

**HITACHI AND MITSUBISHI ELECTRIC SIGN JOINT VENTURE
AGREEMENT FOR ESTABLISHING RENESAS TECHNOLOGY
—WILL ALSO ESTABLISH “RENESAS TECHNOLOGY SALES” TO
INTEGRATE SEMICONDUCTOR SALES FOR JAPANESE MARKET—**

TOKYO, December 26, 2002—Hitachi, Ltd. (TSE:6501) and Mitsubishi Electric Corporation (TSE:6503) today announced the signing of a joint venture agreement and proposed top management for Renesas Technology Corp., a new semiconductor company to be established on April 1, 2003 that will focus on system LSI operations. Today’s announcement is the culmination of discussions that began when a basic agreement was signed on October 3 this year regarding the separation of each company’s respective semiconductor operations.

Hitachi and Mitsubishi Electric plan to seek approval for this reorganization of their system LSI operations at extraordinary shareholder meetings on February 6, 2003. Discussions are currently being held with labor unions and employees regarding the employees who will be transferred to the new company. The terms and conditions of existing employment contracts will be honored in accordance with the applicable legal requirements.

Sales activities for Renesas Technology in Japan will be conducted by Renesas Technology Sales Co., Ltd., which will also start operations on April 1 next year. Renesas Technology Sales will be formed from the merger of wholly owned Hitachi subsidiary Hitachi Semiconductor and Devices Sales Co., Ltd. (HSDS) and Mitsubishi Electric's wholly owned subsidiary Mitsubishi Electric Semiconductor Systems Corp. Both companies currently sell semiconductors in Japan for their respective parent company groups. The president & CEO of Renesas Technology Sales will be Katsumi Suizu (currently Group Vice President, Semiconductor, Director, Mitsubishi Electric), and Saburo Tajima (currently Senior Vice President & Director, HSDS) will be appointed executive Vice President & COO. Renesas Technology Sales will sell RENESAS-brand products in Japan from 19 bases as well as provide services and support. In a related development, HSDS subsidiary Hitachi Electronic Devices Sales Co., Ltd. (Chuo-ku, Tokyo)* will become a subsidiary of the new sales company. Regarding overseas sales, plans call for the integration of Hitachi and Mitsubishi Electric system LSI sales activities in Europe, the U.S. and elsewhere in Asia in the first half of fiscal 2003. The integration of Japanese and overseas sales companies will facilitate end-to-end management of operations at Renesas Technology, from development, design and manufacture through sales, service and support.

*This company will be renamed Renesas Device Sales Co., Ltd. on April 1, 2003.

In the system LSI market, which is expected to maintain continuous growth, Renesas Technology will:

- 1) Secure a stable operating base with microcomputers as its flagship business in microcontrollers, which are the core products for system LSIs;
- 2) Enhance operations in analog, flash memory and discrete devices, where Hitachi and Mitsubishi Electric have a technological edge, to develop these areas into new earnings' pillars; and

- 3) Expand operations in the System on Chip (SoC) domain by targeting new markets with hybrid products combining microcomputer, logic and analog technologies. Here, too, Renesas Technology will leverage the competitive advantage that Hitachi and Mitsubishi Electric have in respect of applied technologies.

In particular, Renesas Technology aims to establish leading positions in the mobile, network, automotive, and digital home electronics fields. The overriding goal is to become a reputable source of intelligent chip solutions for customers worldwide in order to make an affluent and ubiquitous society.

Profile of Renesas Technology

- (1) Name: Renesas Technology Corp.
- (2) Head office: Marunouchi Building, 2-4-1 Marunouchi, Chiyoda-ku, Tokyo
- (3) Capital: 50,000 million yen (5 million shares)
- (4) Stock allocation: Hitachi: 2.75 million shares (55%);
Mitsubishi Electric: 2.25 million shares (45%)
- (5) Date of incorporation: April 1, 2003
- (6) Business operations: Development, design, manufacture, sales and servicing of system LSIs, including microcomputers, logic and analog devices, discrete devices and memory products, including flash memory and SRAM
- (7) Directors :

*Dr. Koichi Nagasawa, Chairman & CEO

(currently Executive Vice President, Member of the Board Group President, Semiconductor, Mitsubishi Electric)

* Satoru Ito, President & COO

(currently Senior Corporate Officer, President & Chief Executive Officer, Semiconductor & Integrated Circuits, Hitachi)

* Yasuhiko Fukuda, Senior Executive Vice President & Director
(currently Group Vice President, Semiconductor, Director, Mitsubishi Electric)

* Masayoshi Ito, Senior Executive Vice President & Director
(currently Managing Officer, President & Chief Executive Officer, Hitachi Semiconductor and Devices Sales Co., Ltd., and Chief Marketing Officer and Chief Information Officer, Semiconductor & Integrated Circuits, Hitachi)

Katsumi Suizu, Executive Managing Director
(currently Group Vice President, Semiconductor, Director, Mitsubishi Electric)

Koichi Ogino, Executive Managing Director
(currently General Manager, Corporate Auditing Dept., Director, Mitsubishi Electric)

Hideo Inayoshi, Executive Managing Director
(currently General Manager, Management Planning Division, Semiconductor & Integrated Circuits, Hitachi)

Chikara Onishi, Executive Managing Director
(currently General Manager, Human Resources Strategy Division, Semiconductor & Integrated Circuits, Hitachi)

Michiharu Nakamura, Board Director (part-time)
(currently Corporate Officer, President, Research & Development Group, Hitachi)

Katsuhiko Tsukamoto, Board Director (part-time)
(currently Group Vice President, Semiconductor, Director, Mitsubishi Electric)

Kimihiro Ogawa, Corporate Auditor
(currently Managing Officer, Managing Director, Hitachi Nippon Steel Semiconductor Singapore Pte. Ltd.)

Takashi Miyoshi, Corporate Auditor (part-time)
(currently Managing Officer, General Manager, Finance Department I,
Hitachi)

Masanori Saito, Corporate Auditor (part-time)
(currently Director, General Manager, Mitsubishi Electric)

*Representative Directors

(8) Sales (Consolidated): Over 900 billion yen (forecasted for FY
2003)

(9) No. of employees: Approx. 27,200 (on establishment)
(Consolidated)

(10) Assets and liabilities
to be transferred

(Unconsolidated): Hitachi plans to transfer assets of 335.2
billion yen and liabilities of 157.4 billion yen
to the new company, while Mitsubishi
Electric plans to transfer assets of 223.4
billion yen and liabilities of 119.8 billion yen.

Profile of Renesas Technology Sales

(1) Name: Renesas Technology Sales Co., Ltd.

(2) Head office: Nippon Building, 2-6-2 Otemachi,
Chiyoda-ku, Tokyo

(3) Capital: 2,500 million yen (5 million shares)

(4) Shareholder: Renesas Technology Corp. (100%)

(5) Date of incorporation: April 1, 2003

(6) Business operations: Sales of semiconductor devices, integrated
circuits, other electronic components as well
as electronics application equipment for
developing these products; development of
microcomputer-related software

(7) Representative directors:

Katsumi Suizu, President & CEO

(currently Group Vice President, Semiconductor, Director, Mitsubishi
Electric)

Saburo Tajima, Executive Vice President & COO
(currently Senior Vice President & Director, Hitachi Semiconductor and
Devices Sales Co., Ltd.)

- (8) Sales: 520 billion yen (forecasted for FY 2003)
(9) No. of employees: Approx. 900 (on establishment)

Hitachi Semiconductor and Devices Sales Co., Ltd.

- (1) Head office: 1-8-2 Marunouchi, Chiyoda-ku, Tokyo
(2) Capital: 2,000 million yen
(3) Shareholder: Hitachi, Ltd. (100%)
(4) Date of incorporation: June 1, 1996
(5) Business operations: Sales of electronic components and
electronics application equipment for
developing these products

(6) Representative director: Masayoshi Ito, President & CEO

(7) Sales: 190 billion yen (forecasted for FY 2002)
(8) No. of employees: 540 (as of July 1, 2002)

Mitsubishi Electric Semiconductor Systems Corp.

- (1) Head office: Tokyo MI Building, 2-2-4 Higashi
Shinagawa, Shinagawa-ku, Tokyo
(2) Capital: 500 million yen
(3) Shareholder: Mitsubishi Electric Corp. (100%)
(4) Date of incorporation: October 1, 1997
(5) Business operations: Sales of semiconductor products, products
using semiconductors and electronic devices

(6) Representative director: Tetsuo Takayama, President

(7) Sales: 15.5 billion yen (forecasted for FY 2002)
(8) No. of employees: 160 (as of July 1, 2002)

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About Hitachi

Hitachi, Ltd., headquartered in Tokyo, Japan, is a leading global electronics company, with approximately 320,000 employees worldwide. Fiscal 2001 (ended March 31, 2002) consolidated sales totaled 7,994 billion yen (\$60.1 billion). The company offers a wide range of systems, products and services in market sectors, including information systems, electronic devices, power and industrial systems, consumer products, materials and financial services. For more information on Hitachi, please visit the company's Web site at <http://global.hitachi.com>.

About Mitsubishi Electric

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 (FTSE: 6503q.l) 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 building equipment. The company has operations in 35 countries and recorded consolidated group sales of 3,649 billion yen (US\$27.4 billion) in the year ended March 31, 2002. For more information about Mitsubishi Electric, visit Global.MitsubishiElectric.com.

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.
