

**FOR IMMEDIATE RELEASE**

**Hitachi Announces Profile of New Nuclear Business Company  
Hitachi-GE Nuclear Energy, Ltd.**

TOKYO, Japan, May 16, 2007 – Hitachi, Ltd. (NYSE:HIT/TSE:6501) today announced that Hitachi and General Electric Company (NYSE:GE) have agreed to establish three new companies to conduct nuclear power business in U.S. and Canada in early June and in Japan on July 1, 2007. This decision was made, based on a November 2006 letter of intent between Hitachi and GE, to create a strategic global alliance for their nuclear businesses. Hitachi, Ltd. announced the profile of a new company “Hitachi-GE Nuclear Energy, Ltd.,” to conduct nuclear power businesses in Japan.

Hitachi initially established Hitachi-GE Nuclear Energy<sup>\*1)</sup> as a wholly-owned company in preparation for the alliance. Hitachi will utilize the corporate split provisions of the Company Law of Japan to transfer its nuclear businesses related to the design, manufacture, installation and maintenance of light water reactor power equipment, fast breeder reactor equipment, nuclear fuel cycle equipment and other related equipment to Hitachi-GE Nuclear Energy on July 1, 2007. Simultaneously, subject to the receipt of appropriate government approvals, Hitachi-GE Nuclear Energy will receive a capital investment from GE that will make Hitachi’s stake 80.01% and GE’s stake 19.99% and the new company will commence operations immediately after the closing of the global alliance transactions.

Exploiting the accumulated know-how and experience of Hitachi and GE, Hitachi-GE Nuclear Energy will use the combined strengths of the two companies to expand businesses in the advanced boiling water reactor and other nuclear power sectors in Japan.

<sup>\*1)</sup> The company that will succeed nuclear power businesses in Japan was established under the name of Hitachi Global Nuclear Energy, Ltd. on January 4 and was renamed Hitachi-GE Nuclear Energy, Ltd. on March 20.

This legal entity is to have no operations until the closing of the strategic alliance.

## **1. Overview of the Corporate Split**

### **(1) Schedule**

|               |  |
|---------------|--|
| May 16, 2007  | Entering into Corporate Split Agreement (Hitachi, Hitachi-GE Nuclear Energy)                         |
| June 18, 2007 | Approval of Corporate Split Agreement by General Meeting of Shareholders (Hitachi-GE Nuclear Energy) |
| July 1, 2007  | Effective Date of Corporate Split  |

Hitachi will implement the corporate split without obtaining the approval of the Corporate Split Agreement by the General Meeting of Shareholders, pursuant to Article 784, Paragraph 3 of the Company Law.

### **(2) Method of Corporate Split**

Most Hitachi nuclear power businesses of the Hitachi Power Systems Group (transferred businesses) will be transferred to Hitachi-GE Nuclear Energy by the corporate split.

### **(3) Share Allocation**

Hitachi-GE Nuclear Energy will newly issue 8,000 shares of common stock and allocate all of these shares to Hitachi. Share certificates will not be issued for such shares.

### **(4) Reasoning behind Share Allocation**

Hitachi can determine a suitable number of shares to be issued in this corporate split because it owns all shares of Hitachi-GE Nuclear Energy. Hitachi determined that Hitachi-GE Nuclear Energy would issue 8,000 shares of common stock and would allocate all of these shares to Hitachi in light of the purpose of this corporate split, which is to establish a collaborative relationship with GE and to develop Hitachi Group's nuclear businesses.

### **(5) Decrease in Capital and Capital Reserves of Hitachi Owing to Corporate Split**

The corporate split will not cause any decrease in Hitachi's capital or capital reserves.

### **(6) Treatment of Hitachi Stock Acquisition Rights and Bonds with Stock Acquisition Rights**

On the occasion of the corporate split, persons holding Hitachi's stock acquisition rights will not be issued Hitachi-GE Nuclear Energy's stock acquisitions rights in place thereof.

### **(7) Rights and Obligations to be Transferred to Hitachi GE Nuclear Energy**

Hitachi will transfer to Hitachi-GE Nuclear Energy all assets, liabilities and contractual status in contracts related to the transferred businesses as of the day before the effective date of the corporate split.

**(8) Outlook for Fulfillment of Financial Obligations**

Hitachi and Hitachi-GE Nuclear Energy have concluded that they have the capability to fulfill the obligations of the respective companies whose maturity date comes on and after the effective date of the corporate split.

**2. Profile of the Parties of the Corporate Split**

| Name                                 | Hitachi, Ltd.   | Hitachi-GE Nuclear Energy, Ltd.  |
|--------------------------------------|---|--|
| Businesses                           | Development, manufacture and sale of information systems, electronic devices, power and industrial systems, digital media and consumer products, and related services | Businesses related to design, manufacture, installation and maintenance of light water reactor power equipment, fast breeder reactor equipment, nuclear fuel cycle equipment, and related products |
| Established                          | February 1, 1920  | January 4, 2007  |
| Head office                          | 6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo  | 1-1, 3-chome, Saiwai-cho, Hitachi City, Ibaraki Prefecture   |
| President                            | Kazuo Furukawa  | Masaharu Hanyu   |
| Capital                              | JPY 282,033 million   | JPY 50 million   |
| Shares outstanding                   | 3,368,126,056   | 2,000  |
| Total assets                         | JPY 3,873,901 million   | JPY 100 million  |
| Fiscal year end                      | March 31  | March 31   |
| Main shareholders and their holdings | NATS CUMCO 11.30%, State Street Bank and Trust Company 7.33%, The Master Trust Bank of Japan, Ltd. 6.29%  | Hitachi, Ltd. 100% *2)   |

\*2) Hitachi's stake will be 80.01% and GE's stake will be 19.99% on July 1, subject to the receipt of appropriate government approvals.

**3. Executive Officers of Hitachi-GE Nuclear Energy**

| Title                   | Name   |
|-------------------------|--|
| Representative Director | Masaharu Hanyu (General Manager, Nuclear Systems Division, Power Systems, Hitachi, Ltd.)   |
| Director                | Katsukuni Hisano (Senior Advisor, Hitachi, Ltd.)   |
| Director                | Akira Maru* (Vice President and Executive Officer, President & Chief Executive Officer of Power Systems Group, Hitachi, Ltd.)                            |
| Director                | Koji Tanaka* (Vice President and Executive Officer, General Manager of Hitachi Works and Executive Vice President of Power Systems Group, Hitachi, Ltd.) |

One representative from GE will join the Board of Director, at the closing.

Titles in parentheses are as of May 1, 2007. Persons marked with \* concurrently holds positions as stated in parentheses.

**4. Business Operations to be Transferred to Hitachi-GE Nuclear Energy**

- (1) Business operations related to development, design and manufacture of nuclear reactor equipment (excluding Hitachi nuclear reactors for training), radioactive waste processing equipment and nuclear fuel cycle equipment (collectively called nuclear

reactor equipment), and related products under the charge of the nuclear power-related divisions of the Power Systems Group of Hitachi.

- (2) Business operations related to marketing of the products set out in above, but excluding marketing of products supervised by the Total Solutions Division of Hitachi.
- (3) Installation and maintenance businesses related to the businesses set out above.
- (4) Any and all businesses related to the businesses set out above.

#### **5. Assets and liabilities to be transferred to Hitachi-GE Nuclear Energy (as of September 30, 2006)**

| Item        | Book value          |
|-------------|---------------------|
| Assets      | JPY 100,829 million |
| Liabilities | JPY 89,314 million  |

#### **6. Status of Hitachi-GE Nuclear Energy Following Corporate Split**

| Item                    | Details   |
|-------------------------|---|
| Name                    | Hitachi-GE Nuclear Energy Ltd.  |
| Head office             | 1-1, 3-chome, Saiwai-cho, Hitachi City, Ibaraki Prefecture  |
| Representative Director | Masaharu Hanyu  |
| Capital                 | JPY 5,000 million   |
| No. of employees        | Approx. 1,500   |
| Main businesses         | Businesses related to design, manufacture, sales, installation and maintenance of light water reactor power equipment, fast breeder reactor equipment, nuclear fuel cycle equipment, and related products |

#### **7. Status of Hitachi Following Corporate Split**

- (1) There will be no change in the name, business activities, head office or President of Hitachi.
- (2) The corporate split will have negligible impact on Hitachi's consolidated operating result.

#### **About Hitachi, Ltd.**

Hitachi, Ltd., (NYSE: HIT / TSE: 6501), headquartered in Tokyo, Japan, is a leading global electronics company with approximately 384,000 employees worldwide. Fiscal 2006 (ended March 31, 2007) consolidated sales totaled 10,247 billion yen (\$86.8 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>.

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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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