

FOR IMMEDIATE RELEASE

**Hitachi Announces Consolidated Financial Results
For the First Quarter of Fiscal 2007**

Tokyo, July 31, 2007 --- Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced its consolidated financial results for the first quarter of fiscal 2007, ended June 30, 2007.

- Notes: 1. All figures, except for the outlook for the first half of fiscal 2007, were converted at the rate of 123 yen to the U.S. dollar, the approximate exchange rate on the Tokyo Foreign Exchange Market as of June 29, 2007.
2. Segment information and operating income (loss) are presented in accordance with financial reporting principles and practices generally accepted in Japan.

1. Business Results

(1) Business Environment

During the first quarter, the global economy remained strong, driven by high growth in countries like China. In the U.S. economy, in addition to an adjustment in housing investment, higher gasoline prices and other factors caused a slight slowdown in consumer spending. Exports and capital investment, however, remained healthy. European economies continued to grow robustly, mainly in terms of capital investment and consumer spending. The Chinese economy, meanwhile, maintained a high growth rate on the back of continued investment in social infrastructure and corporate property and equipment, Asian economies were generally strong.

The Japanese economy also performed well despite inventory cutbacks of electronic components and other factors. Backed by healthy corporate earnings, capital investment remained at a high level, and an improving job market underpinned higher consumer spending.

(2) Summary of Fiscal 2007 First-Quarter Consolidated Business Results

Three months ended June 30, 2007

	Billions of yen	Year-over-year % change	Million of U.S. dollars
Revenues	2,476.0	10%	20,131
Operating income	24.5	43%	200
Income before income taxes and minority interests	42.5	256%	346
Income before minority interests	9.0	-	73
Net loss	(13.6)	-	(111)

Hitachi's fiscal 2007 first-quarter consolidated revenues rose 10%, to 2,476.0 billion yen. Revenues were higher year on year in the Information & Telecommunication Systems segment on growth in system integration; the Power & Industrial Systems segment also recorded higher revenues, mainly on growth in electrical power equipment and higher sales at Hitachi Construction Machinery Co., Ltd., as did the High Functional Materials & Components segment, where products such as wires and cables posted strong sales.

Consolidated operating income rose 43%, to 24.5 billion yen. Although earnings were lower in the Information & Telecommunication Systems and Digital Media & Consumer Products segment, the Power & Industrial Systems segment posted large increases in earnings. In addition, the Electronic Devices, High Functional Materials & Components, Logistics, Services & Others segments and Financial Services continued to record healthy earnings.

Other income jumped 221%, to 29.5 billion yen, mainly due to the effect of foreign exchange fluctuations and other factors. Other deductions declined 20% year on year, to 11.5 billion yen.

As a result, Hitachi recorded income before income taxes and minority interests of 42.5 billion yen, up 256% year on year. After income taxes of 33.4 billion yen, Hitachi posted income before minority interests of 9.0 billion yen. Hitachi recorded a net loss of 13.6 billion yen, but this was an 8.4 billion yen improvement on the result in the same quarter of the previous fiscal year.

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

Results by segment were as follows.

[Information & Telecommunication Systems]

Three months ended June 30, 2007

	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	554.3	10%	4,507
Operating loss	(8.3)	-	(68)

Information & Telecommunication Systems revenues rose 10%, to 554.3 billion yen. Software and services revenues were higher than the corresponding quarter of the previous fiscal year due to firm growth in software sales and strong sales in services, particularly the outsourcing business and solutions for financial institutions. Hardware revenues also rose, the result of higher sales of storage products, ATMs and other products.

The segment recorded an operating loss of 8.3 billion yen, 1.8 billion yen more than the first quarter of fiscal 2006. Earnings in software and services rose due to solid earnings in software and higher sales and improved profitability in services. In hardware, however, while earnings improved in servers, HDD operations recorded a larger loss.

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 three months ended June 30, 2007 include operating results of Hitachi GST for the three months ended March 31, 2007.

[Electronic Devices]

Three months ended June 30, 2007

	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	289.9	(5%)	2,357
Operating income	10.0	1%	82

Electronic Devices revenues decreased 5%, to 289.9 billion yen despite firm sales at Hitachi High-Technologies Corporation. This decline was mainly attributable to a year on year decrease in sales in the display business as Hitachi prioritized resources to focus on small and medium-sized LCDs.

Operating income was 10.0 billion yen, a slight increase on the corresponding quarter of the previous fiscal year due to improved profitability in LCDs.

[Power & Industrial Systems]

Three months ended June 30, 2007

	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	733.5	22%	5,963
Operating income	24.4	123%	199

Power & Industrial Systems revenues increased 22%, to 733.5 billion yen, reflecting growth in the power systems business, mainly due to higher sales of nuclear power plants in Japan and thermal power plants overseas. Also contributing to the higher segment revenues was another strong performance at Hitachi Construction Machinery and the effect of making Clarion Co., Ltd. a consolidated subsidiary in December 2006.

Segment operating income climbed 123%, to 24.4 billion yen. This was due to a return to profitability in the power systems business as well as to robust earnings at Hitachi Construction Machinery.

[Digital Media & Consumer Products]

Three months ended June 30, 2007

	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	362.0	(2%)	2,944
Operating loss	(22.4)	-	(183)

Digital Media & Consumer Products revenues edged down 2%, to 362.0 billion yen, despite growth in sales of washing machines, room air conditioners and commercial-use air conditioners. The lower overall segment revenues reflected soft sales of flat-panel TVs, mainly in North America.

The segment recorded an operating loss of 22.4 billion yen, 6.3 billion yen more than in the corresponding quarter of the previous fiscal year, due mainly to the impact of soft flat-panel TV sales. On a positive note, earnings improved in home appliances and commercial-use air conditioners.

[High Functional Materials & Components]

Three months ended June 30, 2007

	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	458.7	9%	3,730
Operating loss	28.8	2%	235

High Functional Materials & Components revenues increased 9%, to 458.7 billion yen on the back of higher sales at Hitachi Metals, Ltd., principally in automotive-related products and IT equipment- and household appliance-related products such as for LCDs; firm sales growth at Hitachi Chemical Co., Ltd., mainly in the semiconductor-related field; and increased sales at Hitachi Cable, Ltd., principally due to higher sales of wires and cables.

Operating income edged up 2%, to 28.8 billion yen, mainly due to higher earnings at Hitachi Metals and Hitachi Cable.

[Logistics, Services & Others]

Three months ended June 30, 2007

	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	294.7	(3%)	2,397
Operating income	2.8	141%	23

Logistics, Services & Others revenues declined 3%, to 294.7 billion yen. Although sales grew at Hitachi Transport System, Ltd., mainly in third-party logistics solutions, overseas sales subsidiaries recorded lower sales.

However, the segment posted a 141% year-on-year increase in operating income, to 2.8 billion yen, the result of higher earnings at Hitachi Transport System and other factors.

[Financial Services]

Three months ended June 30, 2007

	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Revenues	108.6	(12%)	883
Operating income	6.1	6%	50

Financial Services revenues decreased 12%, to 108.6 billion yen.

However, segment operating income increased 6%, to 6.1 billion yen.

(4) Revenues by Market

Three months ended June 30, 2007

	Billions of yen	Year-over-year % change	Millions of U.S. dollars
Japan	1,363.5	8%	11,086
Outside Japan	1,112.5	13%	9,045
Asia	500.0	16%	4,066
North America	260.6	(5%)	2,119
Europe	248.2	26%	2,018
Other Areas	103.5	29%	842

Revenues in Japan were 1,363.5 billion yen, 8% higher than in the first quarter of the previous fiscal year.

Outside Japan revenues climbed 13% as a whole year on year, to 1,112.5 billion yen,

the result of growth in Asia, mainly China, and Europe.

As a result, the ratio of overseas revenues to consolidated revenues rose 1 percentage point to 45%.

(5) Capital Investment, Depreciation and R&D Expenditure

Capital investment on a completion basis, excluding leasing assets, rose 22%, to 125.7 billion yen, mainly due to investments in electrical power equipment, construction machinery and HDD operations.

Depreciation, excluding leasing assets, increased 22%, to 104.6 billion yen.

R&D expenditures, which were used to upgrade development capabilities primarily in automotive systems and digital media-related fields, increased 3% to 99.0 billion yen, and corresponded to 4.0% of consolidated revenues.

2. Financial Position

(1) Financial Position

As of June 30, 2007

	Billions of Yen	Change from March 31, 2007	Millions of U.S. dollars
Total assets	10,914.4	270.1	88,735
Total liabilities	7,365.1	237.4	59,879
Interest-bearing debt	2,893.1	205.7	23,522
Minority interests	1,096.5	22.7	8,915
Stockholders' equity	2,452.8	10.0	19,942
Stockholders' equity ratio	22.5%	0.4 point decrease	-
D/E ratio (including minority interests)	0.82 times	0.06 point increase	-

Total assets as of June 30, 2007 were 10,914.4 billion yen, an increase of 270.1 billion yen from March 31, 2007. Interest-bearing debt increased 205.7 billion yen to 2,893.1 billion yen due to the purchase of shares in GE-Hitachi Nuclear Energy Holdings, LLC, which was established in June 2007, and other factors. Stockholders' equity increased 10.0 billion yen from March 31, 2007 to 2,452.8 billion yen. As a result of these changes, the stockholders' equity ratio declined 0.4 of a point to 22.5%. The debt-to-equity ratio (including minority interests) increased 0.06 of a point to 0.82 times.

(2) Cash Flows

Three months ended June 30, 2007

	Billions of yen	Year-over-year change	Millions of U.S. dollars
Cash flows from operating activities	142.0	181.9	1,155
Cash flows from investing activities	(272.2)	(80.8)	(2,213)
Free cash flows	(130.1)	101.1	(1,058)
Cash flows from financing activities	171.3	107.7	1,393

Operating activities provided net cash of 142.0 billion yen, an increase of 181.9 billion yen from the cash used in the first quarter of the previous fiscal year.

Investing activities used net cash of 272.2 billion yen, 80.8 billion yen more than the first quarter of the previous fiscal year. This was mainly due to the purchase of shares in GE-Hitachi Nuclear Energy Holdings, LLC, which was established in June 2007, and other factors.

Free cash flows, the sum of cash flows from operating and investing activities, were an outflow of 130.1 billion yen. The outflow is less than the first quarter of the previous fiscal year by 101.1 billion yen.

Financing activities provided net cash of 171.3 billion yen, 107.7 billion yen more than the first quarter of the previous fiscal year.

The net result of the above items was an increase of 49.7 billion yen in cash and cash equivalents during the fiscal quarter of fiscal 2007, to 667.6 billion yen.

3. Outlook for the First Half of Fiscal 2007

The first half of fiscal 2007 ending September 30, 2007

	Billions of yen	Year-over-year % change	Million of U.S. dollars
Revenues	4,950.0	4%	41,949
Operating income	90.0	353%	763
Income before income taxes and minority interests	85.0	229%	720
Income before minority interests	15.0	-	127
Net loss	(25.0)	-	(212)

Regarding the outlook for the global economy, Hitachi expects continued healthy growth overall. Hitachi expects the U.S. economy to continue rising, backed by solid corporate earnings and favorable employment and wage environments, but a remaining concern is the current subprime loan problem. European economies should remain solid, chiefly due to capital investment and consumer spending. Furthermore, Asian economies are projected to remain strong, driven by high economic growth in China.

The Japanese economy, meanwhile, is forecast to remain generally healthy. While industrial output is expected to be flat due to an inventory adjustment, exports to Asia are growing and personal spending is expected to increase.

Under these circumstances, Hitachi is forecasting the results shown above for the first half of fiscal 2007, the same as those announced with fiscal 2006 consolidated financial results on May 16, 2007.

The Hitachi Group is continuing to make progress with the restructuring of businesses for the future. To strengthen the nuclear power business, Hitachi established new companies in June 2007 to operate nuclear power businesses in the U.S. and Canada, and in Japan the following July, based on a global strategy agreed with GE. In addition, in April 2007 Hitachi subscribed to Nidec Corporation's tender offer for the shares of then Hitachi's subsidiary Japan Servo Co., Ltd., selling its shares to Nidec.

In November 2006, the Hitachi Group announced a corporate strategy to promote collaborative creation and profits. With a rigorous focus on a market-oriented approach and profit creation as the basic policy, the aim is to establish a structure that consistently generates high profits through the execution of key initiatives—implementation of management based on FIV* (Future Inspiration Value), Hitachi's original benchmark based on the estimated cost of capital; creation of a business portfolio with higher profitability; promotion of group management; and

innovation in collaboration with partners and Hitachi Group companies. Moreover, Hitachi will continue efforts to create new businesses and strengthen targeted businesses by maximizing the use of its resources, such as R&D, marketing capabilities, personnel and its funding system. Also, Hitachi will continue to leverage group-wide synergies to reduce procurement costs, business expenses, IT operational costs and other costs by standardizing and integrating business operations. Hitachi is implementing business restructuring measures aimed at building a high-earnings framework and strengthening its financial position.

In the HDD, flat-panel TV and other businesses where there are currently issues with profitability, Hitachi is implementing wide-ranging countermeasures to improve its development capabilities, cost competitiveness, marketing activities and other areas of its operations, with the aim of rapidly improving performance in these businesses. Furthermore, expanding overseas business, Hitachi will work to become more competitive on a consolidated basis and to establish a more powerful earnings base by implementing structural reforms aimed at driving forward business development.

Projections assume exchange rates of 118 yen to the U.S. dollar and 158 yen to the euro for first half of fiscal 2007.

(*) 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.

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:

- increasing commoditization of information technology products, and intensifying price competition in the markets for such products, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- 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;
- 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 restrictions 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 results of litigation and legal proceedings of which the Company, its subsidiaries or its equity method affiliates have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- 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 order materials published by Hitachi.