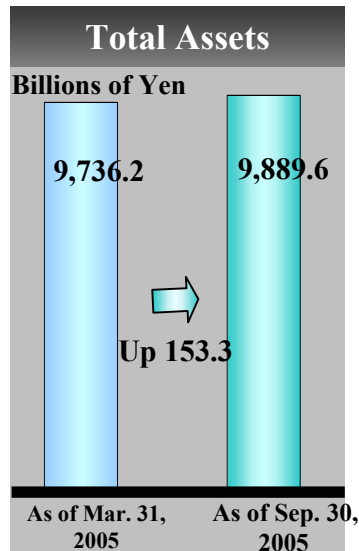
Operating Income

-Climbed due to healthy growth at Hitachi Capital with lower financial costs

Topics in the First Half of FY2005

Hitachi Capital established a leasing company in China.

Hitachi Capital established Hitachi Capital Trust Corporation.

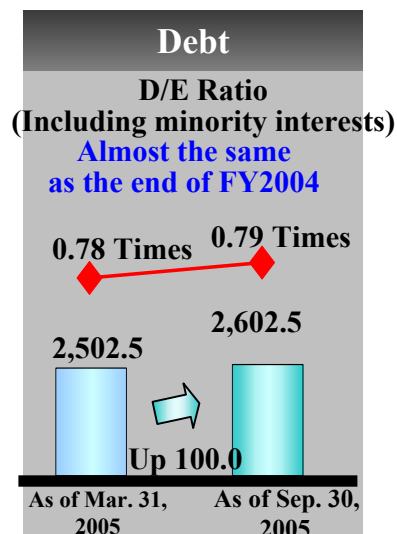
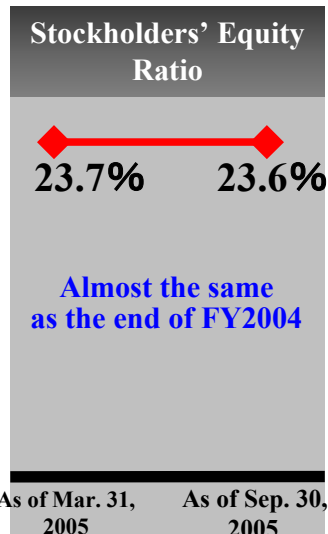


Total Assets

-Increased due to the consolidation of Fujitsu Hitachi Plasma Display and other factors

Inventories

-Increased due to preparation for the second half



Stockholders' Equity Ratio

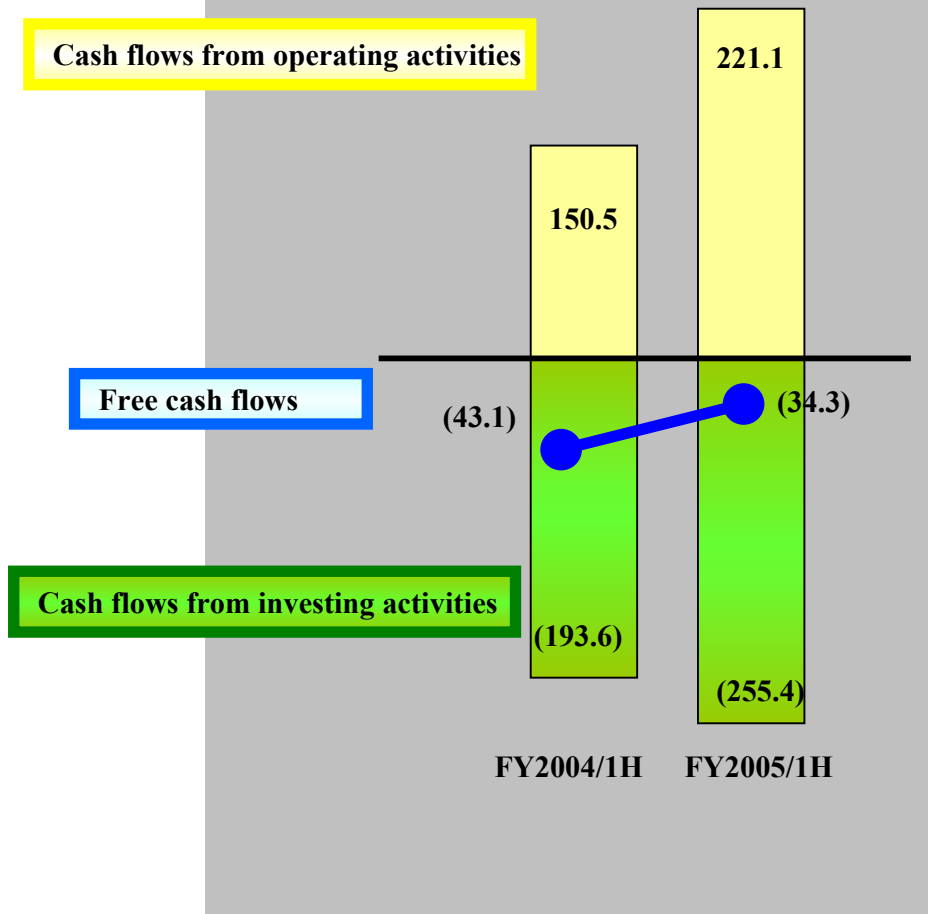
-Almost the same as the end of FY2004

Debt and D/E Ratio

-Despite increasing debt, the D/E ratio was almost the same as the end of FY2004

Cash Flows

Billions of Yen

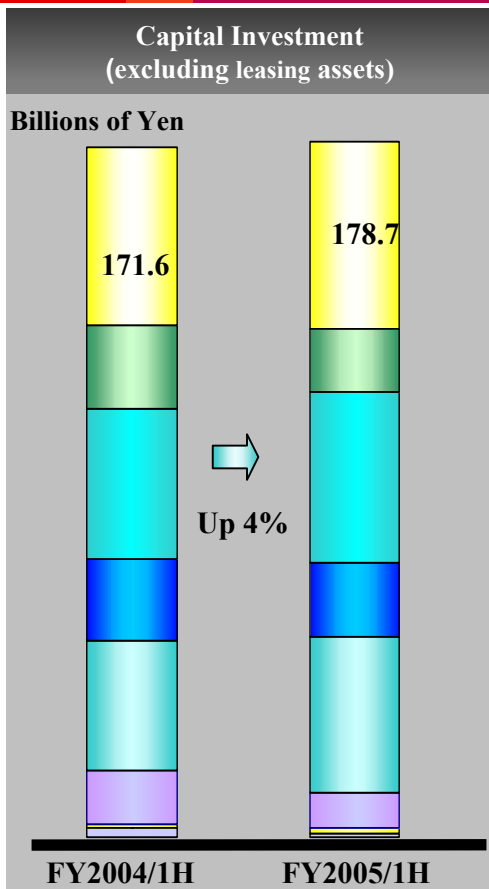


Operating Cash Flows

-Provided net cash of 221.1 billion yen,
70.6 billion yen more year on year

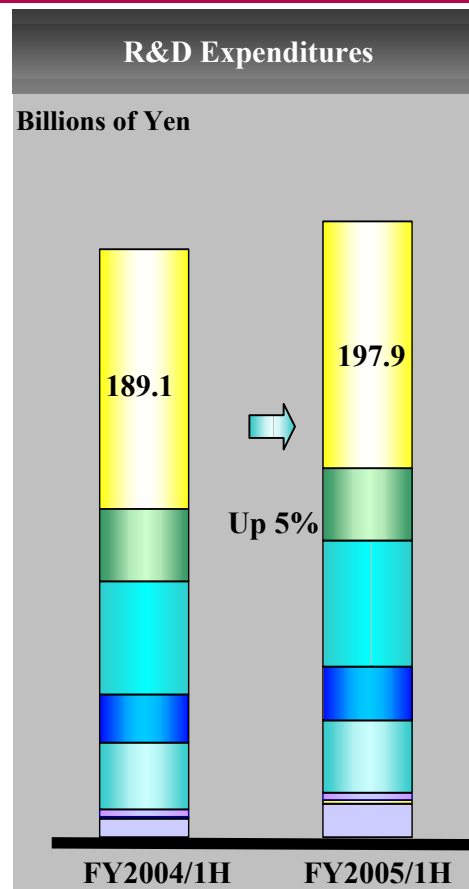
Investing Cash Flows

-Used net cash of 255.4 billion yen,
61.8 billion yen more year on year,
due to increased capital investment, mainly
in businesses targeted for growth, despite
efforts to collect investments in leases faster



Capital Investment (excluding leasing assets)

-Investments mainly to increase output of HDDs, plasma display panels, automotive-related parts and other products as well as to realign the display product lineup



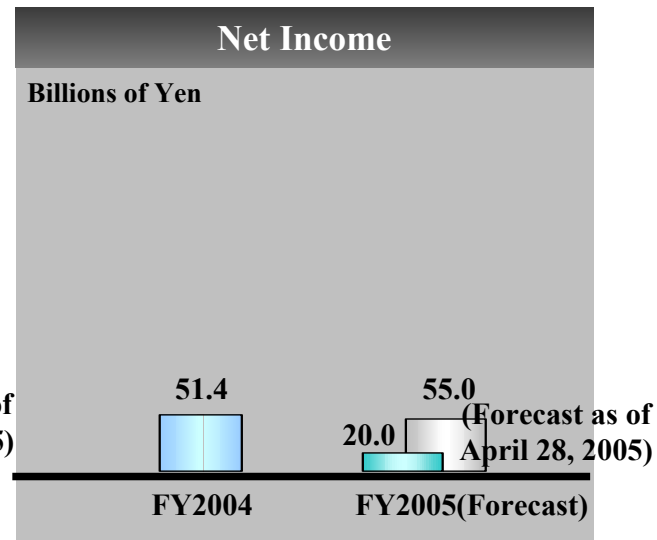
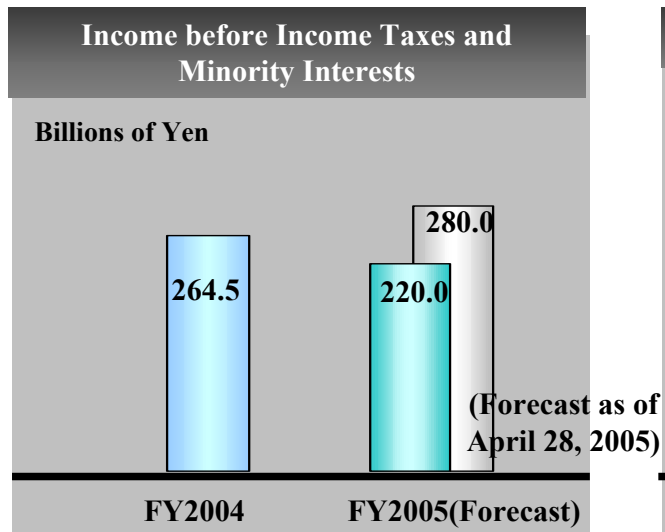
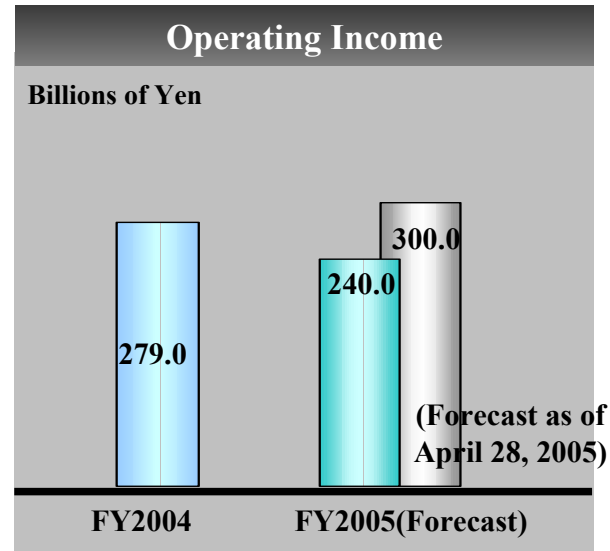
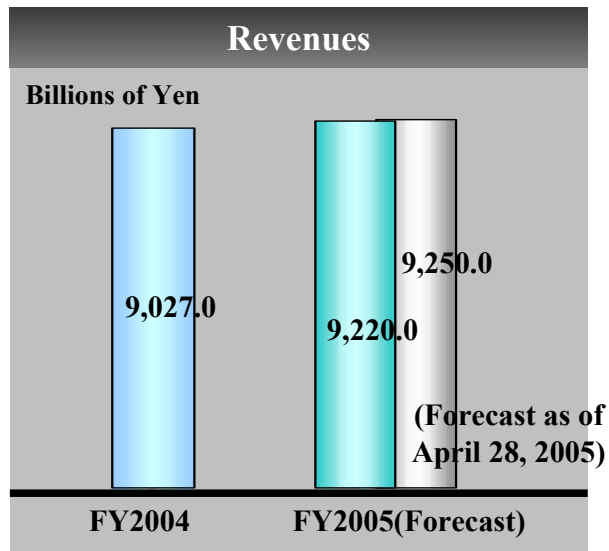
- Information & Telecommunication Systems
- Electronic Devices
- Power & Industrial Systems
- Digital Media & Consumer Products
- High Functional Materials & Components
- Logistics, Services & Others
- Financial Services
- Corporate Items

R&D Expenditures

-Primarily used to accelerate the launch of new businesses, strengthen frontier and basic research, and upgrade development capabilities in automotive-, display- and digital media-related fields

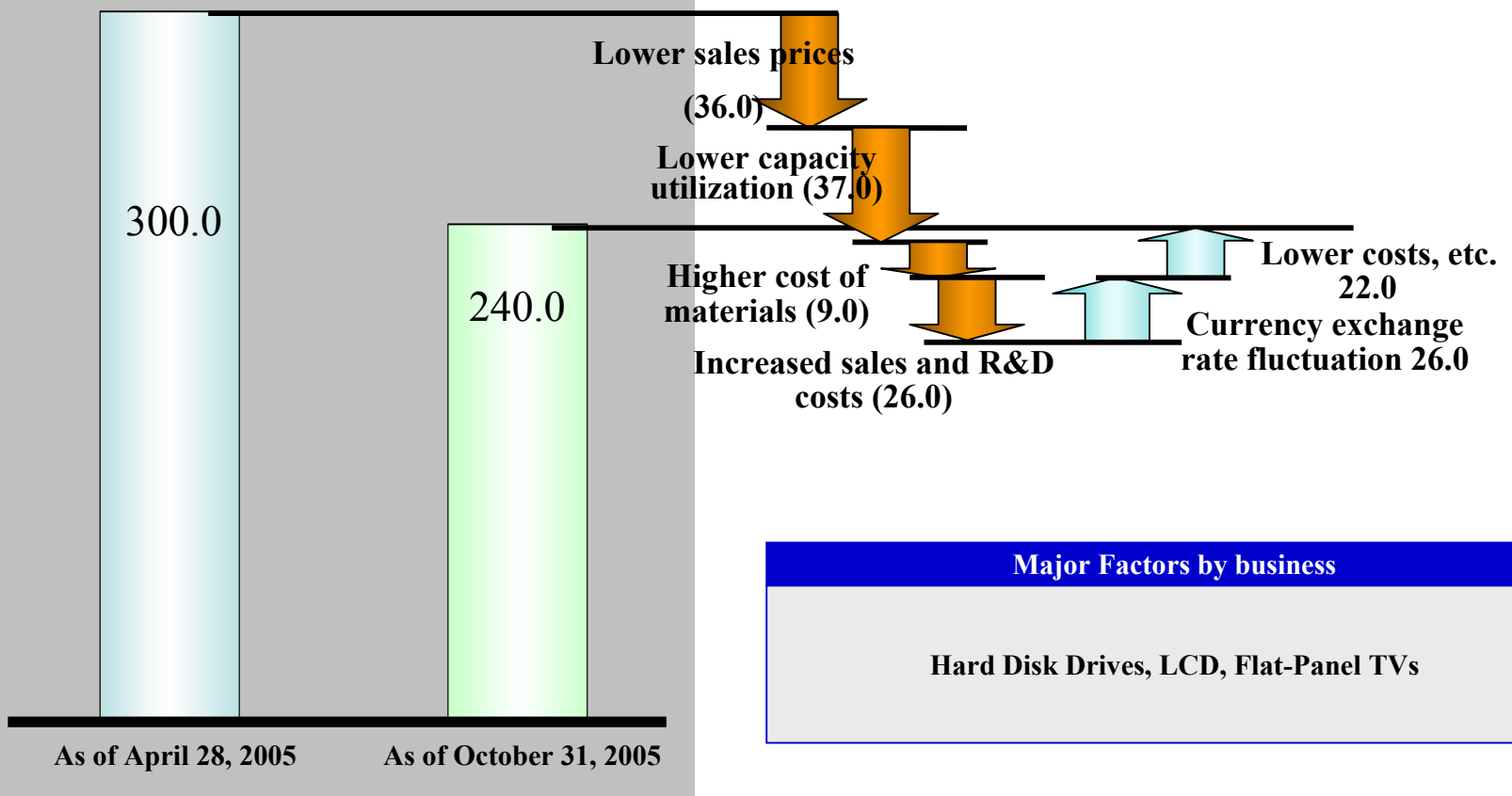
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Consolidated Financial Results Outlook for Fiscal 2005



Operating Income (Forecast)

Billions of Yen



Major Factors by business

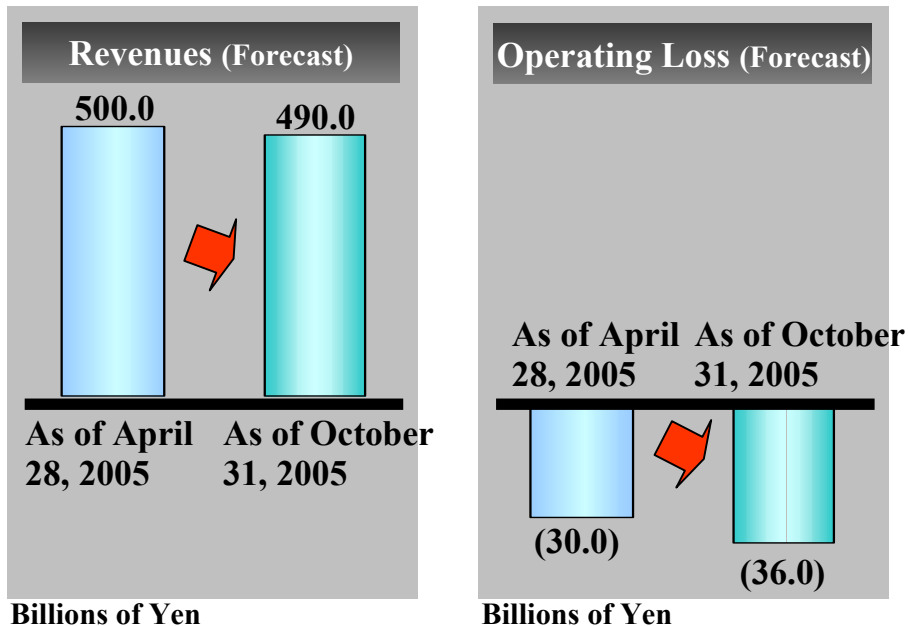
Hard Disk Drives, LCD, Flat-Panel TVs

03

Key Initiatives to Improve Operating Results

Reasons for Revising Forecast

FY05 Revenues and Operating Loss: Difference Between Initial Forecast (Apr. 28) and Current Forecast (Oct. 31)



Main Reasons for Revision

- Falling prices due to intensifying competition
- Slow improvement in yields of heads, disks, HDDs for servers

Note:HDD operations are conducted by Hitachi Global Storage Technologies (Hitachi GST), which has a December 31 year-end and the results for Hitachi, Ltd. for the twelve months ending March 31, 2006, will include Hitachi GST's business results for the twelve months ending December 31, 2005.

1 Make Products More Competitive

Key Initiatives	Specific Measures
<p>Strengthen development capabilities</p>	<ul style="list-style-type: none"> ▪ Integrate development technologies <ul style="list-style-type: none"> -Integrate development teams: concentrate server teams in San Jose, California -Integrate manufacturing tools and processes for heads and disks ▪ Concentrate development resources on targeted fields by increasing external procurement ▪ Establish special R&D projects (Development of perpendicular recording, drawing on the resources of Hitachi and Hitachi GST (commercialization of products in July-September 2006 quarter))
<p>Focus on consumer electronics field</p>	<ul style="list-style-type: none"> ▪ Establish CE Design Center (CE: <u>C</u>onsumer <u>E</u>lectronics)
<p>Improve quality and efficiency</p>	<ul style="list-style-type: none"> ▪ Improve yields by expanding new materials usage in heads ▪ Total quality control ▪ Strengthen SCM (including Total Inventory Management)

2 Strengthen Cost Competitiveness and Production Base

Key Initiatives	Specific Measures
<p>Increase production capacity, reduce costs</p>	<ul style="list-style-type: none"> ▪ Increase production capacity, raise efficiency <ul style="list-style-type: none"> -Expand disk production in China (1Q 2005) -Build new HDD assembly plant in China (Start volume production 1Q 2006) ▪ Strengthen <i>monozukuri</i> (production expertise) <ul style="list-style-type: none"> -Increase speed of yield-improvement measures (strengthen Plan-Do-Check-Action cycle) -Shorten lead times (wafer/slider manufacturing processes) ▪ Reduce costs <ul style="list-style-type: none"> -Increase production capacity by making sliders smaller (2004~)
<p>Bolster global operations</p>	<ul style="list-style-type: none"> ▪ Continuously execute structural reforms <ul style="list-style-type: none"> -Optimize organization and utilize human resources on a global scale -Promote further integration of cultures and functions

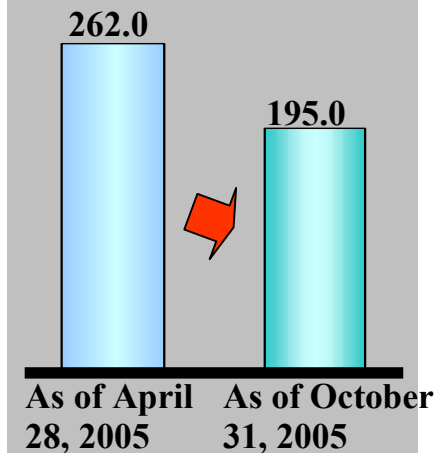
Goal

Return to profitability in second half of FY06

Reasons for Revising Forecast

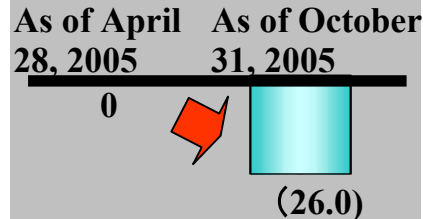
FY05 Revenues and Operating Loss: Difference Between Initial Forecast (Apr. 28) and Current Forecast (Oct. 31)

Revenues (Forecast)



Billions of Yen

Operating Loss (Forecast)



Billions of Yen

Main Reasons for Revision

- Falling prices brought on by stiffer competition
- Delays in expanding sales to new customers and new fields in the small and medium-sized LCD fields

LCD Business Rebuilding Policy

Narrow the business domain focus to small and medium-sized LCDs

- Transfer LCD for TV business to IPS Alpha Technology, Ltd.
- Dramatically downsize LCD for PC operations

Measures to Strengthen Small and Medium-Sized LCD Business

1 Strengthen Products and Sales Capabilities

*1: In-Plane Switching

*2: Low-temperature Polysilicon

Key Initiatives	Specific Measures
<ul style="list-style-type: none"> ▪ Develop distinctive technologies faster and strengthen customization skills ▪ Strengthen ties with leading manufacturers 	<p>Bolster product planning functions and sales capabilities</p> <ul style="list-style-type: none"> ▪ Establish Product Planning Division ▪ Restructure sales and design activities by region and customer
Expand businesses for mobile phones	Continuously introduce superior technologies, such as IPS (*1) and LTPS (*2)
Expand businesses for digital still cameras	Use IPS and LTPS to offer a lineup featuring outstanding picture quality
Expand businesses for portable games and amusement business	Propose new technologies, such as IPS and 3D
Enter the automotive, medical and industrial equipment markets	Leverage new technologies to offer new proposals

2 Strengthen Cost Competitiveness and Production Base

Key Initiatives	Specific Measures
<i>Monozukuri</i> (Manufacturing) reforms (Productivity improvement goal: 10% annually)	<ul style="list-style-type: none"> ▪ Manufacture small and medium-sized LCDs on V3 production line ▪ Improve yields and throughput ▪ Increase the share of back-end production in China (FY04: 80% → FY05: 90%) ▪ Strengthen SCM: Shorten design, development and production lead times
Reduce material cost (Goal: 20% annually)	<ul style="list-style-type: none"> ▪ Pursue synergies across the Hitachi Group ▪ Decrease the number of parts ▪ Adopt low-cost processes
Reduce fixed costs (Goal: 10% annually)	<ul style="list-style-type: none"> ▪ Implement streamlining measures at domestic production bases

Goal

Return to profitability in FY06

Reasons for Revising Forecast

FY05 Revenues and Operating Income (Loss): Difference Between Initial Forecast (Apr. 28) and Current Forecast (Oct. 31)

Revenues (Forecast)

Flat-Panel TVs

(As of April 28, 2005)

Higher YoY revenues

(As of October 31, 2005)

Higher YoY revenues

Plasma Display Panels

(As of April 28, 2005)

84.0 billion yen

(As of October 31, 2005)

70.0 billion yen

Operating Income (Loss) (Forecast)

Flat-Panel TVs

(As of April 28, 2005)

Profitable (Increase)

(As of October 31, 2005)

Loss

Plasma Display Panels

(As of April 28, 2005)

Loss exceeding 10.0 billion yen

(As of October 31, 2005)

Bigger loss

Main Reasons for Revision

- Substantial drop in prices brought on by stiffer competition
- Lackluster unit sales in 1Q FY05
- Delays in emergence of overseas market for PDP TVs with high picture quality

1 Strengthen Products: Leverage Strengths of Hitachi's Vertically Integrated Business Model

Key Initiatives	Specific Measures
<p>Develop and offer distinctive products</p>	<ul style="list-style-type: none"> ▪ Focus on HD models with ALIS(*) panel ▪ Focus on high-value-added products, such as models with built-in HDDs ▪ Develop full HD PDPs
<p>Begin selling new products sooner</p>	<ul style="list-style-type: none"> ▪ Successive launches of new products in spring and fall ▪ Increase development resources

(*) Alternate Lighting of Surfaces Method

2 Increase Strengthen Hitachi Brand Worldwide and Expand Sales

Key Initiatives	Specific Measures
Measures to enhance brand equity	<ul style="list-style-type: none"> ▪ More TV, newspaper and magazine advertising, etc.
Expand sales channels	<ul style="list-style-type: none"> ▪ [US] Cultivate AV specialty stores ▪ [Europe] Supply models developed solely for each major high-volume retailer ▪ [China] Increase the number of sales bases (FY04: 5 → FY05:21)

3 Increase Production Capacity and Cut Costs

Key Initiatives	Specific Measures
Ramp up PDP production capacity (Fujitsu Hitachi Plasma Display Limited)	<ul style="list-style-type: none"> ▪ Completed 100,000 unit/month system at Plant #2 (Aug. 2005) ▪ Start volume production at Plant #3 (Dec. 2006) ▪ Raise output to 300,000 unit/month in FY08 (Plant #2 : 100,000 units/month; Plant #3 : 200,000 units/month)
Reduce costs (Finished products and panels goal: 30% annually)	<ul style="list-style-type: none"> ▪ Promote design integration of modules and finished products ▪ Improve panel yields (Present: around 90% → Goal: over 90%) ▪ More panels from a glass substrate

4 Strengthen Worldwide Business Infrastructure

Key Initiatives	Specific Measures
Improve operational efficiency	<ul style="list-style-type: none"> ▪ Establish SCM system that can group actual sales and stock levels worldwide in real time ▪ Cut lead times by procuring components locally ▪ Cut lead times by improving logistics ▪ Increase local production, including back-end processes

5 Collaborate With Matsushita Electric in Plasma Display Business

Key Initiatives	Specific Measures
Cut costs by sharing components	<ul style="list-style-type: none"> ▪ Use the same purchasing specifications for modular components and materials
Use and improve each other's production technologies	<ul style="list-style-type: none"> ▪ Apply results of benchmarking to Plant #3 of FHP
Marketing	<ul style="list-style-type: none"> ▪ Conduct marketing activities that highlight the advantages of PDPs

Goal

Return to profitability in second half of FY06

- Improve the HDD, LCD and flat-panel TV businesses
- Strengthen targeted businesses and rapidly establish new businesses
- Strictly implement business evaluations using FIV *

*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.

- Utilize group synergies to drive growth and enhance competitiveness
(Sales and marketing, R&D, cost cutting, financial efficiency and other areas)

HITACHI

Inspire the Next

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 markets 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 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 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.