

## **Hitachi to Integrate Two Telecommunications-Affiliated Companies, Advance Restructuring of Communications Equipment Business**

Tokyo, Japan, July 24 – Hitachi, Ltd. (TSE:6501, NYSE:HIT, Hitachi) today announced the integration of two Hitachi Group companies as part of ongoing efforts to restructure its communications equipment business. Hitachi Communication Systems, Inc. (President: Nobuyoshi Uno) and Hitachi Shonan Denshi Co., Ltd. (President: Shigetoshi Hiratsuka) will be merged on October 1, 2002 to form a new company, Hitachi Hybrid Networks Co., Ltd.

Earlier this year, Hitachi announced the separation of the Telecommunication Systems Division from the parent company and its integration with Hitachi Telecom Technologies, Ltd. (President: Yukio Kawamoto), also on October 1, 2002, along with other restructuring measures to strengthen the Hitachi Group's communications equipment business.

The latest move is part of the same restructuring drive and is designed to improve competitiveness through greater economies of scale and by capturing synergies. The new company is another element of the framework Hitachi is assembling to respond to

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new markets in the evolving networked society.

Hitachi Hybrid Networks will take over the respective design, manufacturing and sales operations of Hitachi Communication Systems and Hitachi Shonan Denshi. The former is involved with information and telecommunication-related systems and software, while the latter handles information and telecommunication-related hardware. By also marrying the communications software/network technologies and fine-mechanics and electro-optical technologies of both companies, Hitachi Hybrid Networks will open up new markets and win new customers in the network solutions field, developing a solutions business tailored to regional needs. Some of the key markets include VoIP-related solutions for communities, network systems for the elderly and image-based network systems for local governments.

#### **Profile of the New Company**

Company name	Hitachi Hybrid Networks Co., Ltd.
Representative	President Kouji Hirai (Presently <u>Senior Managing Director</u> , Hitachi Telecom Technologies, Ltd.)
Capital	¥0.45 billion (Hitachi, Ltd. 76%, Chuo Shoji Co., Ltd. 24%)
Head office	393, Totsuka-cho, Totsuka-ku, Yokohama, Kanagawa
Main business lines	· Manufacture and sales of network-related products · Development on consignment of information and communications-related systems and software
Net sales	Approx. ¥29.0 billion (projected figure for the fiscal year ending March 31, 2003)
No. of employees	1,460 (At establishment)

**Profiles of Companies to Be Integrated**

Company name	Hitachi Communication Systems, Inc.	Hitachi Shonan Denshi Co., Ltd.
Representative	President Nobuyoshi Uno	President Shigetoshi Hiratsuka
Capital (Shareholding)	¥0.3 billion (Hitachi, Ltd. 100%)	¥0.2 billion (Hitachi, Ltd. 11%, Chuo Shoji Co., Ltd. 89%)
Date established	September 1978	September 1965
Head office	180, Totsuka-cho, Totsuka-ku, Yokohama	393, Totsuka-cho, Totsuka-ku, Yokohama
Main business lines	· Design, manufacture and sales of information and communications software and systems	Design, manufacture and sales of information and communications hardware
Net sales	Approx. ¥13.0 billion (Fiscal 2002 est.)	Approx. ¥16.0 billion (Fiscal 2002 est.)
No. of employees	Approx. 940 (At merger)	Approx. 520 (At merger)

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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.

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