

FOR IMMEDIATE RELEASE

Hitachi to Transfer Xanavi Shares to Clarion

Tokyo, December 12, 2006 --- Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced that it has signed a share transfer agreement with Clarion Co., Ltd. (Clarion) and plans to make Xanavi Informatics Corporation (Xanavi), a wholly owned subsidiary of Hitachi, a wholly owned subsidiary of Clarion as of January 1, 2007.

Subject to Clarion becoming a subsidiary of Hitachi following the closing of Hitachi's tender offer for shares of Clarion, Xanavi is scheduled to be made a wholly owned subsidiary of Clarion. With Clarion becoming a Hitachi's subsidiary due to the outcome of the tender offer, Hitachi will transfer its Xanavi shares to Clarion.

Through Xanavi becoming a wholly owned subsidiary of Clarion, Hitachi believes that, by promoting the integrated development of car navigation systems by Xanavi and Clarion, they can strengthen the basis of their Car Information Systems (CIS) business in platform software for products and the development of technologies for the future, and achieve a stronger total supply chain from the procurement of materials to production, sales and services.

Hitachi, Clarion and Xanavi have been cooperating in technological development and the procurement of materials for navigation systems and other products and systems. Through this reorganization move, Hitachi, Clarion, Xanavi and HCX Corporation, a joint venture company established by Hitachi and Clarion, will work toward integrating their business plans and operating systems to accelerate management and ensure the more effective utilization of resources in Hitachi Group.

- more -

1. Overview of Xanavi Informatics (as of March 21, 2006)

- 1) Location 6-35, Hironodai 2-chome, Zama-shi Kanagawa-ken
228-0012, Japan
- 2) President and CEO Osamu Numata
- 3) Established January 21, 1991
- 4) Main businesses Development, production and sales of car navigation and information systems
- 5) Fiscal term Ends March 31
- 6) No. of employees 484
- 7) Paid-in capital 2,500 million yen
- 8) No. of shares issued 50,000
- 9) Ownership Hitachi 100%
- 10) Two-year summary of business results

(in millions of yen)

	FY 2005	FY 2006
Sales	45,000	44,432
Ordinary Income	1,820	868
Net Income	992	812
Total Assets	25,233	21,470
Net Assets	4,004	4,818

2. Number of shares to be transferred, ownership before and after and transfer price

- 1) Share ownership prior to transfer 50,000 (100% owned by Hitachi)
- 2) Number of shares to be transferred 50,000 (100% of issued shares of Xanavi)
- 3) Share ownership after transfer 0 (0% owned by Hitachi)
- 4) Transfer price 14,000 million yen

3. Schedule

- December 12, 2006 Signing of Share Transfer Agreement
January 1, 2007 (scheduled) Share transfer date

4. Effect on Hitachi's business results

Hitachi will post an extraordinary gain of approximately 11.3 billion yen for the year ending on March 31, 2007 on unconsolidated basis due to this share transfer. However, there will be no change in Hitachi's unconsolidated and consolidated basis business forecast for the year ending on March 31, 2007 which was announced on October 31, 2006.

Hitachi, Ltd., (NYSE: HIT / TSE: 6501), headquartered in Tokyo, Japan, is a leading global electronics company with approximately 356,000 employees worldwide. Fiscal 2005 (ended March 31, 2006) consolidated sales totaled 9,464 billion yen (\$80.9 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>.

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.
