

**FOR IMMEDIATE RELEASE**

**Conclusion of Formal Contract Between Hitachi and Matsushita Related to  
Comprehensive LCD Panel Business Alliance**

Tokyo, February 15, 2008 --- Hitachi, Ltd. (NYSE: HIT / TSE: 6501, "Hitachi") and Matsushita Electric Industrial Co., Ltd. (NYSE: MC / TSE: 6752, "Matsushita") today announced the conclusion of a formal contract related to a comprehensive liquid crystal display (LCD) panel business alliance. A basic agreement regarding this alliance was reached on December 25, 2007 by Hitachi, Matsushita, and Canon Inc. (NYSE: CAJ / TSE: 7751, "Canon").

Under the terms of this agreement, Matsushita will acquire a 24.9% stake in Hitachi Displays, Ltd. ("Hitachi Displays"), a wholly owned Hitachi subsidiary that makes small and medium-sized LCD panels, from Hitachi by March 31, 2008, pending regulatory approval. As the next step going forward, Matsushita will acquire for 66 billion yen large IPS LCD panel-related businesses, including the total issued shares of IPS Alpha Technology, Ltd. (Fumiaki Yonai, President; "IPS Alpha"), owned by Hitachi Displays once all conditions are met. Meanwhile, Hitachi will consider holding the IPS Alpha's share up to 10%. IPS Alpha designs, manufactures, and sells large-sized LCD panels for TVs. Until this deal is executed, Hitachi Displays will retain majority

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ownership of IPS Alpha. However, under U.S. accounting standards, IPS Alpha will become a Matsushita consolidated subsidiary as of March 31, 2008.

Hitachi possesses a range of sophisticated liquid crystal-related technologies that includes IPS technology, which has earned accolades worldwide for enabling high picture quality and wide viewing angles, and other advanced panel features. Through this alliance, Hitachi seeks to accelerate the development of cutting-edge technologies. Furthermore, as a TV manufacturer, Hitachi plans to strengthen its competitiveness in the flat-panel LCD TV business by using state-of-the-art LCD panels to develop the world's thinnest flat-panel LCD TV and its "Wooo UT series" of ultra-thin flat-panel LCD TVs. In addition, by working to optimally allocate business resources in order to establish a stable, high-profit structure, Hitachi will advance its basic management policy of "Collaborative Creation and Profits."

Matsushita is further expanding and strengthening its mainline PDP operations. In addition, it will deepen its involvement in the operations of IPS Alpha, which designs, manufactures, and sells large-sized LCD panels used in TVs. At the same time, Matsushita will play a key role in the construction of a new IPS Alpha plant in cooperation with the Hitachi Group in a bid to ensure a stable supply of LCD panels. Matsushita's aim is to leverage the outstanding performance and cost advantages of the "IPS Alpha Panel" to boost the competitiveness of its entire range of VIERA series flat-panel TVs, which also includes plasma TVs. Going forward, Matsushita will continue its aggressive vertical integration of its flat-panel TV business, and it sees the new IPS Alpha plant as a possible future base for the production of organic light-emitting displays.

Hitachi and Canon are currently working to finalize a formal contract as well.

### **1. Outline of Hitachi Displays**

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|--------------------|---|
| 1) Company name    | Hitachi Displays, Ltd.  |
| 2) President       | Yoshiyuki Imoto   |
| 3) Headquarter     | Kanda Neribeicho 3, Chiyoda-ku, Tokyo, Japan  |
| 4) Established     | October 1, 2002   |
| 5) Main businesses | Design, manufacture, and sales of small and medium-sized LCD panels and related products, as well as maintenance and services |

6) Fiscal year-end	March 31
7) No. of employees	11,974 (as of March 31, 2007)
8) Capital	35,274.5 million yen
9) Ownership	Hitachi 100%
10) Sales	200.3 billion yen (FY 2006, Consolidated)

## 2. Outline of IPS Alpha Technology

1) Company name	IPS Alpha Technology, Ltd.
2) President	Fumiaki Yonai
3) Headquarter	3732, Hayano, Mobara City, Chiba Prefecture, Japan
4) Established	January 1, 2005
5) Main businesses	Design, manufacture, sales and related maintenance & services for IPS LCD panels
6) Fiscal year-end	March 31
7) No. of employees	658 (as of March 31, 2007)
8) Capital	100.0 billion (including 50.0 billion of capital reserves)
9) Ownership	Hitachi Displays: 50%; Matsushita Electric Industrial Co., Ltd.: 30%; Toshiba Corporation: 15%; Development Bank of Japan Technology and New Business Creation Fund and others: 5%
	Note: From March 31, 2008, the shareholdings will be as follows: Hitachi Displays (50%), Matsushita (45%), and Development Bank of Japan and others (5%)
10) Sales	34.6 billion yen (FY 2006, Unconsolidated)

### Two-year summary of business results

(in millions of yen, Unconsolidated)

	FY 2005	FY 2006
Sales	-	34,612
Operating Income (loss)	(3,241)	(25,362)
Ordinary Income (loss)	(5,130)	(25,406)
Net Income (loss)	(5,135)	(25,414)
Total Assets	72,486	122,999
Net Assets	9,355	39,050
Dividend per Share (yen)	-	-

### **3. Outline of Matsushita's IPS LCD Panel Business for TVs**

#### **(1) Background**

Market for flat-panel TV has been growing 12 percent in annual average on a global basis. It is expected that by 2015, it will be grown to the huge market exceeding 85% of total market sale of TVs, and over 2 hundred million units. At the same time, preferred size of TV screen is becoming larger--37 inch and above, and that is expected to account for more than 50% of overall demand of flat-panel TV by 2009. In order to cope with the growing market of the large-sized flat-panel TV, diversifying needs of customers and regional needs, it is vital to establish a strong and stable foundation of the flat-panel TV operation. Matsushita sees that it is essential to ensure a stable source to procure LCD panels up to the size of 40 inch class in mid-to long term range. In addition, Matsushita plans to build a new plant, taking it into consideration to produce organic electro luminescence display, which has started getting attention as a key device for post-LCD display.

#### **(2) Overview of the Panel Business**

Construction will begin on a new IPS Alpha LCD panel plant to ensure a stable supply of LCD panels over the medium and long terms. Construction is slated to begin in August 2008, with the plant operational in January 2010.

The total cost of the plant is expected to be approximately ¥300.0 billion.

### **4. Effect on business results**

Hitachi is currently analyzing the likely impact on its earnings, and will announce when it is clear.

There will be no impact on Matsushita's earnings in the fiscal year ending March 31, 2008.

#### **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 revenues 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>.

### **About Panasonic**

Best known for its Panasonic brand name, Matsushita Electric Industrial Co., Ltd. is a worldwide leader in the development and manufacture of electronic products for a wide range of consumer, business, and industrial needs. Based in Osaka, Japan, the Company recorded consolidated net sales of US\$77.19 billion for the year ended March 31, 2007. The Company's shares are listed on the Tokyo, Osaka, Nagoya and New York (NYSE:MC) stock exchanges. For more information on the Company and the Panasonic brand, visit the Company's website at <http://panasonic.net/>.

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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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