

**Hitachi, Ltd. and Hitachi Electronics Engineering Co., Ltd.  
Sign Share Exchange Agreement**

Tokyo, Japan, May 23, 2002 -- Hitachi, Ltd. (TSE:6501, NYSE:HIT, Hitachi) and Hitachi Electronics Engineering Co., Ltd. (TSE:6873, Hitachi Electronics Engineering) today announced that they have signed a share exchange agreement today, in accordance with decisions taken by their respective boards of directors. The agreement is based on a memorandum by the two parties dated March 28, 2002.

**Outline of the share exchange agreement**

**1. Methodology**

Hitachi and Hitachi Electronics Engineering shall exchange shares in accordance with the method stipulated in Articles 352 through 363 of the Commercial Code of Japan to have Hitachi become the parent company, retaining whole ownership in Hitachi Electronics Engineering and have Hitachi Electronics Engineering become a wholly-owned subsidiary of Hitachi.

**2. Shares to be issued and allotted for share exchange**

Hitachi shall issue a total of 4,500,000 ordinary shares for allocation to Hitachi Electronics Engineering shareholders, including beneficial shareholders listed in the company's shareholders register, including the register of beneficial shareholders, at the close of business on the day prior to the share exchange date. Shareholders of Hitachi Electronics Engineering shall receive 0.5 shares of Hitachi stock per share of Hitachi Electronics Engineering stock held. However, there will be no allocation of shares with respect to the 21,415,000 shares of Hitachi Electronics Engineering stock held by Hitachi.

**3. Initial date for calculating dividends**

The initial date for calculating dividends payable on the shares issued for the share exchange in the preceding article shall be October 1, 2002.

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#### 4. Amount of capital and capital reserve

There will be no increase in the capital of Hitachi. Hitachi's capital reserve shall increase by the amount of net assets of Hitachi Electronics Engineering that remain outstanding on the effective date of the share exchange, multiplied by the ratio of: the number of shares to be transferred to Hitachi upon the share exchange to the total number of issued shares of Hitachi Electronics Engineering.

#### 5. Approval of the agreement

Hitachi Electronics Engineering shall propose for shareholder approval the share exchange agreement and share exchange at its ordinary general meeting of shareholders scheduled for June 27, 2002.

In accordance with the provisions of Paragraph 1 of Article 358 of the Commercial Code of Japan, Hitachi does not plan to submit the share exchange agreement for approval at Hitachi's ordinary general meeting of shareholders.

#### **Schedule of the share exchange**

May 23, 2002	Board of directors to approve the share exchange agreement; Signing of the share exchange agreement
June 27, 2002	Shareholder approval of the share exchange agreement (ordinary general meeting of shareholders of Hitachi Electronics Engineering)
September 25, 2002	Delisting of Hitachi Electronics Engineering from Tokyo Stock Exchange
September 30, 2002	Deadline for the submission of Hitachi Electronics Engineering share certificates by shareholders
October 1, 2002	Effective date of the share exchange

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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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