

FOR IMMEDIATE RELEASE

**Hitachi to Reconstruct its Display Business**

--Display Group to be split off and business of cathode ray tubes for direct view color TV in North America to end --

**Tokyo, Japan, February 28, 2002** -- Hitachi, Ltd.(TSE: 6501, NYSE:HIT) today announced its decision to reconstruct the Display Group by splitting off the group as a separate company in October 2002. In addition, the group's U.S. subsidiary will phase out production and marketing of cathode ray tubes for direct view color TV (CPT) by the end of April 2002. A resolution to this effect was approved by Hitachi's board of directors on February 28, 2002.

In July 2001, Hitachi announced that it would withdraw from business of cathode ray tubes for PC monitors. The group has been focusing on its flat panel display operations, mainly TFT LCDs including low-temperature poly-silicon TFT LCDs. Hitachi is a leader in the development of technologies, which offer high-picture quality and a wide viewing angle and are well-suited for moving picture images. Volume production of flat panel displays is conducted at a highly efficient facility with glass substrates among the world's largest in size. Hitachi plans to leverage these strengths to build on its position as a global leader in these displays.

Competition among suppliers of flat panel displays is intensifying due to recent entrants from South Korea and Taiwan. Meeting this challenge demands an organization with a worldwide perspective and the agility to stay ahead of the constantly changing IT marketplace. To create such an organization, Hitachi will establish a new company that will conduct all display operations from development through sales, thus facilitating even faster decision-making. In another step, Hitachi will cease the business of CPTs.

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The new company aims to maintain a high level of profitability by becoming the industry leader in high-end technologies such as super-TFT displays; developing a balanced product line-up extending from small and medium-sized displays for mobile phones to large TFT displays for multimedia requirements; and becoming more cost competitive, such as by performing the final assembly of products in China. Through these steps, the new company plans to increase consolidated net sales to 240 billion yen in fiscal 2004, ended March 31, 2005.

### **1. New Display Products Company**

Following the establishment in Japan of legal and other systems involving the management of consolidated operations, Hitachi announced the “i.e. HITACHI plan”, a medium-term business plan in November 1999. The goal was to assemble an optimized operating framework under which each business could become as competitive as possible.

In line with this plan, the Display Group is being split off as a separate company concentrating on flat panel displays ranging from small and medium-sized LCDs for mobile phones, LCDs for PCs to large-screen models for multimedia applications. Display products sales personnel currently assigned to the Semiconductor & Integrated Circuits Group and branch offices will be moved to the company to form a unified team. The result will be an integrated organization that performs tasks ranging from development and manufacturing through sales.

The Display Group along with display products sales personnel currently assigned to the Semiconductor & Integrated Circuits Group and branch offices will be split off and combined to form the company, which will be a wholly owned subsidiary of Hitachi, Ltd., under the Japanese Commercial Code.

#### **Outline of new display products company**

Company Name	: Pending decision
Split-off date	: October 1, 2002 (provisional)
Head office	: Pending decision
President	: Pending decision
Capital	: Pending decision
Business	: Planning, development, design, manufacturing and sales of display products
Sales (consolidated)	: About 240 billion yen (The fiscal 2004, ended March 31, 2005)
Employees (consolidated):	Approximately 8,200 (at time of split-off)

## 2. Withdrawal from CPT market in North America

Hitachi Electronic Devices (USA), Inc. plans to cease the production and marketing of CPTs by the end of April 2002 and sell production equipment to Thomson Multimedia S.A. This action will result in a workforce reduction of about 270.

Hitachi Electronic Devices (USA), Inc. currently produces and markets CPTs for 31-, 32- and 36-inch and projection tubes for 42-inch and larger screens. CPT prices have been low for some time now. In projection tubes, on the other hand, growth is foreseen in demand for tubes required for even larger screens. Hitachi therefore decided that concentrating resources on the projection tube business, a market where Hitachi ranks first in the world, offers the best prospects for long-term growth.

Hitachi Ltd. (NYSE: HIT), 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 website at <http://www.hitachi.co.jp>.

\*At an exchange rate of 124 yen to the dollar.

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### Outline of Hitachi Electronic Devices (USA), Inc.

Location	:	Greenville, S.C. , U.S.A.
Capital	:	US\$141.0 million (March, 2001) (100% owned by Hitachi America, Ltd.)
Business	:	Production and marketing of CPTs and projection tubes, and marketing of LCD panels
President & CEO	:	Yosuke Nakanishi
Employees	:	1,000

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