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## Reorganization of the industrial rubber operation

Hitachi Cable announced the reorganization of its industrial rubber operation through the transfer of the entire operation of Hitachi Cable Rubber Technology Co., Ltd. (head office in Sunto-gun, Shizuoka, Japan; President, Hiroshi Ozawa, hereinafter “Hitachi Cable Rubber Technology”) to Tohoku Rubber Co., Ltd. (head office in Sendai, Miyagi, Japan; President, Masaya Ohnishi, hereinafter “Tohoku Rubber”) and Hitachi Cable Philippines, Inc. (head office in Batangas, Philippines; President, Yuichi Isozaki, hereinafter “HCP”). Details are stated below.

### 1. Objectives and overview of the reorganization

#### (1) Objectives of the reorganization

The Hitachi Cable Group is manufacturing OA(Office Automation) rollers (OA rollers for developing devices in offices, OA rollers for paper feeders in offices, and OA rollers for finance systems), escalator handrails, industrial rubber hoses, rubber sheets, and other products. Hitachi Cable Rubber Technology is developing and manufacturing OA rollers in Japan and HCP overseas. Tohoku Rubber is developing and manufacturing escalator handrails, industrial rubber hoses, and rubber sheets.

The market environment for OA rollers is difficult in Japan, mainly for developing devices, due to low demand for OA devices such as copiers and printers. Hitachi Cable Rubber Technology has been cultivating new customers and reducing costs to deal with such an environment, but it has been difficult to improve business results. Meanwhile, the demand for consumer and office OA devices is expected to increase overseas, especially in developing countries. In addition, Tohoku Rubber has the top share (estimated by the Hitachi Cable Group) in escalator handrails in Japan, and more growth is expected in developing countries due to growing construction demands.

The Hitachi Cable Group is preparing for sustainable growth for the industrial rubber operation in this reorganization by improving the profitability of businesses in Japan and establishing a system to respond to expanding demand, mostly in developing countries.

#### (2) Overview of this reorganization

Among the operations of Hitachi Cable Rubber Technology, the manufacturing section is to be transferred to HCP and the development section to Tohoku Rubber in order to reduce costs by integrating operation bases in Japan and shifting manufacturing overseas. In addition, the industrial rubber product development resources are to be integrated into Tohoku Rubber to strengthen the development.

Hitachi Cable Rubber Technology will be dissolved at the end of March 2013 after transferring all its operations.

## 2. Overview of the reorganization

### (1) Contents of the OA roller operation

Development and manufacturing of OA rollers

### (2) Overview of places to transfer the operations (Tohoku Rubber and HCP)

(as of May 7, 2012)

(1) Name	Tohoku Rubber Co., Ltd.	Hitachi Cable Philippines, Inc.
(2) Location of the head office	Sendai, Miyagi, Japan	Batangas, Philippines
(3) Name of representative	Masaya Ohnishi	Yuichi Isozaki
(4) Main contents of business	Manufacturing and sales of industrial rubber products such as escalator handrails, rubber sheets, and industrial rubber hoses	Manufacturing and sales of industrial rubber products such as OA rollers
(5) Capital fund	276 million yen	7,920 thousand USD
(6) Date of founding	November 1943	July 1997
(7) Major shareholder and ratio of shareholding	Hitachi Cable: 100%	Hitachi Cable: 100%

### (3) Overview of Hitachi Cable Rubber Technology (as of May 7, 2012)

(1) Name	Hitachi Cable Rubber Technology Co., Ltd.
(2) Location of the head office	Sunto-gun, Shizuoka, Japan
(3) Name of representative	Hiroshi Ozawa
(4) Main contents of business	Manufacturing and sales of OA rollers
(5) Capital fund	55 million yen
(6) Date of founding	February 1948
(7) Major shareholder and shareholding ratio	Hitachi Cable: 100%
(8) Sales (the fiscal year ended March 2011)	1,147 million yen
(9) Number of employees (as of the end of December 2011)	44 people

## 3. Schedule for reorganization

Deadline for transferring operations: March 31, 2013 (plan)

## 4. Influence on our business performance

The effect of this reorganization on the non-consolidated and consolidated business performance of our group in the fiscal year ending March 2013 is slight.

We are going to achieve clear improvements from the integration of operations and improve the business performance of our group once the reorganization is completed.

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.

This document is an English translation of a document prepared in Japanese. In the event of any discrepancies between the content of the Japanese and English documents, the content of the Japanese document shall take precedence.