

September 25, 2001

To All Persons Concerned

Hitachi Cable, Ltd.

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Chiyoda-ku, Tokyo
Seiji Hara, President and Representative
Director
(Code No.: 5812)
(Tokyo Stock Exchange, Osaka Securities
Exchange Co., Ltd. (First sections))

Hanashima Electric Wire Co., Ltd.

37-18, Kumanochō Itabashi-ku, Tokyo
Yuji Kobayashi, President and
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(Code No.: 5813)
(OTC Registered)

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Announcement of making Hanashima Electric Wire Co., Ltd. a Wholly-Owned Subsidiary
through Stock Exchange

We hereby announce that, Hitachi Cable, Ltd. (hereinafter "Hitachi Cable") and Hanashima Electric Wire Co., Ltd. (hereinafter "Hanashima Electric Wire") have reached an agreement to make Hanashima Electric Wire a wholly-owned subsidiary of Hitachi Cable through stock exchange and after meetings of the boards of directors of both companies held on September 25, 2001, have entered into a Stock Exchange Agreement.

It is expected that the effective day of stock exchange is to be February 1, 2002, subject to resolution of the extraordinary general meeting of shareholders of Hanashima Electric Wire, which is to be held in mid December 2001. A general meeting of shareholders of Hitachi Cable is not expected to be held pursuant to the provisions of Article 358 of the Commercial Code (Simplified Stock Exchange).

1. Purpose of making a Wholly-Owned Subsidiary through Stock Exchange

Hanashima Electric Wire, whose main business is the manufacture and sale of magnet wires and artifacts of coils, etc. is a subsidiary of Hitachi Cable. Looking at the recent environment surrounding the domestic magnet wire manufacturers, growth of such business cannot be expected due to market contraction and transfer of customers to overseas. Global competition is severe in the skills and costs side of the business and the immediate strengthening of Hitachi Cable group's competitiveness to meet such conditions is required.

Based on such circumstances, in order to make the relationship of the two companies more intimate so that management mobility will increase and profit will increase

thus strengthening the operation base, both companies have reached an agreement to make Hanashima Electric Wire a wholly-owned subsidiary of Hitachi Cable.

2. Contents of Stock Exchange Agreement

(1) Method

The stock exchange will be conducted pursuant to Article 352 through 363 of the Commercial Code in order that Hitachi Cable may wholly-own Hanashima Electric Wire and that Hanashima Electric Wire may become a wholly-owned subsidiary of Hitachi Cable.

(2) Stock Exchange Ratio

Name of Company	Hitachi Cable	Hanashima Electric Wire
Exchange Ratio	1	0.20

(Note 1) Allocation of Shares

Hitachi Cable shall issue 569,359 ordinary shares and allocate to each shareholders (including the beneficial shareholders) registered in the register of shareholders and the register of beneficial shareholders at the end of the day immediately preceding the day of stock exchange, 0.20 shares of Hitachi Cable per one share of Hanashima Electric Wire held thereby; provided, however, that no allocation shall be made concerning 3,153 thousand shares of Hanashima Electric Wire held by Hitachi Cable.

(Note 2) Bases of Calculation of Exchange Ratio

The calculation of the stock exchange ratio was commissioned to The Nikko Securities Co., Ltd. Both companies reached an agreement as above after taking into consideration and discussing the result of such calculation.

(Note 3) Result, Method and Bases of Calculation by Third Party

The Nikko Securities Co., Ltd. decided that September 21, 2001 be the calculation date and placed a 90% weight to the stock market value and a 5% weight to each of the prevailing value and the capitalized value, and taking the weighted average, calculated the ratio to be:

$$\text{Hitachi Cable} : \text{Hanashima Electric Wire} = 1 : 0.19995$$

(3) Accrual Date of Dividends

The accrual date of dividends on new shares to be issued in the stock exchange shall be October 1, 2001.

(4) Amounts of Capital and Capital Reserve to be Increased

The amounts of capital and capital reserve of Hitachi Cable to be increased due to the stock exchange are as follows:

- (a) Capital: ¥28,467,950.-
- (b) Capital Reserve: Amount calculated using the following formula

Net assets of Hanashima Electric Wire on the day of stock exchange	x	$\frac{\text{Number of shares of Hanashima Electric Wire to be transferred to Hitachi Cable through stock exchange}}{\text{Total number of outstanding shares of Hanashima Electric Wire}}$	-	Amount in (a) above
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(5) Interim Dividend

Hitachi Cable shall pay interim dividends to the shareholders (including the beneficial shareholders) or pledgees registered in the register of shareholders and the register of beneficial shareholders at the end of September 30, 2001 ¥5 per one share, up to a total amount of ¥1,900,294,280. Hanashima Electric Wire shall not pay interim dividends for fiscal 2002.

(6) Amount of Money Delivered due to Stock Exchange

No money will be delivered due to the stock exchange.

(7) Term of Office of Board Directors and Corporate Auditors of Hitachi Cable

The term of office of board directors and corporate auditors of Hitachi Cable who assumed office prior to the day of stock exchange shall not be changed.

(8) Other Matter

Concomitantly with the enforcement of the Law concerning Amendment, etc. of a Part of the Commercial Code, etc. (Announced on June 29, 2001, Law No. 79), the stock exchange agreement may be amended with respect to the amount of the capital and capital reserve to be increased and other matters.

3. Schedule for Stock Exchange

September 25, 2001 Meeting of the board of directors to approve the stock exchange agreement

Signing of stock exchange agreement

Mid December 2001 Extraordinary general meeting of shareholders of Hanashima Electric Wire (approval of the stock exchange agreement)

February 1, 2002 Day of stock exchange

* A general meeting of shareholders of Hitachi Cable is not expected to be held pursuant to the provisions of Article 358 of the Commercial Code (Simplified Stock Exchange).

4. Outline of Companies involved in Stock Exchange

(1)	Corporate Name	Hitachi Cable, Ltd.	Hanashima Electric Wire Co., Ltd.
(2)	Main Business	<ol style="list-style-type: none"> 1. Manufacturing and selling of wires and cables, and optical fiber; 2. Manufacturing and selling of rolled products of non-ferrous metals, light metals and their alloys thereof; 3. Manufacturing and selling of rubber and other chemical plastic products; 4. Manufacturing and selling of medical appliances, measurement equipment and other precision instruments; 5. Manufacturing and selling of electronic parts and materials thereof; 6. Manufacturing and selling of equipment and system for electric power supply and distribution, data and communication processing and transmission; 7. Manufacturing and selling of manufacturing equipment and testing 	<ol style="list-style-type: none"> 1. Manufacturing and selling of wires and electrical equipment; 2. Commissioned processing of plastics and other plastic reproduction; 3. Leasing of real estates; and 4. Any and all business related or incidental to each of the foregoing.

		<p>equipment of products incidental to each of the foregoing;</p> <p>8. Engineering and selling of computer software;</p> <p>9. Leasing and maintenance of products and equipment incidental to each of the foregoing;</p> <p>10. Designing, supervising and contracting in construction, civil engineering and any other work incidental to each of the foregoing;</p> <p>11. Providing of information telecommunications services; and</p> <p>12. Any and all business related or incidental to each of the foregoing.</p>	
(3)	Date of Incorporation	April 1956	July 1947
(4)	Location of Head Office	Chiyoda-ku, Tokyo	Itabashi-ku, Tokyo
(5)	Representative	Seiji Hara, President and Representative Director	Yuji Kobayashi, President and Representative Director
(6)	Capital (as of March 31, 2001)	¥25,948 million	¥300 million
(7)	Total Number of Outstanding Shares (as of March 31, 2001)	373,448,815 shares	6,000,000 shares
(8)	Net Assets (as of March 31, 2001)	¥182,992 million	¥385 million
(9)	Total Assets (as of March 31, 2001)	¥361,946 million	¥3,888 million
(10)	Fiscal Term	March 31	March 31
(11)	Number of Employees (as of March 31, 2001)	6,357	117
(12)	Principal Business Partners	Supplier Nippon Mining & Metals Co., Ltd.	Supplier Hitachi Cable, Ltd. Furukawa Sangyo

		Dowa Mining Co., Ltd. Showa Denko K.K. Buyer Power Companies NTT Companies JR Companies	Kaisha, Ltd. Auto Chemical Ind. Co., Ltd. Buyer Hitachi Cable, Ltd. Matsushita Electric Industrial Co., Ltd. Toyo Denso Co., Ltd.
(13)	Principal Shareholders and Shareholding Ratio (as of March 31, 2001)	Hitachi, Ltd.: 51.21% Japan Trustee Services Bank, Ltd. (account in trust): 3.63% The Mitsubishi Trust and Banking Corporation (account in trust): 2.15%	Hitachi Cable, Ltd.: 52.55% Yamazaki Shoji Co., Ltd.: 5.01% The Asahi Bank, Ltd.: 2.50%
(14)	Main Banks	The Sanwa Bank, Limited The Joyo Bank, Ltd. The Fuji Bank, Limited	The Asahi Bank, Ltd. The Sanwa Bank, Limited The Tokai Bank, Ltd.

(15) Business Results for the Last 3 Fiscal Terms

(Unit: millions of yen)

Fiscal term	Hitachi Cable			Hanashima Electric Wire		
	March 1999	March 2000	March 2001	March 1999	March 2000	March 2001
Sales	318,763	294,194	330,426	5,874	5,801	5,187
Ordinary profit (loss)	7,031	7,822	19,385	55	55	-186
Net income (loss) for the year	3,237	4,110	7,110	18	21	-307
Net income (loss) per share for the year	¥8.60	¥10.93	¥19.04	¥3.14	¥3.65	-¥51.25
Dividends per share *	¥10.00	¥10.00	¥10.00	¥6.00	¥6.00	¥0.00
Net assets per share	¥424.67	¥444.03	¥490.01	¥109.18	¥118.71	¥64.26
Dividend ratio	116.3%	91.2%	52.5%	191.3%	164.4%	0.0%

* Dividends per share includes interim dividends.

5. Effects on Business Results

Since Hanashima Electric Wire has already been a consolidated subsidiary of Hitachi Cable, effects of the stock exchange on the consolidated results of Hitachi Cable are minor.