

## **Grant of Stock Options (Subscription Rights)**

Tokyo, Japan, August 3 2001 -- Hitachi, Ltd. (TSE: 6501, "Company") today announced that the conditions, including the issue price of new shares, of the stock option plan resolved at the 132nd Ordinary General Meeting of Shareholders held June 27, 2001, have been decided on as follows.

### **1. Issue Price of Shares**

The issue price ("Issue Price") of new shares ("Shares") of the Company is 1,270 yen per share.

In the event that the Company issues new Shares at price less than the market price (excluding the issuance of Shares resulting from the exercise of the rights to subscribe for new Shares ("Rights") granted to directors or employees) after the Granting date, Issue Price will be subject to adjustment in accordance with the following formula, and any fractions less than one yen derived in consequence of adjustment shall be rounded up to the nearest one yen. Upon the issuance of securities which are convertible to Shares or securities with the warrants, convertible or exercisable at an initial conversion or exercise price less than the market price, Issue Price will also be adjusted with the following formula.

$$\text{Issue Price after adjustment} = \text{Issue Price before adjustment} \times \frac{\text{Number of Shares already issued} + \frac{\text{Number of new Shares to be issued} \times \text{Amount to be paid per share}}{\text{Market price per share}}}{\text{Number of Shares already issued} + \text{Number of new Shares to be issued}}$$

Upon stock split or consolidation of Shares, Issue Price will be subject to adjustment in accordance with the following formula, and any fraction less than one yen derived in consequence of adjustment shall be rounded up to the nearest one yen.

$$\text{Issue Price after adjustment} = \text{Issue Price before adjustment} \times \frac{1}{\text{Ratio of stock split or consolidation}}$$

## 2. Amount to be Capitalized from Issued Amount

The consumption into capital stock out of the amount of new Shares issued by exercise of the Rights is 635 yen per share.

In case an adjustment is made to Issue Price, the amount to be capitalized shall be one-half (1/2) of the adjusted Issue Price. In the event a fraction less than one yen occurs, such fraction shall be rounded up. In case the amount calculated according to the above is less than the face value of the Company's common stock, the amount equal to the face value of the stock shall be capitalized.

## 3. Number of Shares to be issued upon exercise of the Rights

1,090,000 shares.