


**Hitachi Cable, Ltd.**

1-6-1 Otemachi, Chiyoda-ku, Tokyo  
 Norio Sato, President  
 [Code number: 5812]  
 First section, Tokyo Stock Exchange Inc.  
 First section, Osaka Securities Exchange Co., Ltd.

Contact: Shinichiro Suzumura,  
 General Manager, Administration Dept.,  
 Human Resources and Administration Group

Telephone: +81-3-5252-3261

**Tonichi Kyosan Cable, Ltd.**

1-1 Aragane, Ishioka-shi, Ibaraki  
 Koji Muraki, President  
 [Code number: 5818]  
 [OTC registered]

Contact: Hitoshi Nakazawa,  
 Board Director and General Manager,  
 Accounting Dept.

Telephone: +81-299-23-7111

**Hitachi Cable, Ltd. to make Tonichi Kyosan Cable, Ltd.  
 a wholly owned subsidiary through share exchange**

Hitachi Cable, Ltd. (hereinafter referred to as “Hitachi Cable”) and Tonichi Kyosan Cable, Ltd. (hereinafter referred to as “Tonichi Kyosan Cable”) have agreed to make Tonichi Kyosan Cable a wholly owned subsidiary of Hitachi Cable through share exchange. The president of Hitachi Cable, who was delegated the decision-making authority on this matter by its board of directors, and the board of directors of Tonichi Kyosan Cable approved this decision today and concluded a share exchange agreement. Details are given below.

The official share exchange date is March 1, 2004, following the approval of this agreement by an extraordinary meeting of the shareholders of Tonichi Kyosan Cable to be held on January 26, 2004. Hitachi Cable will not seek approval at a shareholders meeting in accordance with the provision of Article 358 (paragraph 1) of the Commercial Code.

### **1. Objective of making Tonichi Kyosan a wholly owned subsidiary through share exchange**

Tonichi Kyosan, with the manufacture and sale of wires and cables as its main business, is a subsidiary of Hitachi Cable. The current severe business environment for domestic wires and cables manufacturers is unlikely to improve, while demand from major users continues to decrease and product prices decline due to intensified competition.

Under these circumstances, Hitachi Cable and Tonichi Kyosan Cable have agreed to make Tonichi Kyosan Cable a wholly owned subsidiary of Hitachi Cable in order to further strengthen their collaboration and enable them to respond more flexibly to management issues. Both companies agree that this decision will help increase the profits of the wire and cable businesses and reinforce the operating base of the entire Hitachi Cable Group.

### **2. Contents of the share exchange agreement**

#### (1) Method

The share exchange will be conducted in accordance with Articles 352 through 363 of the Commercial Code in order to make Hitachi Cable a wholly owning parent company of Tonichi Kyosan Cable and Tonichi Kyosan Cable a wholly owned subsidiary of Hitachi Cable.

#### (2) Share exchange ratio

Company	Hitachi Cable	Tonichi Kyosan Cable
Exchange ratio	1	0.59

#### Notes: 1. Allocation of Shares

Instead of issuing new shares, Hitachi Cable will allocate its own shares (4,471,905 common shares) to shareholders (which will hereinafter include beneficial shareholders) listed or recorded in the shareholder lists (which will hereinafter include the beneficial shareholder list) of Tonichi Kyosan Cable as of the end of the preceding day of the share exchange, at a rate of 0.59 shares of Hitachi Cable per share of Tonichi Kyosan Cable owned by its shareholders. However, there

will be no allocation of shares with respect to the 12,280,500 common shares of Tonichi Kyosan Cable held by Hitachi Cable.

2. Basis of calculation of the exchange ratio

The calculation of the exchange ratio was commissioned to Mizuho Securities Co., Ltd. by Hitachi Cable, and to Nikko Cordial Securities Inc. by Tonichi Kyosan Cable, respectively. Hitachi Cable and Tonichi Kyosan Cable discussed the exchange ratio presented by these securities companies, and agreed upon the ratio specified above.

3. Result, method, and basis of calculation by third party

(i) Mizuho Securities Co., Ltd.

Mizuho Securities evaluated Hitachi Cable and Tonichi Kyosan Cable by the market-price analysis method, comparable-company analysis method, and DCF method and, taking the results comprehensively into account, suggested that the appropriate exchange ratio would be as follows.

Hitachi Cable: Tonichi Kyosan Cable = 1: 0.53–0.61

(ii) Nikko Cordial Securities Inc.

Nikko Cordial Securities evaluated Hitachi Cable by the market-price method, and Tonichi Kyosan by the market-price method, modified (book value) net-asset method, and capitalization method and, taking the results comprehensively into account, suggested that the appropriate exchange ratio would be as follows.

Hitachi Cable: Tonichi Kyosan Cable = 1: 0.566–0.643

(3) Accrual date of dividends

The accrual date of dividends on the 4,471,905 common shares of Hitachi Cable issued to the shareholders of Tonichi Kyosan Cable is October 1, 2003.

(4) Amount of capital and capital reserve to be increased

The amount of capital and capital reserve of Hitachi Cable to be increased due to the share exchange is as follows.

(i) Capital: 0 yen

(ii) Capital reserve: Amount calculated using the formula below

$$\left( \begin{array}{l} \text{Net assets of Tonichi} \\ \text{Kyosan Cable as of the} \\ \text{day of share exchange} \end{array} \right) \times \left( \frac{\text{Number of common shares of Tonichi Kyosan Cable to be} \\ \text{transferred to Hitachi Cable through share exchange}}{\text{Total number of outstanding common shares of Tonichi} \\ \text{Kyosan Cable}} \right) \\ - \left( \begin{array}{l} \text{Book value of Hitachi Cable's own shares to be} \\ \text{transferred to shareholders of Tonichi Kyosan Cable} \end{array} \right)$$

(5) Interim dividends

Hitachi Cable will pay interim dividends of 2.5 yen per common share, up to 909,568,255 yen in total, to shareholders or pledgees listed or registered in the shareholder list as of the end of September 30, 2003. Tonichi Kyosan will pay interim dividends of 1.5 yen per common share, up to 29,701,185 yen in total, to shareholders or pledgees listed or registered in the shareholder list as of the end of September 30, 2003.

(6) Subsidy for share exchange

No subsidy will be paid for the share exchange.

(7) Term of the board of directors of Hitachi Cable

The term of Hitachi Cable's board of directors who assumed the post prior to the share exchange is the same as the term they would have served without the share exchange.

(8) Other

The content of the share exchange agreement may be amended in accordance with discussions between Hitachi Cable and Tonichi Kyosan Cable.

### **3. Schedule for share exchange**

November 19, 2003	Signing of the share exchange agreement
January 26, 2004 (subject to change)	Extraordinary general meeting of the shareholders of Tonichi Kyosan Cable (approval of the share exchange agreement)
March 1, 2004 (subject to change)	Share exchange

\* Hitachi Cable will not seek the approval of its regular shareholders meeting in accordance with Article 358 (paragraph 1) of the Commercial Code.

### **4. Outline of the companies involved in the share exchange**

(1) Trade name	Hitachi Cable, Ltd.	Tonichi Kyosan Cable, Ltd.
(2) Main business	<ol style="list-style-type: none"> <li>1. Manufacture and sale of wires, cables, and optical fibers</li> <li>2. Manufacture and sale of rolled products of nonferrous metal, light metal, nonferrous-metal alloy, and light-metal alloy</li> <li>3. Manufacture and sale of rubber and other chemical products</li> <li>4. Manufacture and sale of precision instruments, including medical equipment and measurement machines</li> <li>5. Manufacture and sale of electronic components and materials</li> <li>6. Manufacture and sale of equipment and systems for electric power supply and distribution, and information transmission and processing</li> <li>7. Manufacture and sale of production equipment and testing devices for the above products</li> <li>8. Programming and sale of computer software</li> <li>9. Leasing and maintenance of the above products and devices</li> <li>10. Design, supervision, and contracting of construction, civil works, and other related works incidental to the above products</li> <li>11. Provision of information and telecommunication services</li> <li>12. Leasing, sale, and management of real estate</li> <li>13. Any business related or incidental to the above products and services</li> </ol>	<ol style="list-style-type: none"> <li>1. Manufacture, assembly, and sale of wires, cables, and fiber-optic cables</li> <li>2. Design and contracting of electrical works</li> <li>3. Any business related or incidental to the above products and services</li> </ol>
(3) Date of incorporation	April 1956	May 1947
(4) Location of head office	Chiyoda-ku, Tokyo	Ishioka-shi, Ibaraki
(5) Representative	Norio Sato, President	Koji Muraki, President
(6) Capital (as of March 31, 2003)	25,948 million yen	3,569 million yen
(7) Total number of outstanding shares (as of March 31, 2003)	374,018,174	19,860,000
(8) Shareholders' equity (as of March 31, 2003)	159,553 million yen	14,403 million yen
(9) Total assets (as of March 31, 2003)	286,554 million yen	19,245 million yen
(10) End of fiscal year	March 31	March 31
(11) Number of employees (as of March 31, 2003)	4,657	433

(12)	Major business partners	Suppliers: Pan Pacific Copper Co., Ltd. Dowa Mining Co., Ltd. Showa Denko K.K. Buyers: Power companies NTT companies JR companies	Suppliers: Hitachi Cable, Ltd. Dowa Mining Co., Ltd. Buyers: Sumiden Hitachi Cable, Ltd. Hitachi Cable, Ltd.
(13)	Major shareholders and voting-rights ratio* (as of March 31, 2003)	Hitachi, Ltd. 52.21% The Master Trust Bank of Japan, Ltd. (trust account) 4.99% Japan Trustee Services Bank, Ltd. (trust account) 2.15%	Hitachi Cable, Ltd. 63.39% Dowa Mining Co., Ltd. 12.35% Tonichi Kyosan Cable employee shareholding program 2.69%
(14)	Main financing banks	UFJ Bank, Ltd. Mizuho Corporate Bank, Ltd. The Bank of Tokyo-Mitsubishi, Ltd.	The Joyo Bank, Ltd. Mizuho Corporate Bank, Ltd. UFJ Bank, Ltd.
(15)	Relationships of companies involved	Capital relationship	Tonichi Kyosan Cable is a subsidiary of Hitachi Cable.
		Personnel relationship	Hitachi Cable dispatches board members and employees to Tonichi Kyosan Cable.
		Trade relationship	Hitachi Cable and Tonichi Kyosan Cable mutually trade products, and Hitachi Cable borrows funds from Tonichi Kyosan Cable.

\* Indirectly owned shares are excluded from calculation.

## 5. Business results for the last three fiscal terms (non-consolidated)

(Millions of yen)

Fiscal term	Hitachi Cable			Tonichi Kyosan Cable		
	March 2001	March 2002	March 2003	March 2001	March 2002	March 2003
Sales	330,426	269,850	242,908	24,982	24,932	27,068
Operating income (loss)	18,764	-4,469	-4,871	348	37	-70
Ordinary income (loss)	19,385	-2,738	-3,019	421	54	-7
Net income (loss)	7,110	-263	-3,334	-643	7	-40
Net income (loss) per share	19.04 yen	-0.70 yen	-8.98 yen	-32.42 yen	0.38 yen	-2.06 yen
Dividends per share*	10.00 yen	7.50 yen	5.00 yen	9.00 yen	9.00 yen	7.50 yen
Shareholders' equity per share	490.01 yen	464.35 yen	433.81 yen	750.75 yen	738.88 yen	726.96 yen
Dividend ratio	52.5%	—%	—%	—%	2,381.7%	—%

\* Dividends per share include interim dividends.

## 6. Effects on business results

The possible effects of the share exchange on consolidated business results are only minor, as Tonichi Kyosan Cable is already a consolidated subsidiary of Hitachi Cable.