

March 10, 2004

Hitachi Cable, Ltd.

Sumitomo Electric Industries, Ltd.

Hitachi Cable and Sumitomo Electric Industries to Explore Consolidating High Voltage Power Cable Sales for Domestic Power Companies into J-Power Systems

Hitachi Cable, Ltd. (President: Norio Sato, hereinafter referred to as “Hitachi Cable”), Sumitomo Electric Industries, Ltd. (President: Norio Okayama, hereinafter “Sumitomo Electric Industries”), and J-Power Systems Corp. (President: Kusuo Sanjo, hereinafter “JPS”) have agreed in principle to discuss shifting and consolidating sales of high voltage XLPE cables, ACSR, and high voltage power distribution lines (collectively “high voltage power cables” hereinafter) at JPS. The consolidated sales will target domestic power companies to whom Hitachi Cable and Sumitomo Electric Industries currently provide service independently. The three companies will discuss terms and conditions toward the realization of the consolidation.

1. Background and Goals of Consolidating Sales Units

In recent years, cuts in investment on plants and equipment by domestic power companies have resulted in a corresponding decline in demand for high voltage power cables. In response to this sluggish business environment, Hitachi Cable and Sumitomo Electric Industries in July 2001 together established JPS to reorganize and consolidate their high voltage power cable operations, consisting of research, development, design, manufacturing, installation, and export units. The three companies are currently seeking to further streamline operations to re-establish a stable business foundation, given persisting slow demand for electricity and forecasts of harsh business conditions.

To respond to such challenging conditions, Hitachi Cable, Sumitomo Electric Industries, and JPS have agreed to explore the possibility of consolidating Hitachi Cable’s and Sumitomo Electric Industries’ high voltage power cable sales into JPS. These sales plans target domestic power companies, to whom Hitachi Cable and Sumitomo Electric Industries currently offer service independently.

2. Shifting and Consolidating Sales Units

A study committee chaired by senior executives from the three companies will gather to discuss various possibilities and to begin preparing for consolidation once companies gain approval from the concerned authorities and the understanding of their customers. For domestic sales to parties other than power companies, Hitachi Cable and Sumitomo Electric Industries will continue to function independently.

<For inquiries, contact:>

Hitachi Cable, Ltd.

Corporate Communications Section, Administration Department

TEL +81-3-5252-3261

Sumitomo Electric Industries, Ltd.

Public Relations Office

(Tokyo) +81-3-3423-5221

(Osaka) +81-6-6220-4119

<Explanation of Terms>

(1) XLPE Cable (cross-linked polyethylene polyvinyl chloride insulated cable)

These cables are insulated with cross-linked polyethylene, whose network of structured molecules dramatically improves heat resistance. Compatible with a broad voltage range from 600V to 500kV, the cables are used for wiring and distribution to buildings and factories, as well as urban underground power distribution and transmission.

(2) ACSR (aluminum conductor steel reinforced)

A zinc-coated steel wire core around which the aluminum conductor wires are wound. This is a bare wire without insulation coating, used for overhead power transmission lines installed on higher pylons.

<Overview of J-Power Systems Corp.>

- (1) Business areas: research, development, design, manufacturing, installation, and exports of electric power cables, overhead power transmission lines, related accessories, and related systems
- (2) Establishment: July 2001
- (3) Capital: 4 billion yen
- (4) Shareholders: Hitachi Cable 50%, Sumitomo Electric Industries 50%
- (5) Number of employees: approximately 900
- (6) Representative: President Kusuo Sanjo
- (7) Headquarters: Mita 43MT Building, 3-13-16 Mita, Minato-ku, Tokyo
- (8) Offices: Toyoura Works (Hitachi-shi, Ibaraki Pref.), Hitaka Works (Hitachi-shi, Ibaraki Pref.), Osaka Works (Konohana-ku, Osaka-shi)
Tokyo Installation Center (Ota-ku, Tokyo), Osaka Installation Center (Konohana-ku, Osaka-shi)