

# In Pursuit of Sustainable Growth Appropriate with Laws and Corporate Ethics

## Basic approach

Hitachi Cable considers the foundation of corporate governance to be efforts to grow its business sustainably in keeping with laws, business ethics and CSR principles. It considers conformity with such to be one of the most vital responsibilities of management. The Company has adopted the committee system, resulting in a separation of the executive and supervisory functions of management, in order to expedite management decision-making and enhance management transparency. Hitachi Cable has established and operates an internal control framework in line with basic policies determined by the Board of Directors, a supervisory body.

Hitachi, Ltd. and other Hitachi Group companies own 53.2% of total shareholders' voting rights in Hitachi Cable (as of March 31, 2009). The status of the appointment of directors holding concurrent positions at other

Hitachi Group companies and seconded personnel does not hinder Hitachi Cable's own business decisions. Furthermore, the Hitachi Cable Group's business activities are not unduly reliant on transactions with the Hitachi Group.

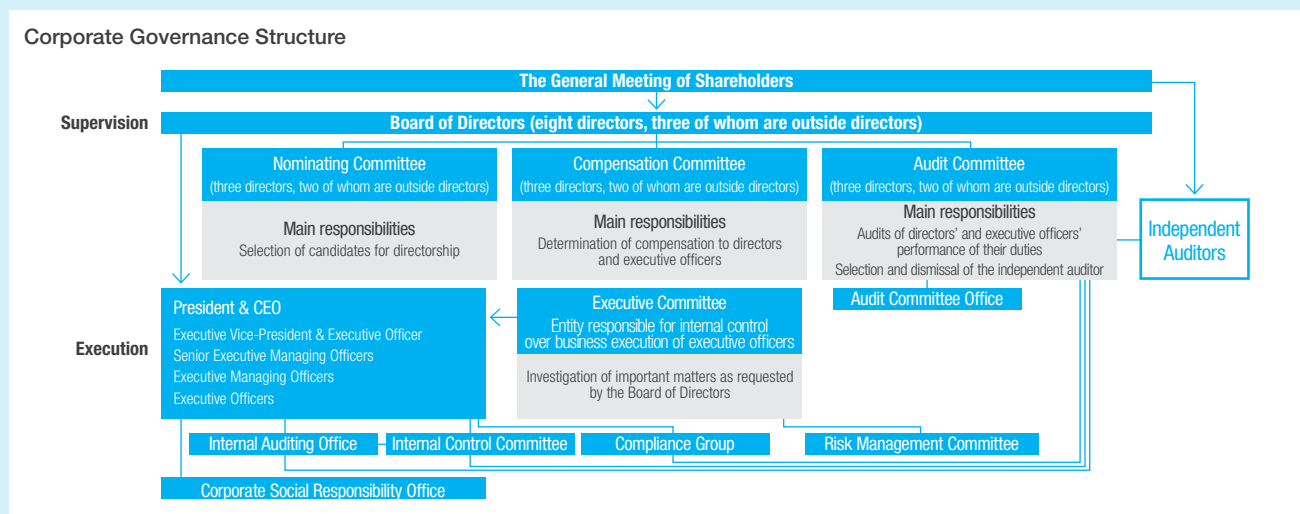
## Corporate governance structure

The Board of Directors is responsible for decisions on matters such as basic management policies and supervisory functions, and it has broadly transferred executive authority for operations to executive officers. As part of the Board's supervisory functions, three independent committees—each comprising three directors (including two outside directors)—have been established: the Nominating Committee, the Audit Committee and the Compensation Committee. In principle, the Audit Committee meets monthly, and the Nominating Committee and the Compensation Committee meet as needed.

There are eight members on the Board of Directors (including three outside directors), and the Chairman of the Board, who does not serve as an executive officer. The three outside directors comprise a Senior Advisor Emeritus, a Former Director from Hitachi, Ltd. and a lawyer with no advisory powers.

As a means of internal control over the execution of operations by the executive officers, an Executive Committee has been established, comprising all executive officers. This is intended to ensure the sharing of information concerning the status of operations under each executive officer whenever decisions are made concerning important matters as assigned by the Board of Directors, as well as the consideration of such matters from a variety of angles.

We have established the Internal Auditing Office (with eight specialized staff members and 37 other staff members serving concurrent positions), which audits each section of Hitachi Cable and



its Group companies concerning the legality and appropriateness of operations, and takes measures to strengthen internal control. Furthermore, the Compliance Group (with two specialized staff members and eight other staff members serving concurrent positions) regularly conducts training, audits and guidance for each section of Hitachi Cable and for its Group companies to ensure that company activities conform to laws, regulations and business ethics. The Audit Committee ensures that the Company's auditing framework is properly functioning by receiving reports on the above internal audits and having the directors and executive officers issue reports on the status of the execution of business operations as necessary. We also established the Internal Control Committee, which makes decisions on the policy, planning and operation of and procedures for the internal control system related to the financial report, and discusses and approves the results of assessments of the system's validity, thereby ensuring the adequacy and credibility of financial reports.

Hitachi Cable's independent auditor is Ernst & Young ShinNihon LLC. The composition of the support team for these audit activities is determined by the account auditing firms' selection

criteria. Specifically, this team consists of seven certified public accountants and 19 other members. The independent auditor reports its progress to the Audit Committee and fosters cooperation on auditing by exchanging opinions with Audit Committee members, including the General Manager of the Internal Auditing Office, who also attends the relevant meetings.

### Defense against takeovers

We have established "The Basic Policy concerning Control of the Joint-Stock Corporation," which sets forth guidelines with regard to shareholders who acquire a quantity of shares enabling them to control the management policy decisions of Hitachi Cable. We clearly subscribe to the opinion that the listing of stock and effective utilization of the Hitachi Group's management resources, while maintaining its management independence, will contribute to enhancing the corporate value of Hitachi Cable and the Hitachi Cable Group. We will study whether or not to introduce measures to defend ourselves against takeovers under this basic policy, but at this time, we have no plan to introduce specific takeover defense measures.

### Promoting risk management and compliance

A Risk Management Committee has been established under the Executive Committee, with the President and Chief Executive Officer serving as its chairman. The aims of this committee are to approve the risk management policies for the entire company and to share information related to risk management. As such, it endeavors to pinpoint risks and to assess, prevent and minimize them.

To further combat risk, Hitachi Cable has adopted a compliance notification system. Hitachi Cable Group employees and related outside parties, such as suppliers, may report any illegal activities or improper conduct in Hitachi Cable's business activities directly to the Company's Compliance Group or external legal counsel retained for this purpose.

Thus is Hitachi Cable elevating management fairness and transparency to higher levels. To this end, we will adhere to new and updated laws and regulations, as well as the management policies of the Hitachi Group, and will enhance our corporate governance structure.

#### Board of Directors and Executive Officers

(As of June 25, 2009)

##### Board of Directors

Chairman of the Board  
**Norio Sato**

Board Director  
**Mitsuo Imai**

Board Director  
**Yoshiaki Yoneda**

Board Director  
**Masaru Okazaki**

Board Director  
**Masahiro Shimojo**  
(Attorney, Nishimura & Asahi)

Board Director  
**Isao Uchigasaki**  
(Chairman of the Board, Hitachi Information Systems, Ltd.,  
Advisor to the Board, Hitachi Chemical Co., Ltd.,  
Board Director, Nippon Sheet Glass Co., Ltd.)

Board Director  
**Junzo Kawakami**  
(Board Director, Hitachi Metals, Ltd.,  
Board Director, Hitachi Chemical Co., Ltd.,  
Advisor, Hitachi, Ltd.,  
Chairman of the Board, Clarion Co., Ltd.)

Board Director  
**Shinichi Susukida**

##### Executive Officers

Representative Executive Officer,  
President and Chief Executive Officer  
**Mitsuo Imai**

Executive Vice-President and  
Representative Executive Officer  
**Yoshiaki Yoneda**

Senior Executive Managing Officer  
**Shinichi Susukida**

Executive Managing Officers  
**Masaaki Tomiyama**  
**Toshiro Kanda**

Executive Officers  
**Manabu Kagawa**  
**Ryota Goto**  
**Nobuo Yanase**  
**Hiroshi Oe**  
**Tatsuya Shirai**  
**Masaaki Tsuji**  
**Yasuhiko Sakamoto**  
**Tetsuro Mikami**  
**Fumikazu Ito**