Hitachi Cable
Empowering Energy & Communication

HITACHI

Annual Report 2010

Hitachi Cable,Ltd.

Financial Highlights

Consolidated results for the years ended March 31

	Millions of yen					Thousands of U.S. dollars
	2006/3	2007/3	2008/3	2009/3	2010/3	2010/3
For the year:						
Net sales	¥ 425,092	¥ 544,244	¥ 565,994	¥ 493,151	¥ 372,450	$ 4,004,839
Operating income (loss)	10,967	22,983	23,117	(14,740)	(6,381)	(68,613)
Net income (loss)	4,940	8,662	10,708	(53,775)	(9,110)	(97,957)
Free cash flow[1]	6,774	6,513	9,817	(5,334)	(2,743)	(29,495)
Capital expenditures	19,691	21,455	27,823	30,382	13,862	149,054
Depreciation	19,221	19,008	20,503	25,347	21,350	229,570
R&D expenses	10,832	10,000	10,526	11,078	9,612	103,355
At year-end:						
Total assets	338,837	361,892	370,127	278,958	289,016	3,107,699
Net assets	181,542	193,600	200,842	132,853	123,233	1,325,086
Interest-bearing debt	43,604	43,051	37,949	43,913	48,774	524,452
	Yen					U.S. dollars
Per share:						
Net income (loss) — basic	13.44	23.84	29.46	(147.92)	(25.04)	(0.27)
Cash dividends	7.00	8.50	8.50	7.25	5.00	0.05
	%					
Ratios:						
Equity ratio	53.6	52.6	53.3	46.7	41.9	—
Return on equity	2.8	4.7	5.5	(32.8)	(7.2)	—
Return on assets[2]	3.3	6.6	6.3	(4.5)	(2.2)	—
Debt-to-equity ratio	24.0	22.6	19.2	33.7	40.2	—
Number of employees	15,199	15,100	15,917	16,230	15,335	—

Notes: U.S. dollar amounts have been translated, for convenience, at the exchange rate of ¥93=US$1. See Note 2 of Notes to Consolidated Financial Statements.
1 Free cash flow is the sum of operating and investing cash flows.
2 Return on assets is calculated using operating income.

Safe Harbor Statement

The performance forecasts and targets in this annual report are based on assumptions that were judged to be valid at the time it was created. Actual performance may be very different from these forecasts and targets. Reasons for any differences include:

- Economic conditions in key markets (in particular, Japan, Asia and the United States)
- Rapid technological changes
- The ability of the Company and other members of the Group to develop new products and new technologies, enter markets in a timely manner, and develop low-cost production capabilities
- Changes in product and material markets and/or market conditions for products and materials
- Changes in exchange rates
- Changes in the fundraising environment
- The ability of the Company and other members of the Group to react to changes in product supply and demand, product market conditions, and changes in currency rates
- Protection of the Company's patents and securing the use of other companies' patents
- Partnerships with other companies for product development
- Changes in stock markets

Notes: 1. Fiscal 2010: April 1, 2009 to March 31, 2010
2. Hitachi Cable's fiscal year runs from April 1 to March 31 of the following calendar year.

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

Under our new medium-term management plan, Plan “BRIDGE,” we will implement new initiatives designed to restore our status as a highly profitable enterprise and reshape Hitachi Cable Group into a truly global entity.

In the year ended March 31, 2010, we implemented comprehensive cost reduction measures and launched a business-restructuring program that brought significant progress toward a recovery in our financial performance. For the year ending March 2011, we have set new goals under our new medium-term management plan, Plan “BRIDGE.” We will transform Hitachi Cable Group into a group of highly profitable businesses based primarily on infrastructure-related materials, parts and devices. The keys to realizing this vision are a business management that focuses on profit margins, and the significant strengthening of our overseas business operations.

Conditions through FY 2010

Q.1 **Would you outline your initiatives during the year ended March 2010 and your financial results for that period?**

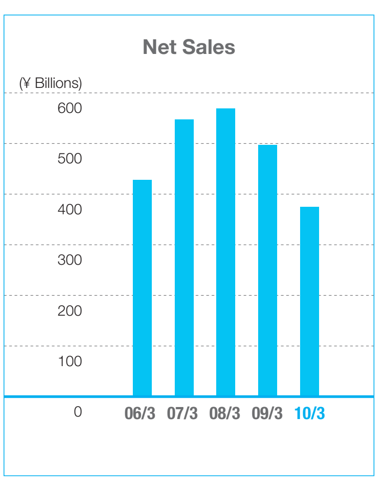
A.1 In the year ended March 2010, we substantially reduced our losses through comprehensive cost cuts and structural reforms.

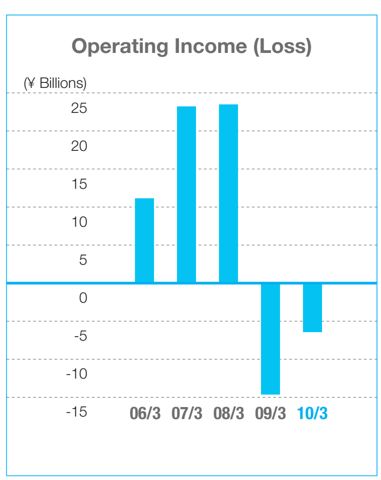
In the preceding three years, we worked under the medium-term management plan, Plan "BEGIN" to achieve growth and expansion by maintaining steady income streams in our core businesses and by investing management resources aggressively in priority target areas. Our basic policy under this plan, which covered a three-year period from the year ended March 2007, was to build a new platform for growth. The plan targeted operating income of ¥20,000 million, which we reached in its first year. However, our efforts to build a new growth foundation were thwarted by the financial crisis that began in the U.S. in 2008. This crisis, among the worst in a century, triggered a global decline in business performance, and in the year ended March 2009, we recorded substantial losses.

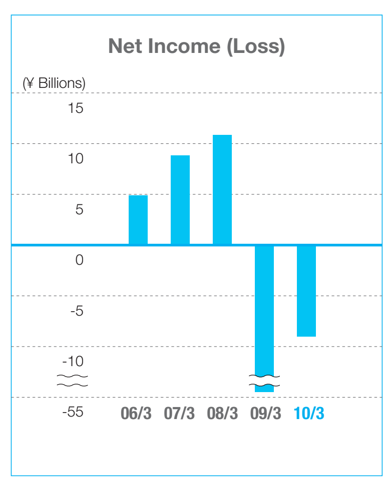
In the year ended March 2010, our entire organization united in a determined effort to bring Hitachi Cable safely through this storm by strengthening our financial performance. The first step was to stop the hemorrhaging through comprehensive measures to minimize costs, especially fixed costs. This resulted in savings of ¥16.6 billion, which was largely in line with our initial target. We also rationalized business segments in which profitability was most seriously impacted, such as semiconductor-related and automotive products. Specifically, we reduced the number of overseas production companies by four through measures that included the dissolution of a joint venture in the area of wiring for electronic devices. We also reduced the number of North American manufacturing sites for automotive components from five to three. In the area of tape automated bonding (TAB), we centralized our LCD chip on film (COF) production operations in Japan, thereby reducing the number of production sites from three to one. We also integrated our sales companies.

Although net sales were 24% lower year on year, at ¥372,450 million in the year ended March 2010, these measures allowed us to reduce the operating loss to ¥6,381 million, compared with a loss of ¥14,740 million in the previous fiscal year. We also dramatically improved our net loss, which was reduced from ¥53,775 million in the previous fiscal year to ¥9,110 million in the year ended March 2010.

Note: For detailed information about financial performance in the year ended March 31, 2010, see "Management's Discussion and Analysis" on Page 13.







New medium-term management plan: Fundamental policies

Q.2 Briefly, what are your targets under Plan "BRIDGE," the new medium-term plan?

A.2 Under this plan, we aim first to restore our status as a highly profitable enterprise and drive our evolution as a truly global entity by making profit margins a core management focus as we review our priority targets. We will also radically strengthen our overseas business operations.

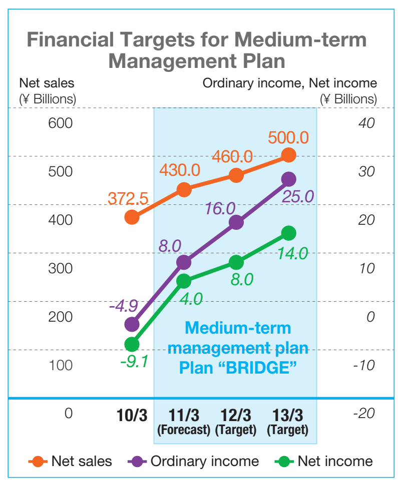
Plan "BRIDGE" was launched in the year ending March 2011 and runs through the year ending March 31, 2013. The name reflects our vision of the plan as a bridge leading beyond the current difficulties and carrying us onward to the realization of these two goals.

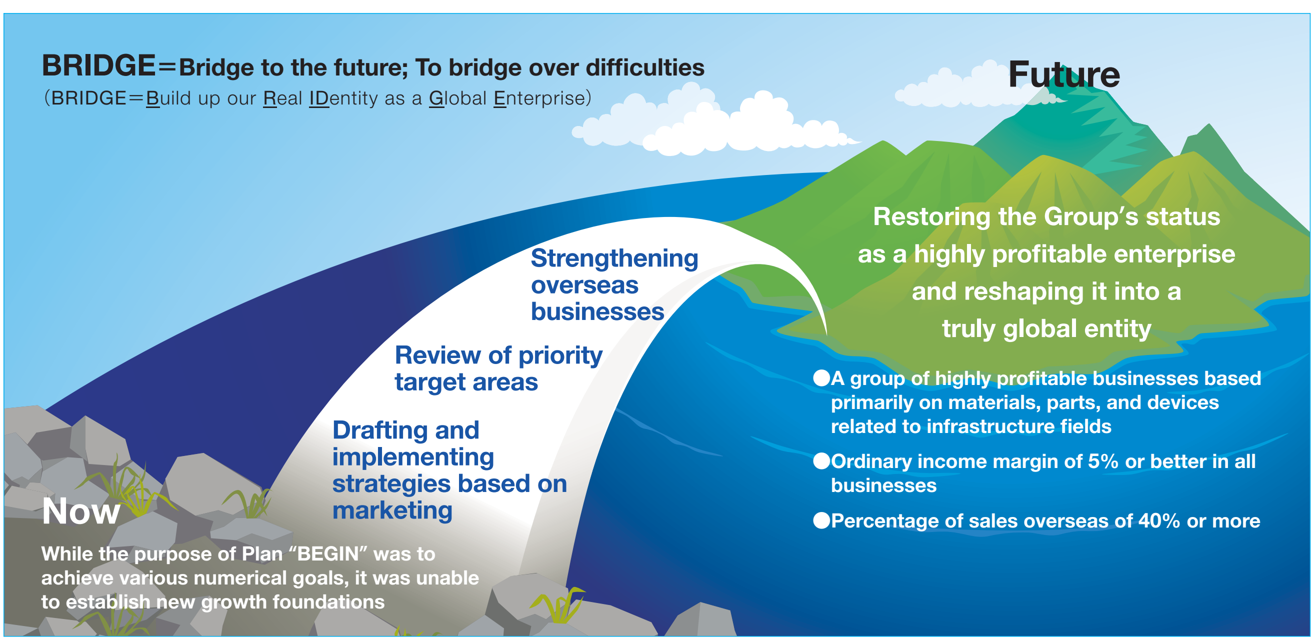
Our first step toward realizing this plan will be the development of a robust income base through management policies that focus firmly on profit margins. In the past, the Hitachi Cable Group has given priority to quantitative business expansion as a way of increasing profit. Plan "BRIDGE" calls for profit maximization through efficiency improvements that lead to higher profit margins. We will achieve this by carefully managing ordinary income* ratios in each business unit to ensure that the ratio of ordinary income to net sales reaches at least 5% in every unit.

We have also reviewed the priority target areas set down in the previous medium-term management plan and identified infrastructure-related projects as a new priority area. In addition, we will radically strengthen our business operations in overseas economies with high growth potential, with the aim of raising the overseas operations' share of net sales to 40% or higher.

Through these initiatives, we aim to achieve net sales of ¥500 billion, ordinary income of ¥25 billion and an overseas sales ratio of 40% as a future goal. At the same time, we will work to drive Hitachi Cable's evolution as a highly profitable enterprise with infrastructure-related materials, parts and devices as its core areas.

Note: Ordinary income is income before income taxes and extraordinary items.





New medium-term management plan: Reviewing priority target areas

Q.3 What new priority target areas have emerged during the review under Plan "BRIDGE"?

A.3 We have identified three new priority target areas, comprising electric power infrastructure and next-generation energy, industrial infrastructure and information and telecommunications infrastructure. We will invest management resources intensively in these areas.

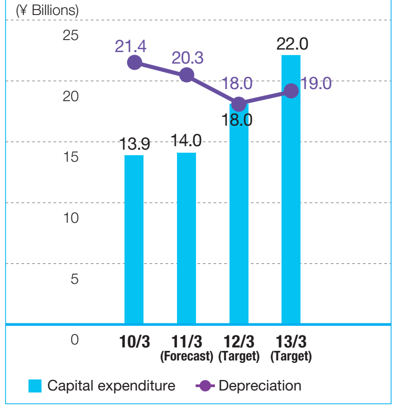
Under our previous medium-term management plan, Plan "BEGIN," we sought to maintain steady income streams in core business areas, including wires and cables, copper products and brake hoses. We also worked to expand our business by primarily investing management resources in three priority areas: electronics, automotive and wireless, broadcasting and information networks.

One of our core goals under Plan "BRIDGE" is to harness growth in infrastructure demand, especially in overseas markets. Another is to strengthen and expand our wires and cables business and information system business, which are key areas of excellence for the Hitachi Cable Group. While focusing on these two goals, we will also consider ways to enhance our capacity to meet environmental needs. We have also identified three new priority target areas: electric power infrastructure and next-generation energy, industrial infrastructure and information and telecommunications infrastructure.

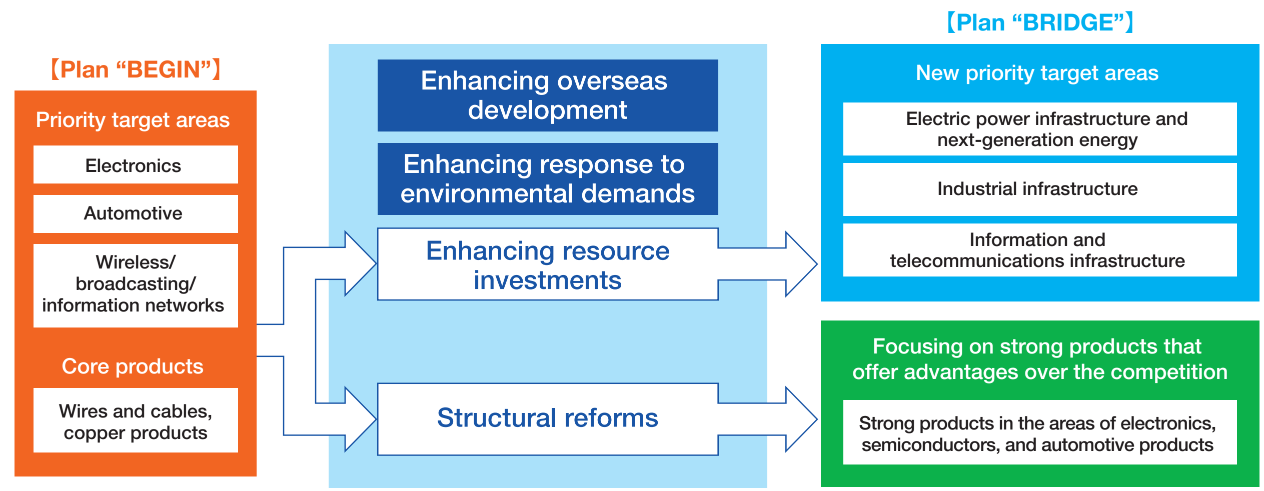
In our already existing areas of focus—electronics, semiconductors and automotive products—we will focus on product categories in which we have a unique advantage. We will also take steps to improve our earning power and reshape our business structures.

We plan to maintain our capital expenditure at around the same level as depreciation, which means that we will cap spending at around ¥20 billion per year. Hitherto, we have concentrated our capital expenditure on many electronics-related and automotive-related products, both of which were identified in our previous medium-term management plan as priority target areas. Following our review of priority target areas, we plan to shift the focus of investment to wires and cables-related and information and telecommunications network-related products. We will also engage in active capital spending overseas.

Capital Expenditure and Depreciation



Management Strategies Targeted toward the Achievement of Goals



Priority target areas and core product lines

Electric Power Infrastructure and Next-Generation Energy

In this area we will focus in particular on products in the fields of heavy electrical machinery and solar power generation, and growing our superconductivity business.

In the area of products in the fields of heavy electrical machinery, our goal is to capture a substantial share of demand resulting from the replacement of the numerous heavy electrical facilities installed in Japan between the 1960s and 1980s, when power consumption was expanding. We are also determined to expand sales of products for nuclear power facilities, and to harness new sources of demand, such as wind power. At the global level, we will bid for major orders for large-scale electric power infrastructure and explore business opportunities in the smart grid market. In the area of products related to solar power generation, we will build a global supply structure for solder-plated rectangular wires, which are used to collect electric power generated by solar cells. Our aim is to gain the biggest share of the market for this product. We will also target the expansion of our superconductivity business.

Note: 1 “No Warp” is a registered trademark of Hitachi Cable, Ltd. in Japan.

Magnet wires for large-capacity transformers

“No Warp”[1] solder-plated rectangular wires

Industrial Infrastructure

Our activities in this area center on wires and cables for railway vehicles and signals, products for industrial equipment and machine tools, probe cables for medical applications and products for next-generation automotive components.

In the railway vehicle category, we are expanding and enhancing our range of products that meet the European Norm (EN) standard and combine features that include high fire-resistance and low smoke emission. We will mobilize the resources of the entire Hitachi Group in an effort to win major overseas orders. Our priority in the area of products for industrial equipment and machine tools is to expand our sales of cables for semiconductor manufacturing machinery and robots. The Hitachi Cable Group is well known for its alloy expertise, and in the field of probe cables for medical applications, we will use that knowledge to develop highly sophisticated products, while applying our global production resources to reduce costs. One of our goals in relation to products for next-generation automotive components is to expand our share of the market for magnet wires. We also aim to expand our sales of copper foil for use in vehicle-mounted lithium-ion batteries.

EN standard-compliant wires and cables for railway vehicles

A wide variety of enameled wires for use in electric motors

Information and Telecommunications Infrastructure

Our priority categories in this area include information network devices, antennae and high-frequency coaxial cables, and optical submarine cables. In the information network devices category, we aim to secure a share of the Japanese market for Ethernet switches while also expanding our activities globally, especially into Southeast Asia. We have already established a delivery track record in Thailand and Vietnam, and we will continue to target further sales growth. Our ambition in the antenna and high-frequency coaxial cable category is to be the number one manufacturer in Japan by continually bringing competitive new products to the market. The Hitachi Cable Group has won contracts to supply broadcast antenna systems for installation on the Tokyo Sky Tree®[2], which when completed in the spring of 2012 will be the world’s tallest free-standing broadcast tower. We will continue our efforts to contribute to the successful completion of this project. As one of the world’s big-three manufacturers of optical submarine cables, we will continue our efforts to secure major contracts on a global basis.

Notes: 2 “Tokyo Sky Tree” is a registered trademark of Tobu Railway Co., Ltd. and Tobu Tower Sky Tree Co., Ltd. in Japan.
3 “APRESIA” is a registered trademark of Hitachi Cable, Ltd.
4 “Ethernet” is a registered trademark of Fuji Xerox Co., Ltd.

The APRESIA®[3] Series of Ethernet[4] switches

New medium-term management plan: Thoroughly strengthening overseas businesses

Q.4 What policies will you implement to strengthen your overseas businesses?

A.4 We will strengthen our earning capacity by developing marketing-based strategies, and by restructuring our worldwide production operations.

Japan's nominal GDP peaked in 1995 and has remained flat ever since. This contrasts with the performance of China and other emerging economies, which, despite temporary setbacks, have maintained high growth almost continuously since 2002. This pattern is expected to continue. We believe that overseas business expansion is vital to our growth as a highly profitable enterprise.

In the past, the Hitachi Cable Group has expanded overseas in individual product categories in step with overseas business expansion by Japanese companies. For this reason, our production sites have tended to be small in scale and widely scattered. There have also been issues with earning performance. We intend to break out of this pattern and improve our earning potential by developing marketing-based strategies, and by developing overseas business operations on our own initiative. We will target growth areas, such as clean energy and social infrastructure, especially in the growth markets of Asia. Another priority will be to strengthen alliance strategies.

Furthermore, we will look to establish core manufacturing facilities to produce several of our main products. At the same time, in a number of business segments, especially wires and cables for use in electronics, automotive components, lead frames and compound semiconductors, we will realign procurement, manufacturing and logistics globally, work to build optimized business operating systems and increase business efficiency. With regard to sales, we are focusing efforts on expanding sales channels to non-Japanese companies.

These policies will increase the contribution of overseas sales to total net sales from 25% in the year ended March 31, 2010 to 38% in the year ending March 2013.

Strengthening Our Overseas Business Operations

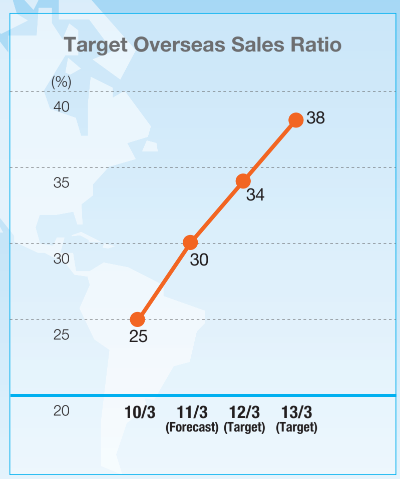
1 Moving into infrastructure fields

- Capturing demand for products for next-generation energy markets
- Growing sales of wires and cables for use in railway vehicles and signals and nuclear-power cables worldwide
- Tackling the Southeast Asian information infrastructure market, focusing on APRESIA® switches

2 Review of distribution of operations among overseas facilities, establishment of core manufacturing facilities

- Quick startup of Hitachi Cable Vietnam ▶ Making it a core facility for Southeast Asia
- Thorough improvements in cost structures through the optimization of worldwide business implementation structures (procurement, manufacturing, logistics, etc.) for electronic wires, automotive components, lead frames, compound semiconductors, etc.

3 Strengthening alliance strategies



New medium-term management plan: Reinforcing R&D capabilities

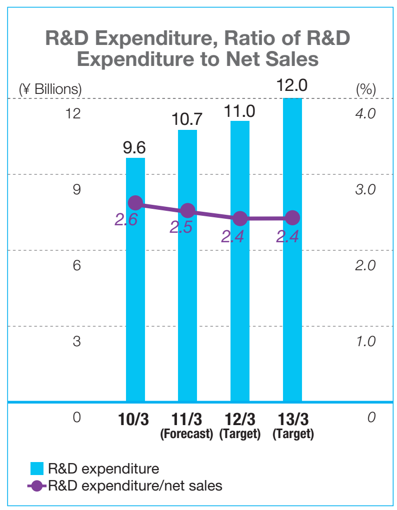
Q.5 What is your thinking on measures to strengthen R&D activities?

A.5 While focusing on the development of element technologies, we will also work to anticipate market needs by creating and commercializing new products as quickly as possible, especially in our priority target areas.

To meet the needs of our customers while also maintaining strong earning potential, we must be able to surpass our competitors in the creation of a continuing stream of high-added-value products. We see R&D as the key to sustainable growth for the Hitachi Cable Group, and we intend to strengthen our R&D capabilities to an even higher level.

Our R&D efforts will center on reinforcing and developing element technologies needed to support the future growth and success of the Hitachi Cable Group. One area of focus will be technologies for materials, including metals, resins and fibers. Another focus will be electrical and electronic design technologies, such as high-field insulation and high-speed transmission technologies. We will also commit resources to the development of mechanical technologies to ensure reliability in the production of our products. In our priority target areas, we aim to link our R&D activities to the early development and commercialization of products that anticipate the needs of our customers and have the potential to stimulate market growth. As we expand our overseas activities, we will need to utilize and protect our technology resources, and intellectual property strategies will be extremely important. We will strengthen our total R&D capabilities by devising and implementing intellectual property strategies that are linked to our business strategies.

R&D expenditure in the year ended March 2010 amounted to ¥9,612 million (ratio of R&D expenditure to net sales, 2.6%). In the future, we plan to maintain our R&D expenditure at around 2.5% of net sales.

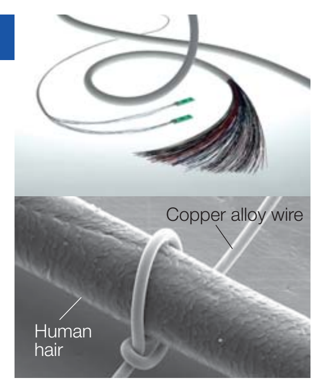


Public Recognition for Hitachi Cable's Superfine Copper Alloy Wires

Developed and mass-produced by the Hitachi Cable Group, superfine copper alloy wires combine superior flexibility with excellent electrical properties and can be produced in superfine sizes with diameters as small as 16μm. These properties were achieved by optimizing the trace amounts of tin and indium added to the copper.

This achievement has earned considerable public recognition. In the 2009 National Commendation for Invention Program of the Japan Institute of Invention and Innovation, the technology won the Minister of Education, Culture, Sports, Science Award and the Distinguished Invention Service Award. Other awards include the 56th Okochi Memorial Technology Prize presented by the Okochi Memorial Foundation.

Superfine copper alloy wire is used in medical equipment, such as advanced ultrasonograph probes, and in a wide range of other fields, including telecommunications and machining. The Hitachi Cable Group is determined to achieve sustainable growth by continuing to develop basic technologies that can be used in various fields.



(Top) Probe cables for use in ultrasound diagnostic equipment

(Bottom) A 10μm copper alloy wire, recently developed by Hitachi Cable, is compared with a human hair.

New medium-term management plan: Corporate System

Q.6 **What are your views on human resource development, manufacturing and other corporate systems?**

A.6 We see our corporate systems as growth infrastructure, and we will continue to strengthen them by further refining the Hitachi Cable Just-in-Time (JIT) Production System, as well as by developing human resources capable of competing in a global arena.

Since March 2006, we have been working to improve our manufacturing systems, including the reduction of lead times and inventories, primarily through the implementation of the Hitachi Cable Just-in-Time (JIT) Production System. We will further refine and consolidate this system in Japan, and also implement it fully in the facilities of our overseas group companies, starting in China and Southeast Asia.

Another priority is to develop human resources with the drive and initiative needed to compete in a global arena. We will further enhance our OJT-based human resource development systems and comprehensively review our educational programs. Our aim is to train people to form their decisions based on wide-ranging perspectives. At the same time, we will continue to lay foundations for the expansion of our overseas operations by enhancing educational programs and promotion opportunities for local staff at Hitachi Cable Group companies in other countries.

At the 8th Hitachi Cable Group International Convention on SMALL GROUP ACTIVITY

Hitachi Cable Group companies in Japan and overseas maintain active programs of small group activities as a core element in their total quality control (TQC) programs. In April 2010, 17 delegations from eight countries gave presentations on their day-to-day activities at the eighth international convention.

Events such as this provide training opportunities for Group employees everywhere, and for disseminating the Hitachi Cable Just-in-Time (JIT) Production System.

CSR Activities

Q.7 **Please describe the corporate social responsibility initiatives of Hitachi Cable.**

A.7 Our basic policy is to remain faithful to fundamental principles, first, “Keep to the Straight and Narrow,” by doing right, and also to contribute to society through our business activities.

Our Code of Conduct, which is based on our Corporate Vision, calls for every member of the Hitachi Cable Group 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. Under this Code of Conduct, we will work to ensure compliance with laws, regulations and corporate ethics. We will also maintain and strengthen CSR-based management policies in such areas as environmental protection, quality and safety, respect for human rights and diversity, and information security so as to implement social contribution activities continuously.

Specific initiatives during the year ended March 31, 2010 include the reinforcement and enhancement of our internal control systems. We improved internal control systems throughout the Hitachi Cable Group by offering support to group companies that have recently become subject to our audit processes, and by using consulting firms to provide guidance and implement educational programs for overseas group companies. Efforts to raise employees’ awareness of human rights and strengthen information security centered on the use of e-learning[1] programs.

We strive to harmonize our production activities with environmental protection. In addition to global warming prevention measures and the effective utilization of resources, we closely control emissions of chemical substances. In particular, we are working to reduce atmospheric emissions of VOCs[2]. In the year ended March 31, 2010, we reduced the amount of VOCs released into the atmosphere to 386 tons, in part by installing gas recovery systems and other equipment that became fully operational in the period under review. This represents a reduction of 47% from the 728 tons released in the year ended March 2001. Product-related initiatives included the reduction of environmental loads through the use of environmentally compliant designs, and the careful management of hazardous chemical substances.

In May 2010, the Japan Fair Trade Commission issued an administrative order against manufacturers of optical fiber cable products. Though the order did not refer to Hitachi Cable, we are working to prevent recurrences and restore confidence in the industry by strengthening our compliance systems, and by improving education programs and ensuring participation by all executives and employees.

Notes: 1 This is education provided via computers and networks.
2 VOC stands for volatile organic compounds.

Volunteer Activities at the Kasumigaura Marathon and International Blind Marathon

Each year, Hitachi Cable employees participate as volunteers in the Kasumigaura Marathon and International Blind Marathon, held in Tsuchiura City, Ibaraki Prefecture. Employees volunteer as guide helpers who assist blind marathon and wheelchair marathon participants, and members of Hitachi Cable's Marathon Team serve as escort runners for visually impaired runners.

These efforts have met with great appreciation. In April 2010, the Tsuchiura Works, which organizes the Company's volunteer activities at the event, was awarded a commendation from the Kasumigaura Marathon Planning Committee in recognition of its contributions since the blind marathon began in 1995.

Closing message to shareholders and investors

Q.8 **To conclude, what final message would you like to leave with shareholders and investors?**

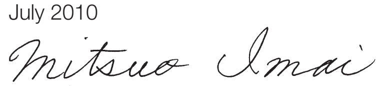
A.8 We are determined to meet the expectations of shareholders and investors by further improving our corporate value through sustained progress toward the goals of our medium-term management plan, Plan "BRIDGE."

As I have already outlined, we have implemented a variety of measures to restore our status as a highly profitable enterprise and reshape Hitachi Cable Group into a truly global entity. However, there will be no change in the fundamental commitment of the Hitachi Cable Group. As always, we remain determined to contribute to society by continuing to improve the speed, accuracy and efficiency of energy and information. In keeping with our corporate vision, as expressed in the words "empowering energy and communications," we will continue our efforts to meet the expectations of all stakeholders, including shareholders and investors, by improving our corporate value through the implementation of our medium-term management plan.

In setting the dividend for the year ended March 31, 2010, we considered a comprehensive range of factors, including our financial results and future business strategies. On this basis, we set the final dividend at ¥2.5 per share, which brings the total annual dividend, including the ¥2.5 interim dividend, to ¥5 per share.

We look forward to the continuing support and guidance of shareholders and investors.

July 2010



Mitsuo Imai
Representative Executive Officer, President and Chief Executive Officer

In Pursuit of Sustainable Growth Appropriate with Laws, Corporate Ethics and CSR

Basic Approach

Hitachi Cable considers its efforts to grow its business sustainably in keeping with laws, business ethics and CSR principles to be the foundation of corporate governance. 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.

As of March 31, 2010, Hitachi, Ltd. and other Hitachi Group companies held 53.1% of all shareholder voting rights in Hitachi Cable. Hitachi Cable has maintained its autonomy from its parent company, Hitachi, Ltd. and is not heavily reliant on transactions with Hitachi, Ltd. or other Hitachi Group companies (referred to below as the "Hitachi Group"). To enhance the objectivity and independence of the decision-making processes of the Board of Directors, the Company canvasses a wide range of third-party views and has appointed an outside director, filed with the Tokyo Stock Exchange, Inc. and the Osaka Securities Exchange Co., Ltd. as an independent board member.

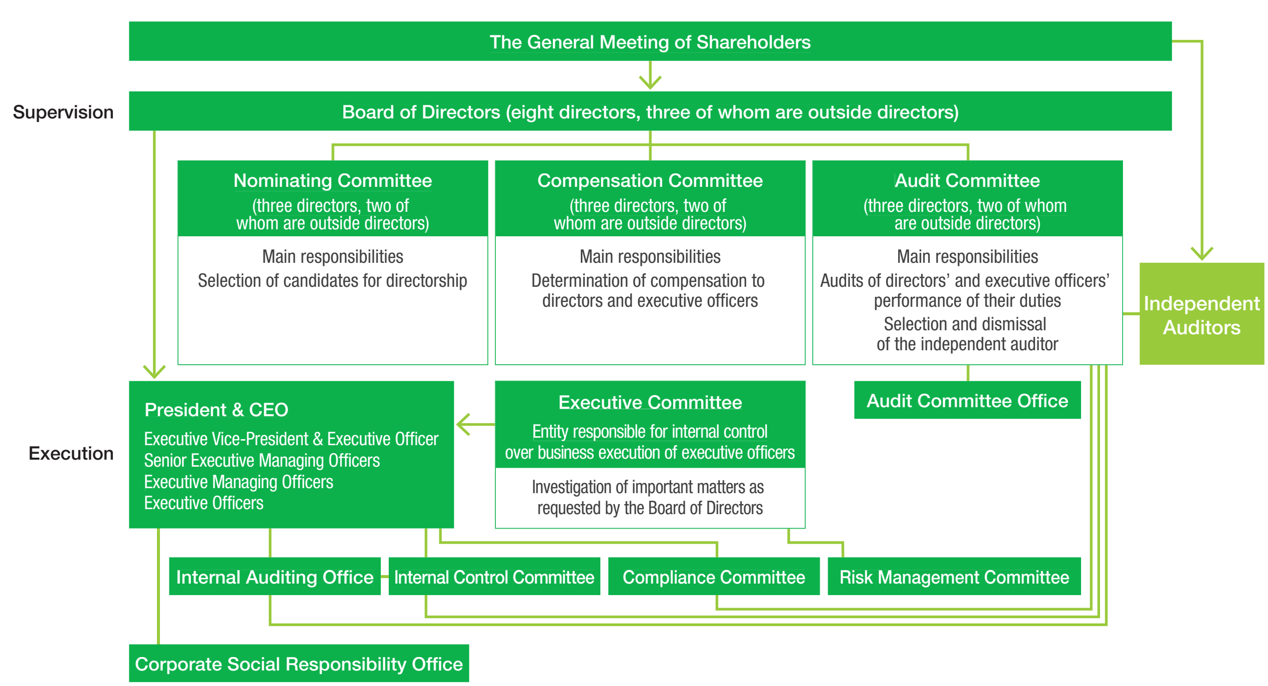
Corporate Governance Structure

Hitachi Cable has established and operates an internal control framework in line with basic policies determined by the Board of Directors, a supervisory body. 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 being made up of a majority of outside directors—have been established: the Nominating Committee, the Audit Committee and the Compensation Committee.

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, which audits each section of Hitachi Cable and its Group companies

Corporate Governance



concerning the legality and appropriateness of operations, and takes measures to strengthen internal control. The Company has also established a Compliance Office and a Compliance Committee, which serves as the secretariat for the Compliance Office, to provide education, auditing and guidance for the entire Hitachi Cable organization in relation to compliance with regulatory requirements and business ethics. The Audit Committee supervises and verifies internal audits. It also supervises management by requiring directors and executive officers to submit reports on the performance of their duties at appropriate intervals. 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. 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.

Promoting Compliance

The Hitachi Cable Group has strengthened and intensified its measures to ensure compliance with regulatory requirements and business ethics. In the year ended March 2010, the Group developed and expanded its internal rules concerning compliance. Seminars were held at various venues, including the facilities of Group companies, to explain these changes. There was also a group-level training event, attended by 1,782 people, on antimonopoly legislation. Other initiatives to raise awareness of compliance throughout the Hitachi Cable Group include e-learning programs in which all employees participate.

The Group also maintains self-regulatory mechanisms, including a compliance notification system introduced in October 2003. If employees or parties outside of the Hitachi Cable Group, including employees of suppliers and customers, become aware of illegal or improper actions relating to the Group's business activities, they can report those matters directly to the Compliance Group, or to a legal counsel retained as an outside contact point. There is also provision for anonymous reporting of illegal restraints on trade, such as cartels or collusion on bidding for contracts.

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 24, 2010)

Board of Directors

Chairman of the Board

Norio Sato

Board Directors

Mitsuo Imai

Yoshiaki Yoneda

Masaru Okazaki

Masahiro Shimojo
(Attorney-at-Law, NISHIMURA & ASAHI)

Shinichi Susukida

Nobuo Mochida
(Representative Executive Officer, Executive Vice President and Executive Officer, Hitachi, Ltd./ Chairman of the Board, Hitachi Metals, Ltd./ Board Director, Hitachi Chemical Co., Ltd.)

Makoto Ebata
(Vice President and Executive Officer, Hitachi, Ltd.)

Executive Officers

Representative Executive Officer, President and Chief Executive Officer

Mitsuo Imai

Representative Executive Officer, Executive Vice President and Executive Officer

Yoshiaki Yoneda

Senior Vice President and Executive Officers

Shinichi Susukida
Kouichiro Nishikawa

Vice President and Executive Officers

Masaaki Tomiyama
Toshiro Kanda

Executive Officers

Manabu Kagawa

Ryota Goto

Nobuo Yanase

Tatsuya Shirai

Masaaki Tsuji

Yasuhiko Sakamoto

Tetsuro Mikami

Fumikazu Ito

Kenichi Sawabe

OVERVIEW OF PERFORMANCE

Economic stimulatory measures implemented in various countries underpinned a recovery trend in the world economy during the year ended March 31, 2010. The recovery was especially conspicuous in emerging economies. The prospects of improving overseas economies coupled with the effects of government policies at home were also reflected in a continuing rally in the Japanese economy, though the domestic economy's capacity to support a self-sustaining recovery remained limited.

In the previous fiscal year, the earnings of the Hitachi Cable Group were severely eroded by the global financial crisis that erupted in the fall of 2008 and by the subsequent rapid deterioration of economic conditions. However, our business performance bottomed out in spring 2009 and shifted to a sustained recovery trend in the year ended March 2010. One of the factors behind this recovery was the success of cost-cutting measures focusing on fixed costs.

Net Sales

Net sales amounted to ¥372,450 million (US$4,004,839 thousand), a year-on-year decline of 24.5%. The lower figure reflects a decline in private sector capital investment demand in Japan and the impact of escalating competition on products for the semiconductor market.

Operating Income

At ¥329,767 million (US$3,545,882 thousand), the cost of sales was 27.1% lower year on year, exceeding the 24.5% decline in net sales. One reason for this major decline in costs was the minimal impact of inventory valuation losses, which had been a substantial factor in the previous fiscal year, when the price of copper fell dramatically. Another factor was the success of cost-cutting efforts, especially restructuring initiatives and measures targeting fixed costs. As a result, the ratio of the cost of sales to net sales improved by 3.3 percentage points to 88.5%.

Cost-cutting also helped to reduce selling, general and administrative expenses, which were 11.2% below the previous year's level at ¥49,064 million (US$527,570 thousand). However, the reduction in net sales caused the ratio of selling, general and administrative expenses (SG&A) to net sales to increase by 2.0 percentage points to 13.2%.

These factors reduced the operating loss by ¥8,359 million, from ¥14,740 million in the previous consolidated accounting year to ¥6,381 million (US$68,613 thousand) in the year under review.

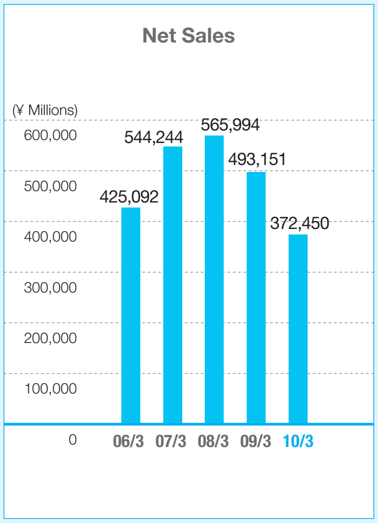
Net Income

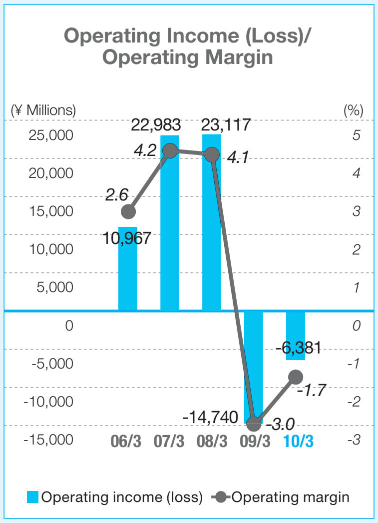
Other income (expenses) improved by ¥15,816 million, year on year to ¥2,480 million (US$26,667thousand). The main factor was an increase in other income resulting from improvements in the performance of equity method affiliates. In the year under review, equity in earnings of affiliated companies was ¥1,530 million, compared with losses of ¥2,790 million in the previous year. Net financial expenses were reduced from ¥1,001 million in the previous consolidated accounting year to ¥646 million in the current year.

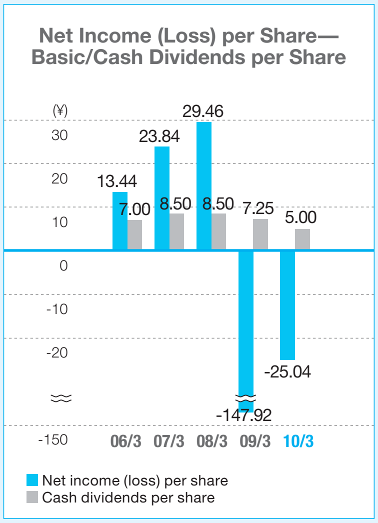
Impairment losses for fixed assets of ¥1,694 million (US$18,215 thousand) and restructuring charges of ¥848 million (US$9,118 thousand) were also posted, mainly due to measures to improve the business structure in the business areas relating to the semiconductor and automotive markets, which were affected in falling profit margins

Income taxes were ¥20,532 million below the previous year's total at ¥131 million (US$1,408 thousand). The main reasons for this reduction were the use of substantial deferred tax assets from the previous consolidated accounting year to offset income taxes.

These factors reduced the net loss by ¥44,665 million to ¥9,110 million (US$97,957 thousand), compared with a net loss of ¥53,775 million in the previous consolidated accounting year.







SEGMENT PERFORMANCE

Wires and Cables

The Hitachi Cable Group provides wires and cables that are utilized in diverse fields, from electric power stations to general building construction and industrial applications, by making use of the technology and expertise we have accumulated from our foundations as an electric wire maker. We also develop specialty products that contribute to the production of more compact electronic equipment and automotive electronic components with higher performance and energy efficiency, such as micro coaxial cables and high-performance magnet wires. This segment is made up of three strategic business units (SBUs): Industrial cables and electric power cables, Electronic wires and wiring devices and Magnet wires.

Results for individual SBUs show a continuing recovery trend in electrical component areas. In particular, strong demand for products for hybrid vehicles was reflected in sustained growth in magnet wire sales. Sales of industrial cables and electric power cables were lower because of reduced demand from the construction industry. Sales of electronic wires and wiring devices benefited from a recovery in demand for products used in some types of consumer and commercial devices, and in the second half of the fiscal year, from rising demand in the core area of products for the industrial machinery and power tool markets. However, sales in this SBU fell short of the previous year's level.

Net sales in this segment were 28.1% lower year on year at ¥181,810 million (US$1,954,946 thousand). The operating loss was ¥139 million (US$1,495 thousand).

Information and Telecommunications Networking

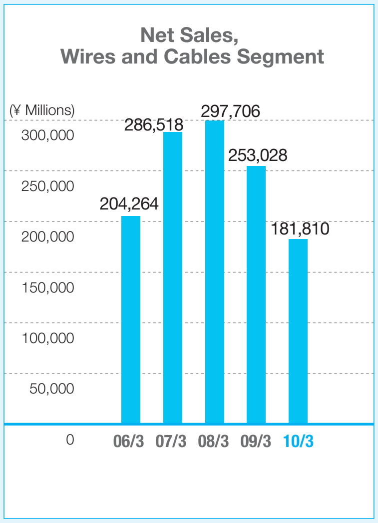
The Hitachi Cable Group began cultivating the world's premier optoelectronics technology as well as high-frequency and wireless technology from a very early stage by developing cables for communications and broadcasting. Based on this vast resource of knowledge and expertise, the Group delivers products and technologies that form the foundation of the information society, solutions for optical submarine cables and network equipment for telecommunication carriers and antenna systems for wireless base stations, terrestrial digital broadcasting and mobile-phone networks. This segment is made up of three strategic business units (SBUs): Information networks, Wireless systems, Optical and telecommunications cables.

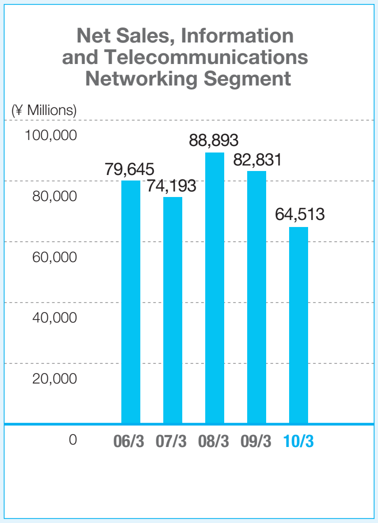
In the wireless systems category, sales of products for mobile telephone base stations were strong, and the digital broadcast relay station business also performed well in the current consolidated accounting year. However, total sales in this category were marginally lower year on year because of reduced demand for engineering work for mobile telephone base stations. In the information network category, the integration business remained strong throughout the consolidated accounting year. However, shipments of information network equipment, especially to telecommunications carriers, were concentrated in the fourth quarter, and sales were low in the first three quarters, with the result that total sales in this category were below the previous year's level. Shipments of optical and telecommunications cables, especially optical submarine cables, remained strong in the first half of the year because of shipments for several major contracts. However, shipments declined in the second half of the year because of a downturn in the demand cycle, and sales fell on a full-year basis.

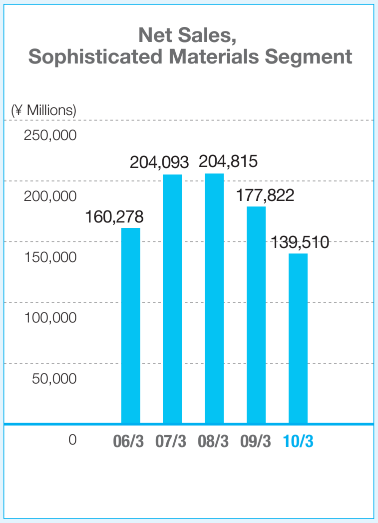
Net sales in this segment amounted to ¥64,513 million (US$693,688 thousand), a year-on-year decline of 22.1%. Operating income was 75.4% lower at ¥955 million (US$10,269 thousand).

Sophisticated Materials

The Hitachi Cable Group possesses a wide range of basic technology—from materials to production processing—that has been gained through the manufacture of electric wires and cables, including technologies related to high-polymer compounds,







electronic materials and semiconductor materials. By combining this wealth of technologies, the Hitachi Cable Group develops and provides various sophisticated materials that meticulously meet the needs of industries, such as semiconductor packaging materials, compound semiconductors, various copper products and auto parts. This segment is made up of five strategic business units (SBUs): Compound semiconductors, Tape automated bonding (TAB), Lead frames, Automotive components and Copper products.

In the compound semiconductor category, sales of products for high-frequency devices and laser diodes recovered to the previous year's level, but there was a substantial decline in sales of products for red and infrared LEDs, with the result that total sales for this SBU were lower year on year. In the TAB category, the rapid recovery trend that emerged in the second half of the previous year continued into the year under review. However, the second half of the year brought a decline in sales, especially of COF products for LCDs, because of inventory corrections and escalating competition, with the result that total sales for this SBU were below the previous year's level. In the auto parts category, sales of on-board sensors were strong, and there was also a recovery in the core area of brake hoses in the second half of the year, following the completion of inventory corrections. However, lower sales in the first half of the year pushed total sales below the result for the previous consolidated accounting year. Positive trends in the area of copper products included heavy demand for copper strips, especially for use in semiconductor lead frames. There was also a recovery in demand for copper products for use in electrical equipment. However, sales of copper tubes for air conditioners were affected by lower demand resulting from abnormal weather patterns and reduced private sector capital investment. As a result, total sales for this SBU were lower year on year.

At ¥139,510 million (US$1,500,108 thousand), net sales from this segment were 21.5% below the result for the previous consolidated accounting year. The operating income loss was ¥7,826 million (US$84,150 thousand).

Other Businesses

Business categories in this segment include logistics. Net sales amounted to ¥15,205 million (US$163,495 thousand), a decline of 9.5% from the result for the previous consolidated accounting year. Operating income was 8.4% lower year on year at ¥623 million (US$6,699 thousand).

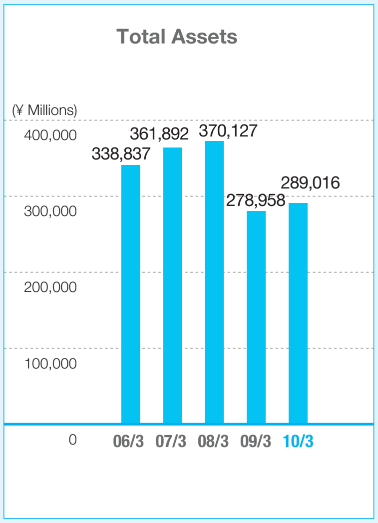
FINANCIAL POSITION

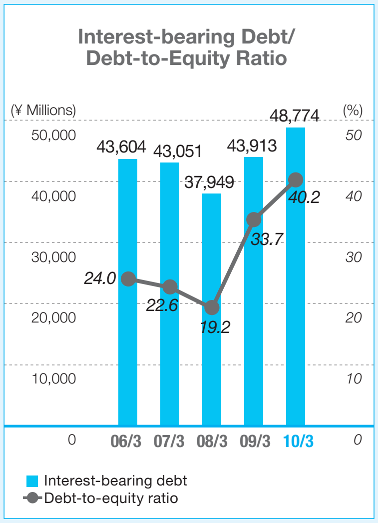
Assets

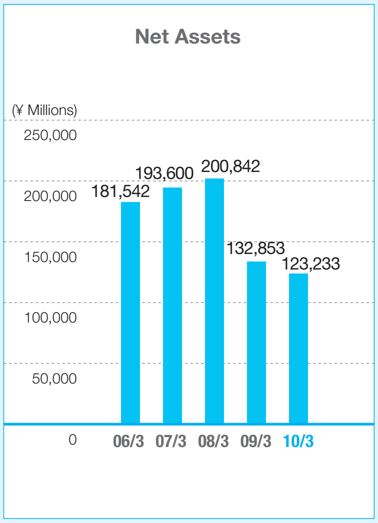
Total assets were ¥289,016 million (US$3,107,699 thousand) as of March 31, 2010, an increase of ¥10,058 million from the position at the end of the previous year. This total includes current assets of ¥148,491 million (US$1,596,677 thousand), a year-on-year increase of ¥17,821 million. The rise resulted mainly from a ¥14,204 million increase in trade receivables. Fixed assets were ¥7,763 million lower at ¥140,525 million. The main factors affecting fixed assets were a ¥4,944 million increase in investment securities, including affiliated companies reductions of ¥10,330 million in net property, plant and equipment. Property, plant and equipment, at cost and intangible assets declined by ¥11,040 million from the position as of March 31, 2009 to ¥110,692 million. This reflects a reduction in capital expenditure, which was ¥16,520 million lower in the year ended March 31, 2010 at ¥13,862 million and the fact that depreciation exceeded capital expenditure at ¥21,350 million.

Liabilities

As of March 31, 2010, the total liabilities of the Hitachi Cable Group amounted to ¥165,783 million (US$1,782,613 thousand), an increase of ¥19,678 million from the position one year earlier. This change is explained primarily by a ¥18,363 million increase in trade payables.





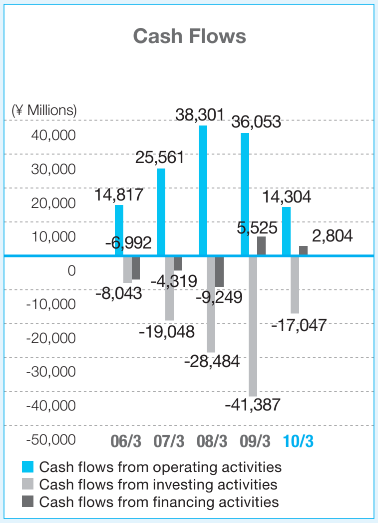


Net Assets
The net assets declined by ¥9,620 million to stand at ¥123,233 million (US$1,325,086 thousand) as of March 31, 2010. The decline is explained primarily by the fact that a ¥829 million increase in net unrealized holding gains on securities and a ¥1,154 million increase in foreign currency translation adjustments were offset by an ¥11,458 million decline in retained earnings.

Cash Flows
Cash and cash equivalents totaled ¥7,939 million (US$85,365 thousand) as of March 31, 2010, a decline of ¥26 million from the position at the end of the previous year. Positive factors included a ¥44,665 million reduction in the net loss, an increase in trade payables and reduced purchases of property, plant and equipment. Negative factors included increases in trade receivables and inventories and a reduction in impairment losses.

Cash Flows from Operating Activities
Net cash from operations totaled ¥14,304 million (US$153,806 thousand), a year-on-year decline of ¥21,749 million. On the positive side, were an improvement of ¥44,665 million in the net loss and an increase of ¥50,586 million in trade payables. Negative factors included increases in trade receivables and inventories, and reductions in impairment losses and depreciation totaling ¥95,244 million.

Cash Flows from Investing Activities
Net cash used for investing activities was ¥24,340 million lower than in the previous year at ¥17,047 million (US$183,301 thousand). Factors included expenditure of ¥4,000 million on purchases of investments in affiliated companies, reductions totaling ¥17,974 million in expenditure on purchases of property, plant and equipment and short-term loans receivable, and expenditure of ¥9,145 million on the purchases of shares in newly consolidated subsidiaries at the end of the previous fiscal year.



Cash Flows from Financing Activities
Net cash provided by financing activities was ¥2,804 million (US$30,151 thousand), a decline of ¥2,721 million compared with the figure for the previous year. Reasons for this reduction included a ¥7,667 million increase in payments on long-term debt.

RISK FACTORS AFFECTING OPERATIONS

The Group supplies various products and services to diverse markets in Japan and overseas and uses advanced and specialized technology in its business activities. For these reasons, the Group's operating results could be affected by a variety of factors, the most significant of which are described below. The forward-looking statements in this annual report are based on information available to the Group's management as of March 31, 2010.

1. Irregular Fluctuations in Market Demand, Political and Economic Changes
Fluctuations market demand affecting the social and industrial infrastructure, energy, telecommunications, motor vehicles, industrial and consumer electronics, construction and various other sectors could have a significant impact on the Group's operating results. The Group's business performance could also be affected by political and economic fluctuations and other changes in Japan, China, Asia, North and Central America, Europe and other regions.

2. Price Fluctuations and Procurement Issues Affecting Raw Materials, etc.
International commodity markets have a major influence on the price of copper, which is the main raw material used by the Hitachi Cable Group. The Group aims to reduce the impact of copper price movements by reflecting changes in the prices of its products. However, the Group's business performance could be impacted by time lags between increases in the price of copper and adjustments to the selling prices of finished products. Dramatic falls in the price of

copper can also affect the Group's business performance because of the resulting inventory revaluation losses and other factors.

There may also be sudden rises in the prices of other raw materials, such as petrochemical products. The Group endeavors to reflect such increases in its product prices, but such adjustments may not proceed according to plan. The financial performance of the Group could be affected in such situations.

Rare metals are available only from a few locations and from a limited range of suppliers. Problems with supply capacity and other factors could prevent the Group from procuring the required quantities of these materials.

3. Exchange Rate Fluctuations

The Group uses currency hedging transactions to mitigate the effects of short-term exchange rate fluctuations on its financial performance. However, it is not possible to eliminate exchange rate risk entirely, and exchange rate fluctuations could impact on the financial performance of the Group. Overseas sales, expenses, assets and other items denominated in local currencies are converted into yen for inclusion in the consolidated financial statements. Since the yen values of these items could be affected by exchange rates on the date on which they are converted, exchange rate fluctuations may impact on the Group's financial situation and business performance.

4. Business Restructuring, etc.

The Group's business performance and financial position could be affected by business reorganization, withdrawal from business areas, asset liquidation, business restructuring or other changes.

5. Product Incidents and Quality Problems

Products and services supplied by the Group are subject to stringent quality management procedures. However, serious product incidents or quality-related complaints could result in compensation payments, product recall costs and other expenses, which have the potential to impact on the Group's business performance and financial position.

6. Product Development

The Group is involved in businesses characterized by rapid technological progress, where it is essential to launch products that are attractive to customers in a timely manner. However, the relationship between product development and commercialization is affected by uncertainties, and there is no guarantee that significant expenditure of money and time on product development will always result in the successful commercialization of new products. If development projects are unsuccessful, the Group's future growth and earning potential will be reduced, and the Group's business performance could be affected.

7. Laws and Regulations

The Group is subject to laws and public regulations in Japan and various countries and regions where it operates with regard to various matters, including business and investment approval, commerce, trade, fair competition, and environmental and recycling activities. The Group has established its internal control system to ensure compliance with those laws and regulations. However, when it is judged that those laws and regulations are not being observed, or in the event of a sudden and extreme tightening or significant legal changes, various problems may arise, such as a loss of investment opportunities, cancellation of production and sales, an increase in various costs or receiving penalty and administrative punishment, which in turn could affect the Group's operating results. J-Power Systems Corporation[1] (JPS) on January 29, 2009 underwent an on-site inspection by the Japan Fair Trade Commission (JFTC) on suspicion of forming a cartel relating to domestic and overseas transactions of high-voltage power cables. EU and U.S. trade authorities launched similar inspections around the same time.

On January 27, 2010, the JFTC issued a cease and desist order and surcharge payment order against J-Power Systems Corp.[1], which was found to have participated in a cartel relating to the supply of high-voltage power cables ordered by electric power companies in Japan. These actions could result in claims for compensation, including civil litigation, against the company.

In January 2009, competition authorities in the EU, the United States and elsewhere commenced investigations on suspicion that cartels had also affected overseas transactions in high-voltage power cables. If these investigations result in the discovery of illegal activities, fines could be imposed on Hitachi Cable, Ltd. or JPS.

In June 2009, Hitachi Cable, Ltd. and Advanced Cable Systems Corporation (ACS)[2] underwent on-site inspections by the JFTC on suspicion of participation in a cartel concerning transactions in fiber optic cables for telecommunications carriers. Ultimately, no action was taken against either company. However, both companies were found to have engaged in illegal actions relating to historical transactions, and it is possible that claims for compensation will be issued against Hitachi Cable, Ltd. or ACS through civil litigation or other means.

On December 17 and 18, 2009, Sumiden Hitachi Cable Ltd.[3] underwent on-site inspections by the JFTC on suspicion of participation in a cartel concerning wire and cable transactions with construction companies and electrical appliance retailers. Depending on the outcome of this investigation, a surcharge order may be issued against the company.

Notes: 1. Established in 2001 as a 50-50 joint venture between Hitachi Cable, Ltd. and Sumitomo Electric Industries, Ltd.

2. Established in 2002 as a 50-50 joint venture between Hitachi Cable, Ltd. and Corning Cable Systems LLC of the United States.

3. Established in 2002 as a joint venture among Hitachi Cable, Ltd., Sumitomo Electric Industries, Ltd., Tatsuta Electric Wire & Cable Co., Ltd. and Tonichi Kyosan Cable, Ltd.

8. Intellectual Property

Intellectual property rights are used by the Group in its product and manufacturing processes, etc. The Group owns and licenses numerous intellectual property rights and acquires licenses from other parties when the use of third-party intellectual property rights is deemed necessary or useful. The operations and business performance of the Group could be affected if it is unable to protect or maintain these rights or to acquire rights as planned. The Group's business performance could also be affected by costs incurred if it becomes a party to litigation concerning intellectual property rights.

9. Information Security

The Group uses a shared, group-wide network infrastructure. Various hardware and software measures are taken to prevent risks related to information security, such as installation of firewalls and antivirus software, data and system backups, and training sessions. However, the Group's business performance could be affected if it incurs costs resulting from data loss or leakage or system failures caused by unforeseen situations, such as new computer viruses or natural disasters, or as a result of temporary system shutdowns or recovery work.

Information belonging to customers and other parties, including personal information and confidential business information about technology, marketing and other business activities, is held by the Group as required for the conduct of its business operations. The Group endeavors to protect and control such information appropriately, but if information leaks occur as a consequence of system failures, human factors or other causes, the Group's reputation, business activities, financial position and business performance could be affected.

10. Large-scale Disasters and Infectious Diseases

The Group's production bases in Japan are mostly located in Ibaraki Prefecture, where the probability of large earthquake occurrence is relatively low. However, in the event of a severe earthquake beyond expectations or a wide-area and large-scale disaster, the Group's production and other activities may be hindered, which could in turn affect its operating results.

Similarly, in the event of pandemic of infectious disease, such as new strains of influenza, the Group's operating results could be affected by the suspension of operations, economic disruption or other adverse business circumstances.

11. Retirement and Severance Benefit Obligations

Based on actuarial calculations, the Group is responsible for substantial retirement and severance payments and obligations. Important premises that must be taken into account when estimating pension assets in order to assess these payments and liabilities include mortality rates, withdrawal rates, retirement rates, salary changes, discount rates and anticipated returns on pension assets. When estimating these key premises, the Group considers a wide range of factors, including the state of its work force, current market conditions and future interest rate trends. While management believes that key premises have been estimated reasonably on the basis of underlying factors, there is no guarantee that actual trends will conform to the estimates. A lower discount rate will result in an increase in retirement and severance benefit obligations based on actuarial calculations. Increases or decreases in retirement and severance benefit obligations affect actuarial gains and losses across employees' service periods. Changes in key premises could affect the Group's financial position and business performance.

12. Relationship with Parent Company

Hitachi, Ltd. is the parent company of Hitachi Cable, Ltd. As of March 31, 2010, it held 51.4% of total shares issued by Hitachi Cable, Ltd. and 53.1% of voting rights (including 0.1% held indirectly). Hitachi, Ltd. has numerous affiliated companies involved in 11 business segments, including information and telecommunication systems, power systems, social infrastructure and industrial systems, construction machinery, high-functional materials and components, automotive systems, components and devices, digital media and consumer products and financial services. Its wide-ranging business activities include the manufacture and sale of products and the provision of services. The Hitachi Cable Group handles part of the sophisticated materials segment. As of the conclusion of the 73rd Annual General Meeting of Shareholders (June 24, 2010), two directors of Hitachi Cable, Ltd. were serving concurrently as directors of Hitachi, Ltd. Hitachi Cable, Ltd. also has business relationships with Hitachi, Ltd., including the supply of goods. While maintaining management independence, Hitachi Cable, Ltd. participates actively in the management of the Hitachi Group and has a basic policy of maximizing the effective use of the management resources of the Hitachi Group, including its R&D resources and brands. However, the business strategies of the Hitachi Group could affect the activities of the Hitachi Cable Group, including the development of its business operations.

Consolidated Balance Sheets

Hitachi Cable, Ltd. and consolidated subsidiaries
As of March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
ASSETS	**2010**	2009	**2010**
Current assets:			
Cash and cash equivalents (Note 19)	¥ 7,939	¥ 7,965	$ 85,365
Short-term investments (Notes 3 and 21)	538	374	5,785
Trade receivables (Notes 5,14 and 21)	84,562	70,358	909,269
Inventories (Note 4)	46,210	38,923	496,882
Other current assets (Notes 5 and 6)	9,720	13,440	104,516
Less allowance for doubtful receivables	(478)	(390)	(5,140)
Total current assets	148,491	130,670	1,596,677
Property, plant and equipment, at cost: (Notes 7, 8 and 22)	405,392	404,613	4,359,054
Less accumulated depreciation	(304,809)	(293,700)	(3,277,516)
Net property, plant and equipment	100,583	110,913	1,081,538
Intangible assets:			
Goodwill	1,134	1,830	12,194
Other	8,975	8,989	96,505
Total intangible assets	10,109	10,819	108,699
Investments and other assets:			
Investments in securities, including affiliated companies (Notes 3 and 21)	20,419	15,475	219,559
Other assets (Notes 6 and 9)	11,904	13,777	128,000
Less allowance for doubtful receivables	(2,490)	(2,696)	(26,774)
Total investments and other assets	29,833	26,556	320,785
Total assets	¥ 289,016	¥ 278,958	$ 3,107,699
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term debt (Notes 5, 8 and 21)	¥ 20,274	¥ 15,390	$ 218,000
Current portion of long-term debt (Note 8)	—	8,000	—
Trade payables (Notes 5 and 21)	60,970	42,607	655,591
Accrued income taxes (Note 6)	916	815	9,850
Accrued expenses and other current liabilities	24,244	28,597	260,688
Total current liabilities	106,404	95,409	1,144,129
Long-term debt (Notes 5, 8 and 21)	28,500	20,523	306,452
Retirement and severance benefits (Note 9)	24,635	22,511	264,892
Other liabilities (Note 6)	6,244	7,662	67,140
Total liabilities	165,783	146,105	1,782,613
Net assets:			
Stockholders' equity:			
Common stock (Notes 10 and 12)	25,948	25,948	279,011
Capital surplus (Note 12)	31,518	31,529	338,903
Retained earnings (Note 12)	72,767	84,225	782,441
Treasury stock, at cost (Note 13)	(3,984)	(4,362)	(42,839)
Valuation and translation adjustments:			
Net unrealized holding gains on securities	1,104	275	11,871
Net unrealized gains (losses) on hedge transaction	(8)	(39)	(86)
Foreign currency translation adjustments	(6,107)	(7,261)	(65,667)
Minority interests	1,995	2,538	21,452
Total net assets	123,233	132,853	1,325,086
Commitments and contingencies (Note 15)			
Total liabilities and net assets	¥ 289,016	¥ 278,958	$ 3,107,699

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations

Hitachi Cable, Ltd. and consolidated subsidiaries
For the years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Net sales	¥ 372,450	¥ 493,151	$ 4,004,839
Cost of sales (Note 16)	(329,767)	(452,663)	(3,545,882)
Gross profit	42,683	40,488	458,957
Selling, general and administrative expenses (Note 16)	(49,064)	(55,228)	(527,570)
Operating loss	(6,381)	(14,740)	(68,613)
Other income (expenses):			
Interest income	129	282	1,387
Dividend income	186	262	2,000
Interest expenses	(961)	(1,545)	(10,334)
Foreign exchange gain (loss)	—	(820)	—
Equity in earnings (losses) of affiliated companies	1,530	(2,790)	16,451
Loss on sale of investment in securities	(1,204)	—	(12,946)
Gain on sale of scrap of raw materials	384	534	4,129
Loss on disposal of fixed assets	(395)	(2,639)	(4,247)
Rent income	369	373	3,968
Restructuring charges	(848)	—	(9,118)
Impairment losses for fixed assets (Note 17)	(1,694)	(8,990)	(18,215)
Other, net	24	(2,963)	258
	(2,480)	(18,296)	(26,667)
Loss before income taxes and minority interests	(8,861)	(33,036)	(95,280)
Income taxes (Note 6)	(131)	(20,663)	(1,408)
Loss before minority interests	(8,992)	(53,699)	(96,688)
Minority interests	(118)	(76)	(1,269)
Net loss	¥ (9,110)	¥ (53,775)	$ (97,957)

	Yen		U.S. dollars
Basic net loss per share (Note 18)	¥ (25.04)	¥ (147.92)	$ (0.27)
Diluted net income per share (Note 18)	¥ —	¥ —	$ —

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Hitachi Cable, Ltd. and consolidated subsidiaries
For the years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Common stock: (Note 10)			
Balance at beginning of year	¥ 25,948	¥ 25,948	$ 279,011
Balance at end of year	25,948	25,948	279,011
Capital surplus:			
Balance at beginning of year	31,529	31,534	339,021
Reissuance of treasury stock	(11)	(5)	(118)
Balance at end of year	31,518	31,529	338,903
Retained earnings:			
Balance at beginning of year	84,225	141,090	905,645
Net loss	(9,110)	(53,775)	(97,957)
Cash dividends (Note 12)	(2,000)	(3,090)	(21,505)
Reissuance of treasury stock	(121)	—	(1,301)
Net effect of inclusion and exclusion of consolidated subsidiaries	30	—	323
Net effect of inclusion and exclusion of affiliated companies under the equity method	(257)	—	(2,764)
Balance at end of year	72,767	84,225	782,441
Treasury stock: (Note 13)			
Balance at beginning of year	(4,362)	(4,356)	(46,903)
Acquisition of treasury stock	(7)	(19)	(76)
Reissuance of treasury stock	385	13	4,140
Balance at end of year	(3,984)	(4,362)	(42,839)
Net unrealized holding gains on securities:			
Balance at beginning of year	275	1,517	2,957
Net change during the year	829	(1,242)	8,914
Balance at end of year	1,104	275	11,871
Net unrealized gains (losses) on hedge:			
Balance at beginning of year	(39)	351	(419)
Net change during the year	31	(390)	333
Balance at end of year	(8)	(39)	(86)
Foreign currency translation adjustments:			
Balance at beginning of year	(7,261)	1,354	(78,075)
Net change during the year	1,154	(8,615)	12,408
Balance at end of year	(6,107)	(7,261)	(65,667)
Minority interests:			
Balance at beginning of year	2,538	3,404	27,290
Net change during the year	(543)	(866)	(5,838)
Balance at end of year	1,995	2,538	21,452
Total net assets	¥ 123,233	¥ 132,853	$ 1,325,086

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Hitachi Cable, Ltd. and consolidated subsidiaries
For the years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Cash flows from operating activities: (Note 19)			
Net loss	¥ (9,110)	¥ (53,775)	$ (97,957)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	21,350	25,347	229,570
Impairment losses	1,694	8,990	18,215
Deferred income taxes	(1,036)	18,411	(11,140)
Loss on disposal of property, plant and equipment	471	2,479	5,065
Equity in (earnings) losses of affiliated companies	(1,530)	2,790	(16,452)
(Gain) loss on sale of investment in securities	1,084	(24)	11,656
Income applicable to minority interests	118	76	1,269
(Increase) decrease in trade receivables	(14,660)	41,435	(157,635)
(Increase) decrease in inventories	(7,527)	20,329	(80,936)
Increase (decrease) in trade payables	17,993	(32,593)	193,473
Increase (decrease) in accrued income taxes	430	(1,709)	4,624
Increase in retirement and severance benefits	2,124	2,239	22,839
Decrease in prepaid pension benefit cost	2,026	901	21,785
Other	877	1,157	9,430
Net cash provided by operating activities	14,304	36,053	153,806
Cash flows from investing activities: (Note 19)			
Purchases of property, plant and equipment	(16,985)	(30,382)	(182,634)
Purchases of short-term investments	(143)	(587)	(1,538)
Proceeds from sale of investments in securities	205	349	2,204
Purchases of investments in affiliated companies	(4,000)	—	(43,011)
Proceeds from sale of investments in affiliated companies	1,123	—	12,075
Purchases of shares in newly consolidated subsidiaries	—	(9,145)	—
Sale of investments in deconsolidated subsidiaries	(173)	—	(1,860)
(Increase) decrease in short-term loans receivables	2,685	(1,892)	28,871
Investment in long-term loans receivable	(4)	(58)	(43)
Collection of long-term loans receivable	15	23	161
Other	230	305	2,474
Net cash used in investing activities	(17,047)	(41,387)	(183,301)
Cash flows from financing activities:			
Increase in short-term debt	5,046	4,198	54,258
Proceeds from long-term debt	8,000	5,000	86,022
Payments on long-term debt	(8,023)	(356)	(86,269)
Dividends paid to stockholders	(2,000)	(3,090)	(21,505)
Dividends paid to minority stockholders of consolidated Subsidiaries	(101)	(216)	(1,086)
Other	(118)	(11)	(1,269)
Net cash provided by financing activities	2,804	5,525	30,151
Effect of exchange rate changes on cash and cash equivalents	222	(2,128)	2,387
Net (decrease) increase in cash and cash equivalents	283	(1,937)	3,043
Cash and cash equivalents at beginning of year	7,965	9,902	85,645
Effect of divestitures of subsidiaries on cash and cash equivalents	(309)	—	(3,323)
Cash and cash equivalents at end of year (Note 19)	¥ 7,939	¥ 7,965	$ 85,365

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Hitachi Cable, Ltd. and consolidated subsidiaries

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The accompanying consolidated financial statements of Hitachi Cable, Ltd. (the “Company”) and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

In addition, for the convenience of readers outside Japan, the consolidated financial statements, including the notes to the consolidated financial statements, include certain reclassifications and additional information which is not required under accounting principles generally accepted in Japan.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and those of its wholly-owned and majority-owned subsidiaries, whether directly or indirectly controlled. All significant intercompany accounts and transactions have been eliminated.

Most of the investments in affiliated companies are stated at their underlying equity value, and the appropriate portion of the earnings of such companies is included in earnings. The investments in affiliated companies which do not materially affect earnings and equity are stated at cost.

The cost in excess of net assets or excess of net assets over cost, based on the fair value, acquired by the Company is being amortized on a straight-line basis over its estimated useful period, not exceeding 20 years, or, if the amount is not material, charged immediately to earnings.

(c) Use of Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in Japan requires management to make estimates and assumptions that affect the amounts reported in the Company's Consolidated Financial Statements and accompanying notes. Actual results could differ materially from those estimates.

(d) Cash and Cash Equivalents

For the purpose of the consolidated statements of cash flows, the Company considers all highly liquid investments with insignificant risk of change in value, which have maturities of generally three months or less when purchased, to be cash equivalents.

(e) Allowance for Doubtful Receivables

General provision for doubtful receivables is provided by applying a certain reserve percentage of the receivables based on experience from past transactions. A specific provision is provided for the estimated amounts to be uncollectable based on the customers' financial conditions or other pertinent factors.

(f) Investments in Securities

Securities are to be classified into one of the following three categories and accounted for as follows:

- Securities that are held for generating profits on short-term differences in price are classified as trading securities and measured at fair value, with unrealized holding gains and losses included in earnings.
- Securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity securities and measured at amortized cost.
- Securities classified as neither trading securities nor held-to-maturity securities are classified as other securities. Unrealized holding gains and losses of other securities with fair values are reported as a net amount in a separate component of net assets until realized. Other securities without fair values are carried at cost.

In computing realized gain or loss, cost of other securities is principally determined by the moving-average method.

(g) Inventories

Inventories are mainly stated at cost and determined by the periodic average method. When the costs exceed the net realizable value, inventories are written down to the net realizable value.

(h) Property, Plant and Equipment

Property, plant and equipment are stated at cost and depreciated over the estimated useful lives of the respective assets by the declining-balance method, except for certain buildings of the Company and domestic consolidated subsidiaries, placed in service after April 1, 1998, which are depreciated by the straight-line method.

In the year ended March 31, 2009, the Company and its domestic subsidiaries reviewed their useful lives of machinery and equipment, corresponding to a revision of the Japanese tax regulations. The Company and its domestic subsidiaries have changed their useful lives since they expect that machinery and equipment will be renewed in shorter periods mainly due to shortened life cycle of their products. As a result, operating loss and net loss before income taxes and minority interests for the year ended March 31, 2009 increased by ¥2,901 million and ¥2,965 million, respectively.

(i) Intangible Assets

Intangible assets are amortized on a straight-line basis. Cost incurred for computer software for internal use is capitalized and amortized on a straight-line basis over its estimated useful lives of five years.

(j) Leases

All leased assets under finance leases that are entered into subsequent to March 31,2008 are capitalized and depreciated by the straight-line method over the lease term. Finance lease agreements that were entered into on or before March 31, 2008 and under which the legal title of the underlying property is not transferred from the lessor to the lessee at the end of the lease term, are accounted for as operating leases.

(k) Impairment of Fixed Assets

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When amounts of undiscounted future cash flows of fixed assets are less than the carrying amounts, the fixed assets are determined to be impaired. Then, an amount by which the carrying amount exceeds the recoverable amount is recognized as an impairment loss in earnings. The recoverable amount of fixed assets is the greater of the net selling price or the present value of the future cash flows expected to be derived from the fixed assets. The Company and consolidated subsidiaries identify groups of assets by their business units as the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

(l) Retirement and Severance Benefits

Allowance for retirement and severance benefits for employees is provided based on the estimated retirement benefit obligation and the fair value of pension assets.

Prior service benefits and costs are recognized as income or expense mainly when incurred. Actuarial gains and losses are recognized as income or expense on a straight-line basis from the next year over certain years, principally over 10 years, not exceeding the expected average remaining working lives of the employees participating in the plans.

A retirement allowance for directors and executive officers has been provided for the benefits to which they are entitled if they were to retire or sever immediately at the balance sheet date. On March 28, 2008, the compensation committee made a decision to terminate the retirement benefit program for directors and executive officers. In connection with the decision, retirement benefits are no longer accrued after June 27, 2008 for directors and after March 31, 2008 for executive officers.

(m) Derivative Financial Instruments

In principle, net assets or liabilities arising from derivative financial instruments are measured at fair value, with unrealized gains or losses included in earnings. Hedging instruments that meet the criteria of hedge accounting as prescribed in “Accounting Standard for Financial Instruments”, are accounted for using deferral hedge accounting, which requires the unrealized gain or loss to be deferred as net unrealized gains or losses hedging instruments as a component of net assets until gains or losses relating to the hedged items are realized.

When the Company enters into interest rate swap agreements to hedge interest rate risks and the agreements meet certain criteria, the interest rate swap agreements are not measured at fair value but are accounted for as if the debt had an interest rate under the interest swap agreement, instead of the original interest rate in the debt agreement.

Commodity swaps are accounted for under the deferral hedge accounting method, as key terms and conditions of the commodity swaps and the hedged forecasted transactions are identical.

(n) Construction Contracts

Up to the year ended March 31, 2009, the Company recognized revenue from construction contracts under the percentage-of-completion method when the construction period is longer than one year and the contract amount exceeds ¥500 million.

The Company adopted Accounting Standards Board of Japan (“ASBJ”) Statement No.15, “Accounting Standard for Construction Contracts”, and the related guidance, ASBJ No.18, “Guidance on Accounting Standard for Construction Contracts”, in the year ended March 31, 2010. After the adoption, the Company recognizes revenue from construction contracts under the percentage-of-completion method if the outcome of the construction activity is deemed certain during the course of the activity, and otherwise, the Company recognizes revenue upon completion.

The adoption of this statement and guidance did not have any impact to net sales and net loss for the year ended March 31, 2010.

(o) Foreign Currency Translations

Foreign currency transactions are translated into yen on the basis of the exchange rates in effect at the transaction date. At year-end, monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rates in effect at the balance sheet date. Gains or losses resulting from the translation of foreign currencies, including gains and losses on settlement, are credited or charged to earnings as incurred.

The financial statements of the consolidated foreign subsidiaries are translated into the reporting currency of yen. All assets and liabilities of such subsidiaries are translated at the exchange rates in effect at the balance sheet date. Stockholders' equity accounts are translated at historical rates. Income and expenses are translated at an average of the exchange rates in effect during the year. Foreign currency translation adjustments resulting from the translation of assets, liabilities and stockholders' equity are included in minority interests and valuation and translation adjustments as a separate component of net assets.

(p) Appropriation of Retained Earnings

Under the Japanese Corporate Law (JCL) and the Company's Articles of Incorporation, the Company is allowed to appropriate retained earnings by a resolution of the Board of Directors, provided that certain criteria are met.

(q) Income Taxes

Deferred income taxes are accounted for under the asset and liability method, and deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided for the amount that is not considered to be realizable.

(r) Treasury Stock

Treasury stock is recorded at cost as a deduction of stockholders' equity. When the treasury stock is reissued as common stock, the difference between the issuance price and the cost of the treasury stock is credited or charged to capital surplus.

(s) Stock-Based Compensation

All share-based compensation, which is granted after the Japanese Corporate Law (JCL) became effective, to employees to be recognized as expense in the statements of operations based on their fair values.

(t) Net Income per Share

Basic net income (loss) per share is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding during each year. Diluted net income per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity.

(u) Reclassifications

Certain reclassifications have been made to the prior years' consolidated financial statements in order to conform to the current year presentations.

2. BASIS OF FINANCIAL STATEMENT TRANSLATION

The accompanying consolidated financial statements are expressed in yen and, solely for the convenience of the reader, have been translated into U.S. dollars at the rate of ¥93=US$1, the approximate exchange rate prevailing at the Tokyo Foreign Exchange Market as of March 31, 2010. This translation should not be construed as a representation that any amounts shown could be converted into U.S. dollars.

3. INVESTMENTS IN SECURITIES

The following is a summary of the amortized cost basis, gross unrealized holding gains or losses and aggregate fair value of other securities by major security types as of March 31, 2010 and 2009:

	Millions of yen					
	Amortized cost basis	Gross unrealized gains (losses)	Aggregate fair value	Amortized cost basis	Gross unrealized gains (losses)	Aggregate fair value
	2010			2009		
Other securities with gross unrealized holding gains:						
Equity securities	**¥ 2,532**	**¥ 2,053**	**¥ 4,585**	¥ 1,821	¥ 895	¥ 2,716
Other securities	**174**	**2**	**176**	297	4	301
	2,706	**2,055**	**4,761**	2,118	899	3,017
Other securities with gross unrealized holding losses:						
Equity securities	**358**	**(56)**	**302**	1,048	(296)	752
	358	**(56)**	**302**	1,048	(296)	752
	¥ 3,064	**¥ 1,999**	**¥ 5,063**	¥ 3,166	¥ 603	¥ 3,769

	Thousands of U.S. dollars		
	Amortized cost basis	Gross unrealized gains (losses)	Aggregate fair value
	2010		
Other securities with gross unrealized holding gains:			
Equity securities	**$ 27,226**	**$ 22,075**	**$ 49,301**
Other securities	**1,871**	**22**	**1,893**
	29,097	**22,097**	**51,194**
Other securities with gross unrealized holding losses:			
Equity securities	**3,849**	**(602)**	**3,247**
	3,849	**(602)**	**3,247**
	$ 32,946	**$ 21,495**	**$ 54,441**

The Company recognized ¥ 38 million ($409 thousand) and ¥312 million of impairment losses mainly on non-marketable securities for the years ended March 31, 2010 and 2009, respectively, due to other-than-temporary decline of the fair value. Except for the impaired securities, the aggregate carrying amount of cost-method investments which were not evaluated for impairment as of March 31, 2010 and 2009 were ¥1,693 million ($18,204 thousand) and ¥1,738 million, respectively, mainly because it is not practicable to estimate the fair value of investments in non-marketable securities due to lack of a market price and difficulty in estimating fair value without incurring excessive cost and the Company did not identify any events or changes in circumstances that might have had a significant adverse effect on their fair value.

4. INVENTORIES

Inventories as of March 31, 2010 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Merchandise and products	**¥ 11,661**	¥ 8,725	**$ 125,387**
In-process inventories	**24,463**	19,983	**263,043**
Raw materials and supplies	**10,086**	10,215	**108,452**
	¥ 46,210	¥ 38,923	**$ 496,882**
Inventory write-downs included in cost of sales	**¥ 395**	¥ 6,829	**$ 4,247**

5. RELATED PARTY TRANSACTIONS

The Company has related party transactions with Hitachi, Ltd., the parent company, and nonconsolidated subsidiaries and affiliated companies. The related balances as of March 31, 2010 and 2009, and the amount of these transactions for the years ended March 31, 2010 and 2009 are summarized as follows:

		Millions of yen		Thousands of U.S. dollars
Related party	**Balances:**	**2010**	2009	**2010**
Hitachi, Ltd.	Trade receivables	**¥ —**	¥ 2,026	**$ —**
	Short-term debt from Hitachi group cash management fund	**3,688**	—	**39,656**
	Short-term loan receivable from Hitachi group cash management fund	**—**	1,943	**—**
J-Power Systems Corporation	Other receivables	**2,862**	5,703	**30,774**
Sumiden Hitachi Cable Ltd.	Trade receivables	**—**	3,674	**—**
LHCE engineering Co., Ltd.	Long-term loans	**2,079**	1,997	**22,355**

		Millions of yen		Thousands of U.S. dollars
Related party	**Transactions:**	**2010**	2009	**2010**
Hitachi, Ltd.	Product sales	**¥ —**	¥ 7,870	**$ —**
	Net cash repaid to Hitachi group cash management fund	**1,943**	—	**20,892**
	Net cash received from Hitachi group cash management fund	**3,688**	568	**39,656**
J-Power Systems Corporation	Sale of materials to J-Power Systems netted with purchase of products from J-Power Systems, etc	**28,672**	40,930	**308,301**
	Loan guarantees	**2,464**	5,476	**26,495**
	Capital contribution	**4,000**	—	**43,011**
Sumiden Hitachi Cable Ltd.	Product sales	**—**	11,749	**—**

Certain consolidated subsidiaries also have related party transactions with affiliated companies and brother companies. The related balances as of March 31, 2010 and 2009, and the amount of these transactions for the years ended March 31, 2010 and 2009 are summarized as follows:

		Millions of yen		Thousands of U.S. dollars
Related party	**Balances:**	**2010**	2009	**2010**
Sumiden Hitachi Cable Ltd.	Trade payables	**¥ 3,160**	¥ 4,032	**$ 33,978**
	Note payables	**—**	1,029	**—**
Hitachi America Capital, Ltd.	Short-term debt	**4,836**	3,486	**52,000**
Hitachi Capital, Ltd.	Trade payables	**3,864**	—	**41,548**

		Millions of yen		Thousands of U.S. dollars
Related party	**Transactions:**	**2010**	2009	**2010**
Sumiden Hitachi Cable Ltd.	Purchase of products	**¥ 12,888**	¥ 16,678	**$ 138,581**
Hitachi America Capital, Ltd.	Borrowings	**1,350**	746	**14,516**
Hitachi Capital, Ltd.	Payment service	**11,385**	—	**122,419**

Summary of financial information of J-Power Systems Corporation, a significant affiliated company, as of March 31, 2010 and 2009 and for the years ended March 31, 2010 and 2009 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Financial Position			
Total current assets	**¥ 51,785**	¥ 58,993	**$ 556,828**
Total noncurrent assets	**7,124**	5,763	**76,602**
Total current liabilities	**36,762**	51,034	**395,290**
Total noncurrent liabilities	**3,235**	3,173	**34,785**
Total net assets	**18,912**	10,489	**203,355**
Results of Operations			
Net sales	**79,811**	86,533	**858,183**
Income before income taxes	**2,654**	1,615	**28,538**
Net income	**1,547**	975	**16,634**

6. INCOME TAXES

The income tax expenses reflected in the consolidated statements of income for the years ended March 31, 2010 and 2009 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Current tax expenses	**¥ 1,167**	¥ 2,252	**$ 12,548**
Deferred tax expense	**(1,036)**	18,411	**(11,140)**
	¥ 131	¥ 20,663	**$ 1,408**

The Company is subject to a national corporate tax of 30%, an inhabitant tax of 20.5%, and a deductible business tax of 7.2%, which, in the aggregate, resulted in a combined statutory income tax rate of approximately 40.4% for the years ended March 31, 2010 and 2009.

The Company adopted the consolidated taxation system in Japan effective from the year ended March 31, 2010. Under the consolidated taxation system, the Company consolidates, for Japanese tax purposes, all wholly-owned domestic subsidiaries.

For the year ended March 31, 2010 and 2009, reconciliations between the statutory tax rate and the effective income tax rate are not presented since the Company recorded loss before income taxes and minority interests.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of March 31, 2010 and 2009 are presented below:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Total gross deferred tax assets:			
Retirement and severance benefits	**¥ 12,564**	¥ 11,516	**$ 135,097**
Net operating loss carry forwards	**9,497**	6,780	**102,118**
Accrued bonus	**2,204**	2,359	**23,699**
Impairment losses	**3,301**	4,908	**35,495**
Net intercompany profit on inventories	**305**	102	**3,279**
Other	**7,881**	8,127	**84,742**
	35,752	33,792	**384,430**
Valuation allowance	**(33,981)**	(31,887)	**(365,387)**
	1,771	1,905	**19,043**
Total gross deferred tax liabilities:			
Net unrealized holding gains on securities	**(757)**	(240)	**(8,140)**
Gain on contribution to pension fund trusts	**(1,396)**	(1,396)	**(15,011)**
Tax purpose reserves by the Japanese tax regulations	**(369)**	(529)	**(3,967)**
Prepaid pension benefit cost	**(538)**	(1,357)	**(5,785)**
Other	**(998)**	(964)	**(10,731)**
	(4,058)	(4,486)	**(43,634)**
Net deferred tax assets (liabilities)	**¥ (2,287)**	¥ (2,581)	**$ (24,591)**

Net deferred tax assets (liabilities) as of March 31, 2010 and 2009 are reflected in the consolidated balance sheets under the following captions:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Other current assets	**¥ 524**	¥ 537	**$ 5,634**
Other assets	**825**	985	**8,871**
Other current liabilities	**(72)**	(30)	**(774)**
Other liabilities	**(3,564)**	(4,073)	**(38,322)**
Net deferred tax assets (liabilities)	**¥ (2,287)**	¥ (2,581)	**$ (24,591)**

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost as of March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Land	**¥ 9,803**	¥ 10,175	**$ 105,409**
Buildings and structures	**111,872**	111,734	**1,202,925**
Machinery, vehicle and equipment	**279,245**	275,476	**3,002,634**
Construction in progress	**4,472**	7,228	**48,086**
	¥ 405,392	¥ 404,613	**$ 4,359,054**

8. SHORT-TERM AND LONG-TERM DEBT

Long-term debt as of March 31, 2010 and 2009 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Unsecured debentures:			
4th series, due 2010, interest 0.78%	**¥ —**	¥ 5,000	**$ —**
5th series, due 2017, interest 1.24%	**5,000**	—	**53,764**
Loans, principally from banks and insurance companies:			
Unsecured and secured, maturing 2009-2015, weighted-average interest 1.0%	**23,500**	23,523	**252,688**
	28,500	28,523	**306,452**
Less current portion	**—**	(8,000)	**—**
	¥ 28,500	¥ 20,523	**$ 306,452**

The aggregate annual maturities of long-term debt after March 31, 2011 are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2012	¥ —	$ —
2013	15,000	161,290
2014	—	—
2015	8,500	91,398
Thereafter	5,000	53,764
	¥ 28,500	$ 306,452

The assets pledged as collateral for short-term and long-term debt at March 31, 2010 are as follows:

	Millions of yen	Thousands of U.S. dollars
Land	**¥ 109**	**$ 1,172**
Buildings and structures	**58**	**624**
	¥ 167	**$ 1,796**

As is customary in Japan, both short-term and long-term bank loans are made under general agreements which provide that security and guarantees for present and future indebtedness will be given upon request of the bank, and that the bank shall have the right, as the obligations become due or in the event of default, to offset cash deposits against such obligations due the bank.

Generally, certain secured and unsecured loan agreements provide, among other things, that the lenders or trustees shall have the right to have any distribution of earnings, including the payment of dividends and the issuance of additional capital stock, submitted to them for prior approval and also grant them the right to request additional security or mortgages on property, plant and equipment.

9. RETIREMENT AND SEVERANCE BENEFITS

The Company and its domestic subsidiaries have a number of contributory and noncontributory pension plans to provide retirement and severance benefits to substantially all the employees.

Under noncontributory plans, employees are entitled to lump-sum payments based on the current rate of pay and the length of service upon retirement or termination of employment for reasons other than dismissal for cause. The liability under these plans is partially funded by contributions to pension fund trusts.

The Company and certain domestic subsidiaries also have cash balance pension plans. Under the plans, each participant has a notional account which is credited yearly based on the current rate of contribution and market-related interest rate.

Funded status of the Company's and subsidiaries' plans as of March 31, 2010 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2,010	2,009	**2,010**
Projected benefit obligations	**¥ (87,787)**	¥ (89,340)	**$ (943,946)**
Plan assets at fair value	**51,430**	47,749	**553,010**
Funded status	**¥ (36,357)**	¥ (41,591)	**(390,936)**
Unrecognized actuarial loss	**13,300**	22,433	**143,011**
Unrecognized prior service cost	**¥ (246)**	¥ 5	**(2,645)**
Net amount recognized in the consolidated balance sheets	**¥ (23,303)**	¥ (19,153)	**$ (250,570)**
Amounts recognized in the consolidated balance sheets consist of:			
Prepaid pension benefit cost	**¥ 1,332**	¥ 3,358	**$ 14,322**
Retirement and severance benefits	**(24,635)**	(22,511)	**(264,892)**
	¥ (23,303)	¥ (19,153)	**$ (250,570)**

Net periodic benefit cost for the Company's and subsidiaries' plans for the years ended March 31, 2010 and 2009 consisted of the following components:

	Millions of yen		Thousands of U.S. dollars
	2,010	2,009	**2,010**
Service cost, net of employees' contributions	**¥ 3,021**	¥ 3,048	**$ 32,484**
Interest cost	**2,089**	2,183	**22,462**
Expected return on plan assets	**(1,049)**	(1,332)	**(11,280)**
Amortization of unrecognized actuarial loss	**4,082**	2,826	**43,892**
Amortization of prior service cost	**(2)**	18	**(21)**
Special termination benefits	**572**	—	**6,151**
Net periodic benefit cost	**¥ 8,713**	¥ 6,743	**$ 93,688**

Actuarial assumptions used in the accounting for the Company's and subsidiaries' plans are principally as follows:

	2010	2009
Discount rate	**2.4%**	2.4%
Expected return rate on plan assets	**2.5%**	2.5%

10. COMMON STOCK

Issued shares, changes in shares and the amount of common stock for the years ended March 31, 2010 and 2009 are summarized as follows:

		Millions of yen	Thousands of U.S. dollars
	Issued shares	Amount	Amount
Balance as of March 31, 2008	374,018,174	¥ 25,948	
Balance as of March 31, 2009	374,018,174	25,948	$ 279,011
Balance as of March 31, 2010	**374,018,174**	**¥ 25,948**	**$ 279,011**

11. STOCK-BASED COMPENSATION

As of March 31, 2010, the Company has four stock option plans. Under the Company's stock option plans, non-employee directors, executive officers and certain employees have been granted stock options to purchase the Company's common stock. Under these stock option plans, options were granted at prices not less than market value at the date of grant and are exercisable from approximately two years after the date of grant and expire five to ten years after the date of grant.

A summary of the Company's stock option plans activity for the years ended March 31, 2010 and 2009 are as follows:

	Shares	Yen	Shares	Yen	U.S. dollars
	Stock options	Weighted-average exercise price	Stock options	Weighted-average exercise price	Weighted-average exercise price
	2010		2009		2010
Outstanding at beginning of year	**1,246,000**	**¥ 754**	1,321,000	¥ 737	**$ 8.11**
Exercised	**—**	**—**	—	—	**—**
Forfeited	**—**	**—**	(43,000)	521	**—**
Expired	**(244,000)**	**518**	(32,000)	357	**5.57**
Outstanding at end of year	**1,002,000**	**812**	1,246,000	754	**8.73**

The weighted average remaining contractual life is 1.2 years, and the number of exercisable stock options is 1,002,000 shares as of March 31, 2010.

12. NET ASSETS AND CASH DIVIDENDS

The Company's common stock has no par value in accordance with the Japanese Corporate Law (the "JCL"). Under the JCL, at least 50% of the amount actually paid in or provided in consideration for newly issued stocks is designated as stated common stock and proceeds in excess to the amount designated as stated common stock are credited as capital surplus.

The JCL requires an amount equal to at least 10% of distributions of retained earnings to be appropriated as legal reserve, which are included in capital surplus and retained earnings, until legal reserve equals 25% of stated common stock. In addition, common stock, capital surplus and retained earnings, including legal reserves, can generally be transferred to each other upon a resolution of the shareholders' meeting.

Cash dividends during the years ended March 31, 2010 and 2009 in the consolidated statements of changes in net assets, represent dividends declared during those years. The accompanying consolidated financial statements do not include any provision for the dividends of ¥2.50 ($0.03) per share totaling ¥911 million ($9,796 thousand), which were subsequently declared by the Board of Directors in respect of the year ended March 31, 2010.

13. TREASURY STOCK

The Japanese Corporate Law (the "JCL") allows a company to acquire treasury stock upon shareholders' approval to the extent that sufficient distributable funds are available. If the Board of Directors' authority is stated in the articles of incorporation, a company is allowed to acquire treasury stock not upon shareholders' approval but Board of Directors' approval. In this connection, acquisition of treasury stock is allowed under the Company's articles of incorporation.

Pursuant to the provisions of the JCL, shareholders may request the Company to acquire their shares less than a minimum trading lot as shares less than a minimum trading lot cannot be publicly traded and such a shareholder holding less than a minimum trading lot cannot exercise a voting right and other shareholders' rights except as provided in the JCL or the articles of incorporation. The JCL also states that a shareholder holding shares less than a minimum trading lot may request the company to sell its treasury stock, if any, to the shareholder up to a minimum trading lot if entitled under the articles of incorporation. In this connection, sale of treasury stock is allowed under the Company's articles of incorporation.

14. SECURITIZATIONS

The Company transfers trade notes receivable and trade accounts receivable under several securitization programs. Trade notes receivables and trade accounts receivables that are securitized and off-balance sheet as of March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Notes	¥ 2,262	¥ 3,299	$ 24,323
Accounts	—	5,200	—

15. COMMITMENTS AND CONTINGENCIES

The Company and its subsidiaries are contingently liable for loan guarantees to its affiliates in the amount of ¥6,239 million ($ 67,086 thousand) and ¥8,083 million at March 31, 2010 and 2009, respectively. The Company is also contingently liable for a letter of awareness to its affiliate in the amount of ¥437 million ($4,699 thousand) and ¥560 million at March 31, 2010 and 2009, respectively.

It is common practice in Japan for companies, in the ordinary course of business, to receive promissory notes in the settlement of trade accounts receivable and to subsequently discount such notes or to transfer them by endorsement to suppliers in the settlement of accounts payable. As of March 31, 2010 and 2009, the Company and its subsidiaries were contingently liable for trade notes discounted and endorsed in the following amounts:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Notes discounted	¥ —	¥ 278	$ —
Notes endorsed	466	747	5,011

16. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in general and administrative expenses and gross production cost for the years ended March 31, 2010 and 2009 amounted to ¥9,612 million ($103,355 thousand) and ¥11,078 million, respectively.

17. IMPAIRMENT LOSSES FOR FIXED ASSETS

For the year ended March 31, 2010, the Company recognized impairment losses of ¥654 million ($7,032 thousand) mainly on machinery and equipment related to the copper pipe business located at the Tsuchiura Works in Tsuchiura city, Ibaraki Prefecture, and Hitachi Cable Rubber Technology Co., Ltd. in Shimizu town, Suntou county, Shizuoka Prefecture recognized impairment losses of ¥238 million ($2,559 thousand) on goodwill related to the office equipment roller business. The related fair values were estimated based on the future cash flows discounted at 4.5%. Hitachi Cable Indiana, Inc. in the United States recognized impairment losses of ¥484 million ($5,204 thousand) mainly on machinery, supplies and leased assets related to the auto parts business, and Hitachi Cable Fine-Tech, Ltd. in Hitachi city, Ibaraki Prefecture recognized impairment losses of ¥303 million ($3,258 thousand) mainly on machinery, equipment, land and buildings related to the electronic wire business, as the business environment is expected to deteriorate. The related fair values were estimated based on the market values. Furthermore, the Company recognized impairment losses of ¥15 million ($161 thousand) dormant assets in Misawa city, Aomori Prefecture due to a decline in market values.

For the year ended March 31, 2009, the Company recognized impairment losses of ¥2,653 million mainly on buildings, machinery and supplies related to the composed semiconductor business located at the Takasago Works in Hitachi city, Ibaraki Prefecture, and of ¥574 million mainly on buildings, machinery and supplies related to the Auto parts (hoses) business located at the Densen Works in Hitachi city, Ibaraki Prefecture, as the business environment is expected to deteriorate. Hitachi Cable Fine Tech, Ltd. in Hitachi city, Ibaraki Prefecture recognized impairment losses of ¥1,116 million mainly on buildings, machinery and supplies related to the Electronic Wire business, as the business environment is expected to deteriorate. The related fair values were estimated based on the future cash flows discounted at 4.5%. The Company also recognized impairment losses and of ¥1,246 million mainly on machinery and supplies related to the packaging material (COF) business located at the Densen Works in Hitachi city, Ibaraki Prefecture, and of ¥649 million mainly on machinery and supplies related to the auto parts (electric components) business located at the Takasago Works in Hitachi city, Ibaraki Prefecture, as the business environment is expected to deteriorate. Hitachi Cable Film Device, Ltd. in Chuo city, Yamanashi Prefecture recognized impairment losses of ¥2,512 million mainly on machinery, leased assets and supplies related to the packaging material (COF) business. These fair values were estimated based on the market values. Furthermore, Hitachi Cable Indiana, Inc. in the United States and other subsidiaries recognized impairment losses of ¥240 million mainly on buildings and machinery due to the management's decision on the disposals. The related fair values were estimated based on the market values.

18. PER SHARE INFORMATION

The reconciliation of the number of shares and the amounts used in the basic and diluted net income per share computations is as follows:

	Thousands of shares	
	2010	2009
Weighted average number of shares on which basic net income (loss) per share is calculated	**363,754**	363,532
Effect of dilutive securities;		
Stock option	**—**	—
Number of shares on which diluted net income (loss) per share is calculated	**363,754**	363,532

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Net loss	**¥ (9,110)**	¥ (53,775)	**$ (97,957)**
Net loss not applicable to common stockholders	**—**	—	**—**
Net loss on which basic net loss per share is calculated	**(9,110)**	(53,775)	**(97,957)**
Effect of dilutive securities	**—**	—	
Net loss on which diluted net income per share is calculated	**¥ (9,110)**	¥ (53,775)	**$ (97,957)**

	Yen		U.S. dollars
	2010	2009	**2010**
Net loss per share:			
Basic	**¥ (25.04)**	¥ (147.92)	**$ (0.27)**
Diluted	**—**	—	**—**

Diluted net loss per share computation for the years ended March 31, 2010 and 2009 is not presented since the Company recorded net loss.

Net assets, excluding minority interests, per share as of March 31, 2010 and 2009 are as follows:

	Yen		U.S. dollars
	2010	2009	**2010**
Net assets per share:			
Basic	**¥ 332.69**	¥ 358.48	**$ 3.58**

19. SUPPLEMENTARY CASH FLOW INFORMATION

Cash paid for interest and income taxes is as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Cash paid during the year for:			
Interest	**¥ 957**	¥ 1,527	**$ 10,290**
Income taxes	**737**	3,961	**7,925**

For the purpose of the consolidated statements of cash flows, the Company considers all highly liquid investments with insignificant risk of changes in value that have maturities of generally three months or less when purchased to be cash equivalents. Cash and cash equivalents at March 31, 2010 and 2009 classified by account on the balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Cash on hand and at bank	**¥ 8,301**	¥ 8,038	**$ 89,258**
Bank deposit with maturity over three months	**(362)**	(73)	**(3,892)**
Cash and cash equivalents	**7,939**	7,965	**85,366**

Assets and liabilities of newly consolidated subsidiaries through acquisition of shares at the inception of their consolidation, related acquisition cost and net expenditure for acquisition of shares for the year ended March 31, 2009 are as follows:

	Millions of yen
	2009
Sosey Co., Ltd.:	
Current assets	¥ 473
Non-current assets	1,828
Goodwill	973
Current liabilities	(874)
Non-current liabilities	(725)
Acquisition cost of shares of Sosey Co., Ltd.	1,675
Cash and cash equivalents of Sosey Co., Ltd.	(14)
Net expenditure for acquisition of shares of Sosey Co., Ltd.	¥ 1,661
Hitachi Cable Film Device, Ltd.:	
Current assets	¥ 1,369
Non-current assets	5,212
Goodwill	48
Current liabilities	(443)
Non-current liabilities	(198)
Acquisition cost of shares of Hitachi Cable Film Device, Ltd.	5,988
Cash and cash equivalents of Hitachi Cable Film Device, Ltd.	(1)
Net expenditure for acquisition of shares of Hitachi Cable Film Device, Ltd.	¥ 5,987
Hitachi Cable Austria GmbH:	
Current assets	¥ 637
Non-current assets	15
Goodwill	1,315
Current liabilities	(295)
Non-current liabilities	(325)
Foreign currency translation adjustments	2
Minority interests	(10)
Acquisition cost of shares of Hitachi Cable Austria GmbH	1,339
Cash and cash equivalents of Hitachi Cable Austria GmbH	(121)
Net expenditure for acquisition of shares of Hitachi Cable Austria GmbH	¥ 1,218

20. DERIVATIVE FINANCIAL INSTRUMENTS

The Company and certain subsidiaries operate globally and are exposed to market risks arising from fluctuations in foreign currency exchange rates, interest rates and commodity prices. In order to manage those risks, the Company and certain subsidiaries enter into various agreements on derivative financial instruments, including forward exchange contracts, interest rate swap agreements and commodity swap agreements. Forward exchange contracts are utilized to manage risks arising from foreign currency receivables from export of finished goods and foreign currency payables from the import of raw materials. Interest rate swap agreements are utilized to manage interest rate risk for debts. Commodity swap agreements are utilized to manage the commodity price fluctuation risk on purchased raw materials. The Company and its subsidiaries have no derivative financial instruments for speculation purposes. In addition, the Company and its subsidiaries are exposed to potential credit-related losses in the event of non-performance by counterparties to financial instruments and derivative financial instruments, but it is not expected that any counterparties will fail to meet their obligations, because most of the counterparties are authentic financial institutions.

The Company and its subsidiaries have also developed hedging policies to control various aspects of derivative financial transactions including authorization levels and transaction volumes. Based on these policies, the Company and its subsidiaries hedge, within certain scopes, risks arising from changes in foreign currency exchange rates, interest rates and commodity prices. The Company and its subsidiaries review periodically the effectiveness of all the hedge policies to take account of the cumulative cash flows and any changes in the market.

The estimated fair values of the derivative financial instruments by major instrument types as of March 31, 2010 and 2009 are as follows:

Derivatives not designated as hedging instruments

	Millions of yen					
	Notional amounts	Estimated fair values*1	Unrealized gains (losses)	Notional amounts	Estimated fair values*2	Unrealized gains (losses)
	2010			2009		
Forward exchange contracts:						
To sell foreign currencies:						
U.S. dollar	¥ 10,720	¥ (217)	¥ (217)	¥ 11,236	¥ 11,748	¥ (512)
Euro	48	2	2	—	—	—
Yen	2	0	0	—	—	—
	¥ 10,770	¥ (215)	¥ (215)	¥ 11,236	¥ 11,748	¥ (512)
To buy foreign currencies:						
U.S. dollar	¥ 29	¥ 0	¥ 0	¥ 45	¥ 48	¥ 3
Euro	193	(42)	(42)	589	518	(71)
Yen	408	8	8	—	—	—
Singapore dollar	36	(1)	(1)	—	—	—
	¥ 666	¥ (35)	¥ (35)	¥ 634	¥ 566	¥ (68)

	Thousands of U.S. dollars		
	Notional amounts	Estimated fair values*1	Unrealized gains (losses)
	2010		
Forward exchange contracts:			
To sell foreign currencies:			
U.S. dollar	$ 115,269	$ (2,333)	$ (2,333)
Euro	515	21	21
Yen	22	0	0
	$ 115,806	$ (2,312)	$ (2,312)
To buy foreign currencies:			
U.S. dollar	$ 312	$ 0	$ 0
Euro	2,075	(452)	(452)
Yen	4,387	86	86
Singapore dollar	387	(11)	(11)
	$ 7,161	$ (377)	$ (377)

*1 Fair values are measured based on the quotations offered by financial institutions.

*2 Fair values are measured based on the forward exchange rate.

	Millions of yen		
	Notional amounts	Estimated fair values*3	Unrealized gains (losses)
	2010		
Commodity swap:			
To sell raw materials	¥ 7,525	¥ (236)	¥ (236)
To buy raw materials	7,757	4	4

	Thousands of U.S. dollars		
	Notional amounts	Estimated fair values*3	Unrealized gains (losses)
	2010		
Commodity swap:			
To sell raw materials	$ 80,914	$ (2,538)	$ (2,538)
To buy raw materials	83,409	43	43

*3 Fair values are measured based on the closing price of London Metal Exchange and spot exchange rate of term end.

Derivatives designated as hedging instruments

	Millions of yen			
	Hedged item	Notional amounts	Over one year	Estimated fair values*4
	2010			
Commodity swap:				
To sell raw materials	Raw material	¥ 2,390	¥ 737	¥ (274)
To buy raw materials	Raw material	2,325	526	339

	Thousands of U.S. dollars			
	Hedged item	Notional amounts	Over one year	Estimated fair values*4
	2010			
Commodity swap:				
To sell raw materials	Raw material	$ 25,699	$ 7,925	$ (2,946)
To buy raw materials	Raw material	25,000	5,656	3,645

	Millions of yen			
	Hedged item	Notional amounts	Over one year	Estimated fair values*4
	2010			
Interest rate swap	Long-term debt	¥ 15,000	¥ 15,000	¥ —

	Thousands of U.S. dollars			
	Hedged item	Notional amounts	Over one year	Estimated fair values*4
	2010			
Interest rate swap	Long-term debt	$ 161,290	$ 161,290	$ —

*4 Fair values are measured based on the closing price of London Metal Exchange and spot exchange rate of term end.

Estimated fair values of interest rate swap agreements, which are not measured at fair value but are accounted for as if the debt had an interest rate under the interest swap agreement, are presented as fair values of long-term debt in Note 21.

21. FINANCIAL INSTRUMENTS

(a) Policy for investment and finance

The Company invests in short-term deposits and others and finances by borrowing from banks, issuing corporate bonds and utilizing the cash management system of Hitachi group. The Company utilizes derivative financial instruments in order to minimize certain risks. The Company does not engage in any speculative transactions.

(b) Risk management related to financial instrument

Trade receivables are exposed to credit risks which are influenced by the customers. The Company monitors balances and aging of trade receivables by customers and reviews the customers' business performance periodically in accordance with the Company's internal policy in order to identify and minimize the risks at early stages. Subsidiaries also manage customers' credit risks in accordance with an internal policy similar to that of the Company. Foreign currency receivables are exposed to market risks arising from fluctuations in foreign currency exchange rates. The Company hedges the risks using forward exchange contracts.

Investment securities owned by the Company are consisted mainly of investments in companies with which the Company has a business relationship, and these investments are exposed to market risks arising from fluctuations in the market price. The Company regularly reviews those companies's financial condition and reassesses the portfolio considering market condition and business relationships with those companies.

Payment terms of trade payables are mostly within one year. Short-term debt is used mainly for the Company's operation and long-term debt is used mainly for capital expenditure. The furthest maturity date of the debts is seven years from March 31, 2010. The Company manages liquidity risk that the Company may not be able to meet these financial obligations by preparing cash management plan timely and maintaining sufficient working capital. The Company utilizes interest rate swap agreements to manage interest rate risk for certain debts.

The Company enters into various agreements on derivative financial instruments, including forward exchange contracts, interest rate swap agreements and commodity swap. Forward exchange contracts are utilized to manage risks related to foreign currency receivables arising from foreign currency fluctuation. Please see Note 20. Derivative Financial Instruments for risk management by the Company.

(c) Fair value information

The following methods and assumptions are used to estimate the fair values of financial instruments:

Investments in securities

The fair value of investments in securities is estimated based on quoted market prices.

Long-term debt

The fair value of long-term debt is estimated based on the present value of future cash flows using the Company's and its subsidiaries' incremental borrowing rates for similar borrowing arrangements.

Cash and cash equivalents, Trade receivables, Short-term debt and Trade payables

The carrying amount approximates the fair value because of the short maturity of these instruments.

Derivative financial instruments

The fair values of forward exchange contracts and commodity swap agreements are estimated on the basis of the market prices of derivative financial instruments with similar contract conditions. As to interest rate swap agreements, please also refer to Note 20 DERIVATIVE FINANCIAL INSTRUMENTS of the notes to the consolidated financial statements.

The carrying amounts and estimated fair values of the financial instruments for which it is practical to estimate that value as of March 31, 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars	
	Carrying amounts	Estimated fair values	Carrying amounts	Estimated fair values
	2010		**2010**	
Investments in securities	**¥ 5,063**	**¥ 5,063**	**$ 54,441**	**$ 54,441**
Long-term debt	**28,500**	**28,573**	**306,452**	**307,237**
Derivative financial instruments	**(433)**	**(433)**	**(4,656)**	**(4,656)**

The Company estimates fair values if the market value is not available and it is practicable to estimate. These estimates involve uncertainties and matters of significant judgment. Changes in assumptions could significantly affect the estimates.

It is not practicable to estimate the fair value of investments in unlisted stock because of the lack of market price and difficulty in estimating fair value without incurring excessive cost. The carrying amounts of these investments as of March 31, 2010 totaled ¥15,532 million ($167,011 thousand) including investments in affiliated companies of ¥13,839 million ($148,806 thousand).

22. LEASES

Lessee

All leased assets under finance leases are capitalized, except for lease agreements entered into on or before March 31, 2008. For lease agreements entered into on or before March 31, 2008, finance leases without legal title transfer at the end of the lease term are still accounted for as operating leases.

For the years ended March 31, 2010 and 2009, lease payments of ¥1,080 million ($11,613 thousand) and ¥1,198 million, respectively, under finance leases accounted for as operating leases were included in earnings. On a pro forma basis, leased property, lease obligation and the related expenses with assumed capitalization of such finance leases are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Leased property:			
At cost	**¥ 5,407**	¥ 6,163	**$ 58,140**
Less accumulated depreciation	**(2,988)**	(2,833)	**(32,129)**
Less accumulated impairment losses	**(1,685)**	(2,271)	**(18,119)**
Net book value	**¥ 734**	¥ 1,059	**$ 7,892**
Depreciation expenses	**¥ 375**	¥ 913	**$ 4,032**
Impairment losses	**—**	1,998	**—**
Lease obligation:			
Within one year	**¥ 904**	¥ 1,033	**$ 9,720**
After one year	**1,377**	2,323	**14,807**
Total	**¥ 2,281**	¥ 3,356	**$ 24,527**
Interest expense	**¥ 77**	¥ 89	**$ 828**

Leased property, mainly machinery, vehicles and tools, is depreciated over the lease term by the straight-line method with no residual value. Excess of total lease payments over the assumed acquisition costs is regarded as assumed interest payable and is allocated to each period using the interest method.

23. SEGMENT INFORMATION

The Company and its subsidiaries' operations were organized into four business segments: "Wires and cables", "Information and telecommunications networking", "Sophisticated materials", and "Other businesses". The main products of each business segment are as follows:

Segment	Major products
Wires and cables	Industrial cables, magnet wires, electronic wires, wiring devices, cables for power use (aluminum wires, constructions), etc.
Information and telecommunications networking	Information networks (information network equipment, network integration, optical components), wireless systems (high-frequency / wireless system), telecommunications cables (optical submarine cables, fiber optic cables, metal telecommunications cables), etc.
Sophisticated materials	Compound semiconductors, auto parts (sensors, hoses, etc.), semiconductor packaging materials (TAB, lead frames), copper products (copper tubes, copper strips, copper products for electrical use), etc.
Other businesses	Logistics, etc.

Business segment information:

	Wires and cables	Information and telecommunications networking	Sophisticated materials	Other businesses	Total	Eliminations	Consolidated
	Millions of yen						
	2010						
Sales to outside customers	¥ 175,265	¥ 60,214	¥ 134,711	¥ 2,260	¥ 372,450	¥ —	¥ 372,450
Intersegment sales	6,545	4,299	4,799	12,945	28,588	(28,588)	—
	181,810	64,513	139,510	15,205	401,038	(28,588)	372,450
Operating expenses	181,949	63,558	147,336	14,582	407,425	(28,594)	378,831
Operating income (loss)	¥ (139)	¥ 955	¥ (7,826)	¥ 623	¥ (6,387)	¥ 6	¥ (6,381)
Assets	¥ 119,121	¥ 55,155	¥ 117,792	¥ 1,935	¥ 294,003	¥ (4,987)	¥ 289,016
Depreciation and amortization of tangible and intangible fixed assets	6,453	3,943	10,738	216	21,350	—	21,350
Impairment losses	318	—	1,376	—	1,694	—	1,694
Capital expenditures	5,603	2,362	5,815	82	13,862	—	13,862

	Wires and cables	Information and telecommunications networking	Sophisticated materials	Other businesses	Total	Eliminations	Consolidated
	Millions of yen						
	2009						
Sales to outside customers	¥ 243,300	¥ 76,563	¥ 170,092	¥ 3,196	¥ 493,151	¥ —	¥ 493,151
Intersegment sales	9,728	6,268	7,730	13,612	37,338	(37,338)	—
	253,028	82,831	177,822	16,808	530,489	(37,338)	493,151
Operating expenses	255,086	78,945	195,106	16,128	545,265	(37,374)	507,891
Operating income (loss)	¥ (2,058)	¥ 3,886	¥ (17,284)	¥ 680	¥ (14,776)	¥ 36	¥ (14,740)
Assets	¥ 107,165	¥ 62,106	¥ 111,016	¥ 2,306	¥ 282,593	¥ (3,635)	¥ 278,958
Depreciation and amortization of tangible and intangible fixed assets	7,204	3,943	13,962	238	25,347	—	25,347
Impairment losses	1,198	—	7,792	—	8,990	—	8,990
Capital expenditures	10,087	4,576	15,535	184	30,382	—	30,382

	Wires and cables	Information and telecommunications networking	Sophisticated materials	Other businesses	Total	Eliminations	Consolidated
	Thousands of U.S. dollars						
	2010						
Sales to outside customers	$ 1,884,570	$ 647,462	$ 1,448,506	$ 24,301	$ 4,004,839	$ —	$ 4,004,839
Intersegment sales	70,376	46,226	51,602	139,194	307,398	(307,398)	—
	1,954,946	693,688	1,500,108	163,495	4,312,237	(307,398)	4,004,839
Operating expenses	1,956,441	683,419	1,584,258	156,796	4,380,914	(307,462)	4,073,452
Operating income (loss)	$ (1,495)	$ 10,269	$ (84,150)	$ 6,699	$ (68,677)	$ 64	$ (68,613)
Assets	$ 1,280,871	$ 593,065	$ 1,266,581	$ 20,806	$ 3,161,323	$ (53,624)	$ 3,107,699
Depreciation and amortization of tangible and intangible fixed assets	69,387	42,398	115,462	2,323	229,570	—	229,570
Impairment losses	3,419	—	14,796	—	18,215	—	18,215
Capital expenditures	60,247	25,398	62,527	882	149,054	—	149,054

Geographic segment information:

	Millions of yen 2010				
	Japan	Others	Total	Eliminations	Consolidated
Sales to outside customers	¥ 299,897	¥ 72,553	¥ 372,450	¥ —	¥ 372,450
Intersegment sales	29,919	3,917	33,836	(33,836)	—
	329,816	76,470	406,286	(33,836)	372,450
Operating expenses	334,641	77,902	412,543	(33,712)	378,831
Operating loss	¥ (4,825)	¥ (1,432)	¥ (6,257)	¥ (124)	¥ (6,381)
Assets	¥ 273,017	¥ 59,432	¥ 332,449	¥ (43,433)	¥ 289,016

	Millions of yen 2009				
	Japan	Others	Total	Eliminations	Consolidated
Sales to outside customers	¥ 380,772	¥ 112,379	¥ 493,151	¥ —	¥ 493,151
Intersegment sales	31,957	7,172	39,129	(39,129)	—
	412,729	119,551	532,280	(39,129)	493,151
Operating expenses	426,425	120,847	547,272	(39,381)	507,891
Operating loss	¥ (13,696)	¥ (1,296)	¥ (14,992)	¥ 252	¥ (14,740)
Assets	¥ 262,438	¥ 53,163	¥ 315,601	¥ (36,643)	¥ 278,958

	Thousands of U.S. dollars 2010				
	Japan	Others	Total	Eliminations	Consolidated
Sales to outside customers	$ 3,224,699	$ 780,140	$ 4,004,839	$ —	$ 4,004,839
Intersegment sales	321,710	42,118	363,828	(363,828)	—
	3,546,409	822,258	4,368,667	(363,828)	4,004,839
Operating expenses	3,598,291	837,656	4,435,947	(362,495)	4,073,452
Operating loss	$ (51,882)	$ (15,398)	$ (67,280)	$ (1,333)	$ (68,613)
Assets	$ 2,935,667	$ 639,054	$ 3,574,721	$ (467,022)	$ 3,107,699

Overseas sales:

Overseas sales, which include export sales by the Company and its domestic subsidiaries and sales (other than exports to Japan) by the foreign consolidated subsidiaries, are summarized as follows:

	Millions of yen				Thousands of U.S. dollars
	2010		2009		2010
	Amount	Percentage of consolidated net sales	Amount	Percentage of consolidated net sales	Amount
Overseas sales:					
Asia	¥ 65,135	17.5%	¥ 94,707	19.2%	$ 700,376
North America	21,418	5.8%	35,811	7.3%	230,301
Others	6,425	1.7%	9,089	1.8%	69,086
	¥ 92,978	25.0%	¥ 139,607	28.3%	$ 999,763
Consolidated net sales	¥ 372,450	100.0%	¥ 493,151	100.0%	$ 4,004,839

Report of Independent Auditors

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3, Uchisaiwai-cho,
Chiyoda-ku, Tokyo, Japan 100-0011

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Fax: +81 3 3503 1197

Report of Independent Auditors

The Board of Directors and Stockholders
Hitachi Cable, Ltd.

We have audited the accompanying consolidated balance sheets of Hitachi Cable, Ltd. and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hitachi Cable, Ltd. and consolidated subsidiaries at March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Ernst & Young ShinNihon LLC.

June 24, 2010

Corporate Data and Stock Information

(As of March 31, 2010)

Corporate Name
Hitachi Cable, Ltd.

Head Office
Akihabara UDX, 4-14-1 Sotokanda,
Chiyoda-ku, Tokyo 101-8971, Japan
Fax: +81–3–5256–3240
http://www.hitachi-cable.co.jp/en/

Capital
¥25,948 million (US$279,011 thousand)

Number of Employees (Consolidated)
15,335

Stock
Authorized 1,097,012,000 shares
Issued 374,018,174 shares

Number of Shareholders
22,331

Stock Exchange Listings
First Section, Tokyo Stock Exchange, Inc.
First Section, Osaka Securities Exchange Co., Ltd.

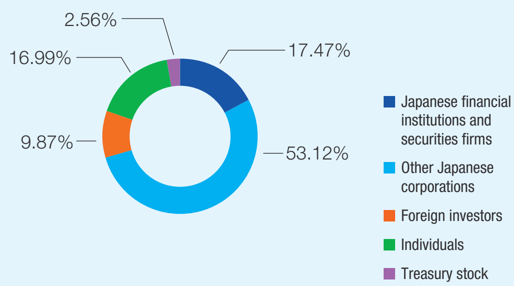
Administrator of Shareholders' Register
Tokyo Securities Transfer Agent Co., Ltd.
Fourth Floor, Nihon Building, 2-6-2 Otemachi,
Chiyoda-ku, Tokyo 100-0004, Japan

Top 10 Major Shareholders

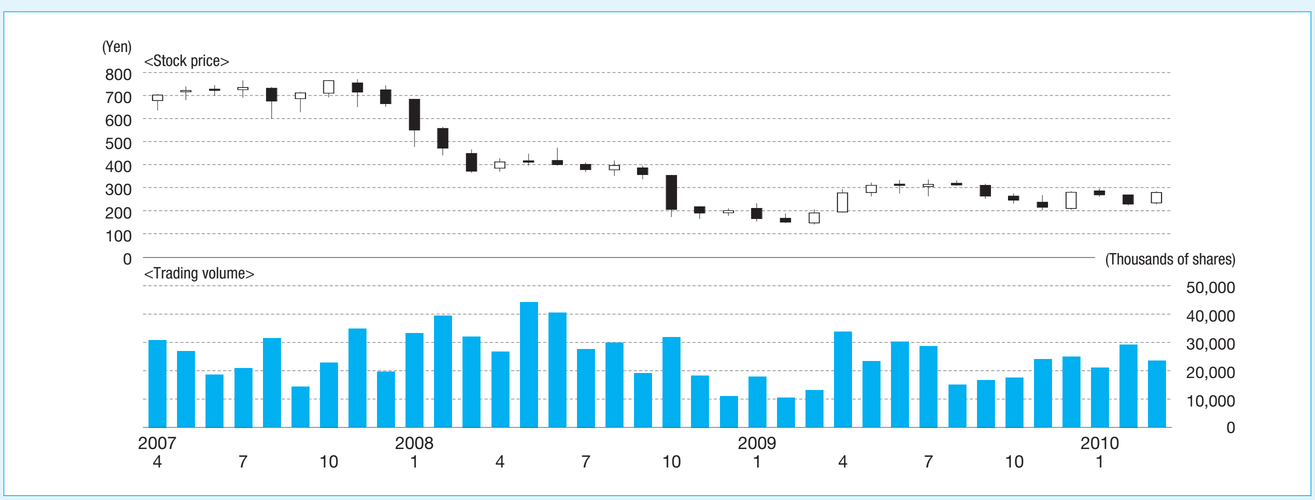
Name of shareholders	Number of shares held (Thousands)	Percentage of total (%)
Hitachi, Ltd.	192,252	52.75
The Master Trust Bank of Japan, Ltd. (Trust Account)	12,110	3.32
Japan Trustee Services Bank, Ltd. (Trust Account)	10,288	2.82
TAM TWO	8,742	2.40
Japan Trustee Services Bank, Ltd. (Trust Account 9)	6,033	1.66
Nippon Life Insurance Company	5,521	1.52
Trust & Custody Services Bank, Ltd. (Annuity Trust Account)	5,094	1.40
Hitachi Cable Employees' Shareholding Association	2,919	0.80
The Dai-ichi Mutual Life Insurance Company	2,615	0.72
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	2,335	0.64

Notes: Other than those listed above, the Company has 9,564 thousand shares.
The Dai-ichi Mutual Life Insurance Company demutualized and became a public limited company at April 1, 2010.

Composition of Shareholders



Stock Price Range and Trading Volume (Tokyo Stock Exchange)



HitachiCable
Empowering Energy & Communication

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CAT. No. AE300C

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