

Notification of the merger of subsidiaries

Hitachi Zosen Corporation would like to notify all parties concerned of its decision to merge 10 consolidated subsidiaries effective April 1, 2009.

1. Purpose of the Merger

With this merger, 10 subsidiaries will be reorganized and integrated into Hitachi Zosen Corporation as one of its strategies so as to achieve profitability in all business areas and resume dividend payments during the period of "Hitz Innovation II," our 3-year medium-term management plan starting in fiscal year 2009.

The reorganization will create two new headquarters: (i) Hitachi Zosen Diesel & Engineering Co., Ltd., Hitachi Zosen Mechanical Corporation, and Hitz Machinery Corporation, companies working in the fields of machinery and process equipment, as well as Hitachi Zosen Steel Structures Corporation and MTEC CORPORATION undertaking steel structures and construction machinery will be consolidated into the "Machinery and Infrastructure Headquarters". And (ii) Hitz Sanki Techno Corporation, Hitz Hi-Technology Corporation, and NICHIZOU ELECTRONIC & CONTROL CORP. will be integrated into the "Precision Machinery Headquarters". These changes will enable Hitachi Zosen Corporation to promote business expansion by enhancing the synergy.

Consequently, Hitachi Zosen Corporation will be able to accelerate the implementation of priority measures, which are listed in our medium-term management plan, "Hitz Innovation II": (1) Strengthening of human resource cultivation measures and human resource securement and management, (2) Creation of new products and new business, and expansion of facility investment, (3) Ongoing strengthening of corporate governance systems, (4) Promotion of the sharing of values and transformation of the corporate culture. The cost reduction can be also expected by integration of procurement function of its subsidiaries, and strengthening its purchasing power. Through these efforts, Hitachi Zosen Corporation will be able to strengthen profitability, to expand shareholder's equity, and to move ahead for the materialization of stable and continuous payments of dividends.

Hitachi Zosen Corporation is making its best effort to aim at the realization of a highly profitable company by strengthening its operational foundation and accelerating the growth of the Group.

2. Merger Procedure

Each of the 10 companies will be dissolved, leaving Hitachi Zosen Corporation as the surviving company.

3. Overview of the Companies Involved in the Absorption/Merger (As of March 31, 2008)

(1) Hitachi Zosen Corporation

① Description of Business

Design, manufacturing and construction of environmental protection system and industrial plants, machinery and process equipment, steel structure and construction machinery, electronics and control systems, disaster prevention systems, etc.

② Date of Establishment

May 29, 1934 (Originally founded April 1, 1881)

③ Location of Head Office

Osaka City, Osaka Prefecture, Japan

④ Representative

Minoru Furukawa, President

⑤ Paid-in Capital

¥45,442 million

⑥ Number of shares outstanding

796,073,282 shares

⑦ Net Assets

¥85,594 million (consolidated)

⑧ Total Assets

¥365,536 million (consolidated)

⑨ Fiscal Term Ending

March 31

⑩ Major Shareholders and Shareholder Ratios

The Bank of Tokyo-Mitsubishi UFJ, Ltd. (3.1%)

Citibank Hong Kong PBJ Clients Hong Kong (2.7%)

The Master Trust Bank of Japan, Ltd. (trust Account) (2.2%)

Japan Trustee Services Bank, Limited. (trust Account) (1.7%)

Sompo Japan Insurance Inc. (1.6%)

(2) Hitachi Zosen Diesel & Engineering Co., Ltd.

① Description of Business

Design and manufacturing of diesel engines for marine and land applications.

② Date of Establishment

September 14, 1999

- ③ Location of Head Office
Nagasu-cho, Tamana-gun, Kumamoto Prefecture, Japan
- ④ Representative
Kenji Sawada, President
- ⑤ Paid-in Capital
¥490 million
- ⑥ Number of shares outstanding
9,800 shares
- ⑦ Net Assets
¥1,173 million
- ⑧ Total Assets
¥22,437 million
- ⑨ Fiscal Term Ending
March 31
- ⑩ Major Shareholder and Shareholder Ratios
Hitachi Zosen Corporation (100%)

(3) Hitachi Zosen Mechanical Corporation

- ① Description of Business
Design and manufacturing of towers, vessels and large heat exchangers for various plants, and equipment for nuclear power plants, etc.
- ② Date of Establishment
January 1, 1995
- ③ Location of Head Office
Nagasu-cho, Tamana-gun, Kumamoto Prefecture, Japan
- ④ Representative
Hisao Matsuwake, President
- ⑤ Paid-in Capital
¥347 million
- ⑥ Number of shares outstanding
9,000 shares
- ⑦ Net Assets
¥3,317 million
- ⑧ Total Assets
¥26,719 million
- ⑨ Fiscal Term Ending
March 31
- ⑩ Major Shareholder and Shareholder Ratios
Hitachi Zosen Corporation (100%)

(4) Hitz Machinery Corporation

① Description of Business

Design and manufacturing of shield tunneling machines, various industrial machines, steel structures, etc.

② Date of Establishment

March 1, 1994

③ Location of Head Office

Sakai City, Osaka Prefecture, Japan

④ Representative

Masato Kubo, President

⑤ Paid-in Capital

¥250 million

⑥ Number of shares outstanding

5,000 shares

⑦ Net Assets

¥535 million

⑧ Total Assets

¥1,582 million

⑨ Fiscal Term Ending

March 31

⑩ Major Shareholder and Shareholder Ratios

Hitachi Zosen Corporation (100%)

(5) Hitachi Zosen Steel Structures Corporation

① Description of Business

Design, manufacturing and construction of bridges, hydraulic gates, building structures, offshore structures, logistics facilities, etc.

② Date of Establishment

February 1, 1995

③ Location of Head Office

Sakai City, Osaka Prefecture, Japan

④ Representative

Masahiro Sakai, President

⑤ Paid-in Capital

¥1,500 million

⑥ Number of shares outstanding

167,500 shares

⑦ Net Assets

¥2,362 million

⑧ Total Assets

¥17,063 million

- ⑨ Fiscal Term Ending
March 31
- ⑩ Major Shareholder and Shareholder Ratios
Hitachi Zosen Corporation (100%)

(6) MTEC CORPORATION

- ① Description of Business
Design and manufacturing of bridges, steel beams and food related machinery and equipment.
- ② Date of Establishment
February 1, 1995
- ③ Location of Head Office
Onomichi City, Hiroshima Prefecture, Japan
- ④ Representative
Jitsuhiro Yamaguchi, President
- ⑤ Paid-in Capital
¥490 million
- ⑥ Number of shares outstanding
30,860 shares
- ⑦ Net Assets
¥545 million
- ⑧ Total Assets
¥2,460 million
- ⑨ Fiscal Term Ending
March 31
- ⑩ Major Shareholder and Shareholder Ratios
Hitachi Zosen Steel Structures Corporation (100%)

(7) Hitz Sanki Techno Corporation

- ① Description of Business
Design and manufacturing of food machinery, pharmaceutical machinery, plastic extruders, thermoforming, etc.
- ② Date of Establishment
March 20, 2006
- ③ Location of Head Office
Osaka City, Osaka Prefecture, Japan
- ④ Representative
Hisao Nishina, President
- ⑤ Paid-in Capital
¥490 million

- ⑥ Number of shares outstanding
9,800 shares
- ⑦ Net Assets
¥974 million
- ⑧ Total Assets
¥5,554 million
- ⑨ Fiscal Term Ending
March 31
- ⑩ Major Shareholder and Shareholder Ratios
Hitachi Zosen Corporation (100%)

(8) Hitz Hi-Technology Corporation

- ① Description of Business
Design and manufacturing of various precision equipment, vacuum units, automation equipment, and cast and forged products.
- ② Date of Establishment
December 1, 1986
- ③ Location of Head Office
Maitzuru City, Kyoto Prefecture, Japan
- ④ Representative
Tokuji Takahashi, President
- ⑤ Paid-in Capital
¥110 million
- ⑥ Number of shares outstanding
2,200 shares
- ⑦ Net Assets
¥441 million
- ⑧ Total Assets
¥7,196 million
- ⑨ Fiscal Term Ending
March 31
- ⑩ Major Shareholder and Shareholder Ratios
Hitachi Zosen Corporation (100%)

(9) NICHIZOU ELECTRONIC & CONTROL CORPORATION

- ① Description of Business
Design and manufacturing of various types of control panels and electronic equipment.
- ② Date of Establishment
January 1, 1994

- ③ Location of Head Office
Osaka City, Osaka Prefecture, Japan
- ④ Representative
Akihiro Taniguchi, President
- ⑤ Paid-in Capital
¥490 million
- ⑥ Number of shares outstanding
9,800 shares
- ⑦ Net Assets
¥880 million
- ⑧ Total Assets
¥3,771 million
- ⑨ Fiscal Term Ending
March 31
- ⑩ Major Shareholder and Shareholder Ratios
Hitachi Zosen Corporation (100%)

(10) HITACHI ZOSEN IBARAKI POWER STATION CORPORATION

- ① Description of Business
Electric power wholesale business, etc.
- ② Date of Establishment
September 29, 1993
- ③ Location of Head Office
Hitachiomiya City, Ibaraki Prefecture, Japan
- ④ Representative
Takeshi Ueno, President
- ⑤ Paid-in Capital
¥400 million
- ⑥ Number of shares outstanding
8,000 shares
- ⑦ Net Assets
¥697 million
- ⑧ Total Assets
¥15,278 million
- ⑨ Fiscal Term Ending
March 31
- ⑩ Major Shareholder and Shareholder Ratios
Hitachi Zosen Corporation (100%)

(11) H. S. Development Co., Ltd.

- ① Description of Business
Asset management
- ② Date of Establishment
March 14, 1997
- ③ Location of Head Office
Osaka City, Osaka Prefecture, Japan
- ④ Representative
Yoshiki Okano, President
- ⑤ Paid-in Capital
¥10 million
- ⑥ Number of shares outstanding
200 shares
- ⑦ Net Assets
¥11 million
- ⑧ Total Assets
¥4,244 million
- ⑨ Fiscal Term Ending
March 31
- ⑩ Major Shareholder and Shareholder Ratios
Hitachi Zosen Corporation (100%)

4. Status after Merger

- (1) Trademarks, Business Description, Location of Company Headquarters, Company Representatives, Capital, and End of Fiscal Term
None of these items will change as a result of the merger.

(2) Outlook for the Future

The merger will not affect the consolidated or individual financial result for the term ending March 2009.

Because this merger involves the fully owned subsidiaries (including indirectly owned subsidiaries) of Hitachi Zosen Corporation, the merger will have only a minor effect on the consolidated financial result for the period ending March 2010. In regard to the effects on the individual financial result for the term ending March 2010, this information will be announced as soon as it is finalized.