FY09 Financial Results

Accomplishing Business Structural Reforms in FY09 & Engineering a V-shaped Recovery for FY10

April 26, 2010

President, Chief Executive Officer
Hidehito Obayashi, Ph.D.
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Outline of FY09

(Note) YY/M denotes the year and month of the accounting period-end.
### Outline of FY09 (Highlights)

<table>
<thead>
<tr>
<th>Results</th>
<th>(100 million yen)</th>
<th>YoY</th>
<th>vs. Previous Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Increase/Decrease</td>
<td>Ratio</td>
</tr>
<tr>
<td>Sales</td>
<td>6,169</td>
<td>-1,581</td>
<td>-20%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>-16</td>
<td>-165</td>
<td>-</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>-5</td>
<td>-170</td>
<td>-</td>
</tr>
<tr>
<td>Net Income</td>
<td>-28</td>
<td>-99</td>
<td>-</td>
</tr>
<tr>
<td>Net Income per Share</td>
<td>-20.55yen</td>
<td>-71.99yen</td>
<td></td>
</tr>
<tr>
<td>Cash Dividend per Share</td>
<td>15.00yen</td>
<td>-15.00yen</td>
<td></td>
</tr>
<tr>
<td>ROE</td>
<td>-1.2%</td>
<td>-4.2%</td>
<td>-</td>
</tr>
<tr>
<td>FIV</td>
<td>-122</td>
<td>-101</td>
<td>-</td>
</tr>
<tr>
<td>FCF</td>
<td>+141</td>
<td>+17</td>
<td>-</td>
</tr>
</tbody>
</table>

*Previous Forecast (Published values for Q3/Jan. 2010)

**FIV (Hitachi’s economic value-added evaluation index)**

FIV (Future Inspiration Value) = after-tax operating income - cost of capital
Outline of FY09 (Explanation of Deviations)

vs. Previous Forecast

1. Sales/Operating Income (Published values for Q3/Jan. 2010)

Sales (600.0Ybn → 616.9Ybn +16.9Ybn)
- Electronic Device Systems: Investment recovery for semiconductor manufacturing equipment led to the growth of 2.1Ybn
- Life Sciences: Favorable performance of clinical analyzers led to the growth of 2.0Ybn
- Information Systems & Electronic Components: Sales growth in mobile phone business for the U.S. market led to the growth of 5.0Ybn
- Advanced Industrial Products: Price rise for materials and demand recovery for automotive components led to the growth of 7.8Ybn

Operating Income (-5.3Ybn → -1.6Ybn +3.7Ybn)
- Electronic Device Systems: Sales growth in semiconductor manufacturing equipment and recovery in production operation led to the growth of 2.2Ybn
- Life Sciences: Favorable performance of clinical analyzers led to the growth of 0.8Ybn
- Information Systems & Electronic Components: Sales growth in mobile phone business for the U.S. market led to the growth of 0.5Ybn

2. Business Structural Reforms (Published values for Q2/Oct. 2010)

<table>
<thead>
<tr>
<th></th>
<th>Previous Forecast</th>
<th>Results</th>
<th>Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Cost Reduction</td>
<td>-8.5Ybn</td>
<td>-8.5Ybn</td>
<td>±0Ybn</td>
</tr>
<tr>
<td>Proper disposition of employees</td>
<td>-1,450 employees</td>
<td>-1,500 employees</td>
<td>-50 employees</td>
</tr>
</tbody>
</table>

Sales/Operating Income

Explanation of deviations are shown above.

We revised our forecasts upward in light of the bottoming-out of the global recession and the recovery of investment in semiconductor manufacturing equipment.
Outline of FY09 (Sales by Segment)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Sales (100 million yen)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic Device Systems</td>
<td>6,169</td>
<td>-32%</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>955</td>
<td>-2%</td>
</tr>
<tr>
<td>Information Systems &amp; Electronic Components</td>
<td>1,595</td>
<td>-22%</td>
</tr>
<tr>
<td>Advanced Industrial Products</td>
<td>2,478</td>
<td>-19%</td>
</tr>
</tbody>
</table>

(e) Previous Forecast (Published Values for Q3/Jan. 2010)

**Explanation of YoY Variations**

- **Electronic Device Systems**
  Declined 32% YoY as we stopped handling certain semiconductor manufacturing equipment (trading products) and customers curbed investment, mainly in LCD manufacturing equipment.

- **Life Sciences**
  Declined 2% YoY overall. Although biotechnology-related business, products such as DNA sequencers remained firm, the decrease was attributable to decline in medical due to saturation of market for clinical chemistry and immunodiagnostic analyzers.

- **Information Systems & Electronic Components**
  Declined 22% YoY due to such factors as curbed capital expenditure mainly in chip mounters as a result of the global economic deterioration and a decline in demand for information systems, semiconductors devices, and other products.

- **Advanced Industrial Products**
  Except for certain trading products such as solar cell-related devices and materials, industrial materials and electronic materials saw sales decline 19% YoY.
Outline of FY09 (Operating Income by Segment)

Operating Income

(100 million yen)

-300 0 300

09/3 10/3(e) 10/3

149 194 -53 150 -16 -16 -18%
19 158 -8%
-16 -48 -27 -16 -22 -170
-192 17 -53%
-192 17 -53%
-192 17 -53%

(e) Previous Forecast (Published Values for Q3/Jan. 2010)

Explanation of YoY Variations

Similar reasons as the sales can be said for the deterioration of operating income.
### Outline of FY09 (Income Statement in Summary)

For the year ended March 31, 2010

<table>
<thead>
<tr>
<th></th>
<th>Results (100 million yen)</th>
<th>YoY Increase/Decrease</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>6,169</td>
<td>-1,581</td>
<td>-20%</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>5,377</td>
<td>-1,330</td>
<td>-20%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>792</td>
<td>-250</td>
<td>-24%</td>
</tr>
<tr>
<td>Selling, General and Administrative Expenses</td>
<td>808</td>
<td>-85</td>
<td>-10%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>-16</td>
<td>-165</td>
<td>-</td>
</tr>
<tr>
<td>Other Income</td>
<td>-19</td>
<td>-6</td>
<td>-25%</td>
</tr>
<tr>
<td>Other Expense</td>
<td>8</td>
<td>-2</td>
<td>-20%</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>-5</td>
<td>-170</td>
<td>-</td>
</tr>
<tr>
<td>Extraordinary Profit</td>
<td>6</td>
<td>-3</td>
<td>-35%</td>
</tr>
<tr>
<td>Extraordinary Loss</td>
<td>22</td>
<td>-13</td>
<td>-37%</td>
</tr>
<tr>
<td>Income Before Income Taxes and Minority Interests</td>
<td>-21</td>
<td>-160</td>
<td>-</td>
</tr>
<tr>
<td>Income Taxes</td>
<td>7</td>
<td>-61</td>
<td>-90</td>
</tr>
<tr>
<td>Net Income</td>
<td>-28</td>
<td>-99</td>
<td>-</td>
</tr>
</tbody>
</table>

### Points

- **Selling, General and Administrative Expenses** -8.5Ybn
  (Personnel expense -2.6Ybn, Others -5.9Ybn)

- **Other Income** -0.6Ybn
  (Dividends income -0.5Ybn, Others -0.2Ybn)

- **Extraordinary Loss** -1.3Ybn
  (Losses on sale/devaluation of investment securities -0.5Ybn, Impairment losses -0.5Ybn, Restructuring charges -0.5Ybn, Others +0.2Ybn)
### Outline of FY09 (Balance Sheet in Summary)

Year ended March 31, 2010

<table>
<thead>
<tr>
<th></th>
<th>vs. 09/3</th>
<th>Current Liabilities</th>
<th>vs. 09/3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Deposits/Deposit to Hitachi Group Cash Management Fund</td>
<td>1,017 (+118)</td>
<td>Notes &amp; Accounts Payable</td>
<td>1,100 (-38)</td>
</tr>
<tr>
<td>Notes &amp; Accounts Receivable</td>
<td>1,445 (-98)</td>
<td>Others</td>
<td>457 (-74)</td>
</tr>
<tr>
<td>Inventories</td>
<td>572 (-148)</td>
<td>Fixed Liabilities</td>
<td>259 (-4)</td>
</tr>
<tr>
<td>Others</td>
<td>213 (-30)</td>
<td>Retirement and severance benefits</td>
<td>253 (-1)</td>
</tr>
<tr>
<td><strong>Fixed Assets</strong></td>
<td>863 (-7)</td>
<td>Net Assets</td>
<td>2,294 (-49)</td>
</tr>
<tr>
<td>Tangible Fixed Assets</td>
<td>559 (-25)</td>
<td>Shareholder Capital</td>
<td>2,293 (-56)</td>
</tr>
<tr>
<td>Intangible Fixed Assets</td>
<td>49 (+7)</td>
<td>Assessments/Exchange Difference etc.</td>
<td>-1 (+7)</td>
</tr>
<tr>
<td>Investments &amp; Other Assets</td>
<td>254 (+12)</td>
<td>Minority Interests</td>
<td>3 (+0)</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>4,110 (-165)</td>
<td>Total Liabilities &amp; Shareholders' Equity</td>
<td>4,110 (-165)</td>
</tr>
</tbody>
</table>

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**Points (vs. year ended March 31, 2009)**

- **Current Assets**
  - Inventories: -14.8Ybn
    - (Work in process -13.5Ybn, Others -1.3Ybn)

- **Equity Ratio**: 55.7% (+1.0%)  

- **Book-value per Share**: 1,666.00yen (-35.74yen)
### Outline of FY09 (Cash Flow Statement in Summary)

<table>
<thead>
<tr>
<th>(100 million yen)</th>
<th>10/3</th>
<th>10/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Flow from Operating Activities</td>
<td>+224</td>
<td>Cash Flow from Financing Activities</td>
</tr>
<tr>
<td>Income Before Income Taxes and Minority Interests</td>
<td>-21</td>
<td>Dividends Paid</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>+96</td>
<td>Others</td>
</tr>
<tr>
<td>Working Fund</td>
<td>+175</td>
<td>Effect of exchange rate changes</td>
</tr>
<tr>
<td>Income Taxes Paid/Refund</td>
<td>+22</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>-48</td>
<td></td>
</tr>
<tr>
<td>Cash Flow from Investing Activities</td>
<td>-83</td>
<td></td>
</tr>
<tr>
<td>Capital Expenditures Proceeded from Sales / Purchase of Securities</td>
<td>+8</td>
<td></td>
</tr>
<tr>
<td>Capital Expenditures Proceeded from Sales / Purchase of Property and Equipment</td>
<td>-71</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>-20</td>
<td></td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>+141</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
</tr>
<tr>
<td>At the Beginning of Year</td>
</tr>
<tr>
<td>Net Increase (Decrease)</td>
</tr>
<tr>
<td>At the end of Term</td>
</tr>
</tbody>
</table>

### Points
- **Cash Flow from Investing Activities**
  - Capital expenditures proceeded from sales / purchase of property and equipment -7.1Ybn
    - (Naka Division-related expenditure -3.7Ybn, Others -3.4Ybn)

- **Difference between “Cash and Cash Equivalents at the end of Term”(-90.2Ybn) and “Cash & Deposits/Deposit to Hitachi Group Cash Management Fund”(101.7Ybn) -11.5Ybn**
  - (Deposits to Hitachi Group cash management fund with maturity over three months -17.0Ybn, Others 5.5Ybn)
Ⅱ FY10 Management Policy
- Changes in Segment Classification

From FY10 accounting standards will be changed and we will shift from our previous segments to segments based on Management Approach.

New segment (parentheses are old segment)
- Electronic Device Systems
  Chip mounter (Information Systems & Electronic Components) is moved to Back-end & Assembly Equipment.

- Fine Technology Systems
  Independent segment is established for LCD/HD Manufacturing Equipment (Electronic Device Systems).

- Science & Medical Systems
  Electron Microscope (Electronic Device Systems) is moved to this segment.

- Industrial & IT Systems
  Information Systems & Electronic Components changed its name after moving chip mounter, semiconductor and media devices.

- Advanced Industrial Products
  Semiconductor and Media Devices (Information Systems & Electronic Components) are added.

*For details, please refer to “Restatement of FY09 Sales by Segment” (p.37)
1. Steadily Implement Management Reforms
   - Develop the new business creation initiative
   - Transform into a truly global company
   - Strengthen trading functions
   - Strengthen cash flow management

2. Implement Business Strategy Adapted to the Changes in the Management Environment

FY10 Management Policy
1. Steadily Implement Management Reforms
   Under severe circumstances, active actions will be taken not only for temporary emergencies but also for future preparation.

2. Implement Business Strategy Adapted to the Changed in the Management Environment
   Take the environment change caused by the Lehman Shock as a big paradigm shift and look over and update the company’s strategies.
Steadily Implement Management Reforms

1. Develop the new business creation initiative
   - Started from FY09.
   - The new businesses that will be tackled are ones that go beyond the bounds of existing operations and have the potential to become a pillar of the Hitachi High-Tech Group in the future.
   - A new system, called C Pro, has been constructed from FY10. C Pro is a company-wide project to implement the Hitachi High-Tech Group growth strategy. The “C” in C Pro represents both “Corporate” and “Challenge”.

2. Transform into a true global company
   Set a global grand design and accelerate company-wide actions mainly in the four subject mentioned in the diagram.

3. Strengthen trading functions
   Promote acceleration of the trading division’s portfolio reform and contribution to the Hitachi Group’s Social Innovation Business.

4. Strengthen cash flow management
   Take drastic measures from the cash flow perspective by reviewing the PDCA cycle and by utilizing IT effectively.
Implement Business Strategy Adapted to the Changes in the Management Environment

The framework of each segment’s strategy is shown above. Details will be explained later in this presentation.
FY10 Outlook

(Note) YY/M denotes the year and month of the accounting period-end.
<table>
<thead>
<tr>
<th>FY10 Outlook</th>
<th>FY09 Results</th>
<th>Yoy Increase/Decrease</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>6,600</td>
<td>6,169</td>
<td>+431</td>
</tr>
<tr>
<td>Operating Income</td>
<td>172</td>
<td>-16</td>
<td>+188</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>175</td>
<td>-5</td>
<td>+180</td>
</tr>
<tr>
<td>Net Income</td>
<td>106</td>
<td>-28</td>
<td>+134</td>
</tr>
<tr>
<td>Net Income per Share</td>
<td>77.07yen</td>
<td>-20.55yen</td>
<td>+97.62yen</td>
</tr>
<tr>
<td>Cash Dividend per Share</td>
<td>20.00yen</td>
<td>15.00yen</td>
<td>+5.00yen</td>
</tr>
<tr>
<td>ROE</td>
<td>4.6%</td>
<td>-1.2%</td>
<td>+5.8%</td>
</tr>
<tr>
<td>FIV</td>
<td>-12</td>
<td>-122</td>
<td>+111</td>
</tr>
<tr>
<td>FCF</td>
<td>+115</td>
<td>+141</td>
<td>-26</td>
</tr>
</tbody>
</table>

FX Rate Estimate: 1USD = 85 yen
1EUR = 125 yen
FY10 Outlook (Sales by Segment)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Sales (100 million yen)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic Device Systems</td>
<td>6,169</td>
<td>+41%</td>
</tr>
<tr>
<td>Fine Technology Systems</td>
<td>584</td>
<td>+29%</td>
</tr>
<tr>
<td>Science &amp; Medical Systems</td>
<td>1,230</td>
<td>-5%</td>
</tr>
<tr>
<td>Industrial &amp; IT Systems</td>
<td>1,231</td>
<td>-8%</td>
</tr>
<tr>
<td>Advanced Industrial Products</td>
<td>2,922</td>
<td>+8%</td>
</tr>
</tbody>
</table>

(notes) Elimination such as intersegment transactions etc. are included in the totals.

Explanation of YoY Variations

- **Electronic Device Systems**: Expected to rise 41% YoY, in part due to resumption of investment in volume production by memory device manufacturers.

- **Fine Technology Systems**: Expected to rise 29% YoY on the back of invigorated investment mainly for LCD manufacturing equipment for China and HD manufacturing equipment, despite declines in LCD manufacturing equipment (including trading products) for Japan.

- **Science & Medical Systems**: Although semiconductor and new energy-related field demand for analytical systems and other products continues to recover, expected to decline 5% YoY due to absence of supplementary budget projects enacted in FY09.

- **Industrial & IT Systems**: Expected to decline 8% YoY, despite recovery in assembly systems and products for eco-friendly autos, due to such factors as decline in demand for current models in U.S. mobile phone business.

- **Advanced Industrial Products**: Expected to rise 8% YoY, due to the price rise for materials and recovery in demands for automotive-related components.
■ Explanation of YoY Variations
Similar reasons as the sales can be said for improvement in operating income.
### FY10 Outlook (Electronic Device Systems)

#### Circumstances of the Semiconductor Manufacturing Equipment Market

- **FY09:** The semiconductor and semiconductor manufacturing equipment markets both contracted during the first six months amid an environment of global economic recession. In 2H of the year, the application market recovered, centered on notebook PCs and smartphones, leading to a recovery of both markets. However, growth was negative 11%.

- **FY10:** Demand for applications will remain strong. High growth anticipated for the semiconductor market, primarily memory devices. Significant positive 52% growth forecast as semiconductor manufacturers who had been holding off on investment actively launch investment in 2H.

#### Circumstances of the Assembly Equipment Market

- **FY09:** Significant negative 54% growth even as the slowdown in capital expenditure hit bottom and demand expanded in late FY09, particularly for Asia.

- **FY10:** Recovery in demand for mounting equipment expected to grow even stronger in 1H, particularly in Asia. Significant positive 46% growth forecast despite uncertainty about trends in 2H.
FY10 Outlook (Electronic Device Systems) ②

Circumstances of Orders Received

- 10/1H: Orders will remain at the high levels seen in FY09 2H thanks to resumption of capital expenditure to enable production increases, mainly for major overseas semiconductor manufacturers and back-end process and mounting in Asia. Even with a lull in orders in Q2, expected to rise 10% compared to FY09 2H, and 50% YoY.

- 10/2H: Orders will rise, driven by investment in memory device and MPU manufacturers expected to rise 4% compared to FY10 1H, and 15% YoY.
FY10 Strategies
1. Put in effort to growing fields
   • Promote expansion of sales for NAND, ASSP, DRAM and MPU along with growth in smartphones, netbooks and other notebook PCs, and flat-screen TVs.
   • Grow sales in response to back-end process, expansion to emerging economies.
2. Take capital expenditures by strengthening technologies in scaling and in our unique areas of superiority
   • Focus on double patterning, computational lithography application, advanced gate etching, non-volatile material devices, systematic defect inspection, etc.

Explanations of YoY Deviations
Process Equipment
• Resumption of Capex by major logic, foundry and memory device customers leads to +20%.

Metrology & Inspection Equipment
• Both Asia and Japan markets are expected to remain firm until 2H, but we will pay attention to risk factors such as the sustainability of economic stimulus measures and expect +46%.
  • CD-SEM: Increase due to continued investment towards scaling and expanding scale of volume production from 2H of FY09.
  • Inspection Equipment: Expect resumption of Capex by materials and equipment manufacturers in addition to device manufacturers.

Back-end & Assembly Equipment
• Investment will remain firm, centered around China. Expect to invest to increase production due to increase in number of chips and chip laminate resulting in +63%.

Sales Ratio by Field (Front-end Equipment)
• High sales to foundry in FY09, with sales expected to be on an even greater scale in FY10.
  • Relatively higher proportion of DRAM/NAND in FY10 due to resumption of investment by memory device manufacturers.
Market Trends
Focus on growing DRAM, NAND, MPU and ASSP manufacturers.

Market and Customer Demands
Scaling application
- As devices scale down, lithography process becomes more difficult. Introduce complex new technologies such as OPC and DP (double patterning).
- Adopt new materials (HK/MG) to improve device performance. Increase in degree of processing difficulty.

Unique areas of superiority
- Strengthen efforts for HDD heads, embedded memory devices and other devices expected to grow.
- Manufacturing process likelihood more difficult, becoming a major cause of the sudden increase in design-related systematic defects, decline in yield rate; difficult to inspect. Strengthen measures against this type of non visible defect.

Response Measures
- Provide new CD-SEM application for computational lithography. Promote collaboration with EDA vendors.
- Provide new precision metrology application along with DP compatibility.
- Provide etching system with advanced gate process for new materials and non-volatile materials.
- Expand use of applications using DesignGauge design information to other inspection devices, contribute to early discovery of defects.

Make capital expenditures to shorten development period of semiconductor manufacturers, improve productivity, and contribute to improvements in yield rate.
Market Trends (Back-end)
- Back-end market will grow in the memory device field in FY10.
- In the memory field, starting with smartphones, NAND will become highly capacitlated and DRAM’s transmitting speed will improve for high-end servers/PCs.
- In order to realize the above trends, new technologies such as 3D mounting and new type packaging is promoted.

Response Measures
- From April 1, 2010, we merged the die bonder business of Renesas Eastern Japan Semiconductor, Inc. into Hitachi High-Tech Instruments Co., Ltd. in order to strengthen and accelerate synergies in development, design, and manufacturing.
- Plan to introduce groundbreaking equipments with new technologies.

Market Trends (SMT)
- Must correspond to devices becoming more compact, multi-functional and high functional by high density mounting.
- Expand sales starting from China and the Asian region, South America and emerging countries.

Response Measures
- Launch new equipment corresponded to diversifying components.
- Shorten exchange time for head, component supply tray etc., improve easiness to change the type of products, improve easiness of operation.
- Realize high-operation rate by creating direct drive head and linear motor loaded with state of the art mechatronics and control technology in order to correspond to high-speed, high-density mounting.
- Adoption of the smart operation system that improves maintenance by easy operation due to batch control system.
Circumstances of the LCD Manufacturing Equipment Market

- FY09: Conditions in 1H were extremely severe as a result of cancellations or delays of investment plans by various companies under the impact of the economic crisis of the later half of 2008. In 2H of FY09, sales of LCD televisions were strong due in part to measures to raise domestic demand in China. Although this resulted in higher operating rates for panel manufacturers, there was little impact on the equipment market, and growth was negative 50%.

- FY10: Positive 40% growth expected as Chinese panel manufacturers, as well as major panel manufacturers in Japan, South Korea and Taiwan region, consider opening new factories in anticipation of demand from China and other emerging economies.

Circumstances of the HD Manufacturing Equipment Market

- FY09: Although the HD industry as a whole was stagnant in 1H under the impact of the global economic slump, demand recovered in 2H against the backdrop of growth in the PC and consumer markets. Equipment showed negative 56% growth, centering on small-scale investments such as those related to improving productivity or quality.

- FY10: In addition to demand in emerging economies, demand in the PC and consumer markets will continue to grow. We anticipate investments to boost production, mainly from disk and substrate manufacturers, and expect significant positive 163% growth.
**Circumstances of Orders Received**

- **10/1H:** Expected to increase YoY 152% and 5% compared to FY09 2H due to capital expenditure in LCD front-end processing in China and South Korea.

- **10/2H:** Expected to increase YoY 43% and 35% compared to FY10 1H due to continued investment in front-end processing for LCD as well as the start of investment in back-end processing.
FY10 Outlook (Fine Technology Systems) ③

**FY10 Strategies**

1. Expand business by raising competitiveness of existing products and introducing new products (new-type LCD assembly system / HD inspection equipment)
2. Acceleration of development of new business (OLED manufacturing / inspection equipment)
3. Shift to a business structure that adapts to market changes (strengthen sales power in China/improve cost-competitiveness)

**Sales Changes in main products**

<table>
<thead>
<tr>
<th>Period</th>
<th>10/3</th>
<th>11/3(e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FPD Equip.</td>
<td>303</td>
<td>390</td>
</tr>
<tr>
<td>HD Equip., Others</td>
<td>209</td>
<td>293</td>
</tr>
<tr>
<td>FPD-related Trading</td>
<td>62</td>
<td>13</td>
</tr>
<tr>
<td>HD Equip., Others</td>
<td>31</td>
<td>84</td>
</tr>
</tbody>
</table>

**Sales Ratio by Region (LCD-related equip.)**

- Japan: 10/3, 11/3(e)
- South Korea
- Taiwan Region
- China
- U.S. Europe etc.

- **FPD Manufacturing Equip.**
  - YoY +29%
  - 11/3(e) +40%
- **HD Manufacturing Equip.**, Others
  - 10/3 -80%
  - 11/3(e) +172%

- • Make shift to Taiwan region and mainland China center of LCD-related investment in FY10
- • Centering on the HD-related production improvements in FY09, in FY10 make investments to raise production significantly

**Explanation of YoY Variations**

- **FPD Manufacturing Equipment**
  - 40% increase thanks to resumption of capital expenditure in front-end processing of LCD panel manufacturers in China / Taiwan region (proprietary products)

- **HD Manufacturing Equipment**
  - 172% increase by the effect of investment to increasing production by raising HDD demand

---

**FY10 Strategies**

1. Expand business by raising competitiveness of existing products and introducing new products
   1) LCD-related
      - Enter the market for high-productivity/high-precision new-type assembly system
   2) HD-related
      - Bring new products to market
        • Optical disk tester
        • Head element configuration inspection system
      - Improve functionality of surface inspection equipment for substrates

2. Acceleration of development of new business
   - Plan to commercialize manufacturing and inspection equipment for OLED in FY11

3. Shift to a business structure that adapts to market changes
   1) Shift sales capabilities to LCD growth markets (China)
   2) Strengthen cost-competitiveness and enable quick turnaround through procurement and production system reforms

---

**Explanation of YoY Variations**

- FPD Manufacturing Equipment
  - 40% increase thanks to resumption of capital expenditure in front-end processing of LCD panel manufacturers in China / Taiwan region (proprietary products)

- HD Manufacturing Equipment
  - 172% increase by the effect of investment to increasing production by raising HDD demand
HD inspection: New Concept Leads to Breakthrough

[Optical patterned media inspection system] Improve quality and reduce inspection cost by inspecting entire disk

- Improve quality and reduce inspection cost by inspecting entire disk
- Improve productivity through inspections in the head assembly front-end process

[Head element configuration inspection system] Improve productivity through inspections in the head assembly front-end process

- Improve productivity through inspections in the head assembly front-end process

**Market Needs Going Forward**

Improve quality and productivity through increased density

**Disk field**

- Expand market share by introducing a tester that inspects all tracks of all disks quickly and with low running cost by adopting new optical inspection format

**Head field**

- Create new markets by introducing equipment that significantly improves productivity by conducting inspection in upstream processes
FY10 Strategies

1. Actively expand sales into growth markets (fuel cell, PV, LED, pharmacy, etc.)
2. Strengthen sales of electron microscope to biotech customers and general analysis systems to semiconductors and parts and materials customers

Overview of Analytical Instruments Market (HHT-related)

<table>
<thead>
<tr>
<th>Year</th>
<th>Molecular Analysis</th>
<th>General-purpose Analysis</th>
<th>Separation Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY09</td>
<td>3,000</td>
<td>300</td>
<td>1,000</td>
</tr>
<tr>
<td>CY10(e)</td>
<td>3,050</td>
<td>310</td>
<td>1,100</td>
</tr>
<tr>
<td>CY11(e)</td>
<td>3,200</td>
<td>310</td>
<td>1,200</td>
</tr>
</tbody>
</table>

Changes in Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Electron Microscope</th>
<th>General-purpose Analysis</th>
<th>Separation Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/3</td>
<td>442</td>
<td>278</td>
<td>164</td>
</tr>
<tr>
<td>11/3(e)</td>
<td>413</td>
<td>278</td>
<td>135</td>
</tr>
</tbody>
</table>

FY10 Strategies

- Actively expand sales into growth markets by developing and enhancing applications and solutions (fuel cell, PV, LED, pharmacy, etc.)
- Strengthen customer coverage rate through effective use of resources (strengthen sales of electronic microscope to chemical/biotech customers, strengthen sales of general analysis systems to semiconductors and parts and materials customers, share sales distributors, etc.)

Circumstances of the Market

- FY09: The trend for restraint in capital expenditure by manufacturers of electric devices, automotive, semiconductors, displays and related parts and materials rose due to the economic slowdown. In overseas markets, the situation was severe, with continued restraint in private sector capital expenditure and purchasing, delays in the implementation of economic stimulus measures. In 2H, the Company benefited from implementation of additional budgets.
- FY10: Although capital expenditure by general companies remains low, it is picking up in fields such as semiconductors and LiB materials. In general purpose analysis, molecular and elemental analysis related products are on a par, but growth is expected in separation analysis, centering on liquid chromatographs

Explanation of YoY Variations (exclude the effect of additional budget)

Electron Microscope
- YoY 15% increase along with sales of new products and recovery of demand in markets for semiconductors and parts and materials

General-purpose analytical Instrument
- YoY 1% decrease after compensating for stagnant private-sector demand through such measures as strengthening sales of liquid chromatographs (separation analysis) in the pharmaceutical field and expanding sales of spectrophotometers (molecular analysis) for the electronics market
FY10 Strategies

1. Promote SCB with leading companies (SCB: System Collaboration Business)
2. Promote equipment & reagent sales (China / Japan)

Overview of Biotechnology / Clinical Analyzer market (HHT-related)

<table>
<thead>
<tr>
<th>Year</th>
<th>Biochemistry</th>
<th>Immunity</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY09</td>
<td>13,600</td>
<td>14,200</td>
<td>14,800</td>
</tr>
<tr>
<td>CY10(e)</td>
<td>14,000</td>
<td>14,600</td>
<td>15,200</td>
</tr>
<tr>
<td>CY11(e)</td>
<td>14,400</td>
<td>15,000</td>
<td>15,600</td>
</tr>
</tbody>
</table>

CAGR 4%

Changes in Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Biotechnology Products, Others</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY09/10</td>
<td>-4%</td>
<td>+1%</td>
</tr>
<tr>
<td>FY09/11(e)</td>
<td>-20%</td>
<td>-20%</td>
</tr>
</tbody>
</table>

FY10 Outlook (Science & Medical Systems)
(Biotechnology Product / Clinical Analyzer)

■ FY10 Strategies

- Promote SCB with leading companies (biochemistry, immunity, gene, etc.)
- Promote equipment & reagent sales. Expanding domestic Japanese sales of tools for testing HbA1c, one of the factor tested for in metabolic syndrome diagnosis)
  *HbA1c: Hemoglobin A1C
- Promote application for DNA sequencers in diagnostic fields and development of next-generation devices

■ Circumstances of the Market

- FY09 / FY10: Hospital management environments will deteriorate due to continued restraint in medical expenses leading to increased outsourcing to testing centers. Competition will intensify due to increasing emphasis on cost as a result of independent incorporation of national universities and hospitals. At the same time, there will be a continuously growing need for high-efficiency, high-quality devices. In the immunodiagnostic field, growth of 5% is expected, while the biochemistry field is expected to remain flat. DNA sequencers will growth 6%. Demand will grow in the genome research field, centering around next-generation devices, and the applied market for currently available devices will be comparatively strong.

■ Explanation of YoY Variations

- 4% decrease despite working to recover by launching sales of new large-size clinical chemistry and immunodiagnostic systems in reaction to slow down of introduction of pre-analytical process automation systems at large-scale overseas hospitals and the large-lot orders of DNA sequencers in FY09.
**What Is Genetic Testing?**

Genetic testing enables early detection and treatment of infectious disease and other illnesses by measuring the type of genes (nucleic acid) in pathogenic organisms and the level of contamination.

Example: By automating testing process, achieved improved operability and saves labor compared to current gene testing. The addition of random access also improves testing workflow, enabling speedy reports of test results.

**Special Features of the Technology**

1. Complete automation of a complicated manual operations
   - Enables complete automation of testing procedures
2. Speedy report using random access
   - In the current batch method, after samples are delivered to the laboratory they are arranged by testing item and then tested in a batch. This results in issues of processing capability and delayed testing result reports.
   - This recently developed technology does not change the order of the testing samples one by one, but instead adopts a random access format in which testing can begin from a single specimen unit in the order in which they were delivered to the laboratory

**Going Forward**

- Promote collaboration with reagent manufacturers, aiming to promote SCB (system collaboration business) in the genetic field
- Plan to bring to market in FY11
**FY10 Strategies**
1. Expansion of Energy & Environmental Business (PV, LiB, etc.)
   - PV-related equipment business by establishing strategic partnership with XeroCoat, Inc. in U.S.
2. Acceleration business strategies in developing regions (BRICs – VISTA)

**Explanation of YoY Variations**

**Industrial & IT Systems**
- LiB Assembly Systems etc. expected to rise 29% due to sales of products such as assembly systems for LiB as a result of the spread of eco-friendly vehicles.
- Automotive HDD etc. expected to rise 30% due to increased share of HDDs and rise in battery components and materials.
- IT solution expected to decline 35% amid decline in demand for current models in U.S. mobile handsets, despite introduction of new models in 2H.

**Advanced Industrial Products**
- Industrial Materials expected to increase 11% as a result of expected rise in transactions in iron, steel, plastics and other materials due to increases in volume and price of materials stemming from global economic recovery.
- Optical-related Component expected to grow 17% as new Asian customers' businesses are launched.
- Sales of Electronic Device/Material expected to rise 6% on expected rise in sales of silicon wafers as customers boost production as a result of improvements in the semiconductor market.
**Energy & Environmental Business**

**Expansion of PV Equipment and Material Business (Establish strategic partnership with XeroCoat)**

- Anti-reflective (AR) coating equipment and material for PV

  - Coating equipment + Materials

  - XeroCoat, Inc.
  - Hitachi High-Tech
  - Equipment / Material
  - PV module manufacturer

  - U.S. venture company
  - Equipment (coat at room temperature) + material (bond chemically)

  - Equipment sales target (unit)
  - Material market size (unit)

<table>
<thead>
<tr>
<th>Method</th>
<th>XeroCoat, Inc.</th>
<th>Sputtering/CVD</th>
<th>Etching</th>
<th>Sol-Gel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency</td>
<td>O</td>
<td>O</td>
<td>Δ</td>
<td>Δ</td>
</tr>
<tr>
<td>Easy processing</td>
<td>×</td>
<td>×</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Coating price</td>
<td>200 k/m²</td>
<td>400 k/m²</td>
<td>500 k/m²</td>
<td>600 k/m²</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Before AR-coating</th>
<th>After AR-coating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cover glass</td>
<td>4% reflection</td>
</tr>
<tr>
<td>PV cell</td>
<td>3% increase in energy production</td>
</tr>
</tbody>
</table>

**Business Target**

- 70% target share of the AR coating equipment market (FY15)
- 70% share of the AR coating equipment market (FY15)
- 70% share of the AR coating equipment market (FY15)
- Penetration rate
- Equipment market size (unit)
- Hitachi High-Tech
- Equipment sales target (unit)
- Sales target (FY15)
- 10 Ybn
- Equipment, material, maintenance

**Technology Comparison**

- Coating price is low compared to other solutions thanks to easy manufacturing process
- 3% improvement in energy production by introducing AR coating. Attractive solution for PV module manufacturers that require greater efficiency in power generation

**Business Target**

- 70% target share of the AR coating equipment market
- Aim to achieve sales 10 Ybn in the AR coating business (equipment, material, maintenance, etc.) and sell 21 units in FY15

**Synergy among Trading and Manufacturing Function**

- Become a global leader through effective resources of HHT’s world-wide trading and self development / production function
- Create a value chain throughout the AR coating market (equipment, material, maintenance, etc.)
Ⅳ Financial Data

(Note) YY/M denotes the year and month of the accounting period-end.
## Quarterly Results

(100 million yen)

<table>
<thead>
<tr>
<th></th>
<th>08/Q1</th>
<th>08/Q2</th>
<th>08/Q3</th>
<th>08/Q4</th>
<th>09/Q1</th>
<th>09/Q2</th>
<th>09/Q3</th>
<th>09/Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,829</td>
<td>2,404</td>
<td>1,633</td>
<td>1,883</td>
<td>1,325</td>
<td>1,492</td>
<td>1,451</td>
<td>1,901</td>
</tr>
<tr>
<td>Operating Income</td>
<td>19</td>
<td>106</td>
<td>23</td>
<td>1</td>
<td>-38</td>
<td>-38</td>
<td>4</td>
<td>56</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>26</td>
<td>113</td>
<td>30</td>
<td>-4</td>
<td>-32</td>
<td>-37</td>
<td>8</td>
<td>57</td>
</tr>
<tr>
<td>Net Income</td>
<td>-2</td>
<td>78</td>
<td>20</td>
<td>-25</td>
<td>-20</td>
<td>-33</td>
<td>-3</td>
<td>28</td>
</tr>
</tbody>
</table>

### Sales by Segment

(100 million yen)

<table>
<thead>
<tr>
<th>Segment</th>
<th>08/Q1</th>
<th>08/Q2</th>
<th>08/Q3</th>
<th>08/Q4</th>
<th>09/Q1</th>
<th>09/Q2</th>
<th>09/Q3</th>
<th>09/Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic Device Systems</td>
<td>250</td>
<td>612</td>
<td>327</td>
<td>494</td>
<td>200</td>
<td>233</td>
<td>238</td>
<td>470</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>248</td>
<td>243</td>
<td>213</td>
<td>273</td>
<td>207</td>
<td>233</td>
<td>217</td>
<td>297</td>
</tr>
<tr>
<td>Information Systems &amp; Electronic Components</td>
<td>443</td>
<td>616</td>
<td>420</td>
<td>558</td>
<td>352</td>
<td>398</td>
<td>384</td>
<td>462</td>
</tr>
<tr>
<td>Advanced Industrial Products</td>
<td>888</td>
<td>933</td>
<td>673</td>
<td>558</td>
<td>566</td>
<td>628</td>
<td>613</td>
<td>672</td>
</tr>
</tbody>
</table>
### Capital Expenditure/Depreciation Costs/R&D

<table>
<thead>
<tr>
<th></th>
<th>09/3</th>
<th>10/3</th>
<th>YoY</th>
<th>11/3(e)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditure</td>
<td>122</td>
<td>94</td>
<td>-23%</td>
<td>118</td>
<td>+26%</td>
</tr>
<tr>
<td>Depreciation Costs</td>
<td>95</td>
<td>96</td>
<td>+1%</td>
<td>103</td>
<td>+8%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>215</td>
<td>193</td>
<td>-10%</td>
<td>222</td>
<td>+15%</td>
</tr>
</tbody>
</table>

*Capital Expenditure is based on an acquisition basis.*

#### Context (FY09)

- **Capital Expenditure:** 2.9Ybn decrease
- **Extension and renovation of Naka Works**
- **R&D:** 2.2Ybn decrease
- **Development of elemental technology in Electronic Device Systems and Life Sciences**
## Restatement of FY09 Sales by Segment

### Example:

<table>
<thead>
<tr>
<th>No.</th>
<th>Sub-Segment</th>
<th>FY09 Result</th>
<th>(b)-(a)</th>
<th>Ref.No. to be applied</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Back-end &amp; Assembly Equip.</td>
<td>0</td>
<td>138</td>
<td>138</td>
</tr>
<tr>
<td>8</td>
<td>Others</td>
<td>180</td>
<td>0</td>
<td>-180</td>
</tr>
<tr>
<td>16</td>
<td>Assembly Syst.</td>
<td>162</td>
<td>88</td>
<td>-74</td>
</tr>
</tbody>
</table>

(b)-(a) = 13.8Ybn of No.3 is included in (a) of No.8, 16
FY09 Financial Results

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