

## **Hitachi Shows Major Improvement in Profits**

Tokyo, April 27, 2001 --- Hitachi, Ltd. (TSE:6501) today announced results for the fiscal year 2000, ended March 31, 2001.

During the fiscal year, the Japanese economy was given a partial boost by private-sector capital investment in information technology. At the same time, however, public-sector investment remained sluggish, and a recovery in personal consumption lacked any real strength. Overseas, the U.S. economy slowed in the second half of 2000, but still managed to maintain a high rate of growth. Despite being affected by the U.S. slowdown, the Asian and European economies continued to grow steadily. In this climate, Hitachi's operating segments all posted higher sales, resulting in consolidated net sales of 8,416,982 million yen (US\$67,879 million), 5% higher than the preceding year.

Consolidated business results are for Hitachi, Ltd. and its 1,069 subsidiaries, including 335 overseas corporations.

By segment, in the latter half of the fiscal year Information Systems & Electronics carried out some adjustment of electronic components inventories, and a decrease in prices resulted in lower sales of thin-film transistor (TFT) LCDs. However, strong first-half growth of system LSIs and memories helped semiconductors to post a year-on-year gain. In computer operations, storage system sales were higher, making up for a sharp decline in overseas sales of mainframe computers. In Japan, good growth was also registered by the software, systems integration and services operations of Hitachi, Ltd., Hitachi Software Engineering Co., Ltd. and Hitachi Information Systems, Ltd. The overall result was an increase of 10% in segment sales, to 3,455,578 million yen (US\$27,868 million).

Operating in a climate marked by the continuing low level of capital expenditures by Japan's power companies, the Power & Industrial Systems segment maintained domestic and overseas sales of thermal power systems at a stable level, achieving a year-on-year increase in sales of power systems. Sales of building system equipment and services continued to do well. As for industrial systems, with private-sector investment staging a mild recovery, there was a feeling that some business sectors, including chemical and pharmaceutical plants and energy-saving

- more -

equipment, had finally bottomed out. Sales of rolling stock and rolling mills, however, remained stagnant. On the plus side, Hitachi Plant Engineering & Construction Co., Ltd. secured major orders for clean rooms for semiconductor production plants, and for thermal power systems. As a result, segment sales rose 7% year on year, to 2,530,772 million yen (US\$20,409 million).

In Consumer Products, air-conditioner sales growth slowed, while sales of refrigerators were higher than the preceding year, helped by a more comprehensive lineup of models. Also higher were sales of mobile phones. At Hitachi Maxell, Ltd., sales of computer tapes rose, but sales of lithium ion rechargeable batteries declined, and optical storage media product sales were lackluster. Overall, segment sales for the fiscal year increased by 2%, to 923,458 million yen (US\$7,447 million).

In Materials, major first-half gains in sales of electronics-related materials by Hitachi Cable, Ltd., Hitachi Metals, Ltd. and Hitachi Chemical Co., Ltd. more than made up for the effects of electronic components inventory adjustments made during the second half. Thus, segment sales came to 1,460,638 million yen (US\$11,779 million), 8% more than the preceding fiscal year.

In Services & Other, Nissei Sangyo Co., Ltd. posted increases in sales of critical dimension measurement scanning electron microscopes and other semiconductor manufacturing equipment, and optical communication components for wavelength division multiplexing systems. In addition, Hitachi Capital Corporation posted gains in loan guarantees for purchases of automobiles and other items. As a result, segment sales amounted to 2,458,270 million yen (US\$19,825 million), a year-on-year increase of 15%.

The Company spent 435,579 million yen (US\$3,513 million) on research and development, an increase of 1% from the preceding year. R&D expenditures as a percentage of net sales were 5.2 %.

During the period, Hitachi's plant and equipment investment amounted to 971,095 million yen (US\$7,831 million), an increase of 16 %.

As a result of the major improvement achieved by Information Systems & Electronics, particularly in semiconductor operations, and the gains made in Power & Industrial Systems, Materials and Services & Other segments, operating income came to 342,312 million yen (US\$2,761 million), representing a year-on-year increase of 96%.

Other income amounted to 69,613 million yen (US\$561 million), a decrease of 2,488 million yen (US\$20 million). On the other hand, while interest and discount charges increased as a result of an increase in interest-bearing debt, other deductions showed a dramatic decrease, to 88,270 million yen (US\$712 million), owing to decreases in foreign exchange losses and restructuring charges.

Income before income taxes came to 323,655 million yen (US\$2,610 million). After the deduction of income taxes of 164,861 million yen (US\$1,330 million) and minority interests of 54,414 million yen (US\$439 million), net income amounted to 104,380 million yen (US\$842 million).

## Outlook for Fiscal 2001

There are concerns over fading personal consumption and a slowdown in private-sector capital investment, now that the Japanese economy has moved into a deflationary phase. There is a further concern over the global impact of the slowdown the U.S. economy has been experiencing since the second half of 2000. For businesses, such factors create a difficult management environment that requires constant caution.

In this climate, Hitachi will continue to steadily transform itself into a solution enterprise, using information technology to improve efficiency and implementing qualitative and structural changes to achieve the goals of “i.e. HITACHI Plan,” its medium-term business plan.

Hitachi's consolidated forecast for fiscal 2001, ending March 31, 2002, is as follows:

Net Sales	8,750,000 million yen (\$70,565 million) (year-on-year increase of 4%)
Operating income	280,000 million yen (\$2,258 million) (year-on-year decrease of 18%)
Income before income taxes and minority interests	270,000 million yen (\$2,177 million) (year-on-year decrease of 17%)
Income before minority interests	136,000 million yen (\$1,097 million) (year-on-year decrease of 14%)
Net income	90,000 million yen (\$726 million) (year-on-year decrease of 14%)

All figures were converted at the rate of 124 yen = U.S. \$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of March 30, 2001.

### 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; 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 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.