

November 29, 2013

Sumitomo Electric Industries, Ltd.
Hitachi Metals, Ltd.

Notice on Signing of Memorandum of Understanding Related to Transfer and Acquisition of J-Power Systems' Shares

Sumitomo Electric Industries, Ltd. and Hitachi Metals, Ltd. are pleased to announce that they have signed a basic memorandum of understanding stating that Hitachi Metals has agreed to transfer all the shares in its possession of J-Power Systems Corporation, a 50/50 joint venture with Sumitomo Electric, to Sumitomo Electric.

Sumitomo Electric and Hitachi Metals will continue negotiations with the intention of concluding a formal agreement in line with the memorandum of understanding.

Please note that Japan Fair Trade Commission's approval is a prerequisite to the transfer and acquisition of these shares.

1. Summary

Sumitomo Electric and Hitachi Metals have reached a basic understanding that Hitachi Metals will transfer its 50 percent holding of J-Power Systems' shares in its entirety to Sumitomo Electric, and Sumitomo Electric will make J-Power Systems a wholly-owned subsidiary. Sumitomo Electric and Hitachi Metals will then begin full-fledged deliberations.

2. Future Plans

The two companies plan to conduct discussions regarding specific terms and will carry out negotiations toward the ultimate aim of concluding an agreement. The negotiation schedule is outlined below.

Signing of basic memorandum of understanding:	November 29, 2013
Signing of share transfer agreement:	By the end of January 2014 (tentative)
Transfer and acquisition of shares:	April 1, 2014 (tentative)

3. Overview of Company Whose Shares Are to Be Acquired

- (1) Company name: J-Power Systems Corporation
- (2) Headquarters: Mita 43 MT Bldg. 8F, 3-13-16 Mita, Minato-ku, Tokyo 108-0073, Japan
- (3) Representative: President Sadao Fukunaga
- (4) Business: Research, development, design, manufacturing, sales, installation, and export of electric power cables and accessories, overhead power transmission lines, and related systems
- (5) Capital: 8 billion yen (as of the end of March 2013)
- (6) Date of company's establishment: July 3, 2001