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Listings: First Section, Tokyo Stock Exchange, Inc.
First Section, Osaka Securities Exchange Co., Ltd.
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Hitachi Cable restructures its information network solutions business

Hitachi Cable, Ltd. has announced plans to restructure and strengthen the organization of its information network solutions business. These plans are outlined below.

1. Overview and objectives of this restructuring

Since entering the information network solutions business in 1988, Hitachi Cable has participated in both the product area of this business, in which it has developed, produced, and sold its own network devices and other products, and the network integration (“NI”) sector, in which it has integrated computer networks combining its own products with those from other companies from Japan and overseas. Based on its own highly reliable products, Hitachi Cable’s solutions have been well-suited to the needs of its clients, and the growth of the information network solutions business has been powered by a business structure that integrates both product and NI operations.

While improving the speed and reliability of network devices has sufficed in the past, in recent years, demand has grown in the networking market for total networking solutions incorporating security measures, network servers, and maintenance and operations, among other services.

To respond to such market needs, by transferring its NI business to its subsidiary Hidec Systems Co., Ltd. (“Hidec”), Hitachi Cable has introduced a structure that will allow it to provide a full range of total networking solutions.

Founded in 1981 to design computer systems, develop software, and handle maintenance, operations, and other services for users within the Hitachi Cable Group, Hidec later expanded its lines of business to cover higher-layer services in the NI business, including integration of networking servers, provision of data-center services, support for software package adoption, and development of software for business use not just within the Hitachi Cable Group, but outside it.

Hidec becomes the core of the Hitachi Cable Group’s NI business with this restructuring, since the Group’s NI business resources, with strengths in the area of network integration, are concentrated at Hidec, which handles operations ranging from server integration and administration through software development and maintenance and operation services. In this way, the Group seeks to strengthen and expand its NI business, targeting both public- and private-sector clients by achieving a structure capable of providing a full range of total networking solutions, effectively marshalling its human resources, and improving efficiency. As part of this restructuring, Hidec’s name will change to Hitachi Cable Networks Ltd.

At the same time, Hitachi Cable will specialize in the products area of this business, strengthening and growing this business by expanding sales of network devices to telecommunications carriers and to both the public and private sectors, based on the sales networks of its partners and the development and

production of products such as the Apresia line of Ethernet switches,* which have assumed the lead in the Japanese networking market.

* Ethernet is a registered trademark of Xerox Cooperation. Apresia is a registered trademark of Hitachi Cable, Ltd. in Japan.

2. Transfer of the NI business

(1) Transferred sectors

Hitachi Cable's NI business handles operations such as network design, integration, and the maintenance and sale of related products (excluding the following information network solutions business operations: manufacture of network devices, sales of network devices used as equipment for public service networks of telecommunications carriers, sales of network devices to Hitachi Cable distributors under the Hitachi Cable Brand, and the manufacture and sale of optical devices)

(2) Transfer schedule

(i) Date of conclusion of transfer agreement : May 23, 2007 (planned)

(ii) Date of transfer : July 1, 2007 (planned)

(3) Overview of Hidec (as of March 31, 2007)

(i) Name : Hidec Systems Co., Ltd.

(ii) Primary lines of business : Design, integration, and maintenance of networking systems; security systems, and data center services; software application development and operation services

(iii) Date established : April 1981

(iv) Headquarters : Hitachi, Ibaraki Pref.

(v) Representative : Hiroshi Kikuchihara, President

(vi) Capital : 120 million yen

(vii) Fiscal year ends : March 31

(viii) Number of employees : 229

(ix) Major shareholders and percentages of shares held : A wholly-owned subsidiary of Hitachi Cable, Ltd.

3. Change in Hidec's name

(1) Overview of this subsidiary : See "2 (3)" above.

(2) Reason for this change : To better reflect Hidec's new role as the core of the Hitachi Cable Group's NI business operations following this restructuring of the information network solutions business

(3) New company name : Hitachi Cable Networks Ltd.

(4) Date new name takes effect : July 1, 2007 (planned)

4. Effects on Hitachi Cable business performance

This transfer will have no effect on Hitachi Cable's consolidated business performance and minimal effect on Hitachi Cable's nonconsolidated business performance.