

April 3, 2006

Company Name: Hitachi Cable, Ltd.
President: Norio Sato
Listings: First Section, Tokyo Stock Exchange, Inc.
First Section, Osaka Securities Exchange Co., Ltd.
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**Notice of change in status of subsidiaries in accordance with increased capitalization
through third-party allocation of shares in subsidiary**

In March 2006, CNMP Holdings, Inc. (hereinafter called "CNMP Holdings"), a consolidated subsidiary of Hitachi Cable, Ltd. (in which Hitachi Cable holds an 82.6% equity stake) increased its capital through a third-party allocation of shares. As a result, CNMP Holdings and its subsidiaries CNMP Networks, Inc. (headquarters: United States; representative: Chao Xiang Shi) and CNMP Networks (Beijing), Inc. (headquarters: China; representative: Chao Xiang Shi) will no longer be included in Hitachi Cable's consolidated settlement of accounts, but will be classified as equity-method affiliates. The specifics of this change are given below.

1. Reason for increased capitalization by CNMP Holdings

CNMP Holdings is a holding company owning stock in CNMP Networks and CNMP Networks (Beijing), both of which develop and manufacture next-generation transmission equipment. In preparation for the development of new products and to enable the construction of an internal-control system, CNMP Holdings has implemented this increased capitalization through a third-party allocation of shares to JAFCO Co., Ltd., one of Japan's leading venture-capital firms, and to investment limited partnerships managed by JAFCO. Since this increased capitalization will reduce Hitachi Cable's share of equity in CNMP Holdings, CNMP Holdings and subsidiaries CNMP Networks and CNMP Networks (Beijing) will be classified instead as equity-method affiliates and will no longer be included in Hitachi Cable's consolidated settlement of accounts.

2.Details of increased capitalization by CNMP Holdings

(1) Total shares issued and outstanding before increased capitalization: 13,485,363 shares

(2) Total shares issued and outstanding after increased capitalization: 32,500,939 shares

(3) Issue price: 110 yen/share

(4) Payment dates: March 3, 2006; March 31, 2006

(5) Shares allocated to: JAFCO Co., Ltd.*1: 1,360,000 shares

JAFCO V2 Fund, L.P.: 5,170,728 shares

JAFCO V2-R Fund, L.P.: 222,000 shares

JAFCO V2-W Fund, L.P.: 520,000 shares

Kyushu Venture Partners I, L.P.: 600,000 shares

Kyushu Venture Partners II, L.P.: 300,000 shares

SBI Broadband Capital KK: 345,000 shares

SBI Broadband Fund No. 1 L.P.: 564,000 shares

ORIX Fund No. 10: 909,090 shares

Aozora Investment Fund No. 2, L.P.: 1,400,000 shares

Daiwa Securities SMBC Principal Investments Co. Ltd.: 1,000,000 shares

Asahi Life Insurance Capital 2005 Fund: 640,000 shares

Chuo Mitsui Capital Fund No. 2, L.P.: 454,545 shares

*1 Should CNMP Holdings be authorized to engage in new telecommunications or broadcast operations pursuant to the Law for Facilitating Specific Communications and Broadcasting Development Business (Law No. 35 of 1990), JAFCO Co., Ltd. may transfer its holdings of CNMP Holdings stock to the Telecom Venture Fund.

3. Shares owned by Hitachi Cable and ownership ratios before and after increased capitalization

(1) Shares owned by Hitachi Cable before increased capitalization: 15,700,000 (82.6%)

Voting rights held: 15,700,000

(2) Number of new shares issued: 13,485,363

(3) Shares owned by Hitachi Cable after increased capitalization: 15,700,000 (48.3%)

Voting rights held: 15,700,000

4. Overview of affected subsidiaries (as of December 31, 2005)

Name	CNMP Holdings, Inc.	CNMP Networks, Inc.	CNMP Networks (Beijing), Inc.
Representative	Chao Xiang Shi	Chao Xiang Shi	Chao Xiang Shi
Address	1-6-1 Otemachi, Chiyoda-ku, Tokyo, Japan*2	1245 S. Winchester Blvd., Suite 208, San Jose, CA 95128 U.S.A.	Room 62431, Friendship Hotel, No.1 Nan Da Jie Zhongguancun, Haidian District, Beijing 100873, P.R. China
Date founded	Dec. 5, 2002	Nov. 8, 2002	Jan. 23, 2003
Primary lines of business	A holding company owning stock in CNMP Networks and CNMP Networks (Beijing), both of which develop, manufacture, and sell next-generation transmission equipment for telecommunications carriers. Determines policies related to business strategies and development of transmission equipment; manages funds for its operating subsidiaries.	Development of next-generation transmission equipment hardware for telecommunications carriers and sales of transmission equipment.	Development of next-generation transmission equipment software for telecommunications carriers and sales of transmission equipment.
Fiscal period ends	December	December	December
Number of employees	1	6	25
Capital (millions yen)	493	594	127

Major shareholders and percentages of shares owned	Hitachi Cable: 82.6%	CNMP Holdings: 100%	CNMP Holdings: 100%
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*2 The headquarters of CNMP Holdings relocated to 1-35 Moto-Azabu 3-chome, Minato-ku, Tokyo, Japan effective March 1, 2006.

5. Trends in business performance of affected companies in the two most recent fiscal years

Fiscal year	CNMP Holdings		CNMP Networks, Inc.		CNMP Networks (Beijing), Inc.	
	FY 2003	FY 2004	FY 2003	FY 2004	FY 2003	FY 2004
Sales (millions yen)	0	0	103	712	0	42
Gross profit (millions yen)	0	0	26	296	0	3
Operating income (loss) (millions yen)	-6	-13	-108	138	-23	-21
Ordinary income (loss) (millions yen)	-6	-13	-106	140	-23	-13
Net income (loss) (millions yen)	-6	-13	-106	122	-23	-13
Total assets (millions yen)	750	917	219	606	31	74
Shareholders' equity (millions yen)	750	917	219	540	30	74
Dividends/share (yen)	-	-	-	-	-	-

6. Effects of this change on future business performance:

This change will have only minor effects on the consolidated business performance of Hitachi Cable. The change will have no effects on the non-consolidated business performance of Hitachi Cable.