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Listings: First Section, Tokyo Stock Exchange, Inc.
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Merger of HMC Co., Ltd. with Tatara Denki Kogyo Co., Ltd.

Hitachi Cable, Ltd. has announced the decision to merge, effective July 1, 2006, its equity-method affiliate HMC Co., Ltd. (hereinafter referred to as “HMC”) with its consolidated subsidiary Tatara Denki Kogyo Co., Ltd. (hereinafter referred to as “Tatara Denki Kogyo”).

1. Reasons for this merger:

Founded in 2003, HMC's primary line of business is the sale of wires and cables, copper products, and electronic parts and materials centered on markets in the Kansai region of Japan. The primary line of business of Tatara Denki Kogyo, which was founded in 1947, is the sale of wires and cables, copper products, insulation materials, magnetic materials, and molded chemical products centered on markets in the Kyushu region of Japan.

Currently, the Hitachi Cable Group is carrying out a rationalization of its group companies—in terms of number—with the aims of improving group synergy, reducing operating costs, and stepping up CSR (corporate social responsibility)-related activities, alongside the complete implementation of existing management policies and sharing of business strategies.

The merger of these two companies—whose business facilities are located primarily in western Japan—is intended to achieve further improvements in the services provided to customers, by improving operational efficiency and strengthening the distribution network. Another goal of the merger is achieving increased profitability by promoting rationalization and improved efficiency, centered on administrative departments and operational systems.

2. Details of this merger:

(1) Effective date of merger:

July 1, 2006 (planned)

(2) Method of merger:

As the surviving company, HMC will absorb Tatara Denki Kogyo.

(3) Consolidation ratio:

	Tatara Denki Kogyo	HMC
Consolidation ratio	1	0.0143

In this merger, HMC will issue 8,580 new shares of ordinary stock.

3. Summary of the parties to this merger (as of September 30, 2005):

	Surviving company	Absorbed company
(1) Company name	HMC Co., Ltd.	Tatara Denki Kogyo Co., Ltd.
(2) Lines of business	Sale of wires and cables, copper products, and electronic parts and materials	Sale of wires and cables, copper products, insulation materials, magnetic materials, and molded chemical products
(3) Established	April 2003	December 1947
(4) Location of headquarters	5-5-2 Nishi-Tenma, Kita-ku, Osaka-shi	7-6-16 Hakozaki, Higashi-ku, Fukuoka-shi
(5) Representative	Hironori Matsumoto, President and Representative Director	Seiji Ikeda, President
(6) Capital	256 million yen	30 million yen
(7) Total shares issued and outstanding	5,120 shares	600,000 shares
(8) Shareholders' equity	377 million yen	594 million yen
(9) Total assets	6,346 million yen	2,365 million yen
(10) Fiscal year ends	March 31	March 31
(11) Number of employees	94	46
(12) Major customers	Kinden Corp., Rohm Co., Ltd., and others	Yaskawa Electric Corp., Kyudenko Corp., and others
(13) Major shareholder(s) and percentage(s) of shares held	Hitachi Cable: 50% Matsumoto Dengyo Co., Ltd.: 50%	Hitachi Cable: 85%*

* Hitachi Cable acquired all shares of Tatara Denki Kogyo stock on March 30, 2006.

4. Business performance of parties to this merger over the three most recent fiscal years

	HMC (Surviving company)			Tatara Denki Kogyo (Absorbed company)		
	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2003	Fiscal 2004	Fiscal 2005
Fiscal year						
Sales (millions yen)	–	12,925	15,651	5,755	5,958	6,355
Ordinary income (millions yen)	–	111	143	103	97	87

5. Post-merger summary

(1) Company name: Hitachi Cable Trading Ltd.

(Note: The company name will be changed in connection with this merger.)

(2) Lines of business: Sale of wires and cables, copper products, electronic parts and materials, insulation materials, magnetic materials, and molded chemical products

(3) Headquarters: 5-5-2 Nishi-Tenma, Kita-ku, Osaka-shi, Osaka

(4) Representative: Hironori Matsumoto

(5) Capital: 286 million yen

(6) Fiscal year ends: March 31

(7) Number of employees: 140

(8) Major shareholder and percentage of shares held: Hitachi Cable, Ltd.: 81%

6. Effects of this merger on Hitachi Cable business performance:

This merger will have no effect on the non-consolidated business performance of Hitachi Cable. The shift of HMC from equity-method affiliate to consolidated subsidiary status will result in the addition of HMC sales and other aspects of business performance (not including those from transactions conducted within the Hitachi Cable Group) to Hitachi Cable's consolidated business performance.