

### Grant of Incentive Stock Options

Tokyo, Japan, April 28, 2004 -- Hitachi, Ltd. (TSE: 6501 / NYSE: HIT, "Company") today announced that, as a measure intended to contribute to the maximization of corporate value by heightening the motivation of directors, executive officers and employees, the Board of Directors of the Company, at the meeting held today, resolved to submit a proposal at the Ordinary General Meeting of Shareholders, to be held on June 24, 2004, regarding the issue of stock acquisition rights for the purpose of granting stock options pursuant to Article 280-20 and Article 280-21 of the Japanese Commercial Code.

The details of the proposal are as follows:

**1. Qualified persons to be allocated the stock acquisition rights (the "Rights")**

Directors, executive officers and employees of the Company

**2. Class and number of shares to be issued upon exercise of the Rights**

Not more than 1,500,000 shares of the Company's common stock (the "Common Stock") in total.

In the event that the Company splits or consolidates its Common Stock, the number of shares to be issued upon exercise of the Rights shall be adjusted according to the following formula.

$$\begin{array}{l} \text{Number of} \\ \text{shares after} \\ \text{adjustment} \end{array} = \begin{array}{l} \text{Number of shares} \\ \text{before adjustment} \end{array} \times \begin{array}{l} \text{Ratio of stock split or} \\ \text{consolidation} \end{array}$$

Any fraction less than one share derived in consequence of adjustment shall be rounded down to the nearest one share.

**3. Total number of the Rights to be issued**

Not more than 1,500 Rights in total. The number of shares to be issued upon exercise of each Right shall be 1,000, which shall be adjusted in accordance with the preceding provision (2. above).

**4. Issue price of the Rights**

No consideration shall be paid.

**5. Amount to be paid upon exercise of the Rights**

The amount to be paid per share upon exercise of the Rights (the “Exercise Price”) shall be 1.05 times of the average of the closing price (including indication of any bid or offer) of a Common Stock on the Tokyo Stock Exchange on each of the thirty consecutive trading days commencing on the forty-fifth trading day preceding the issue date (excluding the number of days on which no closing price is quoted), any fraction less than one yen shall be rounded up to the nearest one yen. However, in the event that the price is less than the closing price of the issue date (or if no closing price is quoted on the issue date, the latest closing price before the issue date shall be applied), the Exercise Price shall be 1.05 times of the closing price of the issue date.

In the event that the Company issues new shares or reissues its own shares at price less than the market price (excluding the issue of shares resulting from the exercise of the stock acquisition rights) after the issue date, the Exercise Price will be subject to adjustment in accordance with the following formula, and any fraction less than one yen derived in consequence of adjustment shall be rounded up to the nearest one yen.

$$\begin{array}{rcl}
 \text{Exercise Price after adjustment} & = & \text{Exercise Price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of new shares to be issued} \times \text{Amount to be paid per share}}{\text{Market price per share before issue}}}{\text{Number of shares already issued} + \text{Number of new shares to be issued}}
 \end{array}$$

In the above formula, the number of its own shares shall be excluded from the number of shares already issued. In the case of the reissue of its own shares, “Number of new shares to be issued” means “Number of its own shares to be reissued” and “Market price per share before issue” means “Market price per share before reissue.”

Upon stock split or consolidation of Common Stocks, the Exercise Price will be subject to adjustment in accordance with the following formula, and any fraction less than one yen derived in consequence of adjustment shall be rounded up to the nearest one yen.

$$\begin{array}{rcl}
 \text{Exercise Price After adjustment} & = & \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of stock split or consolidation}}
 \end{array}$$

**6. Period during which the Rights may be exercised**

The Rights will be exercisable within a three-year period following one year from the issue date.

**7. Conditions for exercise of the Rights**

- ① In the event a person holding the Rights loses the position of director, executive officer or employee of the Company, such person may exercise the Rights only within the succeeding six months of such event. In the event of the death of the person, the Rights expire immediately.
- ② Other terms of exercising the Rights shall be subject to the provisions in granting agreement between the Company and each qualified person.

**8. Cancellation of the Rights**

The Company may cancel the Rights at any time without consideration.

**9. Restriction on the transfer of the Rights**

The approval by the Board of Directors of the Company shall be required for transfer of the Rights.

Note:

The issue of the Rights above is subject to the approval by shareholders at the 135th Ordinary General Meeting of Shareholders to be held on June 24, 2004.

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Information contained in this news release is current as of the date of the press announcement, but may be subject to change without prior notice.

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