

Hitachi Reorganizing Operations to Strengthen Hitachi Group's Telecommunication Equipment Business

-- Separating Hitachi's Communications Equipment Operations and Integrating with Hitachi Telecom --

TOKYO, Japan, April 24, 2002 --- Hitachi, Ltd. (NYSE:HIT / TSE:6501) and its wholly owned subsidiary Hitachi Telecom Technologies, Ltd., today announced that, aiming to strengthen the Hitachi Group's systems for communications equipment business, Hitachi and Hitachi Telecom have decided to Strengthen the Hitachi Group's Communications Network Solutions Business by separating Hitachi's Telecommunications Systems Division along with other Hitachi departments that handle marketing and support services for telecommunications equipment operations, and integrating these units with Hitachi Telecom Technologies. This decision was finalized at board of directors meetings of Hitachi and Hitachi Telecom held on April 23 and April 24, respectively. The devolution and integration process will be executed within the framework of Japan's new corporate split-off system, which is designed to facilitate structural adjustments within corporate groups. It will take the form of a split-off/absorption transaction, scheduled to be implemented on October 1, 2002.

The split-off units will be formed into a new company that will cooperate with Hitachi's R&D and systems solutions division in making efforts to strengthen the Hitachi Group's telecommunications network solutions business.

The accelerating trend of integrating computers and telecommunications is combining with the progressive expansion of broadband communications to gradually create a "ubiquitous information society". Against this backdrop, there has been a sharp surge in the volume of information flowing on information networks. In light of this, continued rapid growth in demand is projected for communications network solutions services, particularly those related to IP networks.

Aiming to be the "best solutions partner," Hitachi has been taking various measures to shift the focus of its operations to fields centered on the solutions business. Hitachi is naturally seeking to augment its capabilities regarding telecommunications network solutions, and is therefore working to promote the strengthening of its telecommunications equipment operations, which provide a core pillar of support for solutions operations.

Conditions in communications equipment markets have been harsh, however, reflecting the end of a communications bubble in North America as well as prolonged economic weakness in Japan. Accordingly, Hitachi has restructured its communications equipment business operations in North America. In contrast, Hitachi is placing strategic emphasis on development of resources for mobile communications and IP-related business while also taking steps to respond to rapidly growing demand in China by establishing a sales organizational basis for expanding its communications equipment operations there. In such ways, Hitachi is proceeding with a strategy of increased selectivity and resource concentration. By means of this strategy, the Company is seeking to build a more-efficient business structure and thereby boost its competitiveness on a consolidated basis.

To further expedite such strategic initiatives, Hitachi decided to unify the operations of its Telecommunications Systems Division (primarily involving the development and manufacture of telephone switching equipment, optical transmission equipment, mobile communications systems, and other communications equipment marketed to carriers), marketing and support departments related to such communications equipment, and Hitachi Telecom's operations (primarily involving the development and manufacture of such communications equipment marketed to corporate customers as PBX- and IP-related products).

The company will proactively develop its broadband and mobile network equipment business, aiming to become one of the major global players of the product, by integrating its optical and mobile carrier network access technologies and intra-company network technologies. As the first step, the company will correspond to the needs of intra-company networks for broadband and telecommunications carriers for IP respectively, taking full advantage of all opportunities of achieving synergy, in both technological and customer base.

Hitachi will continue to be responsible for solutions/services business designed to meet the needs of such customers as communications carriers, government entities, and companies. It will therefore strive to strengthen its marketing collaboration with the newly established company. Through such efforts, Hitachi and the new company will use highly sophisticated communications network technologies to provide the systems solutions required to realize the "ubiquitous information society."

Overview of the New Company

Name:	To be determined
Capital:	¥3 billion
Representative:	To be determined
Business scope:	Manufacture and marketing of communications-related equipment
Net sales:	Approximately ¥60 billion (projected figure for the fiscal year ending March 31, 2003)
Number of employees:	Approximately 1,540 (at time of establishment)

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 Hitachi Telecom

Hitachi Telecom Technologies, Ltd., in Fukushima, Japan is a wholly owned subsidiary of Hitachi, Ltd. The company manufactures and markets to corporate customers products such as PBX- and IP-related products. For more information on Hitachi Telecom Technologies, please visit its Web site at <http://www.hitachi-telecom.co.jp/>

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.
