

December 24, 2002

Company Name: Hitachi Cable, Ltd.

Representative: Seiji Hara, President and Representative Director

Listings: First Section, Tokyo Stock Exchange, Inc.

First Section, Osaka Securities Exchange Co., Ltd.

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Hitachi Cable to Merge Its Sales Companies in the Kansai Region

Hitachi Cable, Ltd. (hereinafter Hitachi Cable or the Company) announces that at the meeting of its Board of Directors held December 24, 2002, agreement was reached to split off a separate company from Matsumoto Dengyo Co., Ltd. (Head office: Kita-ku, Osaka; Representative: Hironori Matsumoto, President and Representative Director), an affiliated company accounted for by the equity method, on April 1, 2003, and to transfer the sales of wires and cables as well as copper products sales operations of Matsumoto Dengyo to this newly split off company. In addition, the Board of Directors also decided to merge the newly formed company with two other companies to form a single company, effective June 1, 2003. The two other companies are Kansai Hi-Elec, Ltd. (Head office: Chuo-ku, Osaka; Representative: Masakatsu Nakagawa, President and Representative Director; hereinafter Kansai Hi-Elec) and Kansai Hi-Metal, Ltd. (Head office: Higashi Osaka; Representative: Koji Mabuchi, President and Representative Director; hereinafter Kansai Hi-Metal), both of which are consolidated subsidiaries of Hitachi Cable.

Matters related to this merger which are currently undecided will be announced as soon as they are decided.

1. Objectives of this Realignment

These three companies are facing a difficult operating environment in the domestic market in the wires and cables as well as copper products fields, which are their main lines of business, because their customers are shifting operations overseas and private-sector capital investment is declining. It is imperative that these companies increase their competitiveness by improving the efficiency of their management and improving customer service.

The Hitachi Cable Group has already merged its four sales companies in the Eastern Japan region

into a single company, effective October 1, 2002, and is moving forward with measures to strengthen its distribution services in the Eastern Japan region and promote the rationalization as well as enhance the efficiency of back office and other operations with the aim of strengthening its operating base. By merging the three companies mentioned previously in the Kansai region, the Company is aiming to achieve similar positive results.

2. Details of the Split-Off from Matsumoto Dengyo

(1) Description of the Split-Off

- ① Date of the split-off: April 1, 2003(scheduled)
- ② Method of the split-off: A new company will be established as a split-off company to continue the sales operations of Matsumoto Dengyo for wires and cables as well as copper products.
- ③ Allocation of shares: At the time of the split-off, all the common shares issued by the new company established as a split-off will be allocated to Matsumoto Dengyo.
- ④ Rights and duties of the new company established as a split-off: All right and duties related to the sales activities of wires and cables as well as copper products.
- ⑤ Prospects for honoring liabilities: There are no circumstances to indicate that Matsumoto Dengyo and the newly established split-off will be unable to meet their obligations related to any liabilities following this split-off and no such circumstances are foreseen at present. Therefore, the Company has made the judgment that Matsumoto Dengyo and the split-off company will meet their obligations related to all liabilities as these come due following the date of the split-off.
- ⑥ Directors who will assume office in the newly establishing split-off company: Yusuke Matsumoto, Chishiro Matsumoto, Mitsunobu Shimanuki, and Koji Bito. (All of these individuals are currently directors of Matsumoto Dengyo.)

(2) Outline of Matsumoto Dengyo (As of September 30, 2002)

- ① Company name: Matsumoto Dengyo Co., Ltd.
- ② Lines of business: Sales of wires and cables, electric equipment, and nonferrous metals
- ③ Date of establishment: August 26, 1947
- ④ Location of Head Office: 5, Nishi Tenma, 5-2, Kita-ku, Osaka
- ⑤ Representative: Yusuke Matsumoto, President and Representative Director
- ⑥ Paid-in capital: 100 million yen
- ⑦ Number of shares issued: 2,000 thousand
- ⑧ Shareholders' equity: 626 million yen
- ⑨ Total assets: 3,425 million yen
- ⑩ Annual closing of accounts: March 31
- ⑪ Number of employees: 62
- ⑫ Principal customers: Kinden Corporation, Central Uni Co., Ltd., Kurihara Kogyo Co., Ltd.
- ⑬ Principal shareholders and percentages owned: Hitachi Cable: 20.7%; Takeo Matsumoto: 19.8%; Yusuke Matsumoto: 13.3%

⑭ Main bank: UFJ Bank, Ltd.

(3) Performance of Matsumoto Dengyo for the Most Recent Three Years

	Fiscal 2000	Fiscal 2001	Fiscal 2002
Net sales	8,184 million yen	9,505 million yen	8,098 million yen
Operating income	67 million yen	69 million yen	-20 million yen
Ordinary income	7 million yen	68 million yen	-21 million yen
Net income	8 million yen	-65 million yen	-23 million yen
Net income per share	4.30 yen	-32.95 yen	-11.66 yen
Cash dividends per share	5.00 yen	4.00 yen	0 yen
Shareholders' equity per share	404.39 yen	395.92 yen	370.52 yen

(4) Content of the Split-Off

- ① Activities of the department to be split off: Sales of Wires and cables, copper products
- ② Net sales and ordinary income of the department for the most recent business year: Following the split-off from Matsumoto Dengyo, Matsumoto Dengyo will administrate the rental of its current Head Office. For this reason, the net sales and ordinary income of the department to be split off are the same as the figures shown under net sales and ordinary income for Matsumoto Dengyo in the table in (3) above.
- ③ Asset and liabilities items and amounts for the department to be split off: These are currently being calculated

(5) Condition of Matsumoto Dengyo following the Split-Off

- ① Company name: Matsumoto Dengyo Co., Ltd.
- ② Lines of business: Rental and administration of real estate
- ③ Location of the Head Office: 5, Nishi Tenma, 5-2, Kita-ku, Osaka
- ④ Representative: Yusuke Matsumoto
- ⑤ Paid-in capital: 100 million yen

3. Details of the Merger among the Split-Off Company, Kansai Hi-Elec, and Kansai Hi-Metal

(1) Content of the merger

- ① Date of the merger: June 1, 2003 (Scheduled)
- ② Method of the merger: The new company established in connection with the split off will be the continuing company and it will absorb Kansai Hi-Elec and Kansai Hi-Metal, which will cease to exist as corporate entities.
- ③ Percentages of the merger: To be decided
- ④ Amounts to be paid in connection with the merger: To be decided

(2) Outline of companies to be merged

(Information for the new company to be established in connection with the split-off is as of April 1, 2003, and information for the remaining two companies is as of September 30, 2002.)

	New split-off company	Kansai Hi-Elec	Kansai Hi-Metal
Company name	To be decided	Kansai Hi-Elec, Ltd.	Kansai Hi-Metal, Ltd.
Lines of business	Sales of wires and cables, copper products	Sales of wires and cables, electronic materials, copper products, etc.	Sale of nonferrous, ferrous metals
Date of establishment	April 1, 2003	September 1, 1990	January 20, 1994
Location of Head Office	5, Tenma, 5-2, Kita-ku, Osaka	3, Kitahama, 5-29, Chuo-ku, Osaka	Higashi hachibanchi, Yoko-makura, Higashi Osaka
Representative	To be decided	Masakatsu Nakagawa	Koji Mabuchi
Paid-in capital	To be decided	30 million yen	30 million yen
Number of shares issued	To be decided	600 shares	600 shares
Shareholders' equity	—	94 million yen	45 million yen
Total assets	—	1,052 million yen	510 million yen
Date of annual closing of accounts	March 31	March 31	March 31
Number of employees	Approximately 60	16	16
Principal customers	To take over customers of Matsumoto Dengyo	ROHM Co., Ltd. Mitsubishi Electric Co., Ltd. Nishida Kousan Co., Ltd.	Osaka Gas Co., Ltd., Mitsubishi Heavy Industries, Ltd., J.S.T. Mfg. Co., Ltd.
Major shareholders and percentages owned	Matsumoto Dengyo: 100%	Hitachi Cable: 100%	Hitachi Cable: 80% Okuda Kinzoku Co., Ltd.: 20%
Main bank	UFJ Bank, Ltd.	Mizuho Bank, Ltd.	UFJ Bank, Ltd.

(3) Financial Data for the Companies to Be Merged for the Most Recent Three Years

① Kansai Hi-Elec

	Fiscal 2000	Fiscal 2001	Fiscal 2002
Net sales	4,062 million yen	3,875 million yen	2,905 million yen
Operating income	34 million yen	19 million yen	-8 million yen
Ordinary income	35million yen	24 million yen	-10 million yen
Net income	20 million yen	12 million yen	-10 million yen
Net income per share	33,952.42 yen	21,134.78 yen	-17,280.37 yen
Cash dividends per share	9,000.00 yen	9,000.00 yen	9,000.00 yen
Shareholders' equity per share	195,211.81 yen	198,463.27 yen	163,099.56 yen

② Kansai Hi-Metal

	Fiscal 2000	Fiscal 2001	Fiscal 2002
Net sales	2,104 million yen	2,582 million yen	2,252 million yen
Operating income	-7 million yen	29 million yen	-4 million yen
Ordinary income	9 million yen	27 million yen	-4 million yen
Net income	6 million yen	20 million yen	-6 million yen
Net income per share	10,757.14 yen	34,297.73 yen	-10,784.18 yen
Cash dividends per share	5,000.00 yen	5,000.00 yen	0 yen
Shareholders' equity per share	84,699.88 yen	100,729.19 yen	74,103.23 yen

(4) Condition following the merger

- ① Company name: To be decided
- ② Lines of business: Sales of wires and cables, copper products
- ③ Location of Head Office: 5, Tenma, 5-2, Kita-ku, Osaka
- ④ Representative: To be decided
- ⑤ Paid-in capital: 310 million yen
- ⑥ Major shareholders and percentage holdings: Hitachi Cable 50%, Matsumoto Dengyo 50%
- ⑦ Total assets: To be decided
- ⑧ Date of annual closing of accounts: March 31

4. Impact on Hitachi Cable' s financial performance of the corporate realignments described above:

No effect on the accounts of the parent company. Slight (non-material) impact on the consolidated accounts.