

FOR IMMEDIATE RELEASE

Hitachi Announces Consolidated Financial Results for the Third Quarter of Fiscal 2004

Tokyo, February 2, 2005 --- Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced its consolidated financial results for the third quarter of fiscal 2004, ended December 31, 2004.

1. Business Results and Financial Position

Note: All figures were converted at the rate of 104 yen to the U.S. dollar, the approximate exchange rate on the Tokyo Foreign Exchange Market as of December 30, 2004.

Business Results

(1) Summary of Fiscal 2004 Third-Quarter Consolidated Business Results

Notes: 1.All figures, except for the outlook for fiscal 2004, were converted at the rate of 104 yen to the U.S. dollar, the approximate exchange rate on the Tokyo Foreign Exchange Market as of December 30, 2004.

2.Segment information and operating income (loss) are presented in accordance with accounting principles generally accepted in Japan.

	Three months ended December 31, 2004		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	2,123.7	4%	20,421
Operating income	34.3	(46%)	330
Income before income taxes and minority interests	70.9	54%	682
Income before minority interests	35.9	416%	345
Net income	26.6	-	256

During the third quarter, the world economy, while still in a recovery mode, grew at a slower pace due to weakening demand for digital-related equipment and the effects of surging prices for crude oil and other raw materials around the world.

In the Japanese economy, too, there was a heightened sense of a slowdown. In addition to a downturn in exports and a peaking of investment in plant and equipment, the slowdown was caused by a slower rate of growth in consumer spending, including softening sales of digital consumer electronics.

Against this backdrop, Hitachi's consolidated revenues increased 4% year on year, to 2,123.7 billion yen, despite year-on-year decreases in the Information & Telecommunication Systems segment and Electronic Devices segment, particularly in respect of LCDs. Segments recording year-on-year increases in revenues included Power & Industrial Systems and High Functional Materials & Components.

Operating income dropped 46%, to 34.3 billion yen due to sharp year-on-year decreases in operating income in the Information & Telecommunication Systems segment, where prices fell for servers, HDDs and other products, and the Electronic Devices segment, where earnings on LCDs worsened due to a sudden market drop-off. Furthermore, the Digital Media & Consumer Products segment recorded an operating loss.

Other income climbed 169% year on year, to 49.1 billion yen due to a marked improvement in earnings from equity-method affiliates resulting from such factors as income from a change in equity accompanying the public listing of Elpida Memory, Inc. Other deductions declined 64%, to 12.6 billion yen, due in part to a year-on-year decrease in restructuring charges.

As a result, Hitachi recorded income before income taxes and minority interests of 70.9 billion yen, up 54% year on year. After income taxes of 34.9 billion yen, Hitachi posted income before minority interests of 35.9 billion yen. Net income was 26.6 billion yen, sharply higher than in the corresponding period a year earlier.

(2) Revenues and Operating Income (Loss) by Segment

Results by segment were as follows.

[Information & Telecommunication Systems]

	Three months ended December 31, 2004		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	482.4	(6%)	4,639
Operating income	2.1	(84%)	21

Information & Telecommunication Systems revenues decreased 6%, to 482.4 billion yen. Software and services revenues increased year on year as a whole, with solid performances by the outsourcing business and other businesses in services countering lower software sales. Hardware sales declined year on year due to factors such as lower prices for servers, PCs, HDDs and other products.

The segment posted operating income of 2.1 billion yen, 84% down year on year, due to lower prices in hardware on the whole.

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 third quarter ended December 31, 2004 include operating results of Hitachi GST for the three-month period from July through September 2004.

[Electronic Devices]

	Three months ended December 31, 2004		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	300.2	(10%)	2,887
Operating income	2.2	(81%)	22

Electronic Devices revenues decreased 10%, to 300.2 billion yen, despite healthy growth in sales of semiconductor and LCD manufacturing equipment at Hitachi High-Technologies Corporation. The decline was attributed to sharply lower sales of displays due to a sudden market downturn for LCDs.

The segment posted an 81% year-on-year decline in operating income, to 2.2 billion yen, again despite an increase in earnings at Hitachi High-Technologies, particularly from semiconductor and LCD manufacturing equipment. The segment result reflected sharply lower earnings from the display business, due to factors such as a fall in sales prices.

[Power & Industrial Systems]

	Three months ended December 31, 2004		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	560.0	16%	5,385
Operating income	5.9	96%	58

Power & Industrial Systems revenues increased 16%, to 560.0 billion yen. In addition to the effects of consolidating an equity-method affiliate that manufactures and sells elevators and escalators in China in the first half of fiscal 2004 and of Hitachi, Ltd. merging with TOKICO LTD. in the third quarter, this performance reflected higher sales at Hitachi Construction Machinery Co., Ltd.

The segment posted a 96% increase in operating income, to 5.9 billion yen, on higher earnings at Hitachi Construction Machinery and improved earnings in air-conditioning systems, industrial machinery and other products.

[Digital Media & Consumer Products]

	Three months ended December 31, 2004		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	325.3	(1%)	3,129
Operating loss	(1.7)	-	(17)

In Digital Media & Consumer Products, revenues were 325.3 billion yen, largely the same as the previous year. Although the shipments of plasma TVs and LCD projectors increased, sales of home appliances were affected by lower sales prices and Hitachi Maxell, Ltd. recorded lower revenues.

The segment recorded an operating loss of 1.7 billion yen, compared with operating income of 11.3 billion yen in the third quarter of the previous fiscal year. This was the result of falling sales prices in the segment as a whole.

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 third quarter ended December 31, 2004 include operating results of HLDS for the three-month period from July through September 2004.

[High Functional Materials & Components]

	Three months ended December 31, 2004		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	379.5	15%	3,649
Operating income	22.0	48%	212

In High Functional Materials & Components, revenues rose 15%, to 379.5 billion yen. Hitachi Metals, Ltd. posted a sharp increase in sales due to strong sales to automotive- and electronics-related fields as well as the effect of consolidating NEOMAX Co., Ltd., formerly Sumitomo Special Metals Co., Ltd., from the first half of fiscal 2004. Hitachi Chemical Co., Ltd. and Hitachi Cable, Ltd. also recorded sharply higher sales, with growth at the former reflecting strong sales, particularly to the automotive-related field, and growth at the latter reflecting higher copper prices, which forced up sales prices of wires and cables and other products.

The segment operating income climbed 48%, to 22.0 billion yen due to factors such as the robust performances of Hitachi Chemical Co., Ltd., Hitachi Metals, Ltd. and Hitachi Cable, Ltd.

[Logistics, Services & Others]

	Three months ended December 31, 2004		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	312.1	1%	3,002
Operating income	2.4	(29%)	23

In Logistics, Services & Others, revenues were on a par with a year earlier at 312.1 billion yen. Hitachi Transport System, Ltd. and Hitachi Mobile Co., Ltd. both posted healthy sales.

The segment posted operating income of 2.4 billion yen, down 29% year on year, due to lower prices of products and services, particularly at overseas sales companies.

[Financial Services]

	Three months ended December 31, 2004		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	130.3	(5%)	1,254
Operating income	8.0	9%	77

In Financial Services, revenues declined 5%, to 130.3 billion yen.

Operating income increased 9%, to 8.0 billion yen.

(3) Revenues by Market

	Three months ended December 31, 2004		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Japan	1,307.9	2%	12,577
Overseas	815.8	6%	7,844
Asia	339.5	9%	3,264
North America	238.3	4%	2,292
Europe	178.3	4%	1,715
Other Areas	59.5	4%	573

Revenues in Japan and overseas both surpassed the same period in the previous fiscal year on strong growth in the Power & Industrial Systems and High Functional Materials & Components segments.

Revenues in Japan rose 2%, to 1,307.9 billion yen.

Overseas revenues rose 6%, to 815.8 billion yen due to growth in sales of materials for electronics-related products and in sales at Hitachi Construction Machinery, in addition to such other factors as the effect of consolidating an equity-method affiliate that manufactures and sells elevators and escalators in China in the first half of fiscal 2004.

(4) Financial Position

	As of December 31, 2004		
	Billions of yen	Change from September 30, 2004	Millions of U.S. dollars
Total assets	9,844.3	207.4	94,657
Total liabilities	6,686.5	144.1	64,293
Debts	2,606.4	140.5	25,061
Minority interests	884.8	10.4	8,508
Stockholders' equity	2,273.0	52.9	21,856
Stockholders' equity ratio	23.1%	0.1 point increase	-
D/E ratio (including minority interests)	0.83 times	0.03 point increase	-

Total assets increased 207.4 billion yen, to 9,844.3 billion yen, compared with September 30, 2004, due to factors such as the merger with TOKICO LTD. in the third quarter of fiscal 2004. Debts increased 140.5 billion yen, to 2,606.4 billion yen, compared with September 30, 2004. Stockholders' equity increased 52.9 billion yen, to 2,273.0 billion yen due to factors such as the increase in net income, and the increase in the capital surplus and the decrease in treasury stock accompanying the merger with TOKICO. As a consequence, the stockholders' equity ratio improved by 0.1 of a percentage point to 23.1%. The debt-to-equity ratio (including minority interests) was

0.83 times due to the increase in debts.

(5) Cash Flows

	Three months Ended December 31, 2004		
	Billions of yen	Year-over-year Change	Millions of U.S. dollars
Cash flows from operating activities	(36.6)	20.3	(352)
Cash flows from investing activities	(169.8)	(37.3)	(1,633)
Free cash flows	(206.4)	(17.0)	(1,985)
Cash flows from financing activities	124.0	20.7	1,193

Operating activities used net cash of 36.6 billion yen, 20.3 billion yen less than in the previous fiscal year, reflecting the large increase in net income.

Investing activities used net cash of 169.8 billion yen, 37.3 billion yen increase over the previous fiscal year. This was the result of an increase in capital investments, mainly for Hitachi's key businesses, and other factors.

Free cash flows, the sum of cash flows from operating and investing activities, were an outflow of 206.4 billion yen, 17.0 billion yen more than a year earlier.

Financing activities provided net cash of 124.0 billion yen, 20.7 billion yen more than in the previous fiscal year due to the issue of euro-yen zero coupon convertible bonds and other factors.

Cash and cash equivalents as of December 31, 2004 amounted to 531.1 billion yen, a decrease of 87.9 billion yen during the third quarter.

2. Business Results for the Nine Months Ended December 31, 2004

(1) Summary, Revenues by Segment and Operating Income by Segment

Summary

	Nine Months Ended December 31, 2004		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	6,453.7	6%	62,055
Operating income	161.7	94%	1,555
Income before income taxes and minority interests	206.9	51%	1,990
Income before minority interests	103.8	388%	999
Net income	67.8	758%	652

Revenues by Segment

	Nine Months Ended December 31, 2004		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	6,453.7	6%	62,055
Information & Telecommunication Systems	1,554.2	(1%)	14,945
Electronic Devices	992.3	5%	9,542
Power & Industrial Systems	1,680.9	8%	16,163
Digital Media & Consumer Products	971.5	6%	9,341
High Functional Materials & Components	1,119.9	18%	10,769
Logistics, Services & Others	922.4	0%	8,870
Financial Services	401.1	(1%)	3,857
Subtotal	7,642.6	5%	73,487
Eliminations & Corporate Items	(1,188.8)	—	(11,432)

Operating income by Segment

	Nine Months Ended December 31, 2004		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Operating income	161.7	94%	1,555
Information & Telecommunication Systems	31.1	66%	300
Electronic Devices	32.3	108%	311
Power & Industrial Systems	16.0	46%	155
Digital Media & Consumer Products	8.8	(27%)	85
High Functional Materials & Components	62.4	159%	600
Logistics, Services & Others	9.9	228%	96
Financial Services	18.0	16%	173
Subtotal	178.8	78%	1,720
Eliminations & Corporate Items	(17.1)	—	(165)

The world economy in the nine months to December 31, 2004, a period including the third quarter of fiscal 2004, remained on a recovery footing as a whole. Demand rose for IT-related equipment, particularly in the U.S., and domestic demand rose in China. Corporate earnings declined, however, in the second half of the period, due to factors such as surging raw materials prices, particularly in Asia.

The Japanese economy also continued to grow steadily, led by exports and plant and

equipment investments. However, in the latter half of the period, electronic device inventories increased and growth in sales of electronics-related products was lackluster.

Against this backdrop, Hitachi's consolidated revenues for the nine months to December 31, 2004 increased 6% year on year, to 6,453.7 billion yen, with most of the business segments posting year-on-year increases. The Electronic Devices segment saw strong growth in sales of semiconductor and LCD manufacturing equipment and other products, Digital Media & Consumer Products recorded strong growth in sales of plasma TVs and other products, and High Functional Materials & Components recorded higher revenues, particularly for components and materials for electronics-related products. These performances reflected buoyant conditions in the digital consumer electronics market in the first half of the period.

Operating income climbed 94%, to 161.7 billion yen, as almost all segments, including High Functional Materials & Components, Electronic Devices and Information & Telecommunication Systems, posted year-on-year increases.

Other income was 80.4 billion yen, down 36% on the same period a year ago. This decrease was due to a decline in gains on the sale of investment securities and to other factors, despite a switch from a loss to income from equity-method affiliates due to substantial improvements at Renesas Technology Corp. and Elpida Memory. Other deductions declined 51%, to 35.2 billion yen compared with the previous fiscal year, when there was a loss from equity-method affiliates and exchange losses.

As a result, Hitachi recorded income before income taxes and minority interests of 206.9 billion yen, up 51% year on year. After income taxes of 103.0 billion yen, Hitachi posted income before minority interests of 103.8 billion yen. Net income climbed 758% year on year, to 67.8 billion yen.

(2) Revenues by Market

	Nine Months Ended December 31, 2004		
	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Japan	4,017.2	3%	38,628
Overseas	2,436.4	12%	23,427
Asia	1,033.8	20%	9,940
North America	680.8	3%	6,547
Europe	524.6	10%	5,045
Other Areas	197.1	12%	1,895

Revenues for the nine months ended December 31, 2004 were up year on year.

Revenues in Japan rose 3%, to 4,017.2 billion yen. Digital Media & Consumer Products recorded strong growth in sales of plasma TVs and other products, and High Functional Materials & Components recorded higher revenues, particularly for components and materials for electronics-related products.

Overseas revenues increased 12%, to 2,436.4 billion yen due to growth in sales of construction machinery at Hitachi Construction Machinery, particularly to European and U.S. markets, higher sales in social infrastructure, digital media and electronics-related materials, particularly in the Chinese market, and other factors.

(3) Cash Flows

	Nine Months Ended December 31, 2004		
	Billions of yen	Year-over-year Change	Millions of U.S. dollars
Cash flows from operating activities	121.0	(46.5)	1,164
Cash flows from investing activities	(370.6)	(81.0)	(3,563)
Free cash flows	(249.5)	(127.5)	(2,399)
Cash flows from financing activities	12.7	83.2	123

Operating activities provided net cash of 121.0 billion yen, 46.5 billion yen less than in the previous fiscal year, reflecting factors such as an increasing of payment in payables.

Investing activities used net cash of 370.6 billion yen, an increase of 81.0 billion yen. This was the result of an increase in capital investments, mainly for Hitachi's key businesses, absence of large sales of shares and other factors.

Free cash flows, the sum of cash flows from operating and investing activities, were an outflow of 249.5 billion yen, 127.5 billion yen more year on year.

Financing activities provided net cash of 12.7 billion yen, 83.2 billion yen more than the cash used a year earlier. This reflected such factors as the issue of euro-yen zero coupon convertible bonds.

Cash and cash equivalents as of December 31, 2004 amounted to 531.1 billion yen, a decrease of 233.2 billion yen during the nine-month period, which includes the third quarter.

Outlook for Fiscal 2004

Consolidated

	Fiscal 2004, ending March 31, 2005		
	Billions of Yen	Change from outlook on Oct. 29, 2004	Year-over-year % change
Revenues	8,840.0	(60.0)	2%
Operating income	260.0	(40.0)	41%
Income before income taxes and minority interests	235.0	(65.0)	(1%)
Income before minority interests	95.0	(55.0)	147%
Net income	50.0	(50.0)	215%

Unconsolidated

	Fiscal 2004, ending March 31, 2005		
	Billions of Yen	Change from outlook on Oct. 29, 2004	Year-over-year % change
Revenues	2,570.0	0.0	3%
Ordinary income	20.0	(5.0)	(1%)
Net income	10.0	(30.0)	(75%)

In terms of trends in the world economy, Hitachi expects Asian economies to remain healthy, supported by domestic demand in China, and European economies are expected to continue their modest recovery. However, the U.S. economy is expected to slow slightly as the benefits of tax cuts, low interest rates and other government policies fade. Due to these factors, as well as surging crude oil and other raw materials prices, a downturn in market conditions for electronic-related products and other influences, the pace of growth in the world economy is expected to slow.

The Japanese economy is expected to slow further as demand for digital consumer electronics softens and the drop in plant and equipment investment, such as in the electronics components industry, begins to have an impact.

Under these circumstances, and based on the large impact on results of falling sales prices, deteriorating profitability in some projects in the Information & Telecommunication Systems segment and other factors, Hitachi expects to book restructuring charges. Due to this and other factors, as outlined above, Hitachi has lowered its fiscal 2004 forecasts issued with first-half results on October 29, 2004 on both a consolidated basis and unconsolidated basis. The projections assume a fourth-quarter exchange rate of 103 yen to the U.S. dollar.

Looking ahead, Hitachi will push ahead with active investments in key businesses and ongoing business structural reforms in a drive to further strengthen actions designed to bolster competitiveness on a groupwide basis.

In particular, with respect to deteriorating earnings in the Information & Telecommunication Systems segment, Hitachi plans to expedite initiatives groupwide, including nurturing project managers, enhancing productivity in systems construction such as by developing common technology, and broadening upstream consulting and the outsourcing business. These efforts target the establishment of a resilient business base and the prevention of unprofitable projects in the future.

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:

- 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;
- 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, 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 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.