

FOR IMMEDIATE RELEASE

**Hitachi to Expand Finger Vein Authentication System Business
on a Global Basis**

**Establishes Organizations to Promote Business in North America, Europe, China
and Asia, Aspires for Sales of 100 billion Yen Over 3 Years**

TOKYO, Japan, October 11, 2005 --- Hitachi, Ltd. (NYSE:HIT/TSE:6501) today announced plans to further strengthen the security business, one of the targeted fields for the Hitachi Group. Hitachi has decided to launch a full-scale drive to globally expand its finger vein authentication system business, one of the central businesses of its security business.

In August this year, Hitachi established the Finger Vein Global Business Center within the Smart Identification Solutions Division in the Information & Telecommunication Systems Group. The center will coordinate global expansion efforts. In a subsequent step on November 1, Hitachi will establish a dedicated Finger Vein Authentication Business Center (tentative name) within four subsidiaries that function as regional headquarters in North America, Europe, China and Asia. Hitachi will provide finger vein authentication systems tailored to the social conditions and customer needs of these four regions, including Japan, by using optimum authentication equipment for each area.

Presently, Hitachi's finger vein authentication system business generates sales of several billions of yen, including related systems. However, through the global development of this business, Hitachi aspires for sales of 100 billion yen over the three-year period from fiscal 2006 (beginning April 1, 2006) through fiscal 2008.

As today's network-based society continues to develop, information is increasingly becoming a key part of our everyday lives, leading to even greater convenience. Furthermore, with the impending arrival of the ubiquitous information society, which is expected to further accelerate this tempo, system providers worldwide are pushing ahead with the development of new systems for technological advances. Conversely, in a society interconnected by global networks, damage due to crimes such as cyber

terrorism and personal information leaks, as well as accidents, has precipitated a rapid increase in risk with a potentially global impact. The frequent occurrence of theft targeting luxury cars and other valuable property, break-ins and other crime in condominium complexes and other criminal acts is shaking the foundations of safe societies.

There is now an increasing need for more sophisticated security systems in light of these circumstances. In domains as diverse as financial transaction using ATMs, cash cards and credit cards, IDs using passports and drivers' licenses, access control for important facilities and condominiums, and PCs and other information equipment requiring security, demand is rising rapidly for personal identification. Biometric authentication systems have attracted attention as a means of satisfying this demand, and more and more of these systems are being installed.

Fingerprints and iris patterns have been used for biometric authentication. However, with fingerprint certification, there is a high probability that fingerprints can be duplicated, while iris-based authentication requires bulky equipment. In contrast, personal authentication using finger vein patterns can be built into more compact systems and achieve a high degree of certification precision. For these reasons, finger vein authentication is attracting worldwide interest as a highly secure, cutting-edge security system.

Hitachi began researching and developing finger vein authentication technology in 1997, with its Central Research Laboratory at the forefront of these efforts. Hitachi now has a far larger number of patents than any other companies in the field of vein pattern biometric certification systems. Hitachi is actively promoting the application of this technology as a Japan-originated platform technology for safeguarding the ubiquitous information society.

Hitachi has launched products based on these state-of-the-art technologies, including personal authentication systems for ATMs (Hitachi-Omron Terminal Solutions, Corp.), door-access-control systems (Hitachi Engineering Co., Ltd.), and PC log on systems (Hitachi Engineering Co., Ltd., Hitachi Software Engineering Co., Ltd.). These products and systems have been adopted in a host of fields in Japan and overseas.

Hitachi's finger vein authentication technology employs a method whereby light is

transmitted through the finger to enable high-contrast matching of vein patterns. This results in high-precision certification, evidenced by a Hitachi-proven false rejection rate of no more than 0.01% and a false acceptance rate of less than 0.00002%. Authentication systems for ATMs, in particular, afford a high level of security when used together with an IC card. Because users find these systems easier to use, banks and other financial institutions are adopting and introducing them with the aim of upgrading service for customers. Furthermore, Hitachi developed the world's smallest ultra-compact system. Measuring just 39mm (D) x 34mm (W) x 15mm (H) and with a volume of 19ml, this system can be installed in notebook PCs, mobile handsets and other devices. Hitachi is promoting the application of finger vein authentication technology in all manner of everyday situations, not just the office, such as the proposal of systems for the ignition key in cars.

Positioning the security business as a key field for the Hitachi Group, Hitachi is working to expand operations by concentrating management resources in fields such as cyber security, particularly encryption; security for social infrastructure systems, including explosive trace detection system; and personal authentication, with a particular focus on finger vein authentication.

Until now, Hitachi's finger vein authentication system business has booked sales mainly in Japan. It has also won a number of orders in Singapore and other Southeast Asian markets. But to promote the full-scale development of this business overseas, on August 1 this year, Hitachi established the Finger Vein Global Business Center within the Information & Telecommunication Systems Group to coordinate global expansion efforts. With this move, Hitachi put in place a framework for coordinating and promoting R&D, global marketing and group product strategies in this business. Now, to strengthen overseas operations, Hitachi establishes the Finger Vein Authentication Business Center (tentative name) on November 1 in four subsidiaries that function as regional headquarters: Hitachi America, Ltd. (North America), Hitachi Europe Ltd. (Europe), Hitachi Asia Ltd. (Asia) and Hitachi (China) Ltd. (China). Each center will work with local manufacturers, systems construction companies, sales companies and other parties to sell room access control systems and PC login systems to public institutions and companies, and authentication systems to financial institutions. In this way, Hitachi aims to generate combined worldwide sales of 100 billion yen over the three-year period from fiscal 2006 through fiscal 2008.

Positioning the finger vein authentication system as a security platform suited to the ubiquitous information society, Hitachi plans to create authentication systems that are even more sophisticated and compact by mounting all control circuits on a single chip for example. And to promote the uptake of these systems as a platform technology for all IT systems, including large-scale systems, Hitachi will develop middleware that conforms to the security standards in each country. By also actively proposing systems to international institutions, national governments, industry groups and other organizations and entities, Hitachi is determined to make finger vein authentication technology the de facto standard in high security biometric authentication systems.

Finger Vein Authentication System

URL: <http://www.hitachi.co.jp/Prod/comp/fingervein/global/index.html>

About Hitachi, Ltd.

Hitachi, Ltd., (NYSE: HIT), 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>

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