

Grant of Stock Options (Subscription Rights)

Tokyo, Japan, July 26, 2001 -- Hitachi, Ltd. (TSE: 6501, "Company") today announced that the details, including the granting date, of the stock option plan resolved at the 132nd Ordinary General Meeting of Shareholders held June 27, 2001, have been decided on as follows at the meeting of the Board of Directors held today.

1. Granting Date

August 3, 2001

2. Issue Price of Shares

The issue price ("Issue Price") of new shares ("Shares") of the Company shall be determined on August 3, 2001.

Issue Price of Shares shall be 1.05 times of the average of the Closing Price (including indication of any bid or offer) of an Ordinary Share of the Company on the Tokyo Stock Exchange on each of the thirty consecutive trading days commencing on the forty-fifth trading day preceding the Granting date (excluding the number of days on which no Closing Price is quoted), any fraction less than one yen shall be rounded up to the nearest one yen. However, in the event that the price is less than the Closing Price of the Granting date (or if no Closing Price is quoted on the Granting date, the latest Closing Price before the Granting date shall be applied), Issue Price shall be 1.05 times of the Closing Price of the Granting date.

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.

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

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.

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

3. 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 shall be one-half (1/2) of the newly issued amount. 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.