

Press Release

October 29, 2012

Sumitomo Metal Mining Co., Ltd.  
Hitachi Cable, Ltd.

**Sumitomo Metal Mining and Hitachi Cable Sign Agreement  
Integrating Their Businesses in Lead Frames and Copper Products**

Sumitomo Metal Mining Co., Ltd. (SMM) and Hitachi Cable, Ltd. today passed resolutions approving integration of the two companies' lead frame business operations and investment by SMM into Hitachi Cable's copper products business (excluding copper tube and brass operations). The two firms also signed an agreement formally sealing this business integration.

**Objectives Behind Business Integration**

Until now, SMM and Hitachi Cable have separately made ongoing efforts to streamline management of and strengthen the business structures of their respective operations in lead frames and, in Hitachi Cable's case, copper products (excluding copper tube and brass products). The decision to integrate their operations was made based on the judgment that consolidating their management resources – their lead frame businesses and Hitachi Cable's operations in copper strips, an upstream process – could be expected to generate greater synergy benefits for both companies.

Specific plans following the business integration are described below.

Lead frame business

1. Optimal use will be made of SMM's strength in overseas marketing of general IC lead frames, Hitachi Cable's production technology in lead frames for power semiconductors, and both companies' sales channels, as a way of

achieving overall sales expansion. This sales growth will enhance competitive strength in the global market and also enable further improvements in customer services.

2. Competitive strength will also be enhanced as a result of the synergy merits to accrue from effective utilization of the two companies' production bases and equipment, further streamlining of their sales and management service structures, and complementary integration of their production technologies.

3. As lead frame operations come to be jointly operated with business in copper strips, the companies will acquire fully integrated production capability from materials through finished products. This ability will strengthen development capabilities and enable accelerated development of new fields of application.

#### Copper products business

1. Hitachi Cable will stably and swiftly supply high-quality copper strips used in semiconductors for applications in lead frame operations, and further strengthening of marketing capabilities will enable the development and launch of a broad range of products matching market needs.

2. Enhancement of copper strips used in semiconductors will be pursued, and efforts will continue to be directed into expanding use of copper products in automotive and industrial applications. Targets will be set on increasing competitive strength as a comprehensive manufacturer of copper products and on improving customer services.

In the foregoing ways, integration of SMM and Hitachi Cable's business operations in lead frames and copper products is expected to result in greater competitive strength and improved profitability in both areas. The two companies project this integration initiative will boost their profit by

approximately 1 billion yen annually.

### **Corporate Configuration after Integration of Cited Businesses**

Integration of the business operations described above will take effect April 1, 2013. Effective that date, two new companies will be launched each integrating operations formerly carried out respectively by SMM and Hitachi Cable.

#### **Lead frame business**

Corporate name:	SH Materials Co., Ltd (planned)
Capitalization:	1 billion yen
Ownership:	SMM 51%, Hitachi Cable 49%
Business scope:	Manufacture and sales of lead frames and related products
Annual sales:	35 billion yen (estimated)
Employees:	Approx. 2,700 (including affiliated sales and production bases)
Sales bases:	Domestic: Tokyo, Osaka. Overseas: Singapore
Production bases:	Domestic: Yonezawa (Yamagata Pref.), Miyako (Iwate Pref.), Kawanishi (Niigata Pref.), Hitachi (Ibaraki Pref.), Niihama (Ehime Pref.), Okuchi (Kagoshima Pref.)
Overseas:	China (Suzhou, Chengdu), Taiwan, Malaysia
President:	To be announced

#### **Copper products business**

Corporate name:	HS Copper Products, Ltd. (planned)
Capitalization:	1 billion yen
Ownership:	Hitachi Cable 50%, SMM 50%
Business scope:	Manufacture and sales of copper products (copper strips, copper products for electric applications)
Annual sales:	45 billion yen (estimated)

Employees: Approx. 700  
Sales bases: Tokyo, Osaka, Nagoya, Fukuoka, Tsuchiura  
(Ibaraki Pref.)  
Production base: Tsuchiura  
President: To be announced

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October 29, 2012

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## **Sumitomo Metal Mining and Hitachi Cable Sign Agreement Integrating Their Businesses of Lead Frames and Copper Products**

### **—Successor Companies to be Established by Company Split (Simplified Absorption-type) and Stock Transfer Methods—**

As announced earlier on March 29, 2012, Sumitomo Metal Mining Co., Ltd. (head office: Minato-ku, Tokyo; President and Representative Director: Nobumasa Kemori; hereinafter, “SMM”) and Hitachi Cable, Ltd. (head office: Chiyoda-ku, Tokyo; President and Chief Executive Officer: Hideaki Takahashi; hereafter, “Hitachi Cable”) have been engaged in focused discussions on the integration of their respective businesses in the area of lead frames and copper products (excluding their copper tubes and brass operations).

Based on these discussions, we hereby announce that the two companies resolved at the meetings of their respective Boards of Directors held today the details of the integration of SMM’s lead frame business and Hitachi Cable’s lead frame business through the methods of company split and stock transfer (hereinafter, the “integration of the lead frame businesses”) and the establishment of a joint venture for Hitachi Cable’s copper products business through the methods of company split and stock transfer (hereinafter, the “integration of the copper products business”). Pursuant to this, the two companies have concluded a business integration agreement.

In addition, we hereby announce that to prepare for the integration of the lead frame businesses and of the copper products business, Hitachi Densen Shoji, Ltd. (hereinafter, “Hitachi Densen Shoji”) and Hitachi Cable have decided to transfer Hitachi Densen Shoji’s lead frame and copper products

sales functions to Hitachi Cable using the absorption-type company split method, with Hitachi Densen Shoji as the splitting company and Hitachi Cable as the successor company (hereinafter, the “company split of Hitachi Densen Shoji”). Because it falls under the category of a company split related to the succession of business operations of a wholly owned subsidiary, some of the disclosure items and details regarding the company split of Hitachi Densen Shoji are herein omitted.

## I. Integration of the Lead Frame Businesses

### 1. Objectives Behind the Integration of the Lead Frame Businesses

The lead frame industry, which expanded on the back of the growth of the semiconductor market, is currently facing extremely challenging operating conditions that reflect the market’s maturation in recent years. Amid such circumstances, SMM and Hitachi Cable have separately made ongoing efforts to streamline the management of and strengthen the business structures of their respective lead frames operations, with SMM mainly focusing on general IC lead frames and transistors and Hitachi Cable on power semiconductors. However, against the background of enduring yen strength, it is essential that we reinforce competitiveness by further streamlining operations and improving efficiency in order to fend off intensifying competition. In light of this, SMM and Hitachi Cable agreed to integrate their lead frame businesses based on the recognition that they must strengthen their competitiveness in the lead frame sector and further enhance customer services by optimizing production sites, enhancing their competitive advantage and integrating mutually complementary technologies.

### 2. Outline of the Integration of the Lead Frame Businesses

#### (1) Schedule of the Integration of the Lead Frame Businesses

Conclusion of business integration agreement: October 29, 2012 (by SMM and Hitachi Cable)

Approval of agreement on absorption-type company split at the Board of Directors’ Meeting: To be announced (by SMM, Hitachi Cable and SH Materials)

Conclusion of agreement on absorption-type company split: To be announced (by SMM, Hitachi Cable and SH Materials)

A Approval of agreement on absorption-type company split at the General Shareholders’ Meeting: To be announced (by SH Materials)

Effective date of company split: April 1, 2013 (Tentative)

Stock transfer date: April 1, 2013 (Tentative)

Notes 1. Prior to the integration of the lead frame businesses, SMM is planning to establish SH Materials Co., Ltd. (provisional) (hereinafter, "SH Materials"), the successor company for the lead frame businesses, as its wholly owned subsidiary. The specific timing of the establishment of the new company is to be announced.

Notes 2. SMM and Hitachi Cable as the splitting companies will perform the contemplated company split without obtaining shareholder approval of the agreement on absorption-type company split pursuant to the provision of the "simplified absorption-type company split" set forth in Paragraph 3 of Article 784 of the Companies Act of Japan.

Notes 3. Dates specified above are tentative and subject to change due to reasons including the progress of procedures related to the integration of the lead frame businesses (including but not limited to notifications with authorities related to competition laws in Japan and overseas, approval and license procedures, etc.) among others.

## (2) Methods of Integration of the Lead Frame Businesses

- (i) Assets, liabilities, rights and obligations (excluding employment relationships) related to the lead frame business owned by SMM will be succeeded through the method of absorption-type company split (physical split), with SMM as the splitting company and SH Materials as the successor company. The respective lead frame businesses of Okuchi Electronics Co., Ltd., Niihama Electronics Co., Ltd., Sumitomo Metal Mining Asia Pacific Pte Ltd and Sumiko Electronics Taiwan Co., Ltd. as well as Sumiko Electronics Suzhou Co., Ltd., a subsidiary of Sumitomo Metal Mining Asia Pacific Pte Ltd, will be included in the scope of the divestiture in the lead frame business by the conduct of necessary procedures at each company (such as company split procedures, etc.) prior to the divestiture.
- (ii) Assets, liabilities, rights and obligations (excluding employment relationships) related to the lead frame business owned by Hitachi Cable will be succeeded through the method of absorption-type company split (physical split), with Hitachi Cable as the splitting company and SH Materials as the successor company. The lead frame business of Hitachi Densen Shoji, a subsidiary of Hitachi Cable, will be included in the scope of the divestiture in the lead frame business by the conduct of necessary procedures at Hitachi Densen Shoji (such as company split procedures, etc.) prior to the divestiture. Please see Section III below with regard to the company split of Hitachi Densen Shoji.
- (iii) SMM will transfer parts of its shareholdings in SH Materials's common stock to Hitachi Cable as of April 1, 2013 (tentative stock transfer date). As a result, the shareholding ratio of SMM and Hitachi Cable against the total number of SH Materials's outstanding shares (1,122,400 shares) will be 51% and 49%, respectively.

Note: Each of company split (absorption-type company split [physical split]) specified under (i) and (ii) above will hereinafter be collectively referred to as the “divestiture in the lead frame business.”

(3) Details of Allotment of Shares, etc. upon the Divestiture in the Lead Frame Business

- (i) SH Materials will issue 1,122,399 shares of common stock upon the divestiture in the lead frame business. The total number of SH Materials’s outstanding shares upon the completion of the divestiture in the lead frame business will be 1,122,400 shares.
- (ii) The number of SH Materials’s common shares to be newly allotted to SMM and Hitachi Cable upon the divestiture in the lead frame business will be 922,399 shares and 200,000 shares, respectively.
- (iii) The ratio of SH Materials’s common shares to be newly allotted to SMM and Hitachi Cable upon the divestiture in the lead frame business (hereinafter, the “stock allocation ratio”) may change following discussions at each company in the event that there arise any material changes in the various conditions upon which the calculation is based.
- (iv) As specified in (2)(iii) in the preceding paragraph, 349,976 shares out of SMM’s shareholding in SH Materials’s common stock will be transferred to Hitachi Cable on the effective date of the consolidation of the lead frame business. As a result, the shareholding ratio of SMM and Hitachi Cable against the total number of SH Materials’s outstanding shares (1,122,400 shares) will be 51% and 49%, respectively.

(4) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights upon the Divestiture in the Lead Frame Business

Although stock acquisition rights have been issued by SMM, no changes will be made to such stock acquisition rights upon the divestiture in the lead frame business.

No stock acquisition rights or bonds with stock acquisition rights have been issued by Hitachi Cable.

(5) Decrease of Share Capital upon the Divestiture in the Lead Frame Business

There will be no decrease of share capital at SMM or Hitachi Cable upon the finalization of the contemplated divestiture in the lead frame business.



(6) Rights and Obligations to Be Succeeded by the Successor Company

SH Materials will succeed assets, liabilities, rights and obligations (excluding employment relationships) related to SMM's and Hitachi Cable's respective lead frame businesses on the effective date, as set forth in the absorption-type company split agreement concerning the divestiture in the lead frame business.

(7) Expectation on the Performance Capabilities regarding Each Party's Obligations

No material issues are expected regarding the performance capabilities of SH Materials with respect to its obligations that will become active upon the integration of the lead frame business.

3. Basis for Calculation, etc. of the Allotment of Shares, etc. upon the Divestiture in the Lead Frame Business

(1) Calculation Basis and Circumstances

To ensure the fairness and validity of the calculation of the share allotment ratio related to the integration of the lead frame businesses, SMM and Hitachi Cable have respectively nominated Daiwa Securities Co., Ltd. (hereinafter, "Daiwa Securities") and Deloitte Tohmatsu Financial Advisory Co., Ltd. (hereinafter, "Tohmatsu") as their third-party appraisers for the calculation of the share allotment ratio and have thus instructed their respective appraisers to calculate the share allotment ratio.

Daiwa Securities adopted the discounted cash flow method (hereinafter, the "DCF method") as an income approach for SMM's and Hitachi Cable's respective lead frame businesses in calculating the allotment ratio of SH Materials's shares to be allotted to SMM upon the divestiture in the lead frame business when the total number of SH Materials's common shares to be newly issued upon the divestiture in the lead frame business is set as 1 as follows.

Method Used	Valuation Range of the Share Allotment Ratio
DCF method	0.718 – 0.835

Meanwhile, Tohmatsu adopted the DCF method as an income approach for SMM's and Hitachi Cable's respective lead frame businesses in calculating the allotment ratio of SH Materials's shares to be allotted to Hitachi Cable upon the divestiture in the lead frame business when the total number of SH Materials's common shares to be newly issued upon the divestiture in the lead frame business is set as 1 as follows.

Method Used	Valuation Range of the Share Allotment Ratio
DCF method	0.138 – 0.264

With reference to the values determined by the appraisers, SMM and Hitachi Cable comprehensively considered their respective financial conditions, asset conditions, future outlooks and other factors, and held repeated and comprehensive discussions with regard to the share allotment ratio. As a result, the two companies ultimately agreed that the share allotment ratio presented in 2.(3) above is appropriate and in the interests of the shareholders of each company.

The aforementioned share allotment ratio may change following discussions at each company in the event that there arise any material changes in the various conditions upon which the calculation is based.

#### (2) Relationship with Appraisers

Neither Daiwa Securities nor Tohmatsu, the third-party appraisers, are related to SMM or Hitachi Cable, respectively.

#### (3) Expectation of Delisting and the Reasons Therefore

There is no expectation of delisting for SMM and Hitachi Cable upon the integration of the lead frame businesses.

#### (4) Measures to Avoid Conflicts of Interest

As no board members of either SMM or Hitachi Cable are concurrently serving as directors or employees of the other party and thus no conflicts of interest are expected to arise, no special measures to avoid conflicts of interest have been taken.

#### 4. Outline of the Parties to the Integration of the Lead Frame Businesses

1. Company Name	Sumitomo Metal Mining Co., Ltd. (Splitting company) (As of March 31, 2012)	Hitachi Cable, Ltd. (Splitting company) (As of March 31, 2012)	SH Materials Co., Ltd. (Provisional) (Successor company) (As of April 1, 2013; Tentative)
2. Headquarters location	5-11-3, Shimbashi, Minato-ku, Tokyo	4-14-1, Sotokanda, Chiyoda-ku, Tokyo	To be announced
3. Name and title of representative	Nobumasa Kemori, President and Representative Director	Hideaki Takahashi, President and Chief Executive Officer	To be announced
4. Line of Business	Mining, smelting and refining, manufacturing of semiconductor and advanced materials, and others	Manufacturing and sales of wires and cables, copper products, electronics materials, automotive components, IT devices and others	Manufacturing and sales of lead frames and related products
5. Capital Stock	93,242 million yen	25,948 million yen	1,000 million yen
6. Established	March 1950	April 1956	To be announced
7. Number of Shares Issued	581,628,031 shares	374,018,174 shares	1,122,400 shares
8. Fiscal Year-End	End of March	End of March	End of March
9. Number of Employees (Consolidated)	8,658	14,142	Approx. 2,700 Employees will be transferred from SMM's and Hitachi Cable's lead frame businesses.
10. Major Customers	Sumitomo Corporation, Mitsui & Co., Ltd.	Hitachi, Ltd., Marubeni Metals Corporation	To be announced
11. Main Lenders	Sumitomo Mitsui Banking Corp., Sumitomo Mitsui Trust Bank, Ltd., Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Japan Finance Corporation, Japan Bank for International Cooperation, Development Bank of Japan Inc.	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Corporate Bank, Ltd.	To be announced

12. Main Shareholders and Shareholding Ratio	<p>Japan Trustee Services Bank, Ltd. (trust account): 8.12%</p> <p>The Master Trust Bank of Japan, Ltd. (trust account): 6.24%</p> <p>BT OD05 OMNIBUS ACCOUNT – TREATY CLIENTS (Standing proxy: The Hongkong and Shanghai Banking Corporation Ltd. [HSBC], Tokyo Branch): 2.30%</p> <p>Japan Trustee Services Bank, Ltd. (trust account 9): 1.78%</p> <p>Sumitomo Metal Industries, Ltd.: 1.50%</p>	<p>Hitachi, Ltd.: 51.41%</p> <p>The Master Trust Bank of Japan, Ltd. (trust account): 3.65%</p> <p>Japan Trustee Services Bank, Ltd. (trust account): 2.73%</p> <p>TAM TWO (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.): 1.93%</p> <p>Trust &amp; Custody Services Bank, Ltd. (pension trust account): 1.72%</p>	<p>Following the integration of the lead frame businesses, SMM: 51% Hitachi Cable: 49%</p>
13. Relationship between the Parties	Capital Relationship	SMM and Hitachi Cable will own 51% and 49% of SH Materials's stock, respectively, after the completion of the integration of the lead frame businesses.	
	Personnel Relationship	Directors of SH Materials will be selected from SMM and Hitachi Cable.	
	Transactional Relationship	SMM and Hitachi Cable currently have a transactional relationship of trading copper metal and copper strips.	
	Situation regarding Related Parties	<p>SH Materials will become SMM's subsidiary and a related party to SMM after the completion of the integration of the lead frame business.</p> <p>SH Materials will become Hitachi Cable's affiliate company and a related party to Hitachi Cable after the completion of the integration of the lead frame business.</p>	

## (1) Business Performance of the Splitting Companies for the Last Three Years (Consolidated)

(Unit: Million yen; Unit for per share data: Yen)

Fiscal Year-End	Sumitomo Metal Mining Co., Ltd. (Splitting company)			Hitachi Cable, Ltd. (Splitting company)		
	March 2010	March 2011	March 2012	March 2010	March 2011	March 2012
Net sales	725,827	864,077	847,897	372,450	419,279	432,540
Operating Income (loss)	66,265	96,038	88,498	(6,381)	788	1,966
Ordinary Income (loss)	87,791	123,701	108,750	(4,939)	(1,765)	927
Net Income (loss)	53,952	83,962	65,219	(9,110)	(12,993)	(22,758)
Net Income Per Share	96.26	149.38	116.05	(25.04)	(35.65)	(62.35)
Dividend Per Share	20.0	32.0	28.0	5.00	2.50	-
Total Assets	981,458	1,052,353	1,145,994	289,016	270,750	245,882
Net Assets	629,684	684,103	725,565	123,233	106,093	83,034
Net Assets Per Share	1,043.50	1,121.19	1,173.13	332.69	285.12	221.37

Note: There is no applicable data for SH Materials, the successor company, as the company is yet to be established.

## (2) Summary of Businesses Subject to the Divestiture

## (i) Businesses subject to the divestiture

The businesses subject to the divestiture in the lead frame business by SMM and Hitachi Cable will be the lead frames business of SMM and the lead frames business of Hitachi Cable.

## (ii) Financial results of the businesses subject to the divestiture for the fiscal year ended March 2012 (Consolidated)

(Unit: Million yen)

	Sumitomo Metal Mining Co., Ltd. (Splitting company)			Hitachi Cable, Ltd. (Splitting company)		
	Business subject to the divestiture (A)	Entire company (B)	Ratio (A/B)	Business subject to the divestiture (A)	Entire company (B)	Ratio (A/B)
Net Sales	24,049	847,897	2.8%	9,630	432,540	2.2%

(iii) Items and Amounts of Assets and Liabilities Subject to the Divestiture (As of March 31, 2012)

Sumitomo Metal Mining Co., Ltd. (Splitting company)

(Unit: Million yen)

Assets		Liabilities	
Item	Book Value	Item	Book Value
Current Assets	3,374	Current Liabilities	944
Fixed Assets	3,704	Fixed Liabilities	0
Total	7,078	Total	944

Hitachi Cable, Ltd. (Splitting company)

(Unit: Million yen)

Assets		Liabilities	
Item	Book Value	Item	Book Value
Current Assets	665	Current Liabilities	0
Fixed Assets	3,072	Fixed Liabilities	1,778
Total	3,737	Total	1,778

## 5. Status After the Integration of the Lead Frame Business

### (1) Status of Splitting Companies upon the Divestiture

There will be no changes in the company name, headquarters location, name and title of representatives, line of business, capital stock and fiscal year-end of either SMM or Hitachi Cable, except that the two companies' businesses that are the subject of the divestiture will be transferred to SH Materials upon the finalization of the contemplated divestiture in the lead frame business. The total assets and net assets of SMM and Hitachi Cable upon the completion of the integration of the lead frame businesses are yet to be determined.

### (2) Status of Successor Company upon the Divestiture

1. Company Name	SH Materials Co., Ltd. (Provisional)
2. Headquarters Location	To be announced
3. Name and Title of Representative	To be announced
4. Line of Business	Manufacturing and sales of lead frames and related products
5. Capital Stock	1,000 million yen
6. Fiscal Year-End	End of March
7. Net Assets	8,090 million yen
8. Total Assets	10,815 million yen

## 6. Outline of Accounting Method

SMM and Hitachi Cable will use accounting methods pursuant to the “Accounting Standard for Business Combinations” and “Accounting Standard for Business Divestitures.” The amount of goodwill to be generated as a result of the integration of the lead frame businesses cannot be confirmed at the present time.

## 7. Impact on and Outlook for Financial Results, etc. as a Result of the Integration of the Lead Frame Businesses

The effect of the contemplated integration of the lead frame businesses on the consolidated performance forecasts for SMM and Hitachi Cable remains uncertain at the present time. The details will be announced without delay when they become clear.

## II. Integration of the Copper Products Business

### 1. Objectives Behind the Integration of the Copper Products Business

Hitachi Cable’s copper products business has capabilities in the production of copper strips, an upstream process. Through SMM’s capital participation in Hitachi Cable’s copper products business, a collaborative relationship will be formed between the two companies. While supplying Hitachi Cable’s high-quality copper strips used in semiconductors for applications in the lead frame business in a swift and steady manner, we will develop and launch a broad range of products that match market needs by further strengthening marketing capabilities. Furthermore, the enhancement of copper strips used in semiconductors will be pursued and efforts will continue to be directed into expanding the use of copper products in automotive and industrial applications. Targets will be set for increasing competitive strength as a comprehensive manufacturer of copper products and improving customer services.

### 2. Outline of the Integration of the Copper Products Business

#### (1) Schedule of the Integration of the Copper Products Business

Conclusion of business integration agreement: October 29, 2012 (by SMM and Hitachi Cable)

Approval of agreement on absorption-type company split at the Board of Directors’ Meeting: To be announced (by Hitachi Cable and HS Copper Products)

Conclusion of agreement on absorption-type company split: To be announced (by Hitachi Cable and HS Copper Products)

Approval of agreement on absorption-type company split at the General Shareholders’ Meeting: To be announced (by HS Copper Products)

Effective date of company split: April 1, 2013 (Tentative)

Stock transfer date: April 1, 2013 (Tentative)

Notes 1. Prior to the integration of the copper products business, Hitachi Cable is planning to establish HS Copper Products, Ltd. (provisional) (hereinafter, "HS Copper Products"), the successor company for the copper products business as its wholly-owned subsidiary. Specific timing of the establishment of the new company is to be announced.

Notes 2. Hitachi Cable as the splitting company will perform the contemplated company split without obtaining shareholder approval of the agreement on absorption-type company split pursuant to the provision of the "simplified absorption-type company split" set forth in Paragraph 3 of Article 784 of the Companies Act of Japan.

Notes 3. Dates specified above are tentative and subject to change due to reasons including the progress of procedures related to the integration of the copper business (including but not limited to notifications with authorities related to competition laws in Japan and overseas, approval and license procedures, etc.) among others.

## (2) Methods of Integration of the Copper Products Business

- (i) Assets, liabilities, rights and obligations (excluding employment relationships) related to the copper products business owned by Hitachi Cable (excluding the copper tubes and brass businesses) will be succeeded through the method of absorption-type company split (physical split), with Hitachi Cable as the splitting company and HS Copper Products as the successor company (hereinafter, "divestiture in the copper products business"). The copper products business of Hitachi Densen Shoji, a subsidiary of Hitachi Cable, will be included in the scope of the divestiture in the copper products business by the conduct of necessary procedures at Hitachi Densen Shoji (such as company split procedures, etc.) prior to the divestiture in the copper products business. Please see Section III below with regard to the company split of Hitachi Densen Shoji.
- (ii) Hitachi Cable will transfer parts of its shareholdings in HS Copper Products's common stock to SMM as of April 1, 2013 (tentative stock transfer date). As a result, the shareholding ratio of Hitachi Cable and SMM against the total number of HS Copper Products's outstanding shares (100 shares) will be 50% each.



(3) Details of Allotment of Shares, etc. upon the Divestiture in the Copper Products Business

HS Copper Products will issue 99 shares of common stock upon the divestiture in the copper products business, all of which will be allotted to Hitachi Cable. In addition, Hitachi Cable will transfer 50 shares of its holdings in HS Copper Products's common stock to SMM as of the effective date of the divestiture in the copper products business. As a result, the shareholding ratio of Hitachi Cable and SMM against the total number of HS Copper Products's outstanding shares (100 shares) will be 50% each.

(4) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights upon the Divestiture in the Copper Products Business

No stock acquisition rights or bonds with stock acquisition rights have been issued by Hitachi Cable.

(5) Decrease of Share Capital upon the Divestiture in the Copper Products Business

There will be no decrease of share capital at Hitachi Cable upon the finalization of the contemplated divestiture in the copper products business.

(6) Rights and Obligations to Be Succeeded by the Successor Company

HS Copper Products will succeed assets, liabilities, rights and obligations (excluding employment relationships) related to Hitachi Cable's copper products business (excluding the copper tubes and brass businesses) on the effective date, as set forth in the absorption-type company split agreement concerning the divestiture in the copper products business.

(7) Expectation on the Performance Capabilities regarding Each Party's Obligations

No material issues are expected regarding the performance capabilities of HS Copper Products with respect to its obligations that will become active upon the integration of the copper products business.

### 3. Outline of the Parties to the Divestiture in the Copper Products Business

1. Company Name	HS Copper Products, Ltd. (Successor company) (As of April 1, 2013; Tentative)	
2. Headquarters Location	Tsuchiura City, Ibaraki Prefecture	
3. Name and Title of Representative	To be announced	
4. Line of Business	Manufacturing and sales of copper products (copper strips, copper products for electronics applications)	
5. Capital Stock	1,000 million yen	
6. Date of Establishment	To be announced	
7. Number of Outstanding Shares	100 shares	
8. Fiscal Year-End	End of March	
9. Number of Employees	Approx. 700 Employees will be transferred from Hitachi Cable's copper products business.	
10. Major Customers	To be announced	
11. Main Lenders	To be announced	
12. Main Shareholders and Shareholding Ratio	Following the integration of the copper products business, Hitachi Cable: 50% SMM: 50%	
13. Relationship between the Parties	Capital Relationship	Hitachi Cable and SMM will each own 50% of HS Copper Products's stock after the completion of the integration of the copper products business.
	Personnel Relationship	Directors of HS Copper Products will be selected from Hitachi Cable and SMM.
	Transactional Relationship	Following the establishment of HS Copper Products, Hitachi Cable will supply copper metal to HS Copper Products.
	Situation regarding Related Parties	HS Copper Products will become Hitachi Cable's affiliate company and a related party to Hitachi Cable after the completion of the integration of the copper products businesses.  HS Copper Products will become SMM's affiliate company and a related party to SMM after the completion of the integration of the copper products business.

Note: For the outline of Hitachi Cable (splitting company), see "I. Integration of the Lead Frame Businesses 4. Outline of the Parties to the Integration of the Lead Frame Businesses."

(1) Summary of Business Subject to the Divestiture

(i) Business subject to the divestiture

The business subject to the divestiture in the copper products business by Hitachi Cable will be the copper products business (excluding the copper tubes and brass businesses) of Hitachi Cable.

(ii) Financial results of the business subject to the divestiture for the fiscal year ended March 2012 (Consolidated)

(Unit: Million yen)

	Hitachi Cable, Ltd. (Splitting company)		
	Business subject to the divestiture (A)	Entire company (B)	Ratio (A/B)
Net sales	43,745	432,540	10.1%

(iii) Items and Amounts of Assets and Liabilities Subject to the Divestiture (As of March 31, 2012)

Hitachi Cable, Ltd. (Splitting company)

(Unit: Million yen)

Assets		Liabilities	
Item	Book Value	Item	Book Value
Current Assets	6,505	Current Liabilities	1,568
Fixed Assets	7,106	Fixed Liabilities	5,000
Total	13,612	Total	6,568

4. Status After the Divestiture in the Copper Products Business

(1) Status of Splitting Company upon the Divestiture

There will be no changes in the company name, headquarters location, name and title of representatives, line of business, capital stock and fiscal year-end of Hitachi Cable, except that Hitachi Cable's business that is the subject of the divestiture will be transferred to HS Copper Products upon the finalization of the contemplated divestiture in the copper products business. The total assets and net assets of Hitachi Cable upon the completion of the integration of the copper products business are yet to be determined.

## (2) Status of Successor Company upon the Divestiture

1. Company Name	HS Copper Products, Ltd. (Provisional)
2. Headquarters Location	Tsuchiura City, Ibaraki Prefecture (Tentative)
3. Name and Title of Representative	To be announced
4. Line of Business	Manufacturing and sales of copper products (copper strips, copper products for electronic applications)
5. Capital Stock	1,000 million yen
6. Fiscal Year-End	End of March
7. Net Assets	7,043 million yen
8. Total Assets	13,612 million yen

## 5. Outline of Accounting Method

Hitachi Cable will use accounting methods pursuant to the “Accounting Standard for Business Divestitures.”

## 6. Impact on and Outlook for Financial Results, etc. as a Result of the Integration of the Copper Products Business

The effect of the contemplated integration of the copper products business on the consolidated performance forecasts for Hitachi Cable and SMM remains uncertain at the present time. The details will be announced without delay when they become clear.

## III. Company Split, with Hitachi Densen Shoji as the Splitting Company and Hitachi Cable as the Successor Company (hereinafter, the “company split of Hitachi Densen Shoji”).

### 1. Objectives Behind the Company Split of Hitachi Densen Shoji

The company split of Hitachi Densen Shoji is aimed at transferring Hitachi Densen Shoji’s sales functions in the lead frame business and copper products business to Hitachi Cable as a preparatory move prior to the effective date of the integration of the lead frame businesses and of the copper products business as specified under I and II in the preceding paragraphs. Upon completion of the appropriate procedures, the sales functions in the lead frame business and the copper products business transferred from Hitachi Densen Shoji to Hitachi Cable will be subsequently transferred to SH Materials and HS Copper Products, respectively, as part of the integration of the lead frame businesses and of the copper products business.

## 2. Outline of the Company Split of Hitachi Densen Shoji

### (1) Schedule of the Company Split of Hitachi Densen Shoji

Conclusion of business integration agreement: October 29, 2012 (by SMM and Hitachi Cable)

Approval of agreement on absorption-type company split at the Board of Directors' Meeting:  
To be announced (by Hitachi Cable and Hitachi Densen Shoji)

Conclusion of agreement on absorption-type company split: To be announced (by Hitachi Cable and Hitachi Densen Shoji)

Effective date of company split: April 1, 2013 (Tentative)

Note: Hitachi Densen Shoji as the splitting company and Hitachi Cable as the successor company will perform the contemplated company split without obtaining shareholder approval of the agreement on absorption-type company split pursuant to the provision of the "summary form absorption-type company split" set forth in Paragraph 1 of Article 784 and the "simplified absorption-type company split" set forth in Paragraph 3 of Article 796 of the Companies Act of Japan, respectively.

### (2) Methods of the Company Split of Hitachi Densen Shoji

In accordance with the provisions set forth in the absorption-type company split agreement concerning the company split of Hitachi Densen Shoji, assets, liabilities, rights and obligations (excluding employment relationships) related to the lead frame business and the copper products business owned by Hitachi Densen Shoji will be succeeded through a company split (physical split), with Hitachi Densen Shoji as the splitting company and Hitachi Cable as the successor company.

### (3) Details of Allotment of Shares, etc. upon the Company Split of Hitachi Densen Shoji

Because this is an absorption-type company split between Hitachi Cable and its wholly owned subsidiary, there will be no allotment of assets.

### (4) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights upon the Company Split of Hitachi Densen Shoji

No stock acquisition rights or bonds with stock acquisition rights have been issued by Hitachi Cable or Hitachi Densen Shoji.

(5) Increase or Decrease of Share Capital upon the Company Split

There will be no increase or decrease of share capital of Hitachi Cable or Hitachi Densen Shoji upon the contemplated company split of Hitachi Densen Shoji.

(6) Rights and Obligations to Be Succeeded by the Successor Company

Hitachi Cable will succeed assets, liabilities, rights and obligations (excluding employment relationships) related to Hitachi Densen Shoji's lead frame business and copper products business on the effective date, as set forth in the absorption-type company split agreement concerning the company split of Hitachi Densen Shoji.

(7) Expectation on the Performance Capabilities regarding Each Party's Obligations

No material issues are expected regarding the performance capabilities of Hitachi Cable with respect to its obligations that will become active upon the company split of Hitachi Densen Shoji.

3. Outline of Hitachi Densen Shoji

1. Company Name	Hitachi Densen Shoji, Ltd. (Splitting company) (As of March 31, 2012)
2. Headquarters Location	4-14-1, Sotokanda, Chiyoda-ku, Tokyo
3. Name and Title of Representative	Toshiro Kanda, President and Representative Director
4. Line of Business	1. Sales of wires and cables 2. Sales of rolled products, etc. made of nonferrous metals and their alloys
5. Capital Stock	380 million yen
6. Date of Establishment	February 10, 1964
7. Number of Outstanding Shares	760,000 shares
8. Fiscal Year-End	End of March
9. Main Shareholders and Shareholding Ratio	Hitachi Cable, Ltd.: 100%

10. Business Performance and Financial Position for the Latest Fiscal Year	
Net sales	80,834 million yen
Operating Income	986 million yen
Ordinary Income	1,126 million yen
Net Income	496 million yen
Net Income Per Share	652.56 yen
Dividend Per Share	392 yen
Total Assets	30,079 million yen
Net Assets	7,580 million yen
Net Assets Per Share	9,973.25 yen

Note: For the outline of Hitachi Cable (successor company), see “I. Integration of the Lead Frame Businesses 4. Outline of the Parties to the Integration of the Lead Frame Businesses.”

#### 4. Summary of Hitachi Densen Shoji

##### (1) Business To Be Succeeded

The business that will be succeeded by Hitachi Cable in the company split of Hitachi Densen Shoji will be the sales functions in Hitachi Densen Shoji’s lead frame business and copper products business.

##### (2) Financial Results of the Business Unit to Be Succeeded (Net Sales of the Applicable Business Unit)

17,076 million yen

##### (3) Items and Amounts of Assets and Liabilities Subject of Business Unit to Be Succeeded

Assets		Liabilities	
Item	Book Value	Item	Book Value
Current Assets	240	Current Liabilities	52
Fixed Assets	2	Fixed Liabilities	0
Total	242	Total	52

## 5. Status of Hitachi Cable After the Company Split of Hitachi Densen Shoji

There will be no changes in the company name, Headquarters location, name and title of representatives, line of business, capital stock and fiscal year-end of Hitachi Cable, except that Hitachi Cable will succeed Hitachi Densen Shoji's business that is the subject of the divestiture in the company split of Hitachi Densen Shoji. Total assets and net assets of Hitachi Cable upon the completion of the company split of Hitachi Densen Shoji are yet to be determined.

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.



【Appendix】

Relationship diagram of the integration of lead frames and copper products businesses

