

FOR IMMEDIATE RELEASE

**Hitachi Establishes Group Manufacturing Standards in Compliance with CSR
Requirements and Environmental Regulations
—Implementing a group-wide "Integrated Management System
for Chemical Substances Contained in Products"—**

Tokyo, December 7, 2004 ---Hitachi, Ltd. (TSE:6501) today announced that the establishment of "Environment and CSR-Based MONOZUKURI (PLM and Total SCM) Standards". These new standards include, among other measures, implementation of an "Integrated Management System for Chemical Substances Contained in Products," for the storage, central management, and quick retrieval of information of respective products: manufacturing and shipment records, component materials, existence and amount of controlled chemical substances, and the quality record during the product's manufacturing process. Hitachi has established these environmental standards to further strengthen its group commitment to manufacturing environmentally-friendly products to meet the demands of CSR (corporate social responsibility), as well as to comply with increasing global environmental regulations.

Environmental regulations of hazardous substances are being increasingly enacted worldwide. The RoHS Directive(*1), for example, prohibits the use of certain hazardous substances including lead, cadmium, mercury, and hexavalent chromium, in electrical and electronic equipment sold in European Union markets. The Electronic Waste Recycling Act (SB20) (*2), in the state of California, USA, promotes the collection and recycling of waste electrical and electronic equipment, while at the same time attempting to phase out the use of hazardous substances. This trend of tightening environmental regulations will have a great impact on corporate management. Companies will have to stop selling any products containing hazardous substances. In addition, by shipping out such products, companies will be required to swiftly trace the offending hazardous substances and recall the products in question.

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In an effort to purchase materials and components with less negative environmental impact, as well as to manufacture environmentally-friendly products, to date Hitachi has used a "Green Procurement System," which allows for the collection of environment-related information, including environmental protection activities of suppliers and chemical substances in purchased materials and components. In addition, the company has previously implemented a "Chemical Substance Management System," which enables quick elimination and reduction of the use of controlled chemical substances in materials and components at products' development stages.

Hitachi's new "Environment and CSR-Based MONOZUKURI Standards" have been formulated to apply environmental regulations and CSR requirements to a product throughout its entire life cycle. Hitachi has established clear environmental regulations for each product life cycle process, including management policy, product planning and design, procurement and manufacturing, product use, recycling, and distribution. In particular, to focus on furthering group-wide management of chemical substances, Hitachi has defined criteria regarding the prohibition, reduction, and control of the use of chemical substances, in an effort to prevent products containing banned chemical substances from being shipped out of its factories. In addition, the company has implemented a method to trace and control chemical substances in purchased and shipped products. Specifically, Hitachi has established new rules to integrate and consolidate information on the chemical composition of materials and components with information on their applications. In addition, the company has constructed an "Integrated Management System for Chemical Substances Contained in Products" that comprehensively manages each product's chemical information, which had been previously managed on a business unit or product basis. The integrated management system enables the storage, management, and quick retrieval of a large volume of necessary product information, including the manufacturing and shipment records of individual products, component materials used, existence and amounts (if applicable) of controlled chemical substances in products, and the quality records through the products' manufacturing processes. The system will make possible, if products containing particular hazardous chemical substances are shipped out of a Group factory, immediate examination of the management condition and extent of the environmental impact of the problem, enabling necessary countermeasures to be taken in a period of two days or less. Hitachi plans to begin gradually implementing the system from June 2005 and will finish its group-wide implementation by June 2006.

Hitachi is determined to create a sustainable society in harmony with the environment through its products and services and is committed to manufacturing environmentally-friendly clean products.

*1: Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Directive, prohibiting the use of lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyl (PBB) and polybrominated diphenyl ether (PBDE) flame retardants in electrical and electronic equipment sold in European Union markets from July 2006.

*2: Senate Bill 20. The Electronic Waste Recycling Act of California is the first electronic waste recycling legislation in the United States, with collection of electronic waste beginning from January 1, 2005.

About Hitachi, Ltd.

Hitachi, Ltd. (TSE:6501/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>.

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