

FOR IMMEDIATE RELEASE

**Hitachi and Clarion Agree to Strengthen Ties to Expand Car
Information Systems Business
Product Competitiveness to Be Boosted by Concentrating R&D Resources**

TOKYO, Japan, May 23, 2005 --- Hitachi, Ltd. (NYSE:HIT / TSE:6501) and Clarion Co., Ltd. (TSE:6796) today announced an agreement to comprehensively strengthen cooperation in the Car Information Systems "CIS" field, which includes car navigation systems, with the goal of strengthening and expanding their respective businesses. This agreement is part of moves by both companies to expand their respective automotive systems businesses. Discussions are already underway concerning the specific details of the cooperation.

The first step will be to make products more competitive by bringing together researchers involved in the CIS business and combining the outstanding technologies of the two companies.

The technology demanded for CIS has become increasingly sophisticated in recent years in order to create systems that deliver reliability and safety, that help to preserve the environment, and that offer enhanced driver comfort and convenience. Trends include the convergence of audio and navigation systems and broadcasting and communications with regard to information communications terminals, as well as the development of systems for hybrid electric vehicles and improved integrated cruise control systems that coordinate with functions of navigation systems, which augment performance of cars. All target the creation of advanced Intelligent Transport Systems "ITS".

In Japan, in particular, CIS functions are diversifying and competition is intensifying. Illustrating these trends are car navigation systems that integrate with car audio components and telematics services linked with communication infrastructure. At the same time, in North America, Europe and Asia, where there remain expectations for expansion in the market for navigation systems, particularly for displaying maps, companies are required to respond to market diversity, including different requirements with regard to specifications and ease of use in each region.

In these and other ways, due to the need to respond adroitly to technological advances and diversifying market needs, the CIS market is undergoing major change. This is most evident in the increasing scale and complexity of product development, notably in respect of software.

Hitachi is aiming to expand its automotive systems business with the goal of creating ITS that fuses the four essential automobile functions: Driving, Steering, Braking and Communicating. Regarding the CIS business, Hitachi is developing businesses such as line fit navigation systems, with activities centered on wholly owned subsidiary Xanavi Informatics Corporation. The Hitachi Group possesses technologies that will be indispensable to the CIS business in the future. The group's storehouse of technologies extends from information system equipment for government and the private sector, advanced software development capabilities as a solutions vendor and the ability to develop embedded software for products such as digital consumer electronics.

Clarion, meanwhile, has established strength in product planning and development of in-vehicle entertainment systems, such as audio-visual and navigation systems and devices. It has long-standing relationships with many automakers in Japan, as well as in North America, Europe, Asia and in other parts of the world. Similarly, in aftermarket, it has a strong presence as a supplier for entertainment systems and devices throughout the world. In addition, Clarion is developing car multimedia in a broader range of fields, such as in-vehicle driving-safety assistance systems using CCD cameras, voice guiding systems and bus-location systems using IT (Information Technologies) expertise.

Hitachi and Clarion have cooperated in various ways in the past. In December 2000, for example, the two groups established a joint venture, HCX Corporation, to develop CIS. Furthermore, in December 2004, Hitachi purchased Clarion shares.

Hitachi and Clarion agreed to comprehensively cooperate in the CIS field, having decided that deepening ties was vital for strengthening the businesses of both companies to stay on top of technological innovation and remain internationally competitive in the years ahead. Under the agreement, the two companies will bolster their business bases by cooperating in many areas. Collaboration will range from the development of platform software for products and the joint development of seminal technologies that eye future developments in the market, to materials procurement, production, sales and after-sales service.

The companies are targeting 2008 for the market launch of products created through joint development efforts. Specific details regarding development and investment plans are currently being discussed by a task force formed for this purpose. Furthermore, researchers from both companies will be teamed to use investments more efficiently and accelerate the pace of development through the concentration of development resources. The overriding goal is to establish a competitive edge in global markets.

As the first step in concentrating development resources, researchers from Hitachi, Clarion and Xanavi Informatics will all work at Shinagawa, Tokyo with the goal of combining the outstanding technologies of each company. Hitachi and Clarion will also hold discussions on ways to strengthen cooperation in the utilization of the two companies' sales channels, after-sales service and other activities.

About Hitachi, Ltd.

Hitachi, Ltd., (NYSE: HIT/ TSE: 6501), headquartered in Tokyo, Japan, is a leading global electronics company with approximately 347,000 employees worldwide. Fiscal 2004 (ended March 31, 2005) consolidated sales totaled 9,027.0 billion yen (\$84.4 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 website at <http://www.hitachi.com>

About Clarion Co., Ltd.

Clarion ranked among the top 100 Global OEM Suppliers by Automotive News. Clarion, an international leader in car audio and electronics since 1940, is positioned as the No. 1 independent car audio manufacturer. The company conducts research, development, engineering, design, manufacturing, and sales and marketing of entertainment, communications, security, and navigation products for the automotive environment, including IVCS (in-vehicle computing systems). Clarion has 11 factories in 8 countries, with marketing and sales affiliates in Europe, North and South America, Asia and Australia.

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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.
