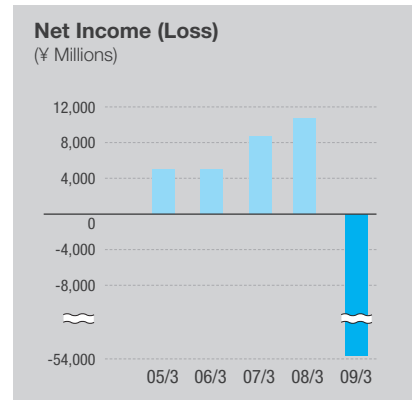
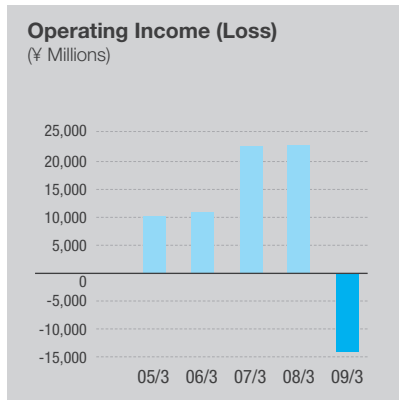
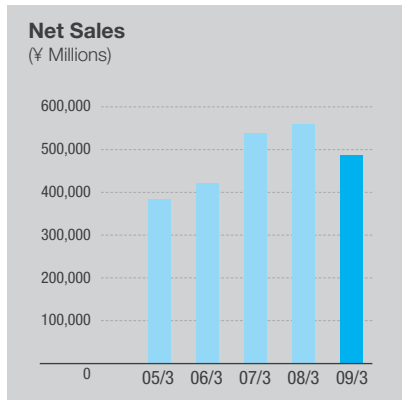


We are fortifying
anew our management
practices and
building foundations
for future growth.

President and Chief Executive Officer **Mitsuo Imai**

The impact of the global financial crisis and deteriorating economy were reflected in substantially lower results in the year ended March 31, 2009. To overcome these difficulties, we have implemented a range of urgent measures to improve our business performance, primarily through the reduction of fixed costs. We are also implementing measures to improve our business structure, especially in the semiconductor-related and automotive-related areas. These initiatives will help to drive our recovery and prepare us for a new phase of growth and success.



Observations upon taking office

I took office as President and Chief Executive Officer on April 1, 2009 in a challenging economic environment.

The Hitachi Cable Group achieved growth in revenues and income in five successive years between the years ending March 31, 2004 and March 31, 2008. This was the result of our efforts to strengthen our operating foundation and develop growth businesses under the Survival Project, a medium-term management plan covering the years ended March 31, 2004 through March 31, 2006, and Plan Begin, which was launched in the year ended March 31, 2007 and targeted toward the year ended March 2009. However, in the year ended March 31, 2009, our earnings were seriously eroded by the global recession that rippled out from the United States, and we recorded both an operating loss and a net loss.

As a new President, I am keenly aware of the challenges that lie ahead. Yet I am also determined to use this present crisis as an opportunity to overcome problems that have been exposed by this situation and to implement bold structural reform measures in areas in which our previous initiatives have fallen short. I believe that we need to focus in particular on two tasks. First, we must cultivate our market acumen so that we can compete successfully in rapidly changing

markets. Second, we must achieve further advances in our manufacturing, which is a fundamental source of strength.

Summary of results for the year ended March 31, 2009

In the year ended March 31, 2009, the world economy was shaken by an increasingly serious global financial crisis. Said to be the worst crisis in a century, it was marked by a chain of events that included extreme currency fluctuations, rapid declines in international commodity prices and a global slump in real economic conditions.

This dramatic downturn in the business environment had a major impact on the performance of the Hitachi Cable Group, causing our earnings to fall sharply in the second half of the period under review. As a result, net sales for the year ended March 31, 2009 decreased by 12.9% year on year, to ¥493,151 million. This reduction was caused by a fall in product prices in response to a sharp decline in the price of copper, which is the main raw material for wires, cables and copper products. Shrinking demand also pushed down the prices of our products, especially items for the semiconductor and automotive markets. There was an operating loss of ¥14,740 million. In addition to the substantial deficit that resulted from radical reductions in volume as

well as price declines in our semiconductor and automotive-related businesses due to extreme recession-driven inventory adjustment in the semiconductor and automotive markets in the second half of the year under review, revaluation losses on inventory assets because of the decline in the price of copper also contributed to the operating loss. Other factors included an increase in depreciation expenses resulting from a change in the statutory useful lives of machinery and equipment, corresponding to a revision of the Japanese tax regulation.

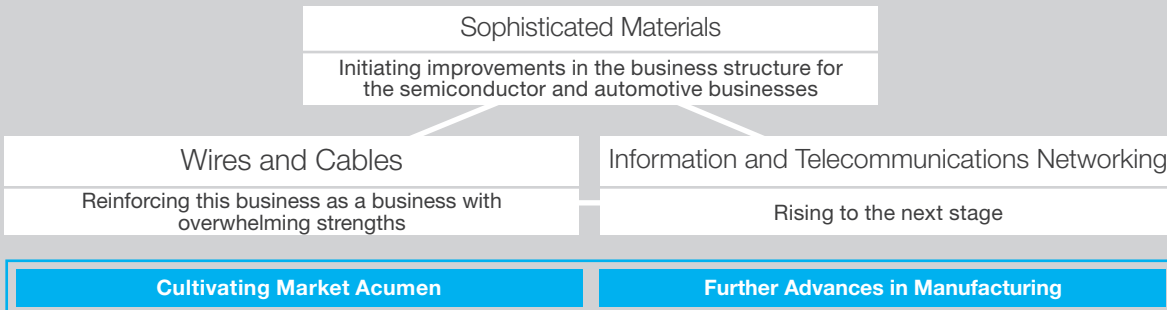
We responded to these sudden shifts in business conditions by implementing defensive measures to improve our business structure. These resulted in impairment losses and losses on disposal of fixed assets. In addition, we drew down deferred tax assets and provided for deferred tax expenses. These and other factors were reflected in a net loss of ¥53,775 million.

Initiatives to improve business performance

There are signs that world economic conditions are starting to level out in the year ending March 31, 2010, thanks to stimulatory measures and monetary easing by governments around the world. However, extreme caution will be needed until a full recovery is achieved.

Basic Policies for the Year ending March 31, 2010

- Securing profitability in operating income
- Initiating improvements in the business structure, with a focus on the semiconductor and automotive businesses



Except for influence of the decline in the copper price and other factors, the real net sales of the Hitachi Cable Group in the year ending March 31, 2010 are expected to reach up to 90% of the result for the year to March 31, 2009. With this situation in mind, we will fortify our management practices and build foundations for future growth by steadily implementing the following measures to improve our business performance.

1. Minimizing costs

In the year ending March 31, 2010, we will implement wide-ranging cost minimization measures designed to return our operating income position to positive figures. In addition to existing initiatives to reduce expenses, procurement costs and overheads, we will also introduce urgent measures, including one unpaid day off per month for ordinary employees and deeper cuts in directors' fees and executive salaries. Another priority will be the reduction of labor costs to a level that is commensurate with orders and earnings. Related measures will include bonus reductions, changes to staffing levels and personnel redeployment.

2. Structural improvement of unprofitable businesses

Our efforts to structurally improve unprofitable operations are expected to yield results in the year to March 31, 2011. These

initiatives are focusing in particular on the areas of semiconductor-related products and automotive-related products, which have been affected by severe downturns in business conditions.

Structural improvement of semiconductor-related business

Earnings from our tape automated bonding (TAB) business fell sharply in the second half of the year ended March 31, 2009, and there was a substantial operating loss of approximately ¥7 billion. However, we have implemented timely rationalization measures, including the centralization of chip on film (COF) for LCD production sites and the posting of impairment losses on surplus facilities. As a result, we expect the loss to be reduced by ¥4–5 billion in the year ending March 31, 2010. In the area of TAB products for memory, we commenced mass-production of Mx μBGA^{*1}, a newly developed product that combines high performance with low cost. This product will allow us to overcome pricing challenges, and we aim to expand our share of the DRAM packaging materials market by expanding our sales in the high-volume general-purpose personal computer area. We aim to achieve profitability with the TAB business as quickly as possible by devising further restructuring measures that reflect market trends and our capabilities.

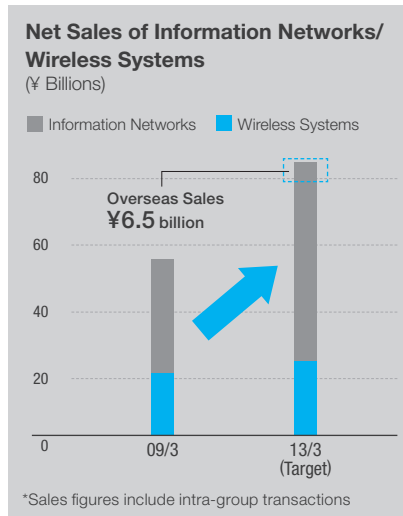
In the area of compound semiconductors, we will tighten the focus of our product range. In particular, we will target products for mobile phone-related electronic devices and products for LEDs. We will also optimize our allocation of management resources by reviewing the distribution of production operations among group companies, including our Taiwanese subsidiary.

*1 MICRO BGA is a registered trademark of Tesser, Inc. in the United States.

Improving efficiency through closure and consolidation of business sites

Many of our electrical wires and wiring devices have excellent growth potential. However, the number of manufacturing sites has increased, and there is room to improve efficiency. We plan to reduce the number of manufacturing companies from 11 as of March 2009, to seven by March 2010, through a process of closure and consolidation. Lead-frame production sites will also be consolidated.

Our automotive business has been affected by deteriorating business conditions, especially in the North American market. Initially we aimed to complete consolidation of manufacturing sites in the year ending March 2012. However, as demand in the automobile market is expected to recover slowly, we intend to bring forward the



completion of the consolidation process to the first half of the year ending March 31, 2011. This will strengthen our business structure in readiness for the demand recovery when it comes.

3. Developing and reformatting growth businesses

Expansion of information and telecommunications infrastructure involvement

We aim to take our activities in the information and telecommunications infrastructure area to a new level by expanding our information network and wireless system businesses.

The information network business has excellent growth potential, and we are determined to expand our share of the domestic market while also developing overseas markets. Within Japan, we are

working to lift the market share² of Ethernet³ switch Apresia⁴ to second position, after being third for the past three years. We aim to expand the uses of our products into new fields, including the next-generation mobile telecommunications networks and to increase sales through strengthening relationships with distributors in both private- and public-sector markets.

We also plan to expand into overseas markets on a significant scale. In the past, our overseas involvement has consisted of overseas Apresia projects in response to requests from Japanese telecommunications carriers. We are now moving to expand sales to the locally owned carriers that act as connection partners when Japanese carriers build international communications networks and also to overseas data center service providers. In April 2009 Apresia technology was chosen by Global Data Service Joint Stock Company, a joint venture between Japanese and Vietnamese telecommunications carriers, for its 10Gbps backbone switching system. In overseas markets, it seems that the IP-VPN connections traditionally used in data centers and corporate LANs will be increasingly replaced by Ethernet connections, which combine the advantages of lower running costs and higher reliability. We aim to capture a significant share of this demand through promotional activities based on our record in Japan. The next step will be to release products that are based on international standards, so that we can expand direct sales to overseas telecommunications carriers and data center service providers.

Our goal in the wireless system category is to capture a large share of demand generated by capital investment for next-generation mobile telecommunications technology, such as Long Term Evolution (LTE)⁵, by mobile phone companies. We aim to be Japan's leading manufacturer of antennas for mobile phone base stations and broadcasting backbone stations and transmission sites.

*2 The market shares cited in this report are based on estimates by Hitachi Cable, Ltd.

*3 Ethernet is a registered trademark of Fuji Xerox Co., Ltd. in Japan.

*4 Apresia is a registered trademark of Hitachi Cable, Ltd.

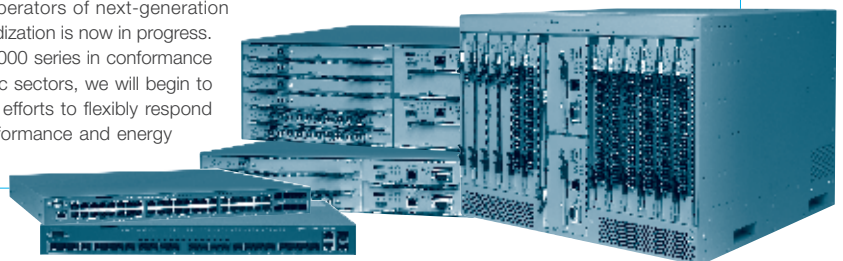
*5 LTE is a transmission method whose specification was created by the 3rd Generation Partnership Project, an international standards organization.

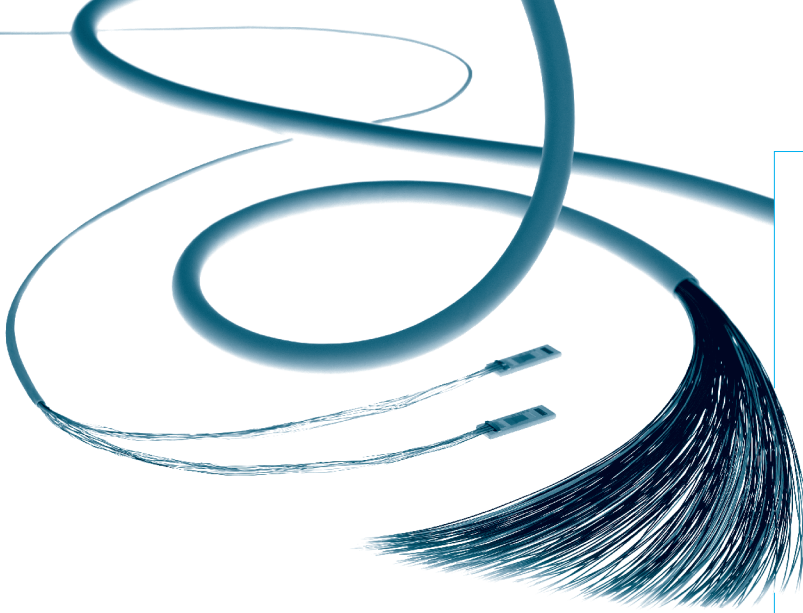
Strengthening the wires and cables business

Our strategy for the wire and cable segment calls for the expansion of growth areas and the further development of markets for products with which we have achieved high market shares. We will also rationalize our activities, including the closure and consolidation of business sites used for unprofitable operations. Our goal is to achieve overwhelming competitiveness through selection and concentration. Growth areas targeted for further business expansion include probe cables for medical applications and micro coaxial cables. The Hitachi Cable Group possesses advanced alloy and processing technologies, and we will use our leadership in these fields to strengthen our advantage. We are

Apresia® Series Ethernet Switches

The Apresia 6000/8000/18000 series Ethernet switches for telecommunications carriers have been widely adopted by Japanese carriers, contributing to the establishment and development of wide-area Ethernet networks and next-generation telecommunications networks in the country. In the period ahead, the Hitachi Cable Group will strive to increase sales to overseas telecommunications carriers and operators of next-generation mobile telecommunications networks, where international standardization is now in progress. To this end, among other plans, we aim to launch the Apresia 16000 series in conformance with international standards. To better serve the private and public sectors, we will begin to offer new models of the Apresia 13000 series and continue our efforts to flexibly respond to various customer demands, including high reliability, cost performance and energy saving with a view to developing this category of business.





Probe Cables for Ultrasound Diagnostic Equipment

Probe cables, which are used in echography, connect probes that send and receive ultrasonic waves to ultrasound diagnostic equipment. Each probe cable contains hundreds of micro coaxial cables bundled together to transmit high-density data. In addition to high transmission characteristics, what is required in probe cables is ease of handling, such as lightness, thinness and flexibility. To fulfill such requirements, we developed thinner cables without losing transmission characteristics using our advanced alloy and process technologies, thereby securing a 20% share² in the world market. Our aim is to be No. 1, with a 40% share or higher. With a European manufacturer of probe cables for ultrasound diagnostic equipment joining the Group in July 2008 through M&A, the Hitachi Cable Group is pursuing further expansion in this area of business.

making good progress toward the reinforcement of our probe cables for medical applications, including the acquisition of an Austrian company as a subsidiary in July 2008. Another priority area is environment-related products, especially those used in clean energy applications.

We have gained high market shares with a number of products, including cables for railroad cars and flame retardant polyflex insulated wire MLFC⁶, and we will work to increase our market shares and further expand our product line-up in these areas.

We rationalize our production operations for electronic wires and wiring devices by closing and consolidating production sites. Other measures de-

signed to improve the overall efficiency of this business area will include a review of unprofitable lines.

⁶MLFC is a registered trademark of Hitachi Cable, Ltd. in Japan.

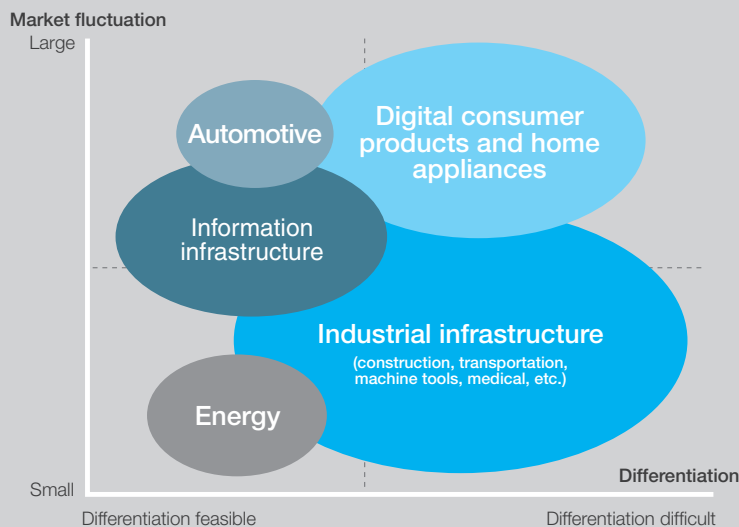
Preparing for a new growth phase

My comments so far have focused on initiatives to improve our current business performance. We also place great importance on preparations for sustainable growth over the medium- to long-term future. The top priority from this perspective will be the restructuring of our business portfolio, which we are in the midst of reviewing. Figure 1 shows the positioning of the businesses of the Hitachi

Cable Group according to the extent of fluctuation in end markets and the differentiation potential of our products and technologies. Products for digital consumer electronics and home appliances now occupy a major position in our business portfolio, reflecting our aggressive investment of management resources over the past few years. However, most of our products in these areas are sensitive to major market fluctuations and have little potential for differentiation. As a result, we incurred substantial losses on many of these products in the year ended March 31, 2009. From now on, we will build our competitiveness by weighting our business mix more toward areas in which there is scope for differentiation. This will require the development of advanced marketing skills, which I define as the ability to monitor market trends, the potential of competitors and our own potential accurately and the ability to determine appropriate strategies to guide our activities. We will cultivate powerful marketing capabilities across the entire Hitachi Cable Group by bringing a market focus to all aspects of our activities, including sales, research, development and design, by basing decisions on the future direction of our business activities on expanded debate across business departments.

We will target further evolution of our production capabilities by stepping up our efforts to consolidate the Hitachi Cable Just-in-Time (JIT) Production System, which is based on the Toyota production system. This improvement will be linked to the reduction of lead times, the minimization of inventories and the improvement of working and operation efficiency. We launched this

Figure 1 Business Structure by End Market



“ We are determined to enhance corporate value by maximizing our strength, including sales power, market acumen, manufacturing technology, product quality and research and development capabilities.”



system in March 2006, and it has now been implemented by our group companies in Japan. We also aim to extend the system to our overseas group companies. We are initiating activities in preparation for this step.

At the same time, we will continue our efforts to create new growth drivers through dynamic research and development activities. In the year ending March 31, 2010, we plan to spend ¥10.7 billion on research and development, compared with ¥11,078 million in the year ended March 31, 2009. This represents an increase in the ratio of research and development expenses to net sales from 2.2% in the year ended March 31, 2009 to 2.9%. Our priority areas for the allocation of management resources are the environment and energy and information infrastructure.

Fulfilling our corporate social responsibilities

We cannot allow the challenges of the present business environment to deflect us from our continuing commitment to corporate social responsibility (CSR) activities. Our Code of Conduct, which is based on our Corporate Vision, calls for every member of the Hitachi Cable organization to “Keep to the Straight and Narrow,” so that we can pursue sincere business activities in harmony with society as a member of the international community. We ensure compliance with laws and corporate ethics under this norm and address various activities, including environmental protection efforts, securing quality and safety, diversification of our human resources and enhancement of information security. We are also aggressively working on the develop-

ment of internal control systems as a priority issue in management, to improve fairness and transparency in these business activities. In addition, we are continuously engaging in social contribution activities.

As specific initiatives, we enhanced our system of internal controls, as a member of the Hitachi Group, by introduction in the year ended March 31, 2007 of the COSO Framework, which is based on the U.S. Sarbanes-Oxley (SOX) Act. In the year ended March 31, 2009, as the Hitachi Cable Group, we further strengthened our internal control systems to comply with the new Financial Instruments and Exchange Act, which is commonly known as the Japanese version of the SOX Act. Related measures included responding to the audit for Group companies.

In the area of environmental protection, we are contributing to global warming prevention by reducing our greenhouse gas emissions, including energy-related CO₂^{*7} emissions and sulfur hexafluoride (SF₆) gas emissions. One of the ways in which we are achieving these goals is through the use of city gas and LNG instead of other fuels, such as LPG, fuel oil or kerosene, in our production sites. In the year ended March 31, 2009, fuel conversions reduced CO₂ emissions by 9,645 tons, comparing with operation before the fuel conversions. This made a major contribution to the achievement of our target for the year ended March 31, 2009, which was emissions of 274,740 tons (7% below the level in the year ended March 31, 1991).

Meanwhile, in June 2009, we were subjected to an on-the-spot investigation by the Fair Trade Commission on suspicion of conducting improper restriction of trade in

fiber optic cables and related products for telecommunications carriers. We take this occasion to fully ensure further compliance with laws and corporate ethics.

*7 CO₂ generated by consuming energy made by burning fossil fuel such as petroleum. It is distinguished from non-energy CO₂, which is CO₂ used as a raw material during industrial processes, and CO₂ released by waste incineration.

Enhancing corporate value

After carefully considering all aspects of our current situation, including our financial position, the need to strengthen management practices and future strategies, we set the cash dividend for the year ended March 31, 2009 at ¥7.25 per share. This amount consists of an interim dividend of ¥4.25 and a final dividend of ¥3.

Our corporate vision is contained in the phrase “Empowering Energy and Communication.” In keeping with that vision, we aim to contribute to society by applying our strengths, including our sales power, market acumen, manufacturing technology, product quality and our research and development capabilities, to the creation of products that empower people. We will also work to meet the expectations of all stakeholders, including shareholders and investors, by enhancing our value to society. We look forward to the continuing support of our shareholders and investors.

July 2009

Mitsuo Imai

Mitsuo Imai

President and Chief Executive Officer