

Hitachi and Mitsubishi Electric Agree on Cross-Supply of General Industrial Equipment Sector Products

Tokyo, Japan, July 9, 2001 -- Hitachi, Ltd. (TSE: 6501) and Mitsubishi Electric Corporation (TSE: 6503) announced today that they have agreed to supply each other with certain types power distribution control and factory automation equipment products. The products concerned fall in the category of general industrial equipment.

The agreement calls for Hitachi to supply Mitsubishi Electric with specified molded transformer models and Mitsubishi Electric to supply Hitachi with specified programmable controllers, programmable indicators and network products. Each company will market the products it buys from the other under its own brand name.

Despite resurgent demand for products in a few sectors, such as semiconductor manufacturing and packaging equipment, the Japanese industrial equipment market is unlikely to see substantial growth in demand over the medium-to-long term. This severe environment, in combination with declining prices in a market made more competitive by the entry of overseas companies, has created an urgent need for industrial equipment manufacturers to narrow and refocus their businesses so as to optimize utilization of management resources and boost competitiveness.

Hitachi believes the expanded production of molded transformers made possible by the cross-supply of products will help to further solidify the company's leading position in the transformer business. It plans to use the fuller lineup of programmable controllers and the CC-Link* compatible network products made available by the agreement to strengthen the company's solutions businesses.

Mitsubishi Electric intends to exploit the cross-supply of products to maintain its No. 1 status in the domestic factory automation business, while also building stronger competitiveness at the global level. The Company intends to utilize OEM purchasing in the transformer business sector to strengthen its production structure.

* CC-Link

CC-Link is an open field network promoted by the CC-Link Association, and organization chaired by Dr. Takashi Sekiguchi, Professor Emeritus of Yokohama National University, with about 190 participating partners and seven locations around the world. The network features high speed of 10Mbps and reliability ensured by the requirement that all compatible products clear noise tests. It enables high-speed transmission of control signals between FA equipment units with a small number of signal lines. CC-Link has been certified as meeting the international SEMI Standard for semiconductor and liquid crystal devices.