

Grant of Incentive Stock Options

Tokyo, Japan, April 27, 2001 -- Hitachi, Ltd. (TSE: 6501, "Company") today announced that, as a measure intended to contribute to the maximization of corporate value by heightening the motivation of directors and employees, the Board of Directors of the Company, at the meeting held today, resolved to grant stock options to directors and certain employees under Article 280-19 of the Japanese Commercial Code, as set forth below.

Outline of the Stock Option Plan

1. Qualified persons to be granted the rights to subscribe for new shares of the Company:

77 persons in total consist of 13 directors and 64 executive officers who shall be at the office on the date ("Granting date") on which the rights ("Rights") to subscribe for new shares ("Shares") of the Company are granted.

2. Par value/non-par value and type of Shares to be issued upon exercise of the Rights:

Par value shares of common stock of the Company

3. Number of Shares to be issued upon exercise of the Rights:

Not more than 1,090,000 shares in total. The number of Shares to be granted to each person is as follows;

Chairman of the Board and Director, President and Director: 40,000 shares

Executive Vice President and Director: 30,000 shares

Senior Vice President and Director: 20,000 shares

Senior Corporate Officer: 16,000 shares
 Corporate Officer: 14,000 shares
 Managing Officer: 10,000 ~ 14,000 shares
 Corporate Fellow: 14,000 shares

4. Issue Price of Shares to be issued upon exercise of the Rights:

Issue Price of Shares shall be 1.05 times of the average of the Closing Price (including indication of any bid or offer) of an Ordinary Share of the Company on the Tokyo Stock Exchange on each of the thirty consecutive trading days commencing on the forty-fifth trading day preceding the Granting 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 Granting date (or if no Closing Price is quoted on the Granting date, the latest Closing Price before the Granting date shall be applied), Issue Price shall be 1.05 times of the Closing Price of the Granting date.

In the event that the Company issues new Shares at price less than the market price (excluding the issuance of Shares resulting from the exercise of the Rights granted to directors or employees) after the Granting date, Issue Price will be subject to adjustment in accordance with the following formula, and any fractions less than one yen derived in consequence of adjustment shall be rounded up to the nearest one yen. Upon the issuance of securities which are convertible to Shares or securities with the warrants, convertible or exercisable at an initial conversion or exercise price less than the market price, Issue Price will also be adjusted with the following formula.

$$\begin{array}{r} \text{Issue Price after adjustment} \\ \text{=} \\ \text{Issue Price before adjustment} \end{array} \times \frac{\begin{array}{r} \text{Number of Shares already issued} \\ \text{+} \\ \text{Number of new Shares to be issued} \end{array}}{\begin{array}{r} \text{Market price per share} \\ \text{+} \\ \text{Number of new Shares to be issued} \end{array}} \times \frac{\text{Amount to be paid per share}}{\text{Market price per share}}$$

Upon stock split or consolidation of Shares, Issue 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.

$$\begin{array}{r} \text{Issue Price after adjustment} \\ \text{=} \\ \text{Issue Price before adjustment} \end{array} \times \frac{1}{\text{Ratio of stock split or consolidation}}$$

5. Period during which the Rights may be exercised:

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

6. Terms of exercising the Rights:

In the event the grantees lose the position of directors or employees of the Company, they may exercise the Rights, however only within the succeeding six months of such event. In the event of the death of the grantees, the Rights expire at the time of the death of the grantees.

Other terms of exercising the Rights shall be subject to the provisions in granting agreement between the Company and the grantees.

Notes:

The resolution above is under the condition that the granting of the Rights are approved in the 132nd Ordinary General Meeting of Shareholders to be held on June 27, 2001.

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