

**Hitachi and GE to Create a Global Alliance for  
Nuclear Power Business**

*To form cross-share holding companies in Japan and U.S.,  
With a single strategic vision*

Tokyo, November 13, 2006 --- Hitachi, Ltd. (NYSE: HIT / TSE: 6501) and General Electric Company (NYSE: GE) signed a letter of intent expressing their intent to create a global alliance for their nuclear businesses to improve and expand their Boiling Water Reactor (BWR) technology offerings. The two companies believe that the integration of operations will improve their offerings in the nuclear power sector, particularly in BWR, and enable them to better serve customers in the United States as well as globally. Talks are to continue toward a formal agreement that the companies hope to conclude in the first half of 2007.

Plans call for Hitachi and GE to combine their nuclear power divisions through a cross-shareholding arrangement between their two businesses (based in Japan and the United States). The new companies will both engage in nuclear business including construction and maintenance of nuclear power plants and related services. The new Japanese company will be owned approximately 80% by Hitachi and approximately 20% by GE. The new U.S. company will be owned 40% by Hitachi and 60% by GE. The new Japanese and U.S. companies are to play a central role in providing Advanced BWR (ABWR) and also in the

development of next-generation nuclear reactors such as the Economic and Simplified BWR (ESBWR). Details on how the new companies will be set up and operated are still being worked out.

Nuclear power generation not only helps to increase energy self-sufficiency and stabilize energy supplies but also provides a source of energy that enables optimum utilization of limited natural resources. Other attractive features include cost stability and low-load on the environment because no carbon dioxide is emitted during power generation. These merits are stimulating interest and activity in connection with new nuclear power plant construction in world markets. Around 100 plants are projected for construction at sites throughout the world within the next 20 years.

Nuclear power plant construction promises to become especially active in the United States, where no new nuclear power stations have been built since the 1980s. The U.S. Department of Energy has launched the Nuclear Power 2010 program and other nuclear power development initiatives as joint government/industry efforts that include incentives aimed at accelerating construction of new nuclear power plants. Twenty-five new plants are slated to go into operation by 2020. Evidence of steady growth in demand can be seen, for example, in NRG Energy's announcement of plans to build two ABWR units in cooperation mainly with GE and Hitachi.

Hitachi has regarded nuclear power systems to be a core business of the Hitachi Group ever since establishing a nuclear systems group at the Hitachi Works in 1955. The company was the primary contractor for the construction of The Chugoku Electric Power Co., Inc.'s Shimane Nuclear Power Station Unit #1, which went into operation in 1974 as the first unit to be made entirely with Japanese technology. As one of the world's leaders in BWR technology, Hitachi has played a key role in establishing Japan's own nuclear reactor and nuclear plant construction technologies. Since entering into a technology licensing agreement with GE in 1967, Hitachi has worked with GE in the fields of BWR plant construction and maintenance services for BWR plants in operation. The company is also pushing ahead with GE to advance BWR technologies to a still higher level, toward the realization of ABWR and ESBWR technologies that offer improved safety, better operational performance, lower waste generation, higher economy and other benefits.

GE's nuclear business, which is part of GE Energy, in September, marked its 50<sup>th</sup> anniversary in the nuclear industry. It develops advanced light water reactors and provides a wide array of technology-based products and services to help owners of both boiling and pressurized water reactors safely operate their facilities with greater efficiency and output.

Hitachi and GE have had some involvement in 63 of the 95 BWR nuclear power plants currently in operation around the world.\* The combination of the businesses at this time, together with the establishment of new companies in Japan and U.S., will enable Hitachi and GE to add a new dimension to their relationship by which they can more effectively put their strengths to work in a broad range of sectors, including design, manufacture, construction, maintenance and services, ultimately to better serve customers around the world.

The combination will not change the way Hitachi does business in Japan. The company will continue to offer and take responsibility for the same integrated product and service lineup, extending from power facility design and manufacture to construction and maintenance services.

Nuclear fuel business will not be covered by the integration.

Kazuo Furukawa, President of Hitachi, had this to say about the integration:

“As a supplier of BWR technologies, products and services, Hitachi has an obligation to ensure sustaining and steady improving of BWR technologies into the future. Hitachi believes that close liaison with GE is essential for expanding the BWR business both in Japan and globally. Based on this thinking, it has constantly held to a business strategy that emphasizes working with GE to develop BWR technology. The joining together of these two businesses, coming at a time when the market for BWR power systems is expanding in the United States and throughout the world, is aimed at strengthening the ability to compete effectively and improving the technologies and offerings to customers. Hitachi and GE will be working in cooperation to provide BWR users with secure and reliable products and services both now and in the future.”

“The global nuclear energy industry has significant potential for growth and offers opportunities for both GE and Hitachi,” said Jeffrey Immelt, Chairman and CEO of GE. “Building on over 90 years of combined experience and know how in a high technology

space, makes sense. Our respective nuclear businesses are joining forces to strengthen our existing capabilities and provide a platform from which we can launch a dynamic new venture that will be poised to make the most of the opportunities that lie ahead.”

\* As of June 2006.

### **About Hitachi**

Hitachi, Ltd., (NYSE: HIT / TSE: 6501), headquartered in Tokyo, Japan, is a leading global electronics company with approximately 356,000 employees worldwide. Fiscal 2005 (ended March 31, 2006) consolidated sales totaled 9,464 billion yen (\$80.9 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 website at <http://www.hitachi.com> .

### **About GE Energy**

GE Energy ([www.ge.com/energy](http://www.ge.com/energy)) is one of the world's leading suppliers of power generation and energy delivery technologies, with 2005 revenue of \$16.5 billion. Based in Atlanta, Georgia, GE Energy works in all areas of the energy industry including coal, oil, natural gas and nuclear energy; renewable resources such as water, wind, solar and biogas; and other alternative fuels.

Numerous GE Energy products are certified under ecomagination, GE's corporate-wide initiative to aggressively bring to market new technologies that will help customers meet pressing environmental challenges.

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