

FOR IMMEDIATE RELEASE

**Hitachi Announces New China Business Strategy With Aim of Being
“The Most Trusted Partner in China”
— Also Targeting High, Double-Digit Annual Growth —**

Tokyo, October 14, 2004 ---Hitachi, Ltd. (NYSE:HIT / TSE:6501 / ‘Hitachi’) today announced a new business strategy for China with the aim of achieving a high, double-digit annual growth rate heading into fiscal 2006, ending March 31, 2007.

The new strategy focuses on nine target businesses in the Chinese market: power and industrial equipment systems, building systems, transportation systems, information and telecommunication systems, medical systems, consumer electronics, construction and resource development systems, automotive systems and materials, and components and materials for information electronics and digital consumer electronics. By bolstering R&D, improving products and taking other actions, Hitachi is determined to stake out a stronger position in these fields in the Chinese marketplace.

Hitachi will stage exhibitions in three Chinese cities, Beijing, Shanghai and Guangzhou, from October to November this year under the banner “Hitachi Exhibition—China 2004.” These exhibitions will showcase how Hitachi’s collective strengths can support the development of cities in China and the country’s future.

Furthermore, in order to develop business based on a deeper understanding of Chinese society, Hitachi plans to promote outstanding local staff to management positions in line with a human resources development strategy to be formulated mainly for Hitachi (China) , Ltd., which is aiming to obtain Regional Headquarters accreditation. And recognizing its responsibility as a corporate citizen, Hitachi will actively work to contribute to Chinese society.

Hitachi will also bolster R&D and implement initiatives geared toward the efficient utilization of the group's resources, such as raising efficiency in management and other departments. Together, these actions will raise the standing of Hitachi's business in China as a key global operation.

Hitachi is presently pushing through various management reforms under its medium-term management plan, "i.e.HITACHI Plan II," with the aim of transforming into the "best solutions partner."

Guided by a policy of being "the most trusted company in the world," the Hitachi Group is determined to become "The Most Trusted Partner in China" as well.

The following are the main points of Hitachi's new business strategy for China.

1. Business Targets in China

	FY2006 (Target) (A)	FY2003 (Act.) (B)	(A) - (B)
Revenues	U.S.\$7.0billion	U.S.\$4.5 billion	+U.S.\$2.5 billion
Procurement	U.S.\$6.0billion	U.S.\$3.6 billion	+U.S.\$2.4 billion
Production	U.S.\$7.0billion	U.S.\$3.1 billion	+U.S.\$3.9 billion
Investment (3-year aggregate)	At least U.S.\$1.0billion (FY2004~FY2006)	U.S.\$1.0 billion (FY2001~FY2003)	-
(Ref.)Business scale*	U.S.\$10.0billion	U.S.\$5.4billion	+U.S.\$4.6 billion

* Hitachi Group company revenues, including equity-method affiliates

Hitachi aims to expand business in China and is targeting consolidated revenues of U.S.\$7 billion in fiscal 2006. Achieving this level of revenues is premised on double-digit annual growth.

China is expected to develop further in the run up to the 2008 Beijing Olympic Games and 2010 Shanghai Expo. China is undergoing rapid development as it strives to reach the forefront in lifestyle, consumer goods, social infrastructure and other fields.

Hitachi believes that it can contribute to this process in China in its role as a systems provider in the social systems, information and telecommunications, electric power and electric machinery fields, which are all traditional fortes of Hitachi. This would elevate Hitachi's presence in China beyond that of a home appliances manufacturer for which it has become widely known.

2. Target Fields in the Chinese Market

Hitachi will target four fields in its drive to strengthen business in China: fields where it will strengthen businesses through partnering; fields where it will actively advance into growth markets; fields where it will build a cutting-edge brand through a lineup of cutting-edge digital products; and fields where it aims to contribute to China's economic development by leveraging its collective strengths. Hitachi has clearly designated targeted businesses in each of these spheres.

In specific terms, Hitachi has designated nine targeted businesses in China: power and industrial equipment systems, building systems, transportation systems, information and telecommunication systems, medical systems, consumer electronics, construction and resource development systems, automotive systems and materials, and components and materials for information electronics and digital consumer electronics. Hitachi's expansion drive in China will revolve around these nine targeted businesses.

These are all business fields where development is being accelerated to support social systems as China grows rapidly. And they have long been strong suits of Hitachi. Making full use of its wealth of technological capabilities and know-how, Hitachi will help promote further advancement in China.

Hitachi's focus in each of the targeted business fields is outlined below:

Fields Where Hitachi Will Strengthen Business Through Partnering

● Power and Industrial Equipment Systems

-- Concentrate on providing energy conservation solutions, developing collaborative relationships with Chinese partners --

Hitachi has built up considerable expertise in power equipment and other power systems, industrial equipment systems used in factories and other facilities and also in the energy conservation field. In China, it has participated in the construction of various plants in cooperation with local partners, such as Dongfang Electric Corporation.

Looking ahead, Hitachi will develop collaborative relationships with these types of partners and at the same time focus in particular on the provision of energy conservation solutions, highlighting its desire to contribute to the energy field in China.

- **Building Systems**

- **Contribute to the quality of urban life by providing elevators and escalators, IT condominiums systems and large centrifugal chillers matched to market needs--**

- Hitachi provides high-speed elevators, commercial-use air-conditioners and other building systems that support urban lifestyles in markets around the world, including Japan. This extends to China, where Hitachi has supplied elevators and escalators for the Guangzhou Baiyun International Airport and other customers. Furthermore, in a joint venture with Mitsubishi Heavy Industries, Ltd., Hitachi is aiming to expand business in the commercial-use air-conditioner field leveraging each company's strengths. Hitachi's goal is to become top in the building systems field in China by supplying elevators and escalators, and entering the comprehensive management service business for condominiums and buildings and the large centrifugal chiller field.

- **Transportation Systems**

- Contribute to the improvement of urban transportation systems by providing rolling stock, electrical products for rolling stock, control systems, power transmission systems and intelligent transportation systems --**

- Hitachi is a purveyor of total solutions for railway systems, providing all manner of systems to make railways run. These include everything from rolling stock to electrical products for rolling stock, control systems and power transmission systems. In China, Hitachi has won orders for the Chongqing monorail, rolling stock electrical products for the Beijing subway and other projects. Hitachi also boasts a host of technologies that can lead to improvements in road transportation. These include road information control technology and traffic simulators. Hitachi is determined to continue playing a part in the urban transportation field in China, where market needs are expected to become increasingly diverse and sophisticated.

Fields Where Hitachi Will Actively Advance into Growth Markets

- **Information and Telecommunications Systems**

- Contribute to the development of an advanced information-based society in China through the provision of highly reliable and high performance information and telecommunication systems--**

Hitachi has been involved in the construction of a large number of information systems for customers such as financial institutions that demand large, highly reliable systems. In particular, Hitachi's storage solutions, the nucleus of which are Hitachi's world-leading high-capacity, high-performance disk array subsystems, are used by banks, major companies, research institutions and other customers in every corner of the world. The high performance and reliability of the company's broadband routers and other communications equipment has won recognition from communications companies in the U.S. and Japan. ATMs with recycling modules and other information terminals are another area in which Hitachi has won many orders. In China, Hitachi has a track record in a wide range of fields from ATMs with recycling modules for banks to PHS base stations. Leveraging these achievements, Hitachi is intent on expanding business in China centered on storage systems, communications equipment and information terminals.

- **Medical Systems**

- **Contribute to advances in medicine through the development of a comprehensive diagnostic and testing equipment business --**

- Based on the premise that products must be patient friendly, Hitachi develops X-ray CT scanners, MRIs, X-ray machines, ultrasound diagnostic equipment and other medical systems for varied diagnostic applications and treatment. Furthermore, Hitachi has won high marks from healthcare professionals for developing speedy and accurate automated blood analyzers. Hitachi will help meet the rising need in China for advanced medical care, particularly through its comprehensive diagnostic and testing equipment business.

Fields Where Hitachi Will Build a Cutting-Edge Brand Through a Lineup of Cutting-Edge Digital Products

- **Consumer Electronics**

- **Build an admired brand by launching new products based on the key words cutting-edge and digital --**

- The consumer electronics business is Hitachi's longest-standing business in China. Hitachi's consumer electronics, which include the most advanced plasma TVs and LCD projectors in the world as well as air-conditioners and washing machines, support home life in China. With a business strategy based on two keywords — cutting-edge and digital — Hitachi aims to be one of the top five companies in China in the field of consumer electronics.

Fields Where Hitachi Aims to Contribute to China's Economic Development by Leveraging Its Collective Strengths

● **Construction and Resource Development Systems**

-- Build comfortable and safe living environments by providing cutting-edge construction and resource development systems --

Hitachi's construction and resource development systems, including construction equipment, have earned a strong reputation at construction and resource development sites the world over, including in China. Hitachi will provide the world's most advanced construction and resource development systems to build a strong foundation for creating safe and comfortable living environments as it aims to become the leading company in the Chinese marketplace.

● **Automotive Systems and Materials**

-- Expand production, sales, engineering and support systems in China and strengthen the aftermarket business --

Hitachi provides leading-edge automotive systems that support an environmentally friendly, safe and information-oriented motoring society. The company also manufactures highly functional materials for these systems. Hitachi's goal is to expand these businesses to become one of the top five suppliers in China, where the auto industry is expected to experience dramatic growth.

● **Components and Materials for Information Electronics and Digital Consumer Electronics**

-- Contribute to build the Chinese digital society --

Hitachi possesses a vast array of key devices and technologies for information electronics and digital consumer electronics. The company became one of the world's leading hard disk drive manufacturers following integration with IBM's hard disk drive operations and its LCD panels are used in LCD TVs, mobile phones and PC monitors the world over. Hitachi also manufactures semiconductors at joint ventures with NEC Corporation and Mitsubishi Electric Corporation and the high functional materials they use. Convinced that these key devices and materials hold the key to further growth in China in the future, Hitachi will continue working to bolster this business.

3. Playing a Part in China With the Regional Headquarters Leading the Way

Led by Hitachi (China) , Ltd., which is aiming for Regional Headquarters accreditation and is also the Hitachi Group's key company in China, Hitachi's goal is to be recognized as a China company.

To upgrade regional headquarters functions, Hitachi is to make an additional investment of approximately U.S.\$33 million in Hitachi (China) . It will also establish a dedicated section to strengthen ties with the government and industry in a drive to build networks. At the same time, efforts will be made to formulate business strategies that are premised on locally led development and a human resource development strategy aimed at nurturing Chinese managers.

4. Improving R&D and Management Efficiency in China

Hitachi is to bolster its R&D framework in China to promote the development of products and services based on a deeper understanding of Chinese society and culture. In specific terms, the R&D Center is to be made an independent company and Hitachi plans to recruit talented Chinese staff to quickly build a team of around 1,000 researchers in China. Moreover, it plans to build strategic alliances with universities and other partners, taking its R&D activities to a higher level and giving them a close connection with Chinese society.

With respect to improving management efficiency of the Hitachi Group, back-office and other administrative operations will be shared. Hitachi (China) will be at the forefront of the Hitachi Group's efforts.

5. Emphasizing the Human Touch in Bolstering Social Contribution Activities

Profoundly aware of its responsibilities as a corporate citizen in international society, Hitachi is determined to actively play a part in Chinese society.

In particular, Hitachi is stressing activities to nurture people who can play an important role in the next era in three fields: education, environment and welfare. Hitachi has been involved in a number of initiatives in China over the years. It has also sponsored speech debates at leading Chinese universities, promoted the reduction of environmental impact in production processes and donated X-ray equipments as emergency support during the Severe Acute Respiratory Syndrome (SARS) outbreak.

In 2005, Hitachi will launch the Hitachi Fellowship Program for Chinese Researchers. This program will see the next-generation of young Chinese researchers invited to research institutions in Japan, where they will continue their research and survey activities from a broad perspective. At the same time, through interaction with Japanese researchers, they will sow the seeds for future cooperation between Japan and China in various fields.

Looking ahead, Hitachi is determined to continue bringing a more human touch to its presence as a corporate citizen in Chinese society.

6. Transforming into “The Most Trusted Partner in China”

Since its foundation, Hitachi has earned the trust of customers and society by providing high-performance, highly reliable products and services grounded on exclusive technologies. Now, Hitachi hopes to win an even higher level of trust in China and will advance initiatives toward its goal of being “The Most Trusted Partner in China”.

About Hitachi

Hitachi, Ltd. (NYSE: HIT) , headquartered in Tokyo, Japan, is a leading global electronics company, with approximately 326,000 employees worldwide. Fiscal 2003 (ended March 31, 2004) consolidated sales totaled 8,632.4 billion yen (*U.S.\$81.4 billion) . The company offers a wide range of systems, products and services in market sectors, including information systems, electronic devices, power and industrial systems, consumer products, materials and financial services. For more information on Hitachi, please visit the company's Web site at <http://www.hitachi.com>.

*U.S.\$1=106 Japanese Yen

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.

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.
