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Hitachi Cable subsidiary to streamline management

Hitachi Cable, Ltd. announced Hitachi Cable Film Device, Ltd. (headquarters: Chuo City, Yamanashi Prefecture, Japan; representative: Koji Sako, President; hereinafter called “Hitachi Cable Film Device”), a consolidated subsidiary of Hitachi Cable, Ltd., had decided to streamline its management, as outlined below.

1. Reasons for streamlining management

To counter declining business performance resulting from the rapid economic downturn that began in the fall of 2008, the Hitachi Cable Group is proceeding with various measures to improve its business performance. In the area of chip-on-film (COF) products for use in LCD panels,¹ it has made steady progress with streamlining measures, including centralizing production at Hitachi Cable Film Device, reducing costs, and improving productivity. Other efforts have focused on growing sales through the introduction of high-precision products. All these initiatives have helped pare losses. However, underlying market conditions in this sector continue to decline, and there are scant prospects of a major upturn in business performance next year or beyond.

These factors create a pressing need to shift this business to a production footing suited to current revenues. Hitachi Cable Film Device will implement the following measures to streamline management.

2. Overview of measures to streamline management

(1) Solicitation of voluntary retirement

- ① Eligible persons : All Hitachi Cable Film Device employees
- ② Number of requests required for voluntary retirement : approximately 180
- ③ Period during which the company will solicit voluntary retirement : Late March - early April 2010
- ④ Date of retirement : June 20, 2010 (planned)
- ⑤ Main areas of preferential treatment provided to retirees : A. In addition to retirement benefits provided when the company asks any employee to retire, these retirees will receive special additional benefits.
B. Retirees will receive assistance in finding new employment.

(2) Cost reductions from improvements to production line efficiency

(3) Continuation of measures to reduce compensation and salaries paid to directors, members of management, etc.

3. Future prospects

Due to these measures, extraordinary losses and other costs totaling approximately 0.8 billion yen will be booked in the settlement of accounts for fiscal 2010 as special additional benefits paid to retirees and as other associated costs. Once implemented, these measures are projected to reduce labor and other costs by approximately 1 billion yen annually.

Regarding forecasts of business performance for fiscal 2010, no changes are expected in the forecasts announced in the Financial Report for Third Quarter of Fiscal 2010 Ending March 31, 2010, released February 1, 2010.

*1 Chip on film: Packaging materials using double-layered substrates, with LCD display IC chips on board.