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An Overview of the Plan “BRIDGE” medium-term management plan for fiscal years 2011 through 2013

Hitachi Cable, Ltd. has established a new Plan “BRIDGE” medium-term management plan for fiscal years 2011 through 2013. The plan is briefly described below.

1. Fundamental policy and numerical goals under Plan “BRIDGE”

Under the Plan “BEGIN” medium-term management plan covering fiscal years 2007 through 2009, the Hitachi Cable Group enacted a fundamental policy for establishing new growth foundations, as it worked to grow and expand its businesses by generating steady income from core businesses and proactively investing management resources in key target areas. As a result, during the period covered by this plan, it was able to achieve the numerical goal of 20 billion yen in ordinary income. However, it was unable to establish a new growth foundation; as a result, business performance declined significantly in response to the rapid worsening of economic circumstances in fiscal 2009.

The fundamental policy of Plan “BRIDGE” is to restore the Group's status as a highly profitable enterprise and to reshape it into a truly global business. The key aspect of Plan “BRIDGE” is to reshape the Hitachi Cable Group into a group of highly profitable businesses active primarily in the materials, parts, and devices needed to build infrastructures. Plan “BRIDGE” is seen as a bridge to reach future goals: achieving ordinary income margins of at least 5% in all businesses through management focused on profit margins, including management of margins in each business; and achieving at least 40% of overall sales in overseas markets that promise high rates of economic growth.

Shown below are the numerical goals for the period covered by Plan “BRIDGE”

	Fiscal 2010 (performance)	Fiscal 2013 (targets)
Net sales	372.5 billion yen	500 billion yen
Ordinary income	-4.9 billion yen	25 billion yen
Ordinary income/net sales	-1.3%	5%
Percentage of sales achieved overseas	25%	38%

2. Business strategies

(1) Review of priority target areas

Based on reviews of policies intended to expand and strengthen operations in wires and cables and in information systems—areas in which Hitachi Cable Group has special strengths—the Group has established the following as new priority target areas for capturing emerging demand in overseas markets: electrical power infrastructures and next-generation energy; industrial infrastructures; and information and telecommunications infrastructures. The Group will aggressively invest management resources in core product lines, including products for heavy electrical machinery and products for solar power generation and superconductivity in the areas of electrical power infrastructures and next-generation energy; next-generation automotive products, cables for train cars and signals, products for use in industrial equipment and machine tools, and probe cables for medical applications in the area of industrial infrastructures; and information network devices, antennas, high-frequency coaxial cables, and optical submarine cables in the area of information and telecommunications infrastructures.

At the same time, in electronics, semiconductors, and automotive applications, the Group will push ahead with business restructuring through measures to improve profits and by identifying and cultivating strong products in which it offers advantages over competitors.

In all the areas of business in which it is active, the Group will advance aggressively into markets related to the environment.

(2) Dramatic reforms in overseas businesses

To achieve dramatic improvements in cost structures, the Group will work to optimize its business execution structures, including areas such as global purchasing of parts and materials, manufacturing, and logistics, particularly in the areas of electronic wires, auto parts, lead frames, and compound semiconductors. It will examine establishing facilities to manufacture multiple strong products (core manufacturing facilities) in such areas.

In addition to steadily capturing growing demand by aggressively expanding product sales in infrastructure fields, the Group will work to expand sales channels by strengthening strategic alliances.

3. Research and development, capital investment, manufacturing enhancements, and human resource development enhancements

(1) Research and development

To create high-value-added products surpassing those from competitors as sources of growth, the Group will seek to enhance research and development by strengthening intellectual property strategies; by developing element technologies; and by rapidly developing new products and businesses based on market-leading products in priority areas. It will maintain R&D investment at roughly 2.5% of net sales.

(2) Capital investment

Capital investment will be roughly equal to that of depreciation, or approximately 20 billion yen/year. While capital investment has traditionally focused on sophisticated materials, an area encompassing numerous electronics and automotive products, based on a review of priority areas, future capital investment will entail a proactive focus on wires and cables and on information and telecommunications networking.

(3) Manufacturing enhancements

The Group regards the Hitachi Cable Just-in-Time (JIT) Production System, in which it has invested significant effort to the present day, as the foundation of its manufacturing enhancements. The Group will strive to establish solid foundations for and to intensify such

efforts in Japan. The Group will also seek to achieve the full-fledged deployment of these efforts at Group member companies overseas.

(4) Human resource development enhancements

Alongside enhancing human-resources development through on-the-job training (OJT), the Group will enhance training of and promote local staff in locations around the world to expand overseas operations.

4. Compliance and CSR management

Based on its Corporate Vision, the Hitachi Cable Group's Code of Conduct calls for keeping to the Straight and Narrow—to engage in all of its activities in good faith and in harmony with the global community. In accordance with this Code, the Group will advance various efforts, including environmental protection, ensuring quality and safety, increasing the diversity of its human resources, ensuring respect for human rights, and enhancing information security, as well as full compliance with laws, regulations, and business ethics. To strengthen the fairness and transparency of these business activities, the Group will aggressively pursue improvements in its systems of internal controls as a key management goal, while seeking to engage in activities that contribute to society at all times.

This document is an English translation of a document prepared in Japanese. In the event of any discrepancies between the content of the Japanese and English documents, the content of the Japanese document shall take precedence.