

March 27, 2002

## Sumitomo Electric, Tatsuta Electric Wire and Cable, and Hitachi Cable Consolidate Operations of Wires and Cables for Buildings and Industrial Equipment

Sumitomo Electric Industries, Ltd. (President: Norio Okayama; hereinafter referred as "SEI"), Tatsuta Electric Wire and Cable Co., Ltd. (President: Keiji Komatsu; hereinafter referred as "Tatsuta Electric Wire and Cable"), and Hitachi Cable, Ltd. (President: Seiji Hara; hereinafter referred as "Hitachi Cable") have reached a fundamental agreement to establish a joint venture company for production, distribution, and sales of wires and cables for building and industrial equipment, after receiving the judgement from the Japan Fair Trade Commission. The three companies will enter detailed negotiations on the establishment of the new company.

### 1. Aims of Business Consolidation

Wires and Cables for building and industrial equipment in Japan currently suffer from extremely low profit caused by the drop in demand due to the slowdown in private-sector capital spending, as well as the downturns in market conditions. The companies in these industries are in urgent need of undertaking sweeping reorganization of their operations.

In due consideration of this harsh business environment, SEI, Tatsuta Electric Wire and Cable, and Hitachi Cable had been individually promoting efficiency in their business operations and group companies. Because structural reforms in individual company and group had a limit, the three companies decided to consolidate their business operations in the field of electric power wire and cable for buildings and industrial equipment.

This consolidation of operations will bring together the three companies' advanced technical expertise and will enhance further technical development. At the same time, productivity will be enhanced to serve the customers with stable product supply and improved service.

### 2. Content of Business Consolidation

#### (1) Establishment of Joint Venture Company

The three companies will establish a joint venture company in July 2002, for the purpose of streamlining sales of products, logistics, and production management in their operations in

the field of wires and cables for buildings and industrial equipment.

## (2) Production Department

Production department in each company and the group companies will be restructured. The joint venture company and the production companies will be independent from each other. The production companies are to manufacture the products according to optimum production allocations set by the joint venture company. This means that the joint venture company will be responsible for production and sales of wires and cables for buildings and industrial equipment.

## 3. Outline of New Joint Venture Company

The outline of the joint venture company to be established is as follows.

- Company Name: Not yet determined.
- Establishment: July, 2002 (schedule)
- Opening of Business: January, 2003 (schedule)
- Capital: Not yet determined. (Less than 500 million yen)
- Ownership: 40% by Hitachi Cable, 40% by SEI, 10% by Tatsuta Electric Wire and Cable, and 10% by Tonichi Kyosan Cable, Ltd.
- President: Not yet determined. (The first president will be appointed from Hitachi Cable.)
- Employees: About 200 (schedule)
- Sales: About 50 billion yen/year (target for 2003)