

**FOR IMMEDIATE RELEASE**

**Hitachi and Clarion to Begin Collective Purchasing in Car Information  
Systems Business  
Aim to Make Products More Cost Competitive**

TOKYO, Japan, September 5, 2005 --- Hitachi, Ltd. (NYSE:HIT / TSE:6501) and Clarion Co., Ltd. (TSE:6796) today announced plans to begin collective purchasing in October of components and materials for the Car Information Systems (CIS) business, which includes car navigation systems, in a move designed to strengthen their respective automotive systems businesses.

In April this year, the two companies agreed to comprehensively strengthen cooperation in the CIS field with the goal of expanding their respective CIS businesses in light of rapid advances in CIS technologies and functions, diversifying market needs and global expansion of the car navigation systems market. Following this agreement, Hitachi and Clarion brought together researchers involved in the CIS business with a number of aims: to combine the outstanding technologies of the two companies, to make products more competitive, and to use investments more efficiently and accelerate the pace of development through the concentration of development resources. At the same time, a task force was formed to discuss specific details of the cooperation.

Today's announcement is part of this cooperation. Hitachi, Clarion and Hitachi's wholly owned subsidiary Xanavi Informatics Corporation plan to begin collective purchasing of components and materials in the CIS business in October. The companies aim to improve the quality of systems and strengthen competitiveness in terms of cost by reducing raw materials and other materials expenses, placing orders with select suppliers and using common components. Furthermore, by actively adopting suppliers' new technologies and products, the companies aim to reduce procurement prices by at least 30% over 3 years. Actions will also be taken to establish a joint purchasing framework.

Moving forward, Hitachi and Clarion will continue to discuss ways to further strengthen their CIS businesses, including utilization of the two companies' sales channels and improving after-sales service and other activities.

### **Details of the Collective Purchasing**

#### (1) Implementation of Collective Purchasing

- Decide purchase prices based on the total value and volume of purchases of both companies
- Both companies will jointly select suppliers and look for new suppliers
- For some electronic components, Hitachi will place orders using its centralized purchasing system

#### (2) Concentrate Orders on a Smaller Number of Suppliers

- Reduce the number of trading companies to which orders are placed where the same manufacturer has multiple trading companies
- Use the same supplier where possible when a category of products is sourced from different manufacturers

#### (3) Use of Common Components

Through greater cooperation between departments responsible for procurement and development, including HCX Corporation, a joint venture formed by Hitachi and Clarion to develop CIS, the two companies aim to lower unit prices, reduce inventories, improve quality and capture other economies of scale by using common components.

### **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.

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