

HITACHI AND XYBERNAUT® TO OPEN CONSUMER MARKETPLACE FOR WEARABLE INTERNET APPLIANCE

Companies Sign License and OEM Agreements to Bring Wearable Internet Appliance to Market

FAIRFAX, VIRGINIA, July 18, 2001 – Hitachi, Ltd. (NYSE: HIT) and Xybernaut Corporation (NASDAQ: XYBR), today announced that Hitachi has entered into a license agreement under Xybernaut's broad patents for wearable computing and communications to develop a Wearable Internet Appliance (WIA) for the consumer market.

Under terms of the agreement announced at the Waldorf Astoria in New York, Hitachi will manufacture and sell the product and OEM it to Xybernaut, who will also sell and market it. Xybernaut will begin shipping the WIA to US markets before Christmas with pricing under \$2,000 depending upon the configuration.

A newly developed superscale Hitachi 32-Bit 128 MHz RISC processor with companion coprocessor will power the 10.9-ounce WIA and will run Microsoft®'s Windows® CE 3.0. The WIA incorporates a Compact Flash™ slot, USB port, 32 MB of RAM and a removable internal rechargeable battery. The WIA provides users with instant on/off Internet access and a SVGA (800x600) head mount display that provides a desktop-like viewing experience. The new hands-free PC can be worn while on public transportation, in the office, shopping or relaxing at home. Hitachi will provide the WIA to Xybernaut under terms of the agreement signed June 30, 2001.

Among the suite of services that Xybernaut will target for the new product will be entertainment in the form of distance learning, music, video and games, GPS, cellular voice communications and paging, interactive banking, shopping, and stock market trading.

"Hitachi is very pleased to enter into this close relationship with Xybernaut, the leader in wearable computing," said Shigeru Matsuoka, CEO of Net-PDA Venture Company, Hitachi, Ltd. "We expect that our new product line will completely change the way people live, work and play. The applications we envision will offer up all kinds of new business opportunities. Our current partners and clients, as well as our future partners, subscribers and consumers alike will find that our products enrich their lives."

"Hitachi's reputation and reach in the consumer space, as well as in the commercial and industrial sectors is unparalleled," stated Edward G. Newman, chairman, president and CEO of Xybernaut Corporation. "We are excited to have Hitachi as a partner in developing the light commercial and consumer markets, which we expect will grow rapidly on a worldwide basis, particularly with increases in wireless bandwidth. We fully expect that Hitachi will be very successful in these markets, and that both companies will benefit greatly from this success. "

About Hitachi, Ltd.:

Hitachi, Ltd., headquartered in Tokyo, Japan, is one of the world's leading global electronics companies, with fiscal 2000 (ended March 31, 2001) consolidated sales of 8,417 billion yen (\$67.9 billion*). The company manufactures and markets a wide range of products, including computers, semiconductors, consumer products and power and industrial equipment. For more information on Hitachi, Ltd., please visit Hitachi's Web site at <http://global.hitachi.com>

*At an exchange rate of 124 yen to the dollar.

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About Xybernaut Corporation:

Xybernaut Corporation is the leading provider of wearable computing hardware, software and services, bringing communications and full-function computing power in a hands-free design to people when and where they need it. The Mobile Assistant[®] V (MA V[®]), Xybernaut's patented wearable PC, runs all major PC operating systems, including Windows[®] 98/2000/NT, Linux and SCO Unix. With the MA V, customers can realize immediate savings in maintenance, repair, diagnosis, inspection, inventory control and data collection in a broad spectrum of industries, including manufacturing, distribution, utilities, government and transportation. Xybernaut also provides hyper linking, multimedia authoring tools, project management, asset management and speech software toolkits. Headquartered in Fairfax, Virginia, Xybernaut has offices and subsidiaries in Europe (Germany) and Asia (Japan). Visit Xybernaut's web site at www.xybernaut.com.

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