

Hitachi and Mitsubishi Electric to Integrate System LSI Businesses

TOKYO, March 18, 2002—Hitachi, Ltd. (TSE: 6501) and Mitsubishi Electric Corporation (TSE: 6503) today reached an agreement to go ahead with discussions to integrate their system LSI businesses.

Both companies are examining the option of shifting their system LSI operations, which include microcontrollers, logic, analog and discrete devices, to a new joint venture to be established approximately a year later.

By leveraging the respective core strengths of Hitachi's and Mitsubishi Electric's system LSI products, especially in microcontrollers (MCUs), the new company will strive to become the world's top system LSI supplier, and concentrate especially on taking the foremost position in mobile, network, automotive and digital home electronics application areas.

Although specific details will be determined at a later date, the new company will form an independent and stable management structure and act as the nucleus of Hitachi's and Mitsubishi Electric's respective semiconductor organizations. Upon the establishment of the new company, both companies will quickly decide on a common brand.

Hitachi holds the world's top market share for 16-Bit MCUs and its IC Card MCUs enjoy a strong market presence. In the area of manufacturing technology, Hitachi will be the first to introduce 300mm wafers and a new single wafer processing method*. Hitachi is poised to meet customer needs in the system LSI era with its low costs and QTAT (quick turn-around time). By expanding its current businesses and creating new demand, Hitachi is currently reconstructing its business portfolio to maximize the synergy effects of its technologies.

Mitsubishi Electric is also a strong contender in the 16-Bit MCU market, where its lineup is renowned among users for world-class noise resistance capabilities, programming efficiency, low-power-consumption CPU processing and solid software support. Furthermore, in order to meet customer needs for system LSIs with high-capacity embedded RAM, Mitsubishi Electric can embed up to 64M-Bits of industry top-class DRAM. By pursuing ITDM (integrated technology & device manufacturing), Mitsubishi Electric is further strengthening its semiconductor business.

With this agreement, Hitachi and Mitsubishi Electric will be able to more efficiently utilize their accumulated system LSI technologies and products. Along with achieving a stable, high-profit earnings structure by forming a joint venture, both companies will breathe fresh air into the coming era by continuing to make their best efforts to deliver even better products and services to customers while obtaining the best possible returns for shareholders.

* Single wafer processing method: In semiconductor manufacturing, a method of processing one wafer at a time. Compared to the method of processing a high-volume batch of wafers at once, this processing method achieves greater production efficiency by shortening turn-around time when producing a large variety of products in small amounts.

Hitachi and Mitsubishi Electric Semiconductor Business Overview

Hitachi, Ltd.

Name: Semiconductor & Integrated Circuits

Representative: Satoru Ito, Managing Officer, President & Chief Executive Officer

Sales: 827.4 BN yen (2000 FY), 510.0 BN yen (2001 FY estimate)

Product Sales Breakdown:

	DRAM	System Memory	System LSI	Multi-Purpose Semiconductor
2000 FY	18%	9%	48%	25%
2001 FY	7%	10%	56%	27%

Mitsubishi Electric Corporation

Name: Semiconductor Group

Representative: Koichi Nagasawa, Executive Vice President, Semiconductor Group President

Sales: 680.0 BN yen (2000 FY), 440.0 BN yen (2001 FY estimate)

Product Sales Breakdown:

	DRAM	System Memory	System LSI	Discrete
2000 FY	11%	22%	48%	19%
2001 FY	5%	13%	60%	22%

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 Mitsubishi Electric Corporation:

With over 80 years of experience in providing reliable, high-quality products to both corporate clients and general consumers all over the world, Mitsubishi Electric Corporation is a recognized world leader in the manufacture, marketing and sales of electrical and electronic equipment used in information processing and communications, space development and satellite communications, consumer electronics, industrial technology, energy, transportation and construction. The company has operations in 34 countries and recorded consolidated group sales of over US\$33BN in the year ended March 31, 2001. Additional information on Mitsubishi Electric is available at www.mitsubishielectric.com.

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