

Strategic Pursuit of M&A with a Sharp Focus on Growth

Under the Hitachi Cable Group's comprehensive medium-term management plan, Plan BEGIN, we have already laid the foundation for substantial growth in the year ending March 31, 2009 and beyond with a number of mergers and acquisitions (M&A) that built up strength in key growth drivers. There were major deals in the areas of chip-on-film (COF) for LCDs, automotive brake hoses and probe cables for medical applications. The following pages highlight the aim of these investments and the outlook for further activities.

*The market shares cited here are based on estimates by Hitachi Cable, Ltd.

Maximizing synergy to become the leading film-device manufacturer

With expanding demand for LCD panels expected to drive continuing growth in the COF market, we have attained the top market share and begun a drive to maximize our synergies. COF is a thriving application of TAB (tape automated bonding) technology. TAB products are a key business focus for the Hitachi Cable Group in the area of electronics. TAB products are flexible films that connect semiconductor dies to a motherboard or an LCD panel. The Hitachi Cable Group has led the industry in establishing mass-production

technology for these products. COF products are used as packaging materials for LCD driver ICs in LCD panels for televisions and computers. Our strategy in this area is to develop a balanced range of COF products, TAB products for memory and TAB products for special purposes. This will allow the Hitachi Cable Group to achieve further growth while spreading the risk of market fluctuations.

While the COF market is expected to grow by around 5–7% annually, market conditions are currently deteriorating due to a rapid decline in prices. In the year ended March 31, 2008, the Hitachi Cable Group recorded an impairment loss on COF manufacturing facilities at

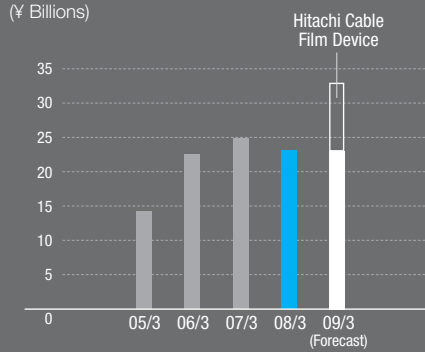
its Kofu Works. To overcome the current downturn in the performance of its COF business and lay the foundations for future growth, Hitachi Cable acquired the COF operations of Casio Micronics Co., Ltd. The business has been operating as Hitachi Cable Film Device, Ltd. since June 1, 2008.

Outlook for COF business

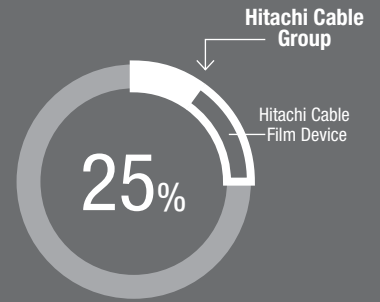
We aim to improve the performance of the COF business by maximizing the synergy benefits resulting from the above acquisition. We have more than doubled our production capacity and established a solid position in the market. Forecasts for the year ending March 31,



Net Sales of TAB Business



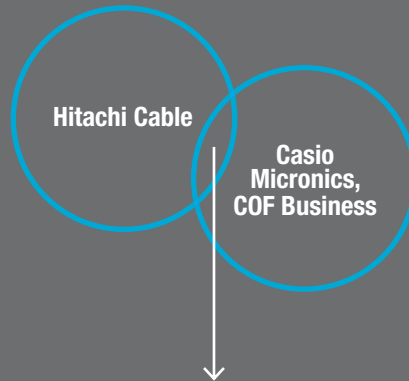
COF World Market Share



Benefiting from an Expanded COF Business

The Hitachi Cable Group acquired the COF operations of Casio Micronics Co., Ltd., which has been operating as Hitachi Cable Film Device, Ltd. since June 1, 2008. We anticipate benefits in four key areas.

•Strengths: Competitive advantages in electroplating and fine-pitch technologies



•Strengths: Competitive advantages in mass production and mounting technologies

On target for top market share for COF: Through expanded business scale and higher market competitiveness

Cost reductions: From production efficiency and procurement rationalization

Development acceleration: Expansion of development workforce and technology synergies

Increased efficiency: In all areas of the TAB business, from newly acquired management resources

2009 indicate that we will be the market leader with a market share of 25%. With the combined know-how, we will also be able to improve production efficiency and rationalize the procurement of materials. We will improve price competitiveness by reducing overhead through the integration of design, development and sales. The integration of resources will also strengthen our technology development capabilities and allow us to maintain our position as industry leader by developing other fine-pitch products.

Improving efficiency by balancing TAB business

We will increase the overall potential

of our TAB business by applying the management resources gained through the acquisition to other areas, such as TAB products for memory. Demand for our TAB products for memory and TAB products for special purposes has remained strong. We anticipate further growth in the market for these products as DRAM packaging materials, and the expansion of production capacity has been an urgent priority. The acquisition has allowed us to transfer surplus COF production facilities to other areas, such as TAB products for memory. As a result, we have been able to add needed production capacity quickly, flexibility and with minimal investment. We will use our newly acquired development

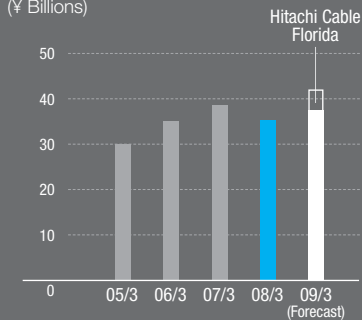
resources to expand TAB products for special purposes into new applications, including printers and medical products.

Our goal is to make the Hitachi Cable Group the No.1 manufacturer of film devices by building a balanced product portfolio based on COF products, TAB products for memory and TAB products for special purposes. Our TAB sales for the year ended March 31, 2008 were ¥23.1 billion. By the year ending March 31, 2012, we aim to reach ¥50 billion.

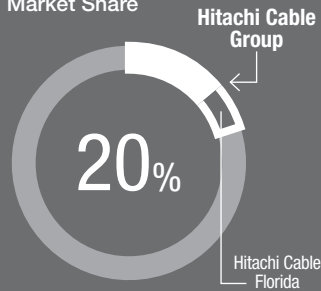
Moving into Industry Leadership in Automotive Brake Hoses

A new acquisition in North America brings us to our goal of market leadership. With zero product recalls for over 30 years, the Hitachi Cable Group has established an excellent reputation for quality. We have also earned ourselves a large share of the world market. Following a business acquisition in North America, we are now positioned to become the world's leading manufacturer in the year ahead.

Net Sales of Automotive Parts Business
(¥ Billions)



Automotive Brake Hoses World Market Share



Highlights

New company "Hitachi Cable Florida" in North America strengthens global structure

Sales expansion: From ¥11 billion in the year ended March 31, 2008 to ¥18 billion in the year ending March 31, 2009

Market share expansion: From 22% to over 40% in North America, and from 14% to over 20% in the world market

Enhanced status: World's largest manufacturer of automotive brake hoses

Consolidating its position as the top manufacturer through acquisitions

Braking is the most important safety function in an automobile. It is absolutely essential that brake hoses are of the highest quality to repeatedly withstand the numerous stresses that occur on the road, including exposure to mud and water, and vibration and flexing caused by uneven road surfaces. Brake hoses manufactured by the Hitachi Cable Group combine superior low expansion with high durability and are used by major automobile manufacturers throughout the world, earning us a large share of the world market. In

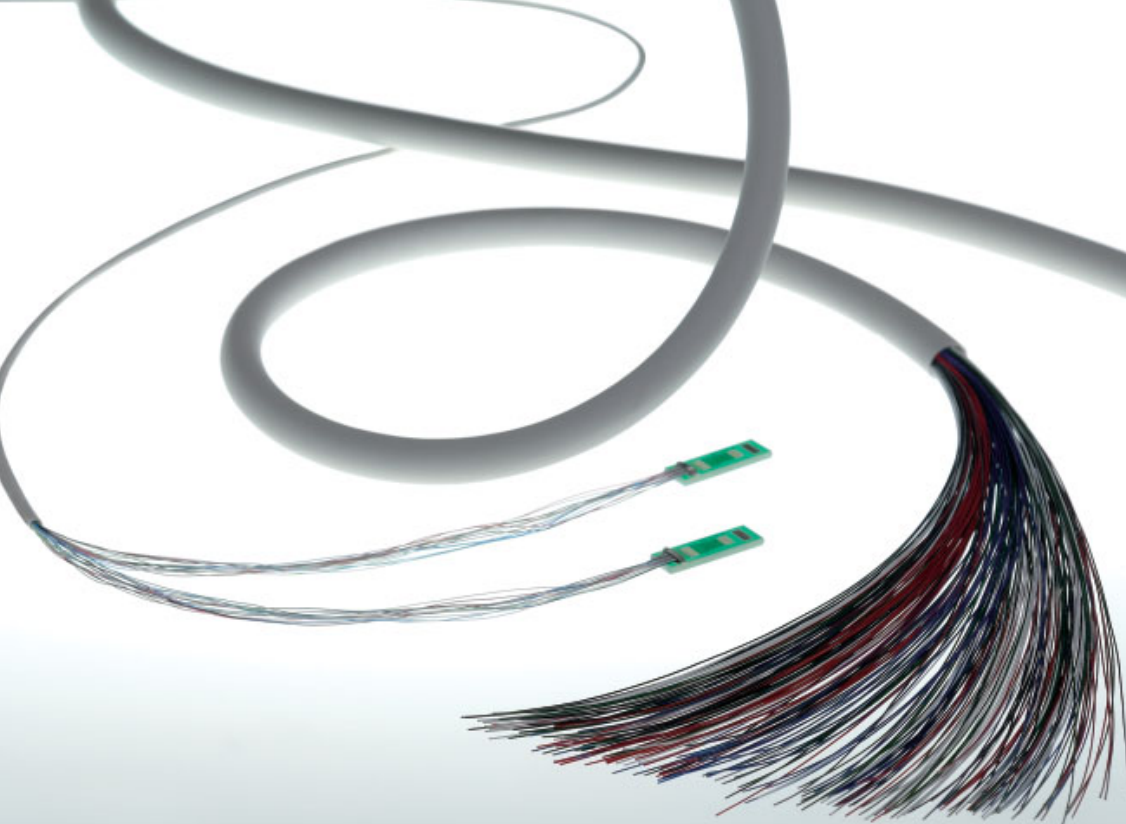
2007, we expanded our global supply network with new plants and production lines in Thailand and China.

On February 29, 2008, we grew again by acquiring the automotive brake hose business of a North American automotive parts manufacturer. A new company, Hitachi Cable Florida, Inc., has been established to operate this business. Traditionally, the main customers for our auto parts business in North America have been Japanese-affiliated manufacturers, and the expansion of sales to the Big Three American automobile manufacturers has been a major priority. The acquired business has a strong business relationship with Ford and Chrysler. It had

also gained a reputation for excellence in resin-molding technology used in the assembly of brake hoses.

As a result of this acquisition, our sales of brake hoses are expected to expand from approximately ¥11 billion in the year ended March 31, 2008 to ¥18 billion in the year ending March 31, 2009.

We predict that our market share will increase from 22% to over 40% in North America, and from 14% to over 20% in the world market. We will be the clear leader in terms of world market share, and the largest manufacturer of automotive brake hoses in the world.



Setting Our M&A Sights on Probe Cables for Medical Use

We are determined to gain the largest world share for probe cables for ultrasound diagnostic equipment. Micro coaxial cables manufactured by the Hitachi Cable Group are used in a wide range of electronic equipment, including notebook computers and digital consumer electronics. We have gained a particularly high share of the market for cables used in medical applications. Now, we aim to expand this business area further through the acquisition of a European manufacturer of probe cables for ultrasound medical equipment.

Acquiring superior development and production bases in Europe

Ultrasound diagnostic equipment transmits ultrasonic waves into the body through probes placed on the surface. By capturing the reflected waves, these medical devices are able to create cross-sectional images of organs and other areas of the body for use in real-time diagnostic procedures.

The Hitachi Cable Group is building a global business in this area and aims to capture leadership in the world market for ultrasound probe cables.

We took a major step forward with this strategy in August 2008, when we

acquired shares in the Austrian company Astral Meditech GmbH, which is now a subsidiary of Hitachi Cable, Ltd. and renamed it Hitachi Cable Austria GmbH. This move has strengthened our engineering and proposal capabilities in the huge European market.

Astral Meditech is well regarded by its customers, major manufacturers of medical devices, for its advanced design and technological capabilities and for its production capabilities.

This acquisition of stock in Astral Meditech not only will provide the Hitachi Cable Group with superb product-development and manufacturing facilities in Europe in the area of probe cables for use in ultrasonic diagnostic

equipment but also will improve the Group's design capabilities in circuits, metal parts and plastic parts.

The Hitachi Cable Group intends to leverage its purchase of Astral Meditech to expand sales to world-class medical-device manufacturers, seeking to achieve annual sales of ¥10 billion and a world-leading market share of more than 40% in probe cables for use in ultrasonic diagnostic equipment in the year ending March 31, 2011.

Highlights

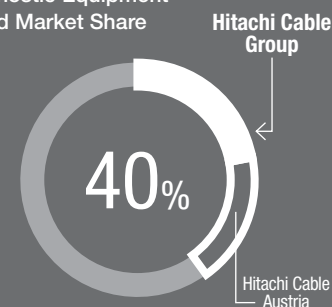
The acquisition of Astral Meditech will strengthen our development and manufacturing resources in Europe.

Sales growth: From ¥4 billion in the year ended March 31, 2008 to ¥10 billion in the year ending March 31, 2011

World market share: From 20% in the year ended March 31, 2008 to over 40% by the year ending March 31, 2011

Expansion of development and manufacturing resources: Opportunity to become world market leader

Probe Cables for Ultrasound Diagnostic Equipment World Market Share



Net Sales of Electronic Wires and Wiring Devices Business

