

September 20, 2011

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Reorganization of sales structure in Japan

Hitachi Cable, Ltd. will strengthen its sales structure in Japan by merging Hitachi Densen Shoji, Ltd. (“Hitachi Densen Shoji,” hereafter) and Hitachi Cable Trading Ltd. (“Hitachi Cable Trading,” hereafter), both consolidated subsidiaries, and by centralizing Hitachi Cable Group sales functions at Hitachi Densen Shoji. Hitachi Densen Shoji will be the surviving company following the merger, as outlined below.

1. Reorganization: Objectives and Overview

The business environment in which the Hitachi Cable Group operates is characterized by expectations of a shrinking domestic market on the one hand and remarkable economic growth in emerging markets on the other. In response, the Hitachi Cable Group is proceeding with business structural reforms based on the Renewed Plan “BRIDGE” medium-term management plan announced September 9, 2011. Pressing issues within these efforts include the selection and concentration of domestic businesses in response to market conditions and a reorganization of the sales structure to match business conditions.

As part of this reorganization, the Hitachi Cable Group will merge consolidated subsidiaries Hitachi Densen Shoji and Hitachi Cable Trading. Hitachi Densen Shoji, the surviving company following the merger, will acquire the shares of Hitachi Cable’s consolidated subsidiary Hokkai Hitachi Densen Kihan, Ltd. (“Hokkai Hitachi Densen Kihan,” hereafter), making it a subsidiary of Hitachi Densen Shoji (and a sub-subsidiary of Hitachi Cable). The sales functions of Tonichi Kyosan Cable, Ltd. (“Tonichi Kyosan Cable,” hereafter), Tohoku Rubber Co., Ltd. (“Tohoku Rubber,” hereafter), and Hitachi Alloy, Ltd. (“Hitachi Alloy,” hereafter) will transfer to Hitachi Densen Shoji.

The current sales structure for Hitachi Cable’s consolidated group in Japan (excluding Hitachi Cable Networks, Ltd., which provides services related to information network systems) consists of seven companies in all: parent company Hitachi Cable; sales companies Hitachi Densen Shoji, Hitachi Cable Trading, and Hokkai Hitachi Densen Kihan; and manufacturing companies Tonichi Kyosan Cable, Tohoku Rubber, and Hitachi Alloy. The reorganization will centralize the sales functions of consolidated subsidiaries and certain Hitachi Cable’s sales functions at Hitachi Densen Shoji.

In addition to swiftly streamlining its sales structure in Japan, the Hitachi Cable Group will strive to strengthen overseas businesses. By consolidating the sales structures of its consolidated subsidiaries, it will also seek to strengthen customer service capabilities.

2. Merger of Hitachi Densen Shoji and Hitachi Cable Trading

(1) Overview of the merger

(i) Date of merger

Effective date of merger: January 1, 2012 (planned)

(ii) Method of merger

As the surviving company, Hitachi Densen Shoji will absorb Hitachi Cable Trading, the non-surviving company

(2) Overview of the merging companies (Hitachi Densen Shoji, Hitachi Cable Trading; as of September 20, 2011)

	Surviving company	Non-surviving company
(1) Company name	Hitachi Densen Shoji, Ltd.	Hitachi Cable Trading Ltd.
(2) Lines of business	Sale of wires, cables, copper products, etc.	Sale of wires, cables, copper products, information network equipment and devices, and chemically fabricated products
(3) Established	February 1964	April 2003
(4) Headquarters location	2-9-12, Kaji-cho, Chiyoda-ku, Tokyo	2-6-8, Bingomachi, Chuo-ku, Osaka City, Osaka
(5) Representative	Toshiro Kanda, President	Ohuchi Toshihiro, President
(6) Capital	380 million yen	286 million yen
(7) Number of shares issued	760,000 shares	13,700 shares
(8) Total assets (as of March 31, 2011)	22,181 million yen	7,182 million yen
(9) Net assets (as of March 31, 2011)	6,098 million yen	1,476 million yen
(10) Fiscal year ends	March 31	March 31
(11) Net sales (Fiscal 2011)	69,482 million yen	23,985 million yen
(12) Number of employees (as of March 31, 2011)	333	119
(13) Major shareholders and their percentages of shares held	Hitachi Cable, Ltd. (100%)	Hitachi Cable, Ltd. (81.3%) Matsumoto Dengyo Corporation (18.7%)

(3) Specifics following the merger (merger planned for January 1, 2012)

(i) Company name: Hitachi Densen Shoji, Ltd.

(ii) Main lines of business: Sale of wires, cables, copper products, etc.

(iii) Headquarters: 2-9-12, Kaji-cho, Chiyoda-ku, Tokyo

(iv) Capital: 380 million yen

3. Acquisition of shares in Hokkai Hitachi Densen Kihan by Hitachi Densen Shoji

(1) Overview of resulting lower-tier subsidiary (Hokkai Hitachi Densen Kihan; as of September 20, 2011)

(1) Company name	Hokkai Hitachi Densen Kihan, Ltd.
(2) Lines of business	Sale of wires, cables and electric devices; and design and construction of electric and telecommunication installations
(3) Headquarters location	5-1-12, Kita-18jo-Nishi, Kita-ku, Sapporo City, Hokkaido
(4) Representative	Kenji Takamatsu, President
(5) Capital	35 million yen
(6) Fiscal year ends	March 31
(7) Major shareholders and their percentages of shares held	Hitachi Cable, Ltd. (100%)

(2) Overview of company acquiring shares (Hitachi Densen Shoji)

See the overview of Hitachi Densen Shoji under 2. (3) above.

(3) Number of shares transferred and shares held before and after acquisition

(i) Number of shares held by Hitachi Cable prior to transfer: 700,000 shares (ownership: 100%)

(ii) Number of shares transferred: 700,000 shares

(iii) Number of shares held by Hitachi Cable after transfer: 0 shares (ownership: 0%)

4. Transfer of sales functions for Tonichi Kyosan Cable, Tohoku Rubber, and Hitachi Alloy

(1) Overview of Tonichi Kyosan Cable, Tohoku Rubber, and Hitachi Alloy (as of September 20, 2011)

(1) Company name	Tonichi Kyosan Cable, Ltd.	Tohoku Rubber Co., Ltd.	Hitachi Alloy, Ltd.
(2) Lines of business	Manufacture, assembly, processing and sale of wires, cables and fiber-optic cables	Manufacture and sale of rubber products	Manufacture and sale of copper and copper alloy products
(3) Established	May 1947	November 1943	July 1949
(4) Headquarters location	1-1, Aragane, Ishioka City, Ibaraki	1-1-12, Minato, Miyagino-ku, Sendai City, Miyagi	1-7, Awaji-cho Chiyoda-ku, Tokyo
(5) Representative	Shigeru Yumino, President	Masaya Ohnishi, President	Osamu Nakamura, President
(6) Capital	3,569 million yen	276 million yen	490 million yen
(9) Net assets (as of March 31, 2011)	14,473 million yen	2,735 million yen	4,355 million yen
(10) Fiscal year ends	March, 31	March, 31	March, 31
(11) Net sales (Fiscal 2011)	34,339 million yen	5,198 million yen	11,125 million yen
(12) Number of employees (as of March 31, 2011)	308	157	141
(13) Major shareholders and their percentages of shares held	Hitachi Cable, Ltd. (100%)	Hitachi Cable, Ltd. (100%)	Hitachi Cable, Ltd. (100%)

(2) Schedule

Date of transfer of sales functions: April 1, 2012 (planned)

5. Effects on Hitachi Cable business performance

This reorganization will have no effect on Hitachi Cable consolidated and non-consolidated business performance in fiscal 2012.

Following the merger, the Group will strive to reap the benefits of the integration as quickly as possible and to link these to improvements in Group business performance.

Note: The figures for the above forecasts are based on information available at the time this document was prepared. Actual business performance may vary due to various unforeseen factors.

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