

## **Hitachi to Integrate its Semiconductor Manufacturing Companies**

Tokyo, Japan, July 24 ,2002– Hitachi, Ltd. (TSE:6501, NYSE:HIT, Hitachi) today announced plans to integrate four semiconductor manufacturing companies into two new companies on October 1, 2002. Hitachi will integrate Hitachi Tohbu Semiconductor, Ltd., Hitachi Tokyo Electronics Co., Ltd., Hitachi Hokkai Semiconductor, Ltd. and Hitachi Yonezawa Electronics Co., Ltd. into East Japan Semiconductor Technologies Co., Ltd. (tentative name) and North Japan Semiconductor Technologies Co., Ltd. (tentative name), as detailed below.

Hitachi has been executing a series of plans to reconstruct its semiconductor business. Actions taken have included integrating and restructuring manufacturing operations as well as design and sales companies. The latest move aims to concentrate resources on new companies, thereby raising operating efficiency and strengthening manufacturing businesses. Concentrating engineers on new companies will foster stronger technological and development capabilities, while integration will enhance efficiency and promote faster decision-making. The ultimate result should be a more robust operating structure and stable growth.

Plans call for Hitachi Tohbu Semiconductor and Hitachi Tokyo Electronics to merge, with the former being the surviving company, which will then be renamed East Japan Semiconductor Technologies. Coinciding with this, East Japan Semiconductor Technologies will absorb the Sagami Works of Hitachi Hokkai Semiconductor. The second new company, North Japan Semiconductor Technologies, will be formed from a merger of Hitachi Hokkai Semiconductor and Hitachi Yonezawa Electronics, after spin off the Sagami Works from the former company. Hitachi Hokkai Semiconductor will be the surviving company and renamed.

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East Japan Semiconductor Technologies will inherit the sophisticated module, packaging and taping mounting technologies of its two constituent companies, as well as some of large module mounting lines. The company will leverage these assets as Hitachi's main back-end (assembly and inspection) manufacturing company for multi-purpose semiconductors, notably transistors and diodes. It will also function as the mother fab for quickly developing and bringing to market new products.

Meanwhile, North Japan Semiconductor Technologies will integrate the microprocessor manufacturing operations of its two constituent companies; the operations of Hitachi Hokkai Semiconductor—which performs everything from front-end manufacturing processes (fabricating ICs and LSI elements on silicon wafers) notably for the H8 series and SuperH™ family, to back-end processing—and back-end manufacturing processing performed by Hitachi Yonezawa Electronics. This restructuring strongly positions North Japan Semiconductor Technologies as Hitachi's main entity for the integrated manufacture of microprocessors.

The latest round of restructuring is not intended simply to enhance flexibility in production, such as by sharing facilities, and upgrade technology and development capabilities. Raising the efficiency of sales, technical support and peripheral tasks, will facilitate a swifter, more agile response to customers' diversifying needs.

\* SuperH is a trademark of Hitachi, Ltd.

### **Profile of New Companies After Integration (On October 1, 2002)**

#### **East Japan Semiconductor Technologies Co., Ltd. (tentative)**

1. Headquarters: 3-3-2 Fujihashi, Ohme-shi, Tokyo
2. Capital: ¥2,060 million (Hitachi, Ltd. 100%)
3. President: Yasutake Kuki
4. Employees: about 2,250

#### **North Japan Semiconductor Technologies Co., Ltd. (tentative)**

1. Headquarters: 1007-39, Izumisawa, Chitose-shi, Hokkaido
2. Capital: ¥2,550 million (Hitachi, Ltd. 100%)
3. President: Koji Yamanaka
4. Employees: about 2,030

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## **Profile of Companies Before Integration (As of March 31, 2002)**

### **Hitachi Hokkai Semiconductor, Ltd.**

1. Headquarters: 145, Aza Nakajima, Kameda-gun, Hokkaido
2. Established: May 1970
3. Capital: ¥2,400 million (Hitachi, Ltd. 90%, Hitachi ULSI Systems Co., Ltd. 10%)
4. President: Sadao Yoneyama
5. Net sales: ¥73.9 billion (Year ended March 31, 2002)  
( The fiscal year ending March 31, 2002 )
6. Employees: 1,650 (As of March 31, 2002)
7. Business: Development, design, manufacture and sales of semiconductors and semiconductor application products.

### **Hitachi Yonezawa Electronics Co., Ltd.**

1. Headquarters: Aza Yagihashi Hanazawa Yonezawa-shi, Yamagata
2. Established: January 1969
3. Capital: ¥330 million (Hitachi, Ltd. 100%)
4. President: Hitoshi Horimuki
5. Net sales: ¥35.0 billion (Year ended March 31, 2002)
6. Employees: 570 (As of March 31, 2002)
7. Business: Semiconductor back-end processing and development, design, manufacture and sales of system boards.

### **Hitachi Tohbu Semiconductor, Ltd.**

1. Headquarters: 1-1 Nishi Yokotemachi, Takasaki City, Gunma
2. Established: February 1965
3. Capital: ¥1,280 million (Hitachi, Ltd. 100%)
4. President: Natsuki Kogiso
5. Net sales: ¥87.0 billion (Year ended March 31, 2002)
6. Employees: 1,321 (As of March 31, 2002)
7. Business: Development, design, manufacture and sales of multi-purpose semiconductors

**Hitachi Tokyo Electronics Co., Ltd.**

1. Headquarters: 3-3-2 Fujihashi, Ohme-shi, Tokyo
2. Established: May 1963
3. Capital: ¥600 million (Hitachi, Ltd. 100%)
4. President: Yasutake Kuki
5. Net sales: ¥50.2 billion (Year ended March 31, 2002)
6. Employees: 904 (As of March 31, 2002)
7. Business: Manufacture and sales of semiconductor devices and semiconductor equipment.

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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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