

NIPPON COLUMBIA, RIPPLEWOOD AND HITACHI AGREE ON FINANCIAL AND OPERATIONAL REVITALIZATION PLAN FOR NIPPON COLUMBIA

Nippon Columbia Co., Ltd.
Ripplewood Holdings L.L.C.
Hitachi, Ltd.

Tokyo (May 9, 2001) -- Nippon Columbia Co., Ltd. (“Columbia”), RHJ Industrial Partners L.P., an investment fund operated by Ripplewood Holdings L.L.C. (collectively “Ripplewood”), and Hitachi, Ltd. (“Hitachi”) announced today that they have reached an agreement regarding a broad revitalization plan for Columbia through a capital infusion that includes the issuance of new equity securities by Columbia, a spin-off of Columbia’s audio/visual hardware business (“DENON”), additional management from Ripplewood and continued assistance from Hitachi.

The music software and audio/visual business in Japan has been under pressure in recent years. Columbia addressed this environment with the creation of high quality products and advancement in new businesses in order to improve operational performance. Unfortunately, Columbia has generated operating losses over the last several years. As a result, Columbia has been searching for the appropriate revitalization plan and today agreed that greater financial flexibility through an increase of equity capital combined with new global management would meet this need. Columbia’s board of directors approved the revitalization plan at a meeting held here today.

The outline of the revitalization plan is as follows:

New Management Strategy

Post-closing, Columbia will execute its business revitalization plan under new management led by Mr. Strauss Zelnick, the company’s newly appointed Chairman. Mr. Zelnick is the former President and CEO of BMG Entertainment, one of five major global recorded music companies. He is the founder of New York-based ZelnickMedia and during his distinguished 17-year career within the entertainment industry was also President of Twentieth Century Fox.

Columbia will prepare a comprehensive and unique revitalization plan as soon as possible; one that focuses on the core business and continues to strengthen the financial base of the company.

In addition, Columbia intends to proactively introduce management methods such as incentive plans, making the best use of Ripplewood business revitalization know-how and experience.

Spin-off and Transfer of Equity Securities

DENON will be separated from Columbia in a spin-off under newly established divestiture laws in Japan. DENON's equity will be transferred to a company set up by Ripplewood and Hitachi at closing. Columbia will receive six billion yen in cash in this transaction.

DENON will then embark on a new strategy as a global business and private company under the leadership of a Ripplewood industrial partner. DENON will evaluate listing on the Tokyo Stock Exchange as a means of raising additional capital for the business in the future.

Capital Increase

Concurrent with the spin-off of DENON, Columbia will refocus its efforts in the music entertainment area and software business. As a new company, Columbia will issue to Ripplewood and Hitachi a new series of convertible preferred stock, raising a total of six billion yen. Columbia will also issue to Hitachi common stock of approximately four billion yen in exchange for the debt held by Hitachi.

Once the above transactions are completed, Columbia's two largest shareholders will be Ripplewood and Hitachi with ownership stakes of approximately 41.7% and 27.5%, respectively.

Financial Flexibility

Columbia intends to use the approximately 16 billion yen it will raise to reduce outstanding indebtedness, invest in working capital and for general corporate purposes. The company is committed to strengthening its balance sheet and to further improve capital efficiency through a bold business revitalization effort.

Columbia believes this agreement and plan whereby the software and hardware businesses are separated and unique management teams are created for the respective businesses is appropriate given the market dynamics affecting each company. Columbia and DENON will each be responsible for developing its business utilizing its management resources in a more efficient and mobile manner while revitalizing the organization through incentive and other plans.

Hitachi also believes that the revitalization of Columbia will succeed under Ripplewood's leadership and is committed to giving Ripplewood continued indirect assistance as the second largest stockholder of Columbia.

Ripplewood believes that Columbia has enormous potential and its revitalization is likely given the infusion of both financial resources and new global management skills combined with Hitachi's assistance.

“We are honored to be selected by Columbia as its strategic partner and assist in this revitalization plan. We are excited to combine our operational and financial resources with those of Hitachi to help revitalize Columbia for the benefit of its employees, customers, suppliers and investors, “ said Tim Collins, Chief Executive Officer of Ripplewood.

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About Ripplewood Holdings L.L.C.

Ripplewood Holdings L.L.C. is a New York-based private equity company operating in Japan through RHJ Industrial Partners L.P. Ripplewood manages over \$3 billion of equity capital and has offices in New York and Tokyo with over 40 professionals. The company makes investments in promising firms, proactively participates in management and obtains capital gains by raising corporate value, thus returning gains back to investors such as financial institutions and pension funds. In Japan, Ripplewood is already in the process of revitalizing the former Long-Term Credit Bank of Japan (currently Shinsei Bank) and it intends to invest approximately \$1.2 billion of equity capital mainly in manufacturing industry by 2004.

About Hitachi, Ltd.

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 8,416 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 Nippon Columbia Co., Ltd.

Nippon Columbia Co., Ltd. is a Tokyo Stock Exchange listed company with two leading brands in the audio-visual market. DENON is the name of the company's high-fidelity line of audio equipment. The record label business operates under the name Nippon Columbia and has a history going back to 1910. Nippon Columbia employs nearly 1,450 individuals.