

Hitachi, Fuji Electric, and Meidensha, to Transfer Planning, Design and Production Functions of their High-Voltage Motor and Medium-Capacity Generator Operations to Their R & D Joint Venture Company, Japan Motor & Generator

Tokyo, August 6, 2001 --- Hitachi, Ltd. (NYSE:HIT), Fuji Electric Co., Ltd. (TSE:6504) and Meidensha Corporation (TSE:6508) today announced that they agreed to transfer their planning, design and production functions of high-voltage motors¹⁾, medium-capacity generators²⁾ and related products to Japan Motor & Generator Co., Ltd. (JM&G), a R&D focused joint-venture company they established in July 2000. The transfer, scheduled for October, is to be accompanied by a capital increase of JM&G to realize the equal stakes among the three shareholders.

High-voltage motors are a key component as these are drives for various types of machinery used in fields ranging from power utilities, general industry and water and sewage treatment plant, etc. Medium-capacity generators are used with a prime mover like engines to provide emergency back-up power at factories and buildings. Also, as a continuous use application, they are being used in a various purposes such as a peak shaving during the summer peak season, and for the co-generation system, etc. The market expansion is expected in the area of the distributed generation, energy saving and the global climate control.

In Japan, however, the business environment in the high-voltage motor and medium-capacity generator markets is currently very severe due to declining market prices by sluggish private-sector capital investment and building construction. Therefore, it became necessary to make a well-focused R & D investment and to accelerate the development cycle and to produce better cost-performance products.

To face the changing market landscape, Hitachi, Fuji Electric and Meidensha established JM&G in July last year. Utilizing cutting-edge technologies and know-how common to both high-voltage motors and medium-capacity generators – including insulation, cooling and production, JM&G combined these strengths, together with human resources, to speed up the development of high-performance, top-quality products with strong competitiveness.

Now that JM&G have achieved its initial phase of mission, the transfer of production function was made to achieve: faster introduction of its research results into the marketplace, a highly efficient production system, faster development cycle by merging the core technologies of the three companies, and further strengthening the product competitiveness.

JM&G will work on for production of high-cost performance, world-class high-voltage motors and medium-capacity generators against the global mega competition. In response to diversifying customer needs in areas like energy saving and distributed generation, JM&G also plans to actively promote system product sales and solutions business support.

Meantime, marketing, maintenance and services of JM&G offerings will continue to be handled, as before, by the three-shareholding companies and their affiliated firms.

- 1) Induction motors operated at higher than 600V and having a capacity of not over 5,000kW
- 2) AC generators rated at 5,000kVA or less

Joint-venture company profile

1. Name : Japan Motor & Generator Co., Ltd.
2. Headquarters : Hitachi City, Japan
3. Production plants : Hitachi City, Suzuka City and Ohta City
4. Capital : 2.4 billion yen
(invested equally among Hitachi, Ltd. Fuji Electric Co., Ltd. and Meidensha Corporation)
5. Estimated sales : About 20 billion yen (FY2002)
6. Transfer date : October 2001 (target)
7. CEO : Etsuhiro Fukuda, Representative Director and President
8. Personnel : About 600
9. Main businesses : Development, design and production of high-voltage motors, medium-capacity generators and related products