

October 19, 2007
Hitachi Zosen Corporation

Construction completed in Ariake Works
New manufacturing facility for Process Equipment
And
Expansion of Precision Machinery manufacturing facility for Marine Diesel Engines

We hereby announce that we, Hitachi Zosen Corporation, have completed the construction of new manufacturing facility for process plant equipment which belongs to one of our 100% owned subsidiary companies of Hitachi Zosen Mechanical Corporation (located at Nagasu-Machi, Tamana-Gun, Kumamoto, Japan, the president is Mr. Hisao Matsuwake and hereinafter referred to as HMC), and the expansion of precision machinery manufacturing facility for marine diesel engines which belongs to Hitachi Zosen Diesel & Engineering Co., Ltd. (located at the same place of HMC, the president is Mr. Takeo Koike and hereinafter referred to as HZD&E).

HMC was established in 1995 as 100% owned subsidiary company of Hitachi Zosen and had been developing its business activities as Process Units & Equipment Department of our Ariake Works before its establishment in the year. Its main activities are engineering and manufacturing of heavy-weight and heavy-duty reactors, pressure vessels and heat exchangers. These equipments were delivered to and have been in operation in the oil refinery plants, petro-chemical plants, gas treatment plants, methanol plants, fertilizer plants and GTL plants. Also HMC has manufactured evaporators for seawater desalination plants. Recently, it is understood that significant increase of energy demand all over the world and subsequent sharp increase of the demand for the heavy duty equipment for those facilities. Under its circumstance, HMC has decided to build new manufacturing facility to increase its production capacity and to expand its business field. The new manufacturing facility has the crane with the capacity of 700 tons and its working environment is well optimized for manufacturing the equipment the size of which is become bigger and bigger. Having the new facility, the manufacturing capability of HMC will be increased by 30%.

Further we expect the up-grading of heavy crude oil (including the oil sand) will require more heavy duty and heavy weight equipments and stronger demand is available for such equipments for natural gas (alternative energy of oil with lower carbon dioxide emission) and GTL. By utilizing the manufacturing facility in Sakai City in Osaka as final assembling yard, it will be possible to assemble the equipment the weight of which is more than 2,000 tons.

HZD&E was established in 1999, two years after the completion of the Ariake Machinery Works. On 2002, it has achieved the accumulated production volume of 20 million horsepower with MAN B&W type diesel engine. HZD&E is only the manufacturer in Japan who can capable of manufacturing both MAN B&W and Wartsila type engine.

As we had announced previously, we had decided to make capital investment of Yen 9 billion to increase the production capacity of HZD&E considering the more marine engine demand is expected from our clients reflecting high record making business environment in new ship building field. We are planning to achieve 90 engines production capacity which is equivalent

to 1.8 million capacity in horsepower by 2012, and we expect the expanded precision machinery manufacturing facility will greatly contribute to achieving such target.

The followings are the outline of new and expanded manufacturing facility.

For HMC

Location	Within the area of Hitachizosen Machinery Works in Ariake
Name of ne facility	Ariake Machinery Works - HMC 700t Final Assemble Yard
Equipment to be manufactured	Pressure vessls and heat exchangers
Area	4,875.6 m ²
Date of starting operation	19 th October 2007
Invested amount	Yen 2.5billion

For HZD&E

Location	Within the area of Hitachi Zosen Machinery Works in Ariake
Equipment to be manufactured	Fuel valves and fuel valves for diesel engines
Area	1,770.0 m ²
Primary Equipment	Turning Center (5 units), Machining Center (3 units) and Grinding Machine
Production Capacity	1,000 units
Date of starting operation	19 th October 2007
Invested amount	Yen 600 million