

Hitachi to Set Up New Company in Fujian Province
-- Move aimed at strengthening projection TV business in China --

TOKYO, Japan, June 19, 2001 --- Hitachi, Ltd. (TSE: 6501) announced today that its Digital Media Group has established a new company, Hitachi Fujian Digital Media Company Ltd. (HFDM), in China's Fujian Province. According to Tsugio Momose, President & CEO of the Digital Media Group, HFDM was set up by spinning off the projection TV design, production marketing and service divisions of Fujian Hitachi Television Company Limited, a manufacturer and vendor of TVs located in Fujian Province, and is aimed at strengthening Hitachi's response to expanding demand for projection TVs in China. Plans are for HFDM to commence operations in August. The Hitachi Group has a 51% share in the new company, Fujian Electronics & Information Group, co-owner of Fujian Hitachi Television, 47%, and Kobe-based Toei Shoko Ltd., 2%. Yoshiteru Isago of Hitachi is the president. Fujian Hitachi Television will transfer its color TV design, marketing and service divisions to the new company and thereafter specialize in production of tube-type color TVs as a supplier for the new company.

Chinese demand for projection TVs is expected to rise at a steep annual rate of 35%, from around 200 thousand units in 2000 to the vicinity of 750 thousand units in 2005. Rising personal income and better housing, plus the emergence of new products like DVDs, are driving up Chinese demand for high-definition, large-screen TVs, particularly among those in the middle and upper income brackets. Activity in the market is also increasing owing to the introduction of new products by overseas consumer product manufacturers, and the start of projection TV production by domestic TV manufacturers.

Hitachi is a world-class developer and producer of the optical engines (lens systems) that are the key component of projection TVs marketed in Japan and the United States. Backed by a strong reputation for excellent image quality, Hitachi's optical engines are consistent contenders for top market share in the projection TV sector of the big-screen dominated US market. In 1998, Hitachi acted on its prediction that Chinese demand for projection TVs was ready to take off by moving into production at Fujian-Hitachi. It has since ramped up output to 15 thousand units annually.

Thanks to its location in Economic and Technological Development Zone, Fuzhou, Fujian, HFDM will be able to take advantage of special tax incentives to consolidate its business base. The sales target for the company is 20 billion Japanese yen (150 thousand units) annually by 2005. The total investment in HFDM will amount to 4 billion yen.

Fujian Hitachi Television's transformation into a specialized OEM producer of tube-type color TVs following the establishment of the new company is expected to enable that company to boost profitability by focusing on a narrower product lineup. Another aspect of the transformation is consolidation of all Fujian Hitachi production under the Hitachi brand, rather under both the Fujian Hitachi brand and the Hitachi brand as in the past.

About Hitachi

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.

About HFDM

Company Name: Hitachi Fujian Digital Media Company Ltd.

Established: June 19, 2001

President : Yoshiteru Isago

Location : Fuzhou City, Fujian Province, China

Ownership: Hitachi Group: 51% (Hitachi, Ltd.: 41%, Hitachi (China) , Ltd.: 10%),
Fujian Electronics & Information Group: 47%, Toei Shoko Ltd.: 2%

Business: Design, production and marketing of projection TVs and other digital media products

Capital: 100 million yuan (1.4 billion yen)

Sales Target: 20 billion yen (2005), 150 thousand units (market share: 20%)

Investment: 4 billion yen

No. of Employees: 450 (estimated as of December 2001)

About Fujian Hitachi Television (As of March 2001)

Company Name: Fujian Hitachi Television Company Limited

President: Lin Jin Ting

Established: 1981

Location: Fuzhou City, Fujian Province, China

Ownership: Fujian Electronics & Information Group: 50%, Hitachi, Ltd.: 48%,
Toei Shoko Ltd.: 2%

Business: Design, production and marketing of color TVs

Capital: 84.6 million yuan (1,184 million yen)

Sales: 9 billion yen (Year 2000)

No. of Employees: 1,250

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