

Hitachi to Absorb Part of Hitachi ULSI Systems

Tokyo, Japan, May 23, 2002 – Hitachi, Ltd. (TSE:6501, NYSE:HIT, Hitachi) today announced that in October this year the Semiconductor & Integrated Circuits Group will absorb the LSI design operations of its subsidiary Hitachi ULSI Systems Co., Ltd. The decision was reached at a meeting of Hitachi's Board of Directors held today. The integration of system LSI design operations, which Hitachi ULSI Systems performs for the Semiconductor & Integrated Circuits Group, is aimed at boosting efficiency.

In unifying these operations, Hitachi will take advantage of the corporate split provisions of the Japanese Commercial Code. Only the Semiconductor & Integrated Circuits Group-related design operations of Hitachi ULSI Systems will be separated from the company, with related assets and personnel transferred to the Semiconductor & Integrated Circuits Group.

The Semiconductor & Integrated Circuits Group has been implementing measures to improve the efficiency of manufacturing operations. Unifying all design activities within the Semiconductor & Integrated Circuits Group is expected to make design activities more efficient as well. Hitachi expects that the concentration of design resources facilitated by this integration and the unification of control will also accelerate decision-making and reinforce the earnings structure of the Semiconductor & Integrated Circuits Group.

Hitachi ULSI Systems, for its part, will develop and sell Hitachi microcomputer software development tools and evaluation boards. While maintaining a close relationship with the Semiconductor & Integrated Circuits Group, Hitachi ULSI Systems also aims to operate on an independent footing as a systems solutions provider. This company will draw on its device, systems and software technology to offer design services to semiconductor foundries, handle IP (Intellectual Property) and conduct other activities.

Profile of Hitachi ULSI Systems Co., Ltd.

- (1) Head office : 5-22-1, Josuichon-cho, Kodaira-shi, Tokyo
- (2) President : Masahiko Ogirima
- (3) Established : June 1980
- (4) Capital : 900 million yen (wholly owned by Hitachi)
- (5) Sales : 37.0 billion yen (Fiscal 2001)
- (6) Employees : 2,360 (As of March 31, 2002)
- (7) Business : Development, design, manufacture, inspection and sales of semiconductor products, semiconductor systems, and electronic appliances related to semiconductor products, etc

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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.
