

**Explanatory Material for Financial Report
for Second Quarter of Fiscal 2012
Ending March 31, 2012**

October 28, 2011
🌀 Hitachi Cable, Ltd.

- 1. Outline of Financial Report for Second Quarter of Fiscal 2012 Ending March 31, 2012**
2. Forecast of Business Performance for Fiscal 2012 Ending March 31, 2012
3. Progress in Business Structural Reform

1-1. Consolidated Statement of Profit and Loss

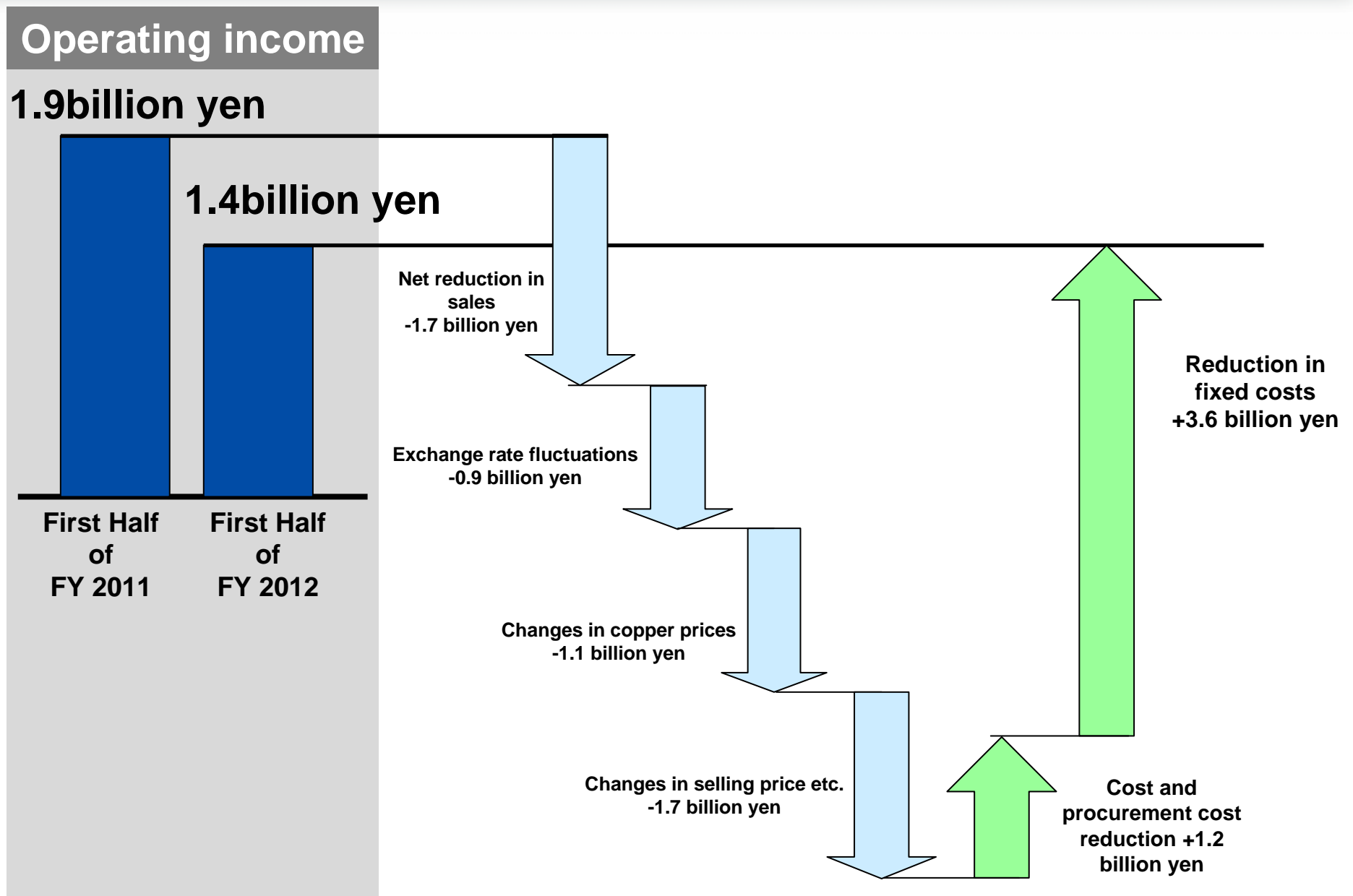


Units: billion yen

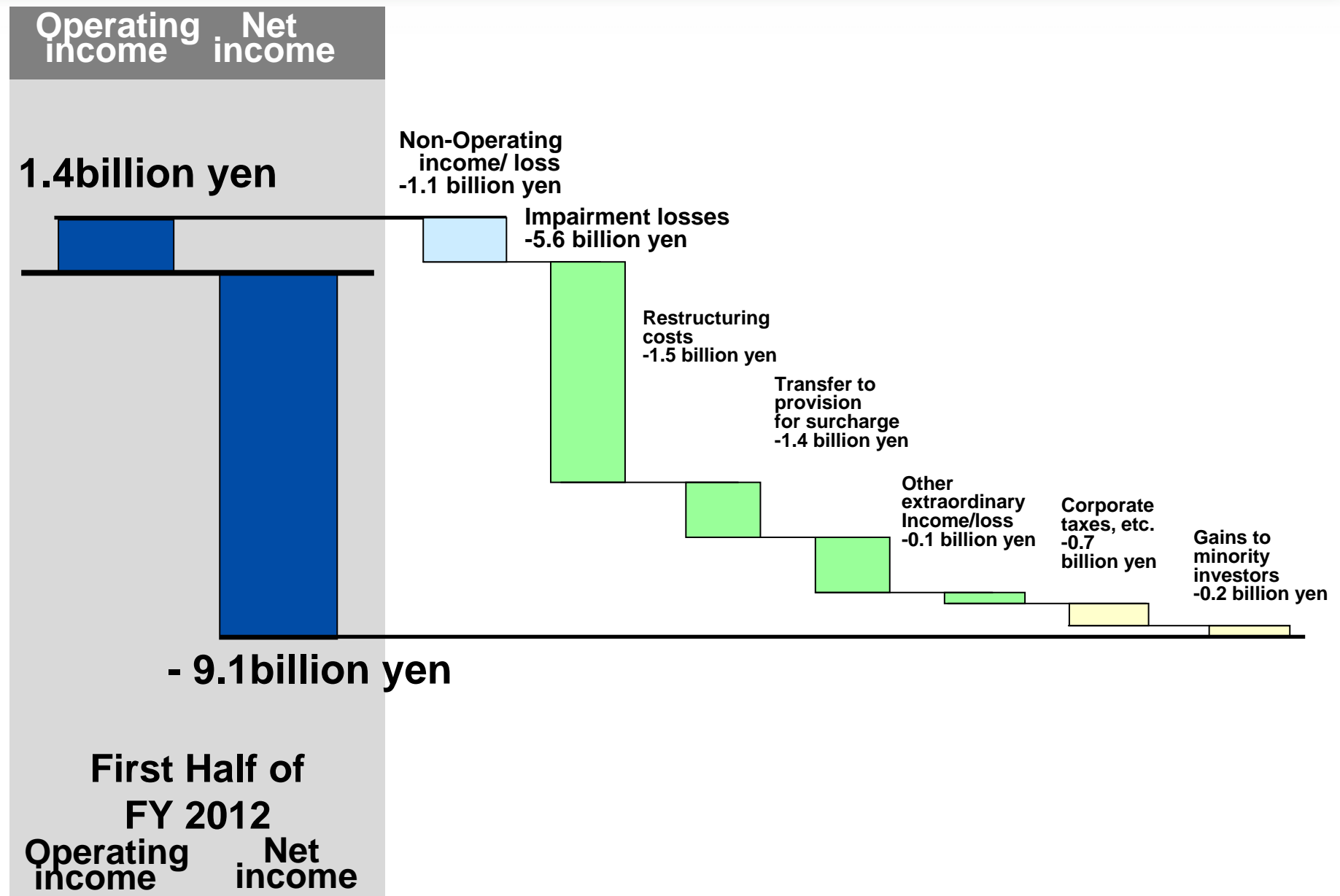
	First Half of FY 2011	First Half of FY 2012	Change from First Half of FY 2011	Change from Previous Forecast*
Net sales	207.6	210.4	(101%) +2.9	(100%) +0.4
Operating income	1.9	1.4	-0.6	-0.1
Non-Operating income/ loss	-1.0	-1.1	-0.0	-0.1
Ordinary income	0.9	0.3	-0.6	-0.2
Extraordinary income / loss	0.1	-8.5	-8.6	+1.0
Net income before taxes and other adjustments	1.0	-8.2	-9.3	+0.8
Corporate taxes, etc.	0.1	0.7	+0.6	+0.1
Gains to minority investors	0.1	0.2	+0.0	-0.2
Net income	0.8	-9.1	-9.9	+0.9

* Previous forecast: Forecasts of business performance for FY2012 announced on September 9, 2011

1-2. Major Factors Contributing to Change in Operating Income (Change from first half of FY 2011)



1-3. Breakdown of Net Profit for the Current Quarter



1-4. Consolidated Balance Sheet

Units: billion yen

	End of FY2011	End of First Half of FY2012	Change from the Previous Fiscal Year-End
Total assets	270.8	265.3	-5.4
Total liabilities	164.7	168.9	+4.2
Of which interest-bearing debt represents	43.9	53.9	+10.0
Equity	103.9	94.2	-9.7
Equity ratio	38.4%	35.5%	-2.9%
Debt to equity ratio	0.41	0.56	+0.15

1-5. Consolidated Statement of Cash Flows

Units: billion yen

	First Half of FY 2011	First Half of FY 2012	Change from First Half of FY 2011
Cash flows from Operating Activities	-1.5	-9.2	-7.7
Cash flows from Investing Activities	-3.6	-4.6	-1.0
Free Cash flows	-5.2	-13.8	-8.6
Cash flows from Financing Activities	4.2	9.9	+5.7

1-6. Capital Investment, R&D Expenses, Number of Employees, Etc.

(1) Capital investment, Depreciation, R&D expenses

Units: billion yen

	First Half of FY 2011	First Half of FY 2012	Change from First Half of FY 2011
Capital investment	5.4	5.7	105%
Depreciation	9.8	8.1	83%
R&D expenses (R&D expenses/Net sales)	4.8 (2.3%)	4.4 (2.1%)	91%

(2) Number of employees

Units: persons

	End of FY2011	End of First Half of FY2012	Change from the Previous Fiscal Year-End
Number of employees	16,064	15,819	-245

1-7. Sales by Reporting Segment

Units: billion yen

	First Half of FY 2011	First Half of FY 2012	Change from First Half of FY 2011	Change from Previous Forecast*
Industrial infrastructure products	40.6	45.0	111%	99%
Electronic & Automotive Products	74.8	73.9	99%	101%
Information Systems Devices & Materials	25.5	22.9	90%	102%
Metal Materials & Component Products	50.3	50.2	100%	98%
Sales Companies	16.4	18.5	113%	106%
Total	207.6	210.4	101%	100%

* Previous forecast: Forecasts of business performance for FY2012 announced on September 9, 2011

1-8. Operating Income by Reporting Segment

Units: billion yen

	First Half of FY 2011	First Half of FY 2012	Change from First Half of FY 2011	Change from Previous Forecast*
Industrial infrastructure products	-0.3	-0.2	+0.1	-0.7
Electronic & Automotive Products	1.4	0.9	-0.6	+0.1
Information Systems Devices & Materials	0.1	-0.3	-0.3	+0.4
Metal Materials & Component Products	-0.4	-0.5	-0.1	-0.9
Sales Companies	0.7	1.1	+0.3	+0.1
Adjustment amount	0.4	0.4	-0.0	+0.9
Total	1.9	1.4	-0.6	-0.1

* Previous forecast: Forecasts of business performance for FY2012 announced on September 9, 2011

1-9. Overview by Segment: Industrial Infrastructure Products

Units: billion yen

	First Half of FY 2011	First Half of FY 2012	Change from First Half of FY 2011	Change from Previous Forecast*
Industrial Systems Products and Power & Energy businesses	34.1	38.0	112%	100%
Optical Communication Products	6.5	7.0	108%	93%
Total net sales	40.6	45.0	111%	99%
Operating income	-0.3	-0.2	+0.1	-0.7

Industrial Systems Products and Power & Energy businesses

Sales exceeded the figure for the first half of FY 2011, thanks to increased sales of wires and cables for construction use, due partly to a rebound from stagnant supply following the quake disaster and to reconstruction demands.

Optical Communication Products

Sales surpassed those for the first half of FY 2011, as demand increased for metal telecommunication cables and other telecommunication-related products to reconstruct the disaster-hit area.

* Previous forecast: Forecasts of business performance for FY2012 announced on September 9, 2011

1-10. Overview by Segment: Electronic & Automotive Products

Units: billion yen

	First Half of FY 2011	First Half of FY 2012	Change from First Half of FY 2011	Change from Previous Forecast*
Automotive Components	17.7	16.6	93%	100%
Electronic Products	24.3	23.9	98%	100%
Magnet Wire Products	32.8	33.4	102%	101%
Total net sales	74.8	73.9	99%	101%
Operating income	1.4	0.9	-0.6	+0.1

Automotive Components

Although demand is on a recovery trend as auto manufacturers have resumed production, sales did not reach the previous year's level when rush demand was strong before expiry of the government's eco-car subsidy program.

Electronic Products

In overseas markets, circumstances for procurement deteriorated for some materials in the aftermath of the quake. In addition, demand for home electrical appliances and PCs has been stagnant. Accordingly, sales were lower than for the first half of FY 2011.

Magnet Wire Products

Sales increased those for the first half of FY 2011, because copper prices rose from the previous year's level and sales of magnet wires for HEV/EV use were favorable as auto manufacturers restored production.

* Previous forecast: Forecasts of business performance for FY2012 announced on September 9, 2011

Units: billion yen

	First Half of FY 2011	First Half of FY 2012	Change from First Half of FY 2011	Change from Previous Forecast*
Information Networks	10.9	11.9	109%	104%
Wireless systems	7.9	5.1	64%	102%
Compound Semiconductor Products	6.6	5.8	88%	97%
Total net sales	25.5	22.9	90%	102%
Operating income	0.1	-0.3	-0.3	+0.4

Information Networks

Sales exceeded the figure for the first half of FY 2011, thanks to strong demand for use in mobile backhaul for LTE (Long Term Evolution) networks and solid demand also for general companies.

Wireless systems

Sales fell below last year's figures because of weak demand for use in mobile phone base stations.

Compound Semiconductor Products

Sales decreased from the figure for the first half of FY 2011, due to slow production operations resulting from the quake disaster and to a drop in sales with the reorganization of the LED business.

* Previous forecast: Forecasts of business performance for FY2012 announced on September 9, 2011

1-12. Overview by Segment: Metal Materials & Component Products

Units: billion yen

	First Half of FY 2011	First Half of FY 2012	Change from First Half of FY 2011	Change from Previous Forecast*
Copper Strips	16.1	17.1	107%	98%
Copper Products	18.8	21.6	115%	98%
Lead frames	6.8	6.4	95%	99%
Package Materials	8.7	5.0	58%	100%
Total net sales	50.3	50.2	100%	98%
Operating income	-0.4	-0.5	-0.1	-0.9

Copper Strips

Although demand from the semiconductor market was sluggish, sales exceeded the figure for the first half of FY 2011, thanks to increased copper prices on a year-on-year basis.

Copper Products

Although demand for air conditioner use has dropped sharply since the second quarter of the current year, sales surpassed the figure for the first half of FY 2011 due to favorable sales of copper products for electrical use and increased copper prices.

Lead frames

Sales fell below the figure for the first half of FY 2011, due to the weak demand for products for the semiconductor market.

Package Materials

Sales fell below the figure for the first half of FY 2011, due to our withdrawal from the COF business for use in LCD panels, in addition to weakening demand for memory and specialized uses.

* Previous forecast: Forecasts of business performance for FY2012 announced on September 9, 2011

1. Outline of Financial Report for Second Quarter of Fiscal 2012 Ending March 31, 2012
- 2. Forecast of Business Performance for Fiscal 2012 Ending March 31, 2012**
3. Progress in Business Structural Reform

2-1. Forecast of Full-Year Business Performance for FY 2012 Ending March 31, 2012



Units: billion yen

	FY2011 (Actual performance)	FY2012 (previous forecasts)*	FY2012 (Revised forecasts)	Change from FY2011	Change from Previous Forecast*
Net sales	419.3	460.0	440.0	(105%) +20.7	(96%) -20.0
Operating income	0.8	8.0	5.0	+4.2	-3.0
Non-Operating income/ loss	-2.6	-1.0	-1.0	+1.6	0
Ordinary income	-1.8	7.0	4.0	+5.8	-3.0
Extraordinary income / loss	-10.7	-24.0	-24.0	-13.3	0
Net income before taxes and other Adjustments	-12.4	-17.0	-20.0	-7.6	-3.0
Corporate taxes, etc.	0.2	1.5	1.5	+1.3	0
Gains to minority investors	0.3	0.5	0.5	+0.2	0
Net income	-13.0	-19.0	-22.0	-9.0	-3.0

* Assumptions for previous forecasts: Copper price of 800 thousand yen/ton, exchange rate of US\$1 = 80 yen

* Assumptions for revised forecasts: Copper price of 60 thousand yen/ton, exchange rate of US\$1 = 75 yen

* Previous forecast: Forecasts of business performance for FY2012 announced on September 9, 2011

©2011 Hitachi Cable, Ltd. All rights reserved. 16

2-2. Forecast of Sales by Reporting Segment

Units: billion yen

	FY2011 (Actual performance)	FY2012 (previous forecasts)*	FY2012 (Revised forecasts)	Change from FY2011	Change from Previous Forecast*
Industrial Systems Products and Power & Energy businesses	72.0	76.0	75.5	105%	99%
Optical Communication Products	14.1	17.0	15.5	110%	91%
Industrial infrastructure products	86.1	93.0	91.0	106%	98%
Automotive Components	35.1	38.5	38.5	110%	100%
Electronic Products	46.9	54.5	50.5	108%	93%
Magnet Wire Products	65.5	81.0	75.0	114%	93%
Electronic & Automotive Products	147.5	174.0	164.0	111%	94%
Information Networks	24.5	28.0	28.0	114%	100%
Wireless systems	15.7	12.5	12.0	77%	96%
Compound Semiconductor Products	12.5	12.5	10.0	80%	80%
Information Systems Devices & Materials	52.6	53.0	50.0	95%	94%
Copper Strips	31.7	36.0	33.5	106%	93%
Copper Products	39.1	41.5	39.5	101%	95%
Lead frames	12.7	13.5	13.0	102%	96%
Package Materials	13.7	9.0	8.0	59%	89%
Metal Materials & Component Products	97.2	100.0	94.0	97%	94%
Sales Companies	35.8	40.0	41.0	114%	103%
Total	419.3	460.0	440.0	105%	96%

* Previous forecast: Forecasts of business performance for FY2012 announced on September 9, 2011

2-3. Forecast of Operating Profit/Loss by Reporting Segment

Units: billion yen

	FY2011 (Actual performance)	FY2012 (previous forecasts)*	FY2012 (Revised forecasts)	Change from FY2011	Change from Previous Forecast*
Industrial infrastructure products	-1.1	1.7	1.5	+2.6	-0.2
Electronic & Automotive Products	3.0	4.2	3.0	-0.0	-1.2
Information Systems Devices & Materials	0.8	0.9	0.2	-0.6	-0.7
Metal Materials & Component Products	-3.2	0.2	-1.5	+1.7	-1.7
Sales Companies	1.9	2.3	2.2	+0.3	-0.1
Adjustment amount	-0.6	-1.3	-0.4	+0.2	+0.9
Total	0.8	8.0	5.0	+4.2	-3.0

* Assumptions for previous forecast: Copper price of 800 thousand yen/ton, exchange rate of US\$1 = 80 yen

* Assumptions for revised forecast: Copper price of 600 thousand yen/ton, exchange rate of US\$1 = 75 yen

* Previous forecast: Forecasts of business performance for FY2012 announced on September 9, 2011

2-4. Capital Investment, R&D Expenses, Number of Employees, Etc.

(1) Capital investment, Depreciation, R&D expenses

Units: billion yen

	FY2011 (Actual performance)	FY2012 (previous forecasts)*	FY2012 (Revised forecasts)	Change from FY2011	Change from Previous Forecast*
Capital investment	10.2	14.0	14.0	138%	100%
Depreciation	20.1	18.5	18.5	92%	100%
R&D expenses (R&D expenses/Net sales)	9.0 (2.2%)	9.0 (2.0%)	9.0 (2.0%)	100%	100%

* Previous forecast: Forecasts of business performance for FY2012 announced on September 9, 2011

(2) Number of employees

Units: persons

	End of FY2011	End of FY2012 (Revised forecasts)	Change from End of FY2011
Number of employees	16,064	15,530	-534

1. Outline of Financial Report for Second Quarter of Fiscal 2012 Ending March 31, 2012
2. Forecast of Business Performance for Fiscal 2012 Ending March 31, 2012
- 3. Progress in Business Structural Reform**

■ Withdrawal from and Restructuring of Underperforming Businesses

Optical submarine cables

- Business withdrawal completed (Sep 2011)

Telecommunications cables

- Consolidate production centers in Hitachi area (by end of Mar 2012)

Copper tubes

- Withdraw from domestic copper tubes business (by end of Mar 2012)

Packaging materials

- Shape up business organization (by end of Mar 2012)

■ Restructuring of Domestic Operational Structures

Consolidation of domestic sales companies

- Merge Hitachi Densen Shoji and Hitachi Cable Trading (Jan 2012)
- Hitachi Densen Shoji to acquire shares in Hokkai Hitachi Densen Kihan (by end of Mar 2012)

Transfer of sales function of manufacturing companies

- Transfer sales function of Tonichi Keisan, Tohoku Rubber and Hitachi Alloy to Hitachi Densen Shoji (Apr 2012)

■ Optimization of domestic personnel structure

Reduction of domestic personnel by 1,200

- **Early retirement: Approx. 650** (by end of Jan 2012)
- **Transfer to external organizations: Approx. 200** (by end of Mar 2012)
- **Fixed-age retirement / reduction of temporary staff: Approx. 350** (by end of Mar 2012)

- **Forecast of number of employees** (including part-time workers and temporary staff)

Units: persons

	End of June 2011	End of March 2012	Change
Japan	9,100	7,900	-1,200
Overseas	9,000	9,400	+400
Total	18,100	17,300	-800

Business performance and other figures in this document for fiscal 2011 and after represent forecasts or targets as of October 28, 2011. These figures are based on certain assumptions deemed reasonable at the time at which the Company prepared this document. Actual business performance may vary significantly from these forecasts and targets.

Listed below are the primary factors that may result in such variations.

- Economic conditions in key markets (particularly Japan, the United States, and Asia)
- The capacity of the Company and members of its group of companies to respond to rapid technological changes, to develop new products and technologies, to bring products to market in a timely fashion, and to achieve low-cost production
- Fluctuations in product and materials markets and in the conditions of such markets
- Fluctuations in exchange rates
- Conditions for raising capital
- The capacity of the Company and members of its group of companies to respond to fluctuating demand for and supply of products and materials, market conditions for products and materials, exchange rates, and other circumstances
- Safeguarding the Company's own patents and securing rights to use patents owned by other companies
- Partnerships with other companies in areas such as product development
- Fluctuations in the stock market

The brand names mentioned in this document are trademarks or registered trademarks of the respective owners.

(Copyright Notice)

Hitachi Cable, Ltd., retains copyright and all other rights to this document.

Unauthorized duplication or reuse by any means is strictly prohibited.

Address any inquiries to:

Corporate Communication Section, Administration Department

Attn.: Kogure

Tel. +81-3-6381-1050

HitachiCable
Empowering Energy & Communication