

President's Message



A new management team is advancing the Hitachi Cable Group's resurgence and reshaping the Group into a truly global entity.

With the aim of achieving high profitability as a corporate group, Hitachi Cable launched Plan "BRIDGE," our new medium-term management plan, in the year ended March 31, 2011. Through the first half of the year, the Group's performance displayed signs of recovery. However, we temporarily suspended implementation of the plan in light of the Great East Japan Earthquake, which struck in March 2011. With a new management team in place, implementation will continue. The Hitachi Cable Group will step up efforts to restore its status as a highly profitable enterprise and reshape itself into a truly global entity.

Hideaki Takahashi

Representative Executive Officer, President and Chief Executive Officer

Inaugural Address as the Head of the Hitachi Cable Group

“ We will overcome adversity. Several business bases were damaged by the earthquake. By drawing on the Group’s collective strengths, however, we will achieve our Plan “BRIDGE” targets. ”

First and foremost, I would like to express my deepest sympathy on behalf of the entire Hitachi Cable Group to the victims of the Great East Japan Earthquake. We all hope for the quickest-possible recovery and a return to more normal living conditions for victims of the affected areas. The Hitachi Cable Group will do everything it can to contribute to the recovery processes.

The earthquake impacted a vast area of Eastern Japan, causing significant turmoil throughout the entire Japanese economy. It also affected our business, causing damage to six of the Company’s domestic manufacturing sites and several of the Group’s business bases located in Ibaraki Prefecture and the Tohoku region. However, thanks to recovery efforts made by Group personnel, these sites and bases have resumed production and sales operations.

For the Hitachi Cable Group, the year under review was slated to be significant, marking the first year of Plan “BRIDGE,” which extends through the three-year period ending March 31, 2013. With the earthquake, the year took on different significance, complicating the Group’s promotion of the new plan. I was appointed to lead Hitachi Cable on April 1, 2011, taking office as the Company faced great adversity. I am fully determined to manage the Group strategically, and thereby achieve the plan’s basic policy of restoring our status as a highly profitable enterprise and reshaping itself into a truly global entity.

FINANCIAL HIGHLIGHTS

Consolidated results for the years ended March 31

Millions of yen

Thousands of U.S. dollars

	2007/3	2008/3	2009/3	2010/3	2011/3	2011/3
For the year:						
Net sales	¥544,244	¥565,994	¥493,151	¥372,450	¥419,279	\$5,051,554
Operating income (loss)	22,983	23,117	(14,740)	(6,381)	788	9,494
Net income (loss)	8,662	10,708	(53,775)	(9,110)	(12,993)	(156,542)
Free cash flow* ¹	6,513	9,817	(5,334)	(2,743)	9,255	111,506
Capital expenditures	21,455	27,823	30,382	13,862	10,153	122,325
Depreciation	19,008	20,503	25,347	21,350	20,148	242,747
R&D expenses	10,000	10,526	11,078	9,612	9,034	108,843
At year-end:						
Total assets	361,892	370,127	278,958	289,016	270,750	3,262,048
Net assets	193,600	200,842	132,853	123,233	106,093	1,278,229
Interest-bearing debt	43,051	37,949	43,913	48,774	43,893	528,831
			Yen			U.S. dollars
Per share:						
Net income (loss) — basic	23.84	29.46	(147.92)	(25.04)	(35.65)	(0.43)
Cash dividends	8.50	8.50	7.25	5.00	2.50	0.03
			%			
Ratios:						
Equity ratio	52.6	53.3	46.7	41.9	38.4	—
Return on equity	4.7	5.5	(32.8)	(7.2)	(11.5)	—
Return on assets* ²	6.6	6.3	(4.5)	(2.2)	0.3	—
Debt-to-equity ratio	22.6	19.2	33.7	40.2	42.2	—
Number of employees	15,100	15,917	16,230	15,335	16,064	—

Notes: U.S. dollar amounts have been translated, for convenience, at the exchange rate of ¥83=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.

Overview of the Year Ended March 31, 2011

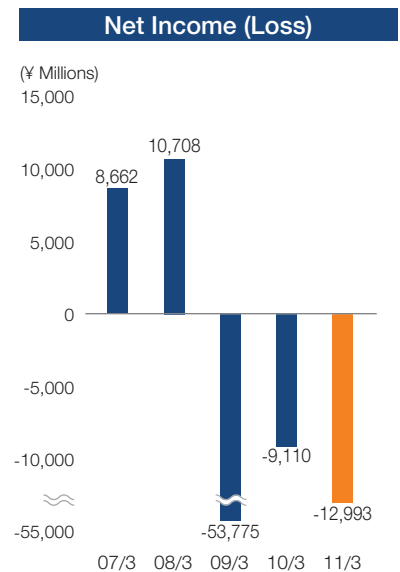
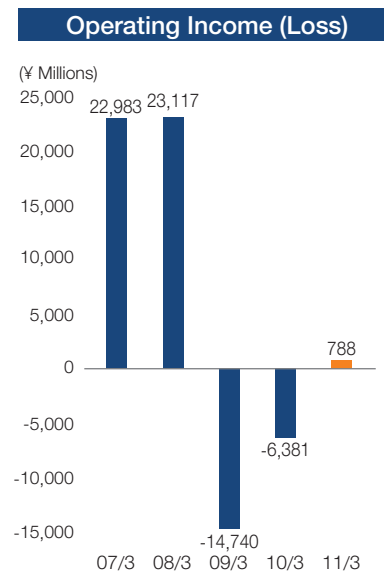
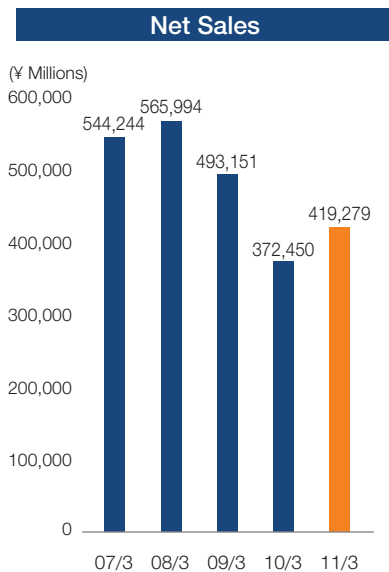
“ Net sales and operating income improved, yet the Group posted a net loss largely due to the impact of the earthquake. ”

During the year ended March 31, 2011, the world economy moved toward broad recovery, supported by sustained expansion in emerging economies. The Japanese economy also exhibited signs of recovery, but the shock of the earthquake was severe and the disaster adversely impacted our full-year performance.

Net sales rose 12.6% year on year to ¥419,279 million. Certain negative factors—including the strong yen and delays in production and shipments attributable to the disaster—were more than offset by positive ones, such as growing demand for our products from the electronics and automotive markets in the first half, as well as upward revisions of product prices owing to higher prices for copper, a principal material in our wires, cables and copper products.

On the earnings front, Hitachi Cable posted operating income totaling ¥788 million, a turnaround from the operating loss totaling ¥6,381 million recorded in the previous year. However, under other expenses, the Company posted losses due to disasters totaling ¥5,925 million, which included costs for restoration of fixed assets and fixed costs over the period of suspended operations, as well as impairment losses totaling ¥4,215 million. As a result, net loss increased from ¥9,110 million in the previous year to ¥12,993 million.

Note: For details of Hitachi Cable's performance in the year ended March 31, 2011, please see “Management's Discussion and Analysis” on page 12 of this report.



Promotion of Plan “BRIDGE,” Our Medium-Term Management Plan

“ We aim to establish a sound earnings structure through the selective allocation of management resources in priority target areas and the comprehensive reinforcement of overseas operations. ”

From the fiscal year ended March 31, 2011, Hitachi Cable is undertaking the selective allocation of management resources to priority target areas identified by Plan “BRIDGE,” namely: (1) electric power infrastructure and next-generation energy; (2) industrial infrastructure; and (3) information and telecommunications infrastructure. At the same time, the Company is focusing on the comprehensive reinforcement of its overseas operations. Through these initiatives, we are working to establish a sound earnings structure.

In the year ending March 31, 2012, a number of concerns remain, including instability in power supply and materials procurement, as well as production slow-downs at some of the Company’s customers. As such, the business environment for the Hitachi Cable Group involves some uncertainty. Given the environment, Hitachi Cable must continue to adapt its business focus, fine tuning policies for individual products and specific initiatives aimed at promoting Plan “BRIDGE” while accurately grasping real-time developments. To achieve resurgence as a highly profitable enterprise, we must continue to strengthen our infrastructure-related businesses, where we boast particular strengths, and capture demand in growing overseas markets. Based on the basic policy enacted during the previous year—focusing on the infrastructure-related fields and reinforcing overseas operations—we will further advance structural reforms throughout our business while accelerating operations in growth areas.

Plan “BRIDGE” Initiatives during the Year under Review (1)

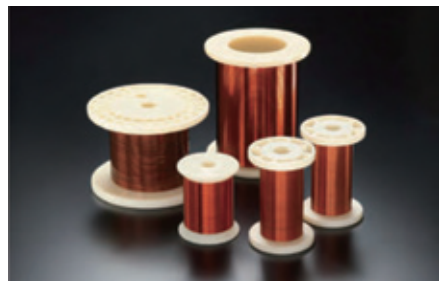
Development and enhancement of products for next-generation automobiles

Reducing the environmental impact of automobiles is a pressing global issue. Accordingly, next-generation automobiles such as hybrid electric vehicles (HEVs) and electric vehicles (EVs) are gaining popularity worldwide. To capitalize on this trend, the Hitachi Cable Group began full-scale mass-production of inverter-surge-resistant, fine-rectangular, polyamide-imide enameled rectangular wires for next-generation automobiles in May 2011. Used on motors for next-generation automobiles, these enameled wires boast superior surge* and heat resistance as well as mechanical strength.

Also, Hitachi Cable has developed a user-friendly electric vehicle (EV) charging station for home use. The Company plans to release this product in December 2011. Looking forward, the Hitachi Cable Group will accelerate the development and enhancement of not only next-generation automotive products, but also energy-saving

products and other products relating to renewable energy that contribute to society by reducing environmental load.

* Surge resistance: Resistance to partial electrical discharges caused by a surge in voltage



Enameled wires for use in electric motors

Plan "BRIDGE"

Strategy 1

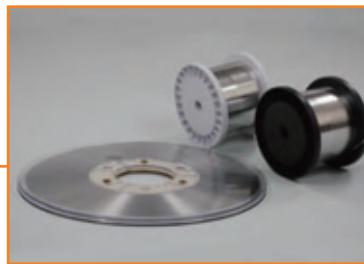
**Selective Allocation of Management Resources
in Priority Target Areas**

To bolster and expand operations in priority target areas, Hitachi Cable implemented the following initiatives during the year ended March 31, 2011.

Photovoltaic (PV) panels



In the area of electric power infrastructure and next-generation energy, the Company introduced new facilities at Hitachi Cable (Johor) Sdn. Bhd. in Malaysia for the manufacture of NoWarp*¹ photovoltaic (PV) wires. NoWarp PV wires connect the individual cells that make up a solar panel and serve as a conductor to collect the electric power generated. The Company commenced production at the new Malaysian facilities in August 2010.

**NoWarp PV Wires**

NoWarp, for which we are establishing the third production base following those in Japan and China, boasts not only high electrical conductivity, but also high flexibility to resist cell warp.

*¹ NoWarp is a registered trademark of Hitachi Cable, Ltd. in Japan.

Bullet train

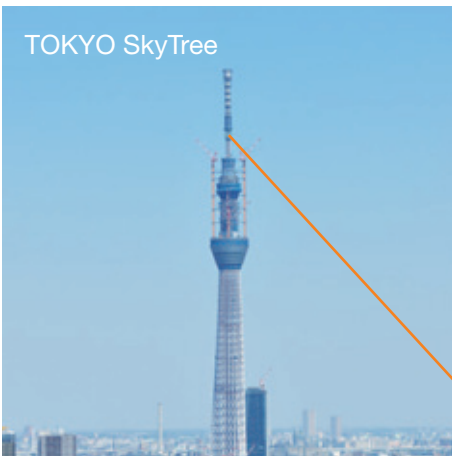


In the area of industrial infrastructure, we have decided to introduce new facilities at one of our Chinese bases to manufacture wires and cables for industrial applications, such as railway vehicles. Furthermore, we are working to expand our portfolio of products for next-generation automobiles, such as copper foil for use in lithium-ion batteries, magnet wires and power harnesses.

**Wires and Cables for Railway Vehicles**

Wires and cables serve numerous uses in railway vehicles. They are used both for in-vehicle and inter-vehicle wiring. The Hitachi Cable Group offers a wide range of wires and cables for railway vehicles, including general-purpose and device wires, cables for high-voltage sections and fiber optic cables.

TOKYO SkyTree



In the area of information and telecommunications infrastructure, the Hitachi Cable Group is striving to expand overseas business with information network products, particularly in Southeast Asia. On the domestic front, by March 31, 2012, the Company plans to complete the installation of transmission antenna systems for digital terrestrial broadcasting on TOKYO SkyTree®,*² which became the world's tallest free-standing tower on March 18, 2011. After the completion of installation, we will be involved in the maintenance of the antenna systems.

**Transmission Antenna Systems for Digital
Terrestrial Broadcasting**

A total of 640 antenna panels have been installed on the antenna gain tower on the upper section of the 634-meter TOKYO SkyTree. As the height of the installation is more than 500 meters above the ground, these antenna systems have been designed and installed so that they can withstand wind gusts of 110 meters per second.

*² TOKYO SkyTree is a registered trademark of TOBU RAILWAY CO., LTD. and TOBU TOWER SKYTREE CO., LTD.

Drastic Reinforcement of Overseas Operations

In the past, the Hitachi Cable Group’s overseas operations have relied on bases that were small in scale and widely scattered. This structure was insufficient in terms of creating markets and bolstering earning power. To overcome this, the Group has worked to integrate and streamline business bases throughout the world. In this way we have continued to strengthen our overseas operations. We are simultaneously promoting an overseas business strategy with marketing activities targeting both Japanese and non-Japanese customers.

In the year ended March 31, 2011, buoyed by booming economies in China and other Asian countries and by a recovery in the U.S. automobile market, the Group’s overseas sales ratio rose 3.3 percentage points from 25.0% in the previous year to 28.3%. For the Group to achieve additional growth, it must comprehensively reinforce its overseas operations. Therefore, we will continue to optimize our overseas manufacturing bases and work aggressively to secure sales channels with non-Japanese customers. Moreover, we will further strengthen our alliance strategies and bolster local procurement worldwide. Through these activities, we will push ahead with reforms toward becoming a truly global entity.

Plan “BRIDGE” Initiatives during the Year under Review (2)

Establishment of a production base for wires and cables for industrial applications in rapidly growing China

The Hitachi Cable Group is accelerating the establishment of “core manufacturing facilities,” each of which is in charge of manufacturing several Group flagship products, with the aim of improving the efficiency of its overseas manufacturing bases. As part of this initiative, Hitachi Cable has decided to establish a manufacturing site at Hitachi Cable (Suzhou) Co.,



Hitachi Cable (Suzhou) Co., Ltd.

Ltd. in China for wires and cables for industrial applications. This new site will manufacture several flagship and other products, including wires and cables for railway vehicles, for which we command a high domestic market share, and the MLFC* fire-resistant polyflex electrical wire.

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



MLFC fire-resistant polyflex electrical wires

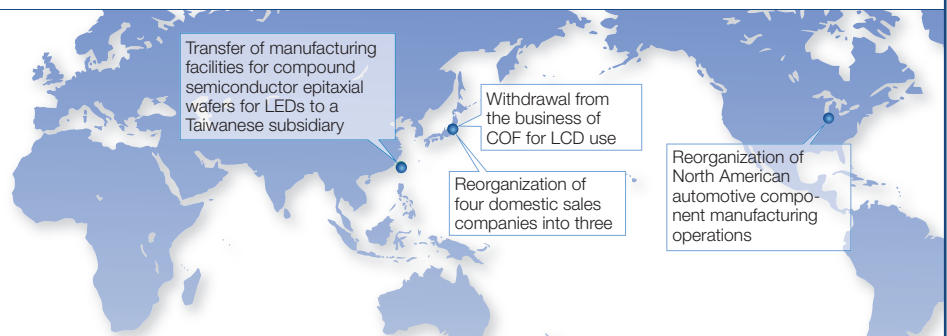
Plan "BRIDGE" Strategy 3

Improvement of the Group's Earnings Structure

While promoting initiatives to strengthen and expand certain businesses, the Group is implementing structural reforms for underperforming businesses. During the year under review, Hitachi Cable decided to withdraw from its business in chip on films (COF) for LCD use, with due consideration given to deterioration in performance attributable to intensifying market competition and price declines. The Company discontinued COF production and shipments in May 2011. The Company also completed the reorganization of its production operations for automotive components in North America, an initiative begun in autumn of 2008. More specifically, we streamlined and consolidated our automotive component manufacturing and sales companies into a single company for the United States and another for Mexico. In addition, we have transferred our manufacturing facilities for compound semiconductor epitaxial wafers for light-emitting diodes (LEDs) to Taiwan. Through these structural reforms, the Hitachi Cable Group is working to optimize its production structure on a global basis.

Plan "BRIDGE" Initiatives during the Year under Review (3)

Business Selection and Concentration: Global Production Structure Optimization



To Our Stakeholders



For the year ended March 31, 2011, Hitachi Cable paid its interim dividend of ¥2.50 per share. Regrettably, Hitachi Cable decided to cancel its year-end dividend. In reaching this decision, the Company gave overriding consideration to the Group's operating conditions, current performance and business strategies going forward. This was a difficult decision to make, and I do extend my sincere apologies to each of our shareholders. As a result, the total annual dividend totaled ¥2.50 per-share, ¥2.50 lower than the previous year.

Looking into the future, the entire Hitachi Cable Group will adhere to its corporate vision of "Empowering Energy & Communication," as we advance technologies to support energy transmission and information communication. By providing products and services that exceed the expectations of its customers, the Group will work to contribute in even greater ways to Japan's recovery and the development of affluent communities worldwide. Moreover, to meet the expectations of all our stakeholders, including shareholders and investors, we will advance structural reforms and operational enhancements, thereby maximizing our corporate value. As we strive to grow into a truly global corporate group, we seek your ongoing support and understanding.

Hideaki Takahashi

August 2011
President and CEO

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