

Hitachi Posts Significant Recovery

Tokyo, April 28, 2000 --- Hitachi, Ltd. (TSE:6501) today announced results for the fiscal year 1999, ended March 31, 2000.

The Japanese economy got a partial boost from private-sector capital investment in information technology (IT) during the fiscal year. However, the operating environment was also characterized by declining public-sector capital expenditures, poor prospects for a recovery in personal consumption and a stronger yen. Overseas, Asian economies rebounded and the U.S. economy maintained strong momentum. In this climate, consolidated net sales for fiscal 1999 were flat year-on-year at 8,001,203 million yen (\$75,483 million).

Consolidated business results are for Hitachi, Ltd. and its 1,047 subsidiaries, including 312 overseas corporations.

By segment, sales in Information Systems & Electronics were held to a 1% increase. Semiconductor sales rose on expanded demand for use in PCs and mobile communications equipment. Furthermore, thin-film transistor (TFT) LCDs posted sharp growth, most notably because of strong demand from PC manufacturers. Computer operations, however, experienced a decline in sales. While systems integration services continued to perform well, particularly the operations of Hitachi, Ltd., Hitachi Software Engineering Co., Ltd. and Hitachi Information Systems, Ltd., mainframe computer operations were affected by two factors: the reluctance of buyers, especially overseas, to make purchases due to Y2K concerns and the pressure of intensifying competition.

In the Power & Industrial Systems segment, overall sales dipped below year-ago levels. Power systems results of Hitachi, Ltd. and Hitachi Plant Engineering & Construction Co., Ltd. were hamstrung by a prolonged slump in capital expenditures by Japanese power companies. Industrial systems also could not overcome the effects of declining capital expenditures in the private sector in Japan.

- more -

The Consumer Products segment reported higher year-on-year sales. Although air conditioner results were not as good as expected on account of unseasonably cool summer weather in Japan, washing machines and refrigerators did well. And at Hitachi Maxell, Ltd., high growth was posted in storage media, particularly CD-Rs and computer tapes.

In Materials, sales were higher than the previous year's level. The segment was able to overcome a downturn in demand from generally lower private-sector capital expenditures. Hitachi Cable, Ltd., Hitachi Metals, Ltd. and Hitachi Chemical Co., Ltd. all recorded higher sales of materials for electronic products on the back of brisk demand for semiconductor and LCD materials.

Services & Other sales increased from a year ago. This was attributable to growth in automobile loans at Hitachi Credit Corporation, which offset lower overseas sales of mainframe computers at Nissei Sangyo Co., Ltd.

The Company spent 432,342 million yen (\$4,079 million) on research and development, a decrease of 13 % from the same period last year. R&D expenditures as a percentage of net sales were 5.4 %.

During the period, Hitachi's plant and equipment investment amounted to 574,642 million yen (\$5,421 million), a decrease of 2 % from the same period a year earlier.

Operating income came to 174,364 million yen (\$1,645 million). This was the result of a dramatic improvement in Information Systems & Electronics, primarily in semiconductor and LCD operations, the first black ink in three fiscal years in Consumer Products and improved performances in other segments.

Other income increased 23,719 million yen (\$224 million), to 72,101 million yen (\$680 million), due mainly to higher gains on sale of marketable securities. Other deductions declined 68,509 million yen (\$646 million) to 167,230 million yen (\$1,577 million) on account of lower restructuring charges compared with the previous fiscal year.

This resulted in income before income taxes and minority interests of 79,235 million yen (\$748 million). Net income, after the deduction of income taxes of 47,502 million yen (\$448 million) and minority interests of 14,811 million yen (\$140 million), was 16,922 million yen (\$160 million).

Outlook for Fiscal 2000

Increased private-sector capital expenditures in electronic devices and IT is putting the Japanese economy on a recovery footing. But a full-fledged recovery in personal consumption is still some way off, as the employment picture remains bleak. Overseas, further recovery is likely in Asian economies, but whether the U.S. economy can continue its rapid growth is unclear.

In this environment, Hitachi will strive to realize the goals of its medium-term business plan,

the “i.e. HITACHI Plan,” transforming itself into a solutions-providing company centered on information and electronics to generate higher sales and earnings.

Hitachi’s consolidated forecast for fiscal 2000, ending March 31, 2001, is as follows:

Net sales	8,300,000 million yen (\$78,302 million) (up 4% from the preceding year)
Operating income	245,000 million yen (\$2,311 million) (up 41% from the preceding year)
Income before income taxes	225,000 million yen (\$2,123 million) (up 184% from the preceding year)
Net income	80,000 million yen (\$755 million) (up 373% from the preceding year)

All figures were converted at the rate of 106 yen = U.S. \$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of March 31, 2000.

Cautionary Statement

Statements in this news release contain 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 Systems & Electronics 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 Systems & Electronics segment and the Consumer Products segment; exchange rates and their fluctuations between 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 or 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.