January 23, 2009

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Notice of revision to forecasts of full-year business performance, booking of extraordinary losses, and use of deferred tax assets

The consolidated and nonconsolidated forecasts for full-year business performance for the 2009 fiscal year (April 1, 2008 - March 31, 2009) announced by Hitachi Cable in the Financial Report for the Cumulative Second Quarter of Fiscal 2009 Ending March 31, 2009, issued October 30, 2008, have been revised as follows.
Also outlined below are extraordinary losses and use of deferred tax assets projected for the cumulative third quarter of the 2009 fiscal year (consolidated).

1. Revisions to forecasts of business performance for full year

(April 1,2008 - March 31, 2009)

(1) Details of revisions to forecasts of business performance for full year

(i) Consolidated

	Sales	Operating income	Ordinary income	Net income	Net income per share
Previously announced forecasts (A) (Announced October 30, 2008)	540,000	1,000	1,000	-5,000	-13.75
Revised forecast (B)	480,000	-20,000	-23,000	-53,000	-145.79
Difference :(B) - (A)	-60,000	-21,000	-24,000	-48,000	-132.04
Persentage change (%)	-11.1	—	—	—	—
Reference:Performance in previous fiscal year Year ended March, 31 2008	565,994	23,117	21,639	10,708	29.46

(ii) Non-consolidated

	Sales	Operating income	Ordinary income	Net income	Net income per share
Previously announced forecasts (A) (Announced October 30, 2008)	330,000	-2,500	4,000	3,500	9.63
Revised forecast (B)	300,000	-15,000	-10,000	-35,000	-96.27
Difference :(B) - (A)	-30,000	-12,500	-14,000	-38,500	-105.90
Percentage change (%)	-9.1	—	—	—	—
Reference:Performance in previous fiscal year Year ended March, 31 2008	349,193	11,088	12,050	6,195	17.04

Note: Figures for sales, operating income, ordinary income, and net income above are given in units of millions of yen. Figures for net income per share above are given in units of yen.

(2) Reasons for revisions

The Hitachi Cable Group's sales in the 2009 fiscal year (April 1, 2008 - March 31, 2009) are projected to fall short of initial forecasts due to the plunging price of copper, a primary raw material in wires, cables, and copper products; slowing sales in the semiconductor and automotive markets resulting from the global economic slowdown that began late in the second quarter; and the growing effects of restraints on capital expenditures by businesses.

In terms of profits, both operating income and ordinary income are projected to fall short of previous forecasts, falling into negative territory due to substantial declines in the demand of semiconductor and automotive industries, falling demand, and other adverse factors, in addition to the appearance of revaluation losses on inventories due to plunging copper prices.

In response to such harsh conditions, Hitachi Cable expects an increase in extraordinary losses due to enhanced business restructuring and other measures. In addition, on a nonconsolidated basis, Hitachi Cable expects to book revaluation losses on investment securities due to declining business performance at consolidated subsidiaries.

Moreover, after examining the realizability of deferred tax assets following revisions in the profit plan, Hitachi Cable expects to use deferred tax assets and to book adjustments to corporate and other taxes. Accordingly, Hitachi Cable has revised its forecasts for net income and net income per share.

2. Main items of extraordinary losses

The main items of the extraordinary losses in the consolidated settlement of accounts for the cumulative third quarter of the 2009 fiscal year and their amounts are given below. These forecasts of business performance also reflect extraordinary losses from business restructuring efforts to be implemented by the end of the period, in amounts of approximately 5 billion yen on a consolidated basis and approximately 1 billion yen on a nonconsolidated basis.

(1) Consolidated

(i) Impairment losses: -3.2 billion yen

(ii) Loss on elimination of fixed assets: -0.8 billion yen

(2) Nonconsolidated

(i) Revaluation loss on investment securities: -5.5 billion yen (revaluation loss on affiliated company stock of -5.3 billion yen will have no effect on consolidated settlement of accounts)

(ii) Loss on elimination of fixed assets: -0.8 billion yen

3. Use of deferred tax assets

The amounts of deferred tax assets used in the cumulative third quarter of the 2009 fiscal year are shown below.

(1) Consolidated: -15.4 billion yen

(2) Nonconsolidated: -14.7 billion yen

Note:
With the exception of actual performance figures, performance forecasts and other figures above have been calculated based on certain assumptions judged by management to be valid at the time this document was prepared. Actual business performance and other figures may vary from these projections.

Major causes of such variation include:

- Economic conditions in major markets (particularly Japan, the United States, and Asia)
- Rapid technological changes
- The ability of the Company and members of its Group of companies to develop new products and technologies, to bring these to market in a timely manner, and to achieve low-cost production
- Fluctuations in product markets and in the conditions of such markets
- Fluctuations in exchange rates
- Fluctuations in the financing environment
- The ability of the Company and members of its Group of companies to respond to factors such as fluctuations in product supply and demand, conditions of product markets, costs of raw materials, and exchange rates
- The Company's ability to protect its patents and to obtain access to patents belonging to other companies
- Relationships with other companies in product development and other activities
- Fluctuations in Japanese stock markets