

FY2011 Outlook

June 8, 2011

 **Hitachi High-Technologies Corporation**

President, Chief Executive Officer
Masao Hisada

FY2011 Outlook

I FY11 Management Policy

II FY11 Outlook

I

FY11 Management Policy

(Note)YY/Mdenotestheyearandmonthoftheaccountingperiod-end.

Achieve our corporate vision

To consistently aim to be Global Top in high-tech solutions

1. Shift our resources to growing market and develop new business models

2. Transform to high-profitable structures by building up our global businesses

3. Create strong management foundation for the next growth

4. Strengthen our consolidated management and cash flow management

5. Promote CSR-conscious management and foster our employees

Restoration status of Hitachi High-Tech Naka Division and Hitachi High-Tech Manufacturing & Service Corporation

1. Restoration status of buildings

- Completed relocation and started up all workplaces from May 6th.
- Changed a reconstruction plan for earthquake-resistant buildings and improving manufacturing sites started since FY08. Hitachi High-Tech will make additional investment (approximately 5 billion yen in total) and build new buildings to promote higher manufacturing efficiency and abilities.

2. Manufacturing status

By June, build up more manufacturing abilities as well as logistics abilities and start production increases from July.

Status of Supply Chain

Supply Chain has been improved rapidly in Japan. Hitachi High-Technologies will continue to source parts from other suppliers as well as consider alternatives to minimize risks.

Power Conservation Measures

- Hitachi High-Tech will join Hitachi Group's strategies of holiday shift rotations and summer holiday distribution. Moreover, Hitachi High-Tech will carry out town strategies and achieve 15% (see ref1) power saving in total.

Ref1: More than 15% of maximum electric usage from last year need to be cut in Tokyo Electric Power Company and Tohoku Electric Power Corporation areas.
(Tokyo Electric Power Company area: from Jul 1st to Sep 22nd, 2011, Tohoku Electric Power Corporation area: from Jul 1st to Sep 9th, 2011)

- Consideration of independent electronic power equipment installation will be continued by checking related legal issues for BCP's point of view.

II

FY11 Outlook

(Note)YY/Mdenotestheyearandmonthoftheaccountingperiod-end.

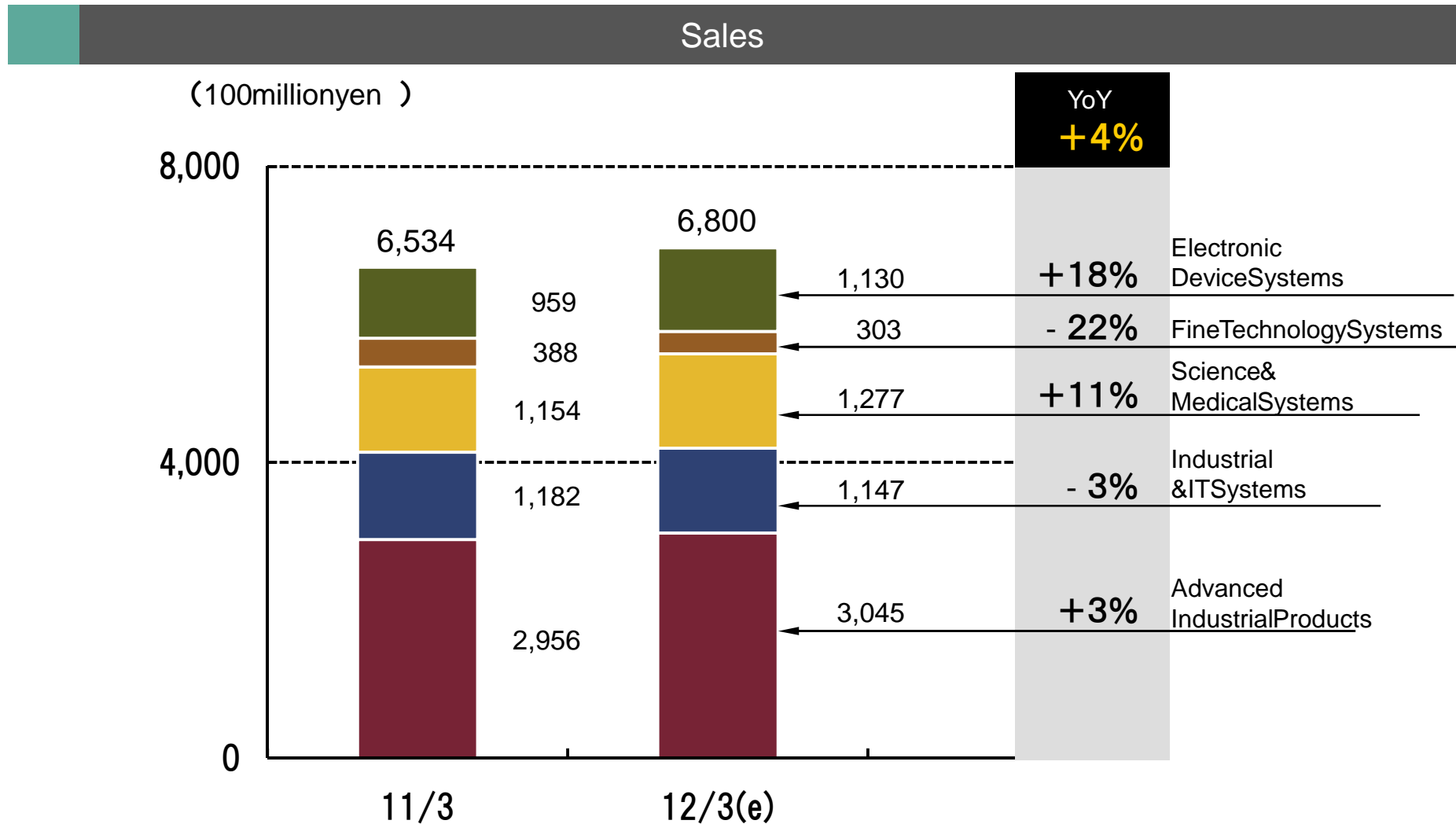
FY11 Outlook(Highlights)

(100millionyen)

| | FY10Outlook | FY10Results | YoY | |
|-----------------------|-------------|-------------|-------------------|-------|
| | | | Increase/Decrease | Ratio |
| Sales | 6,800 | 6,534 | +266 | +4% |
| OperatingIncome | 280 | 279 | +1 | +0% |
| OrdinaryIncome | 280 | 295 | -15 | -5% |
| NetIncome | 180 | 178 | +2 | +1% |
| NetIncome perShare | 130.87yen | 129.07yen | +1.80yen | |
| CashDividend perShare | 20.00yen | 20.00yen | ±0.00yen | |
| ROE | 7.2% | 7.5% | -0.3% | |
| FIV | +44 | +59 | -15 | |
| FCF | +150 | +221 | -71 | |

FXRateEstimate : 1USD=80 yen
1EUR=115 yen

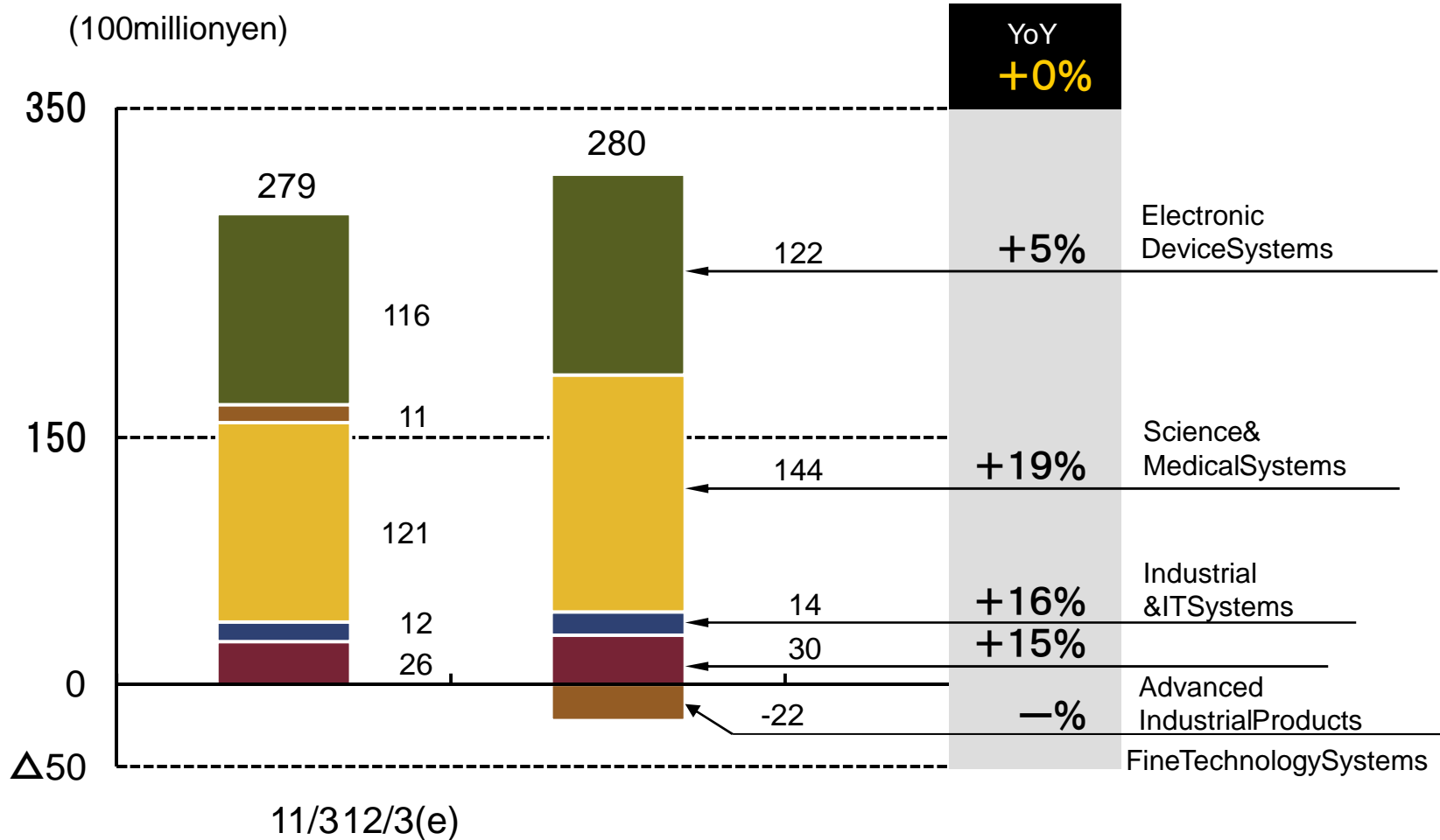
FY11 Outlook (Sales by Segment)



Note: Eliminations such as intersegment transaction etc. are included in the totals.

FY11 Outlook (Operating Income by Segment)

Operating Income



Note: Eliminations such as intersegment transaction etc. are included in the totals.

Semiconductor related market status in FY11

Semiconductor Devices Market

- Approximately 6% market growth can be expected due to increasing shipments of mobile related products including smartphones, tablets and soon in FY11.
- Markets for NAND, MPU and ASSP will continue to grow in FY11. Growth for DRAM was between -10% to -15% as demand for PC has been declined since FY10/2H. However, demand for mobile DRAM will increase.
- Effect of the Great East Japan Earthquake to global market will be limited.

Semiconductor Manufacturing Equipment Market

- The market kept growing in 4Q of FY10, which was the 7th successful term.
- In FY11, approximately 7% of market growth can be expected. Capital investment will be planned in FY11/2H due to the effect of positive investment in FY10/2H.
- Investment for mass production of logic, MPU and NAND (2Xnm) will increase. New fab construction of MPU and NAND manufacturers and foundries will be planned.

Assembly Equipment Market

- Although the number of shipments will increase particularly in Chinese market in FY11, market size in cash will be equivalent to the one in FY10 due to deflation of ASP.

Trend of Semiconductor Device Scaling

Expectation to semiconductor devices and process technologies

Mobile related devices such as smartphones and tablets will drive semiconductor technologies.

- Miniaturization and reduction of footprint will be accelerated due to scaling.
- Reduction of power consumption related to lower power operation. (Table 1)

Trend of next generation transistor technologies

- Trend will move on from the current planar type to 3D FinFET (see Note) transistor to achieve scaling and low power operation.
- Double patterning (DP) is applied for scaling.

Strategies to handle future semiconductor process

- Establish high performance etching technologies for FinFET or DP.
- Establish high performance metrology technologies for DP.
- Co-development with device manufacturers.
- Establish defect review technologies for scaling.

Note: FinFET: Fin-type Field Effect Transistor

Table 1. Power Consumption Trend (logic) comparison with 2011

| year | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------|------|------|------|------|------|------|
| ITRS 2009 version | 1 | 0.94 | 0.90 | 0.84 | 0.76 | 0.72 |
| ITRS 2010 version | 1 | 0.94 | 0.68 | 0.56 | 0.54 | 0.46 |

ITRS: International Technology Roadmap for Semiconductors

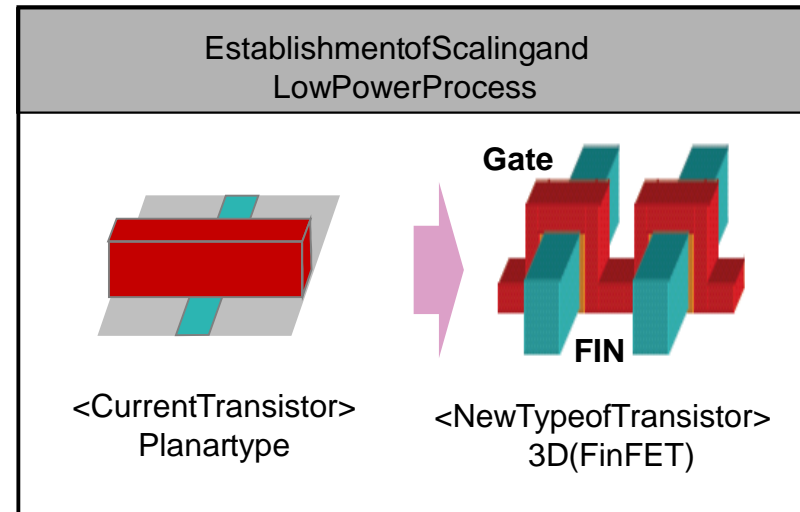
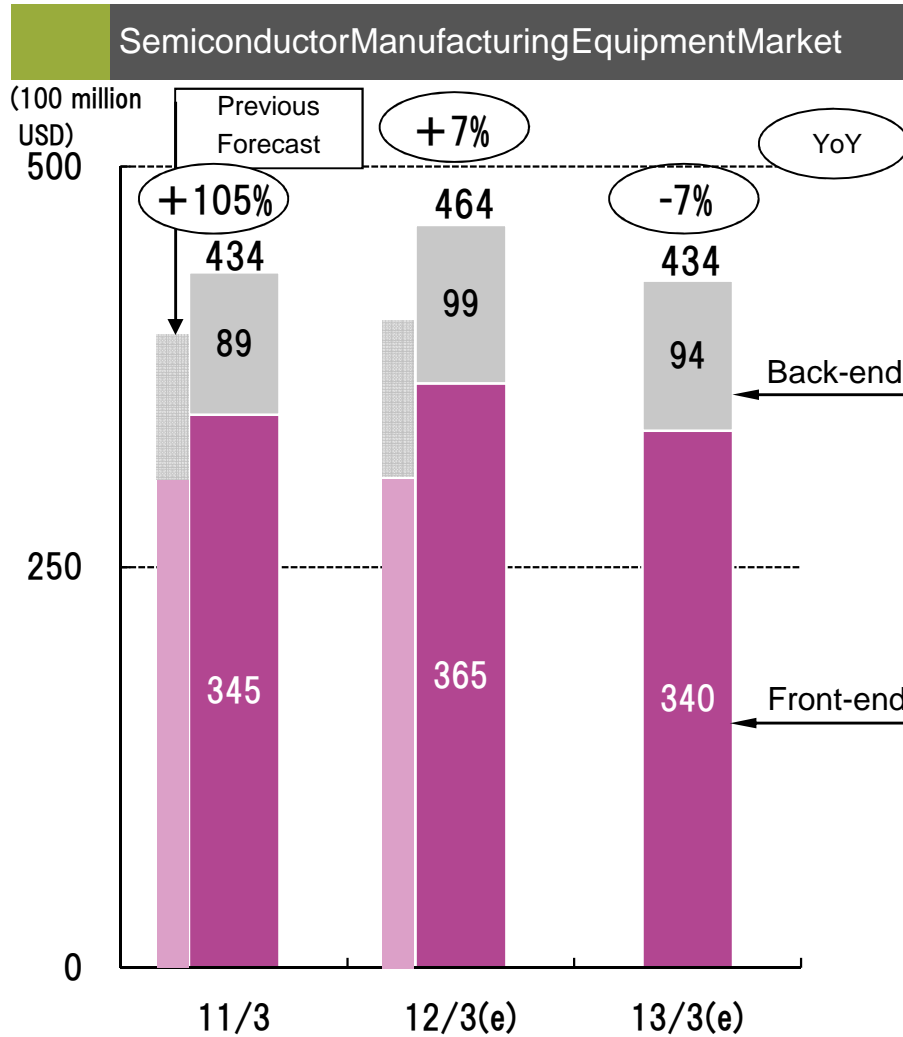
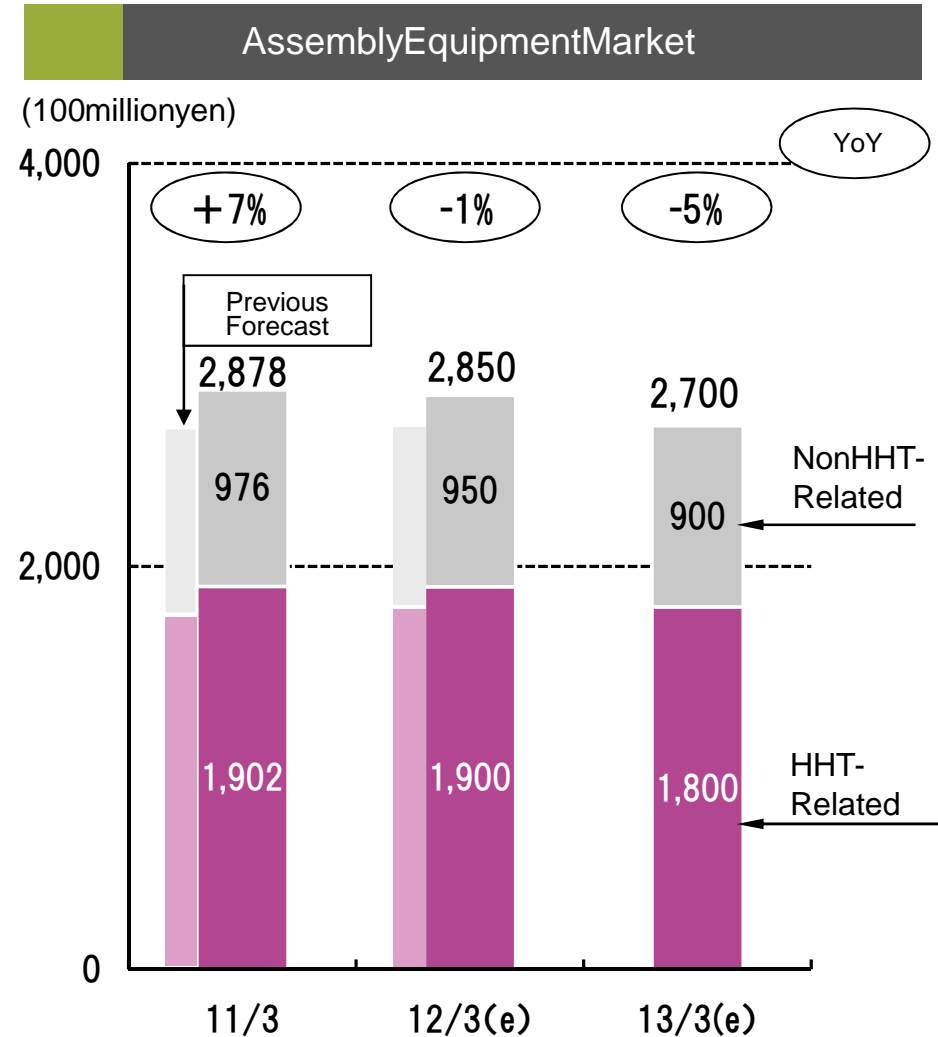


Table 2. Comparison of the number of gate process (estimated by HHT)

| | Planar type (Current structure) | FIN type (3D) | Target market will expand for Hitachi High-Tech due to introduction of 3D transistor. |
|-----------|---------------------------------|---------------|---|
| Etching | 8 | 10 | |
| Metrology | 14 | 16 | |

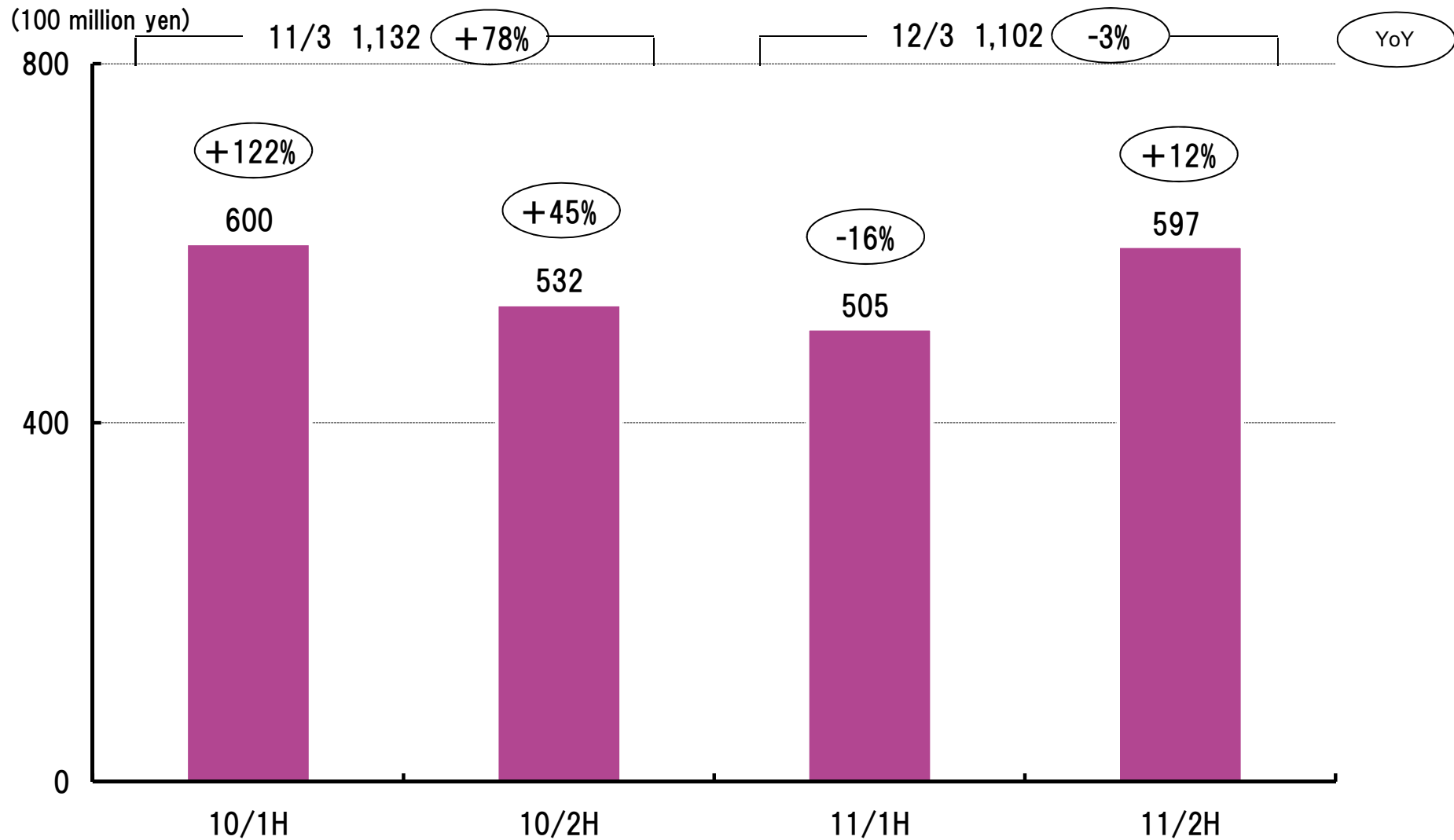


(Source) Gartner (Mar. 2011) / HHT's estimation
 Previous forecast is based on published values for Q2/Oct. 2010.



(Source) Created by HHT, based on Japan Robot Association's data (May. 2011). Previous forecast is based on published values for Q2/Oct. 2010.

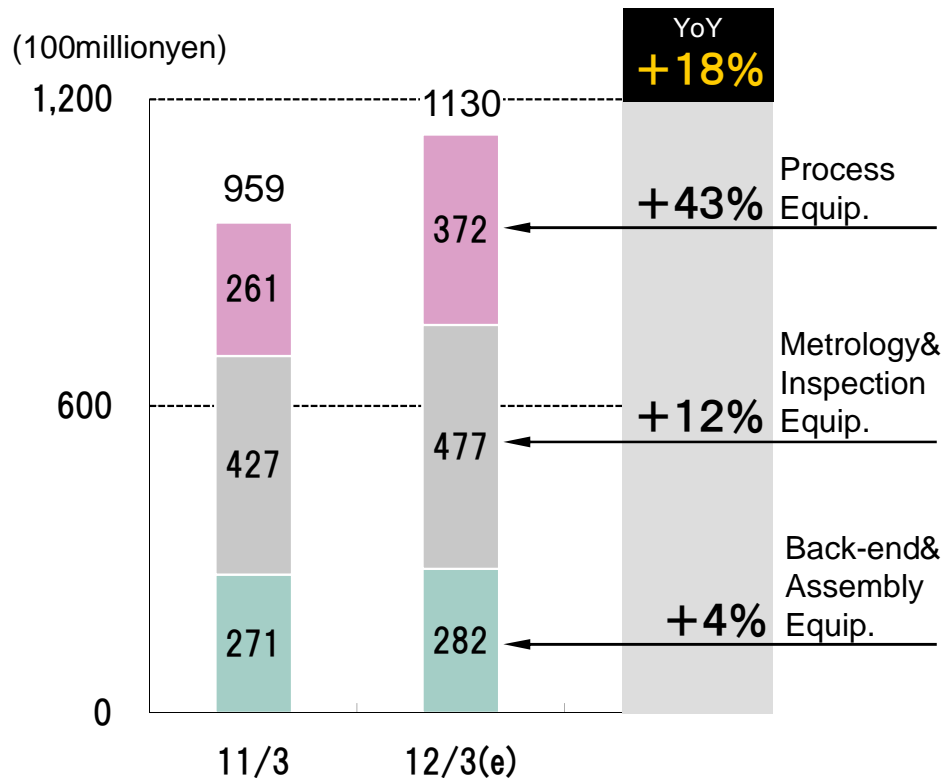
Changes in Order Received



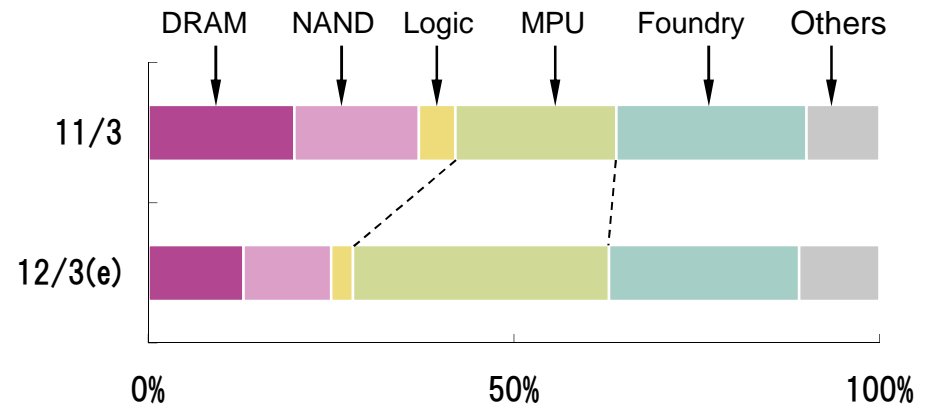
FY11 Strategies

- Expansion of sales for main products and increasing the number of customers by releasing new products.
- Strengthen marketing abilities and carry out growth strategies via global market development.

Sales Change in Main Businesses



Sales Ratio by Fields (Front-end Equip.)



FY10: Large-scale investments related to memories will be expected in 1H.

Continuous investments will be planned in foundries as well.

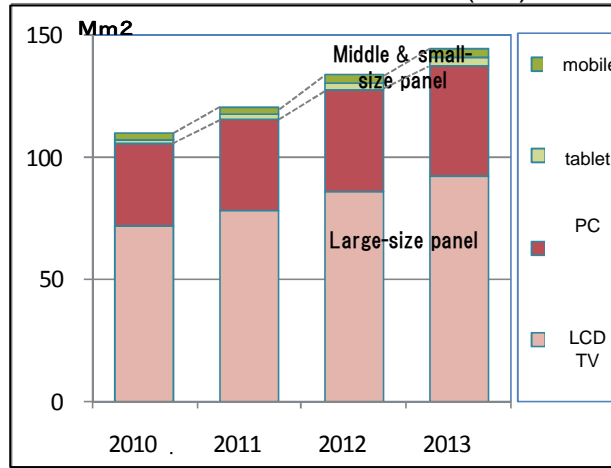
FY11: Ratio will rise due to positive investments for MPU. Ratio related to foundries will also grow.

Market Status in FY11

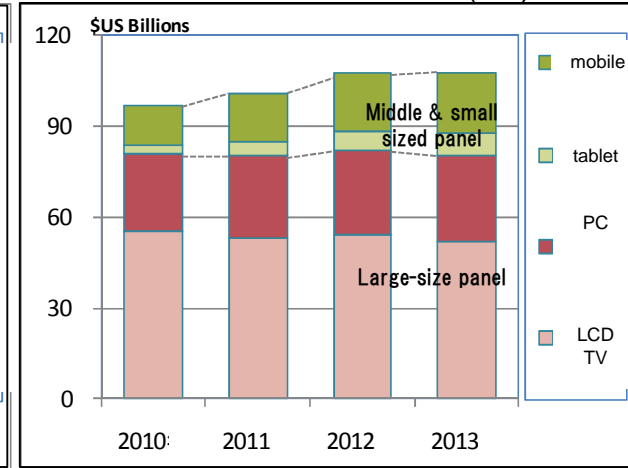
Trend of FPD market

- Delay of the execution of investment in China due to impact of a downturn of large-size panel market.
- Continuous growth of market related to middle and small-size panels for mobile and touch panels

Market based on FPD size (CY)



Market based on FPD sales (CY)



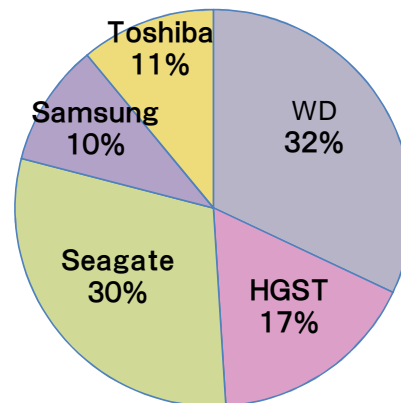
source: DisplaySearch

Trend of HDD market

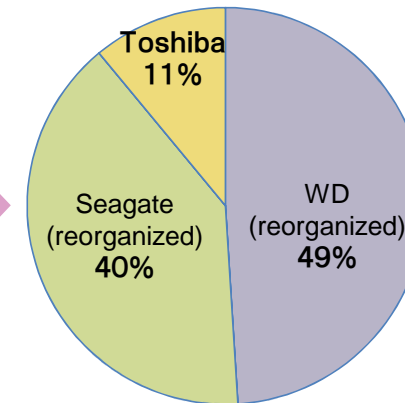
- Changes of business environment due to industry reorganization
- Acquisition of HGST done by WD planned in 3Q FY11
- Acquisition of Samsung's HD unit done by Seagate planned in December in 2011

Share based on the number of shipment of HDD

Before reorganization



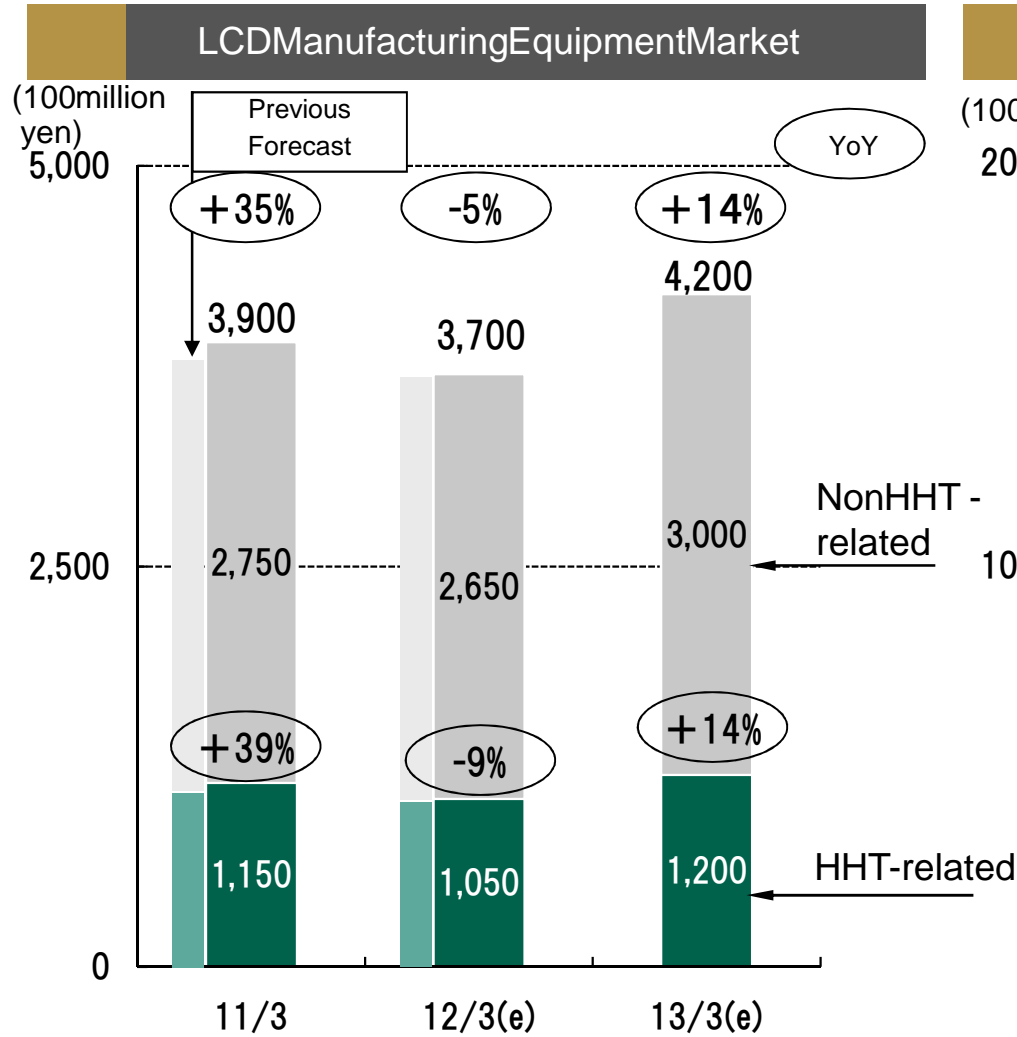
After reorganization



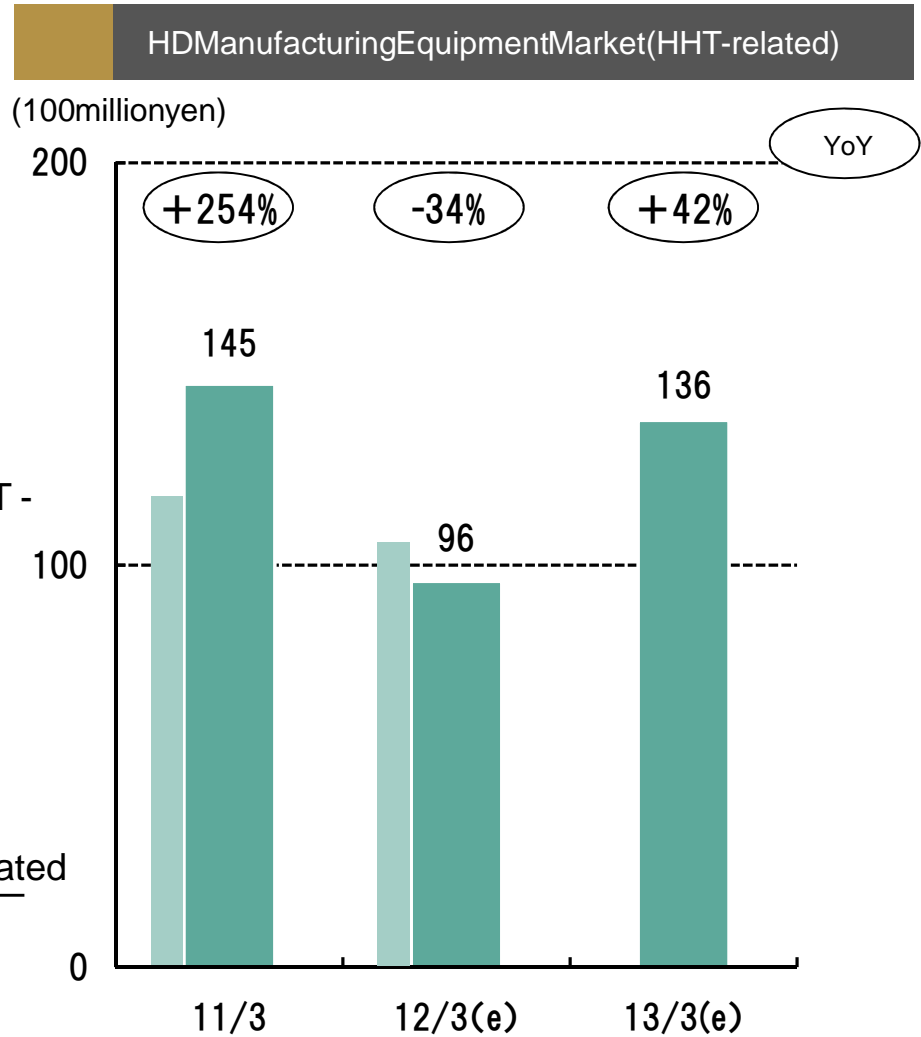
Source: Institute of Information Technology, Ltd. 1 Q2 (CY) Share

Possibilities of market share changes

FY11 Outlook (Fine Technology Systems) ②

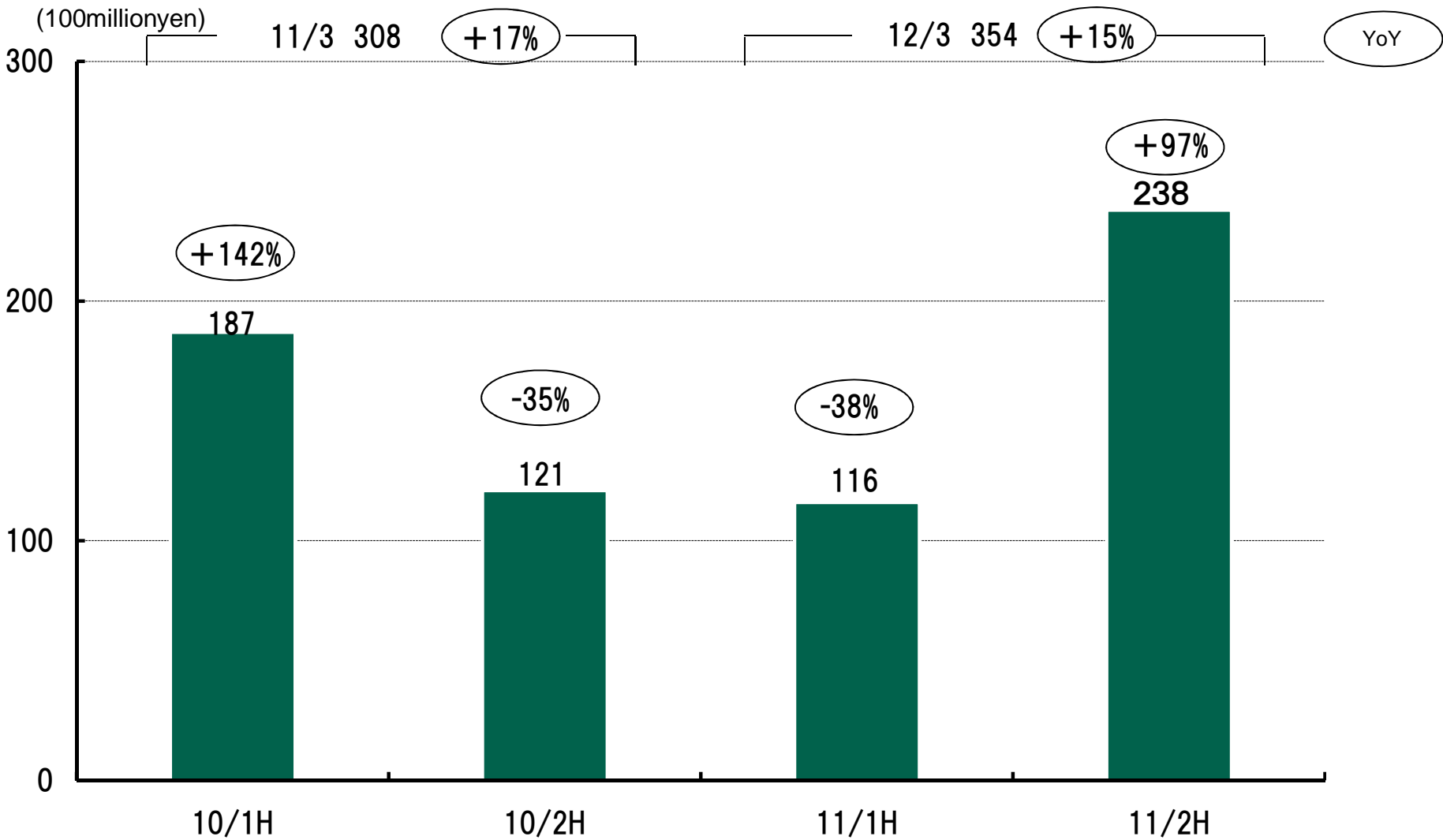


Source: HHT's estimation based on SEAJ (Jan, 2011) data
 Note: Previous Forecast (Published Values for Q2/Oct. 2010)



Source: HHT's estimation

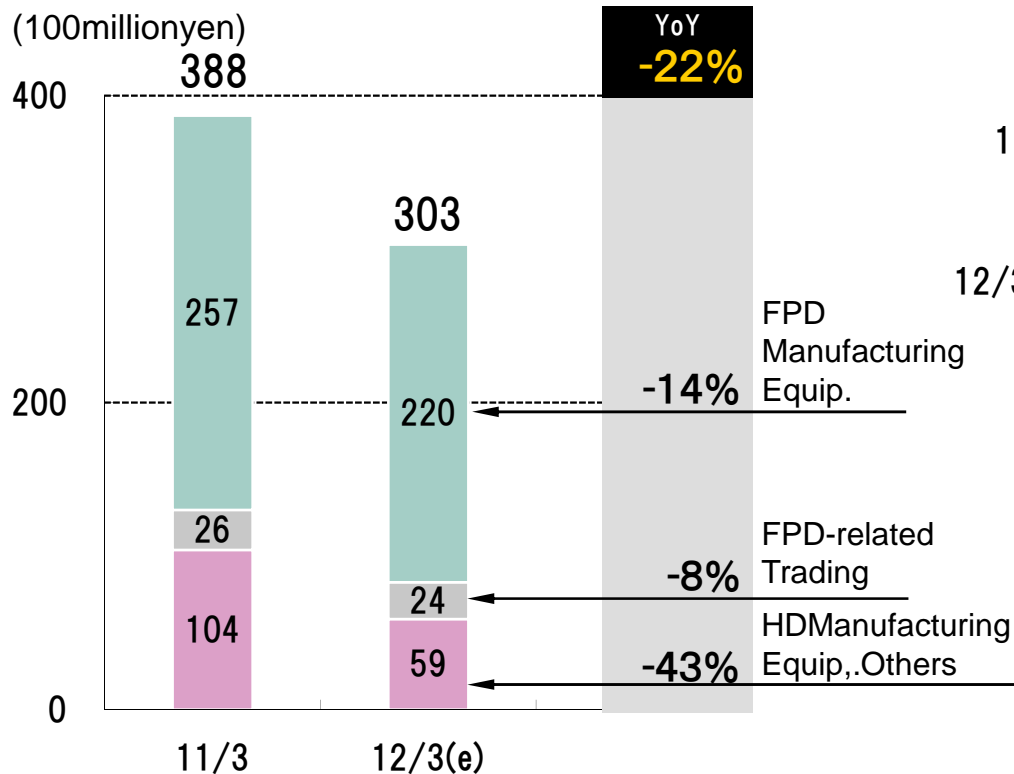
Changes in Orders Received



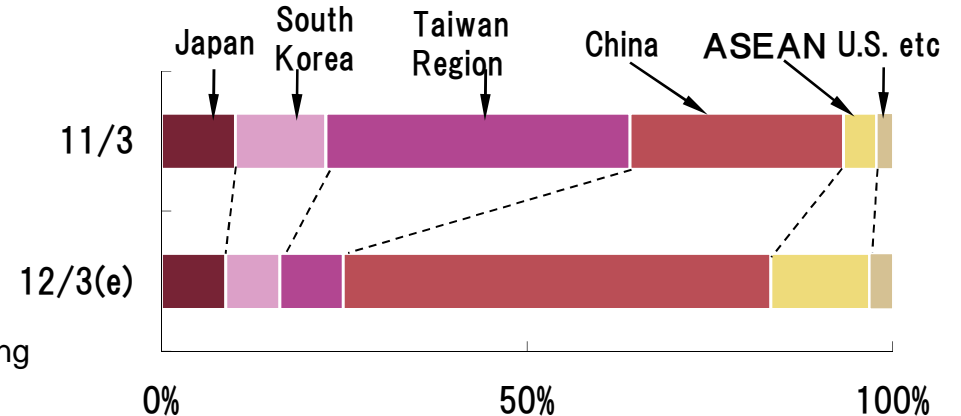
FY11 Strategies

1. Expand businesses by raising competitiveness of existing products and introducing new products (new-type LCD assembly systems/HD inspection equipments)
2. Accelerate development of new businesses (OLED manufacturing/inspection equipments)
3. Shift business structure that adapts to market changes (strengthen global sales power/improve cost-competitiveness)

Sales Changes in main products



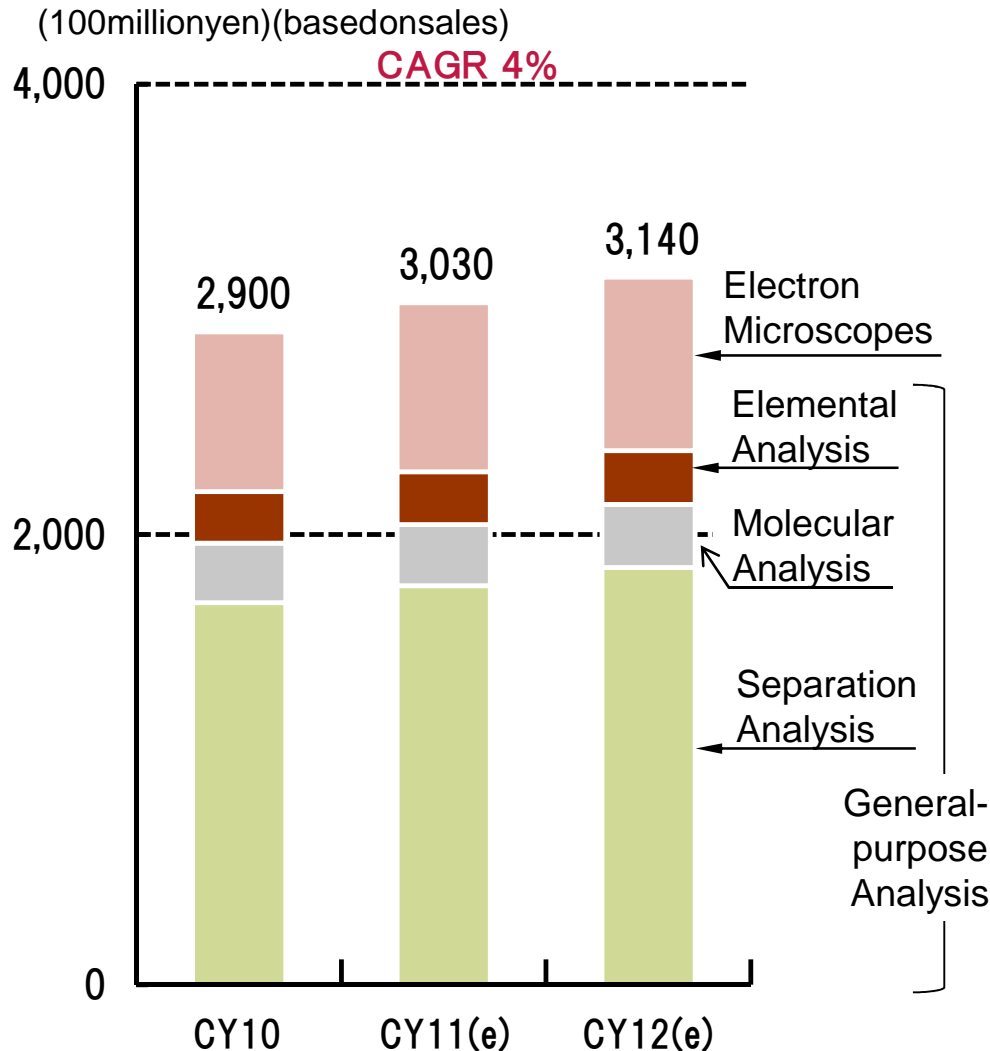
Sales Ratio by Region (LCD-related equip.)



- Main investments for LCD-related equipments in FY11 shifting to China.
- Increasing sales ratio in China for HD-related equipments.

Analytical Instruments Market (HHT-related)

Market Status in FY11



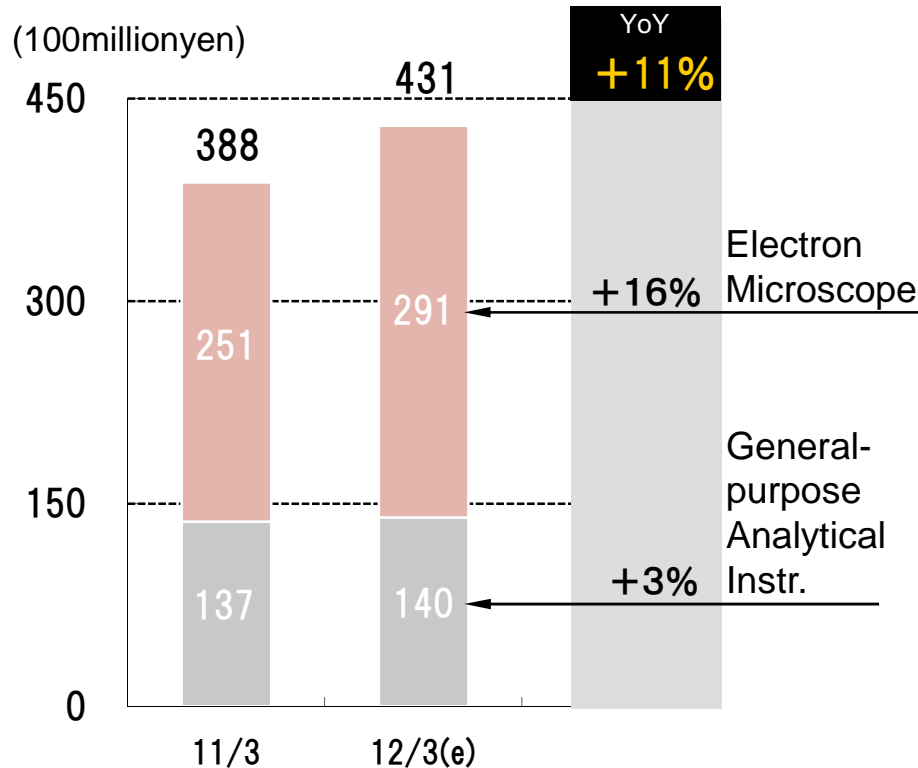
- **Electron Microscopes**
 - Capital investment from private sectors recover from financial recession triggered by the Lehman shock
 - Demands increase especially in the new energy/material-related market
- **General-purpose Analysis**
 - Separation analysis is the biggest market and also has the highest growth outlook (5%) in the general-purpose analysis market
- **The Great East Japan Earthquake**
 - Effects are limited

(source) Based on SDI Global Assessment Report, Edition 10.5 etc. and HHT's estimations.

FY11 Strategies

1. Early recovery from the Great East Japan Earthquake
2. Expands sales by introducing new products and putting resource in growing markets

Sales Change in Main Businesses

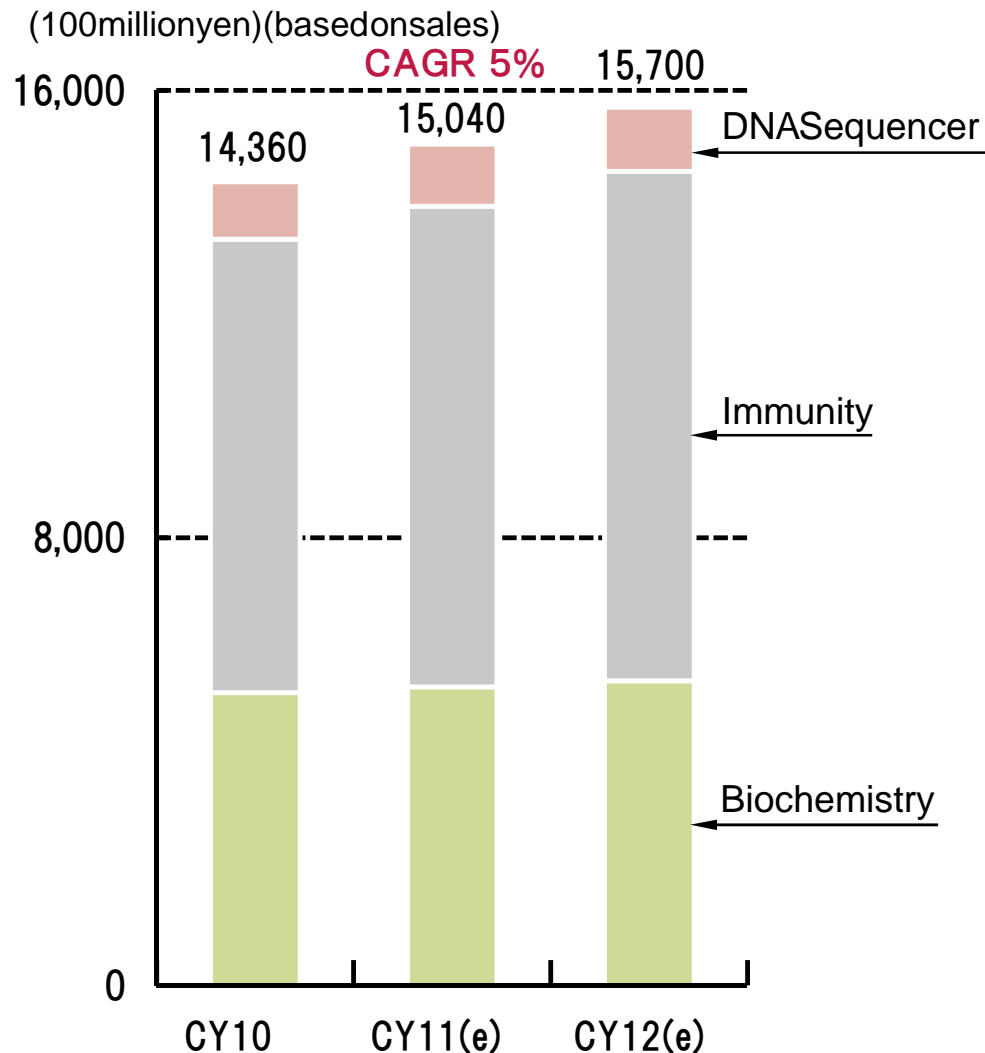


Future Actions

- Early recovery by speeding up production from Q2
- Expands sales of new type high-resolution FE-SEM
- Expands sales of new type liquid chromatograph for the pharmaceutical/food market
- Expands sales by putting resource in the China market

Biotechnology Product/Clinical Analyzer Market
(HHT-related)

Market Status in FY11



In Vitro Diagnostics

(Biochemistry/Immunity)

- Marginal increase is expected in the biochemistry/immunity market due to the worldwide restraint in medical bills

- Expect 6% growth in the immunity market

DNA Sequencers

- Expect 6% growth in the overall market

- 2nd generation sequencers will lead the market

The Great East Japan Earthquake

- Effects are limited

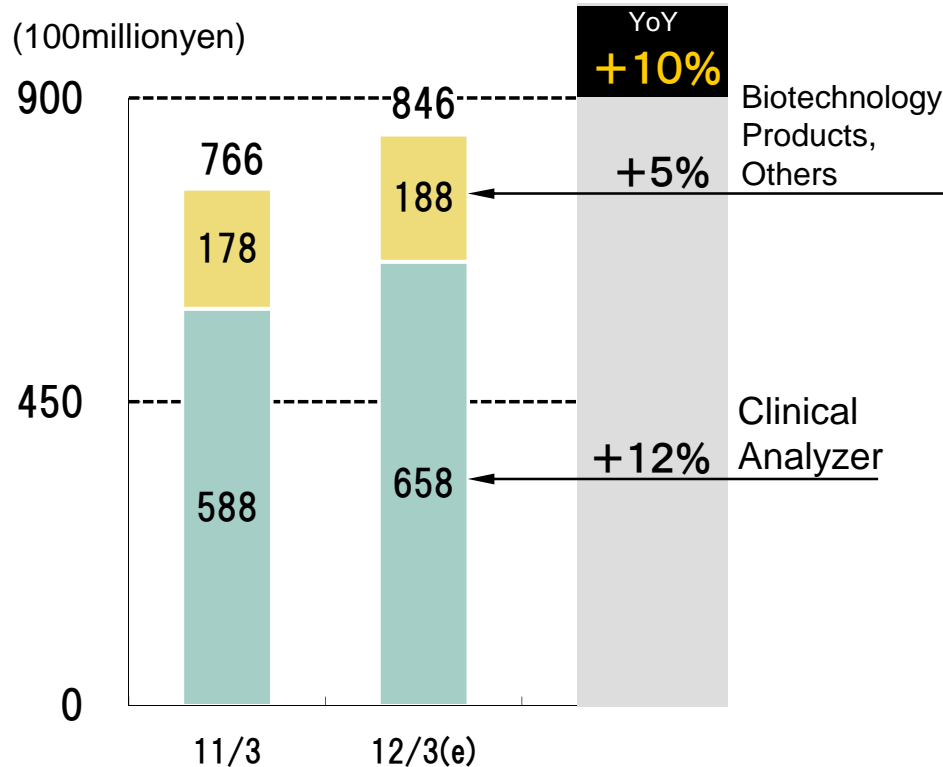
(source) Based on Kalorama Information 6th Edition (2008) etc. and HHT's estimation. (Reagent, equipment included.)

FY11 Strategies

1. Early recovery from the Great East Japan Earthquake
2. Expands sales by promoting SCB with leading companies
(SCB: System Collaboration Business)

Sales Change in Main Businesses

Future Actions



- Early recovery by speeding up production from Q2
- Expands sales of new large-size clinical chemistry and immunodiagnostic systems by strengthening partnership
- Enter into the 2nd generation market by the launch of the DNA sequencer type 5500

FY11 Strategies

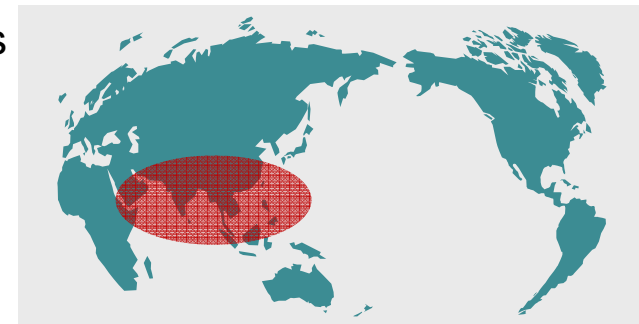
1. Shift business areas to markets where Hitachi High-Tech is able to aim global top.

- Create businesses which can promote core competence
- Shift resources to growing business areas globally
- Promote business development with local partners in target areas.

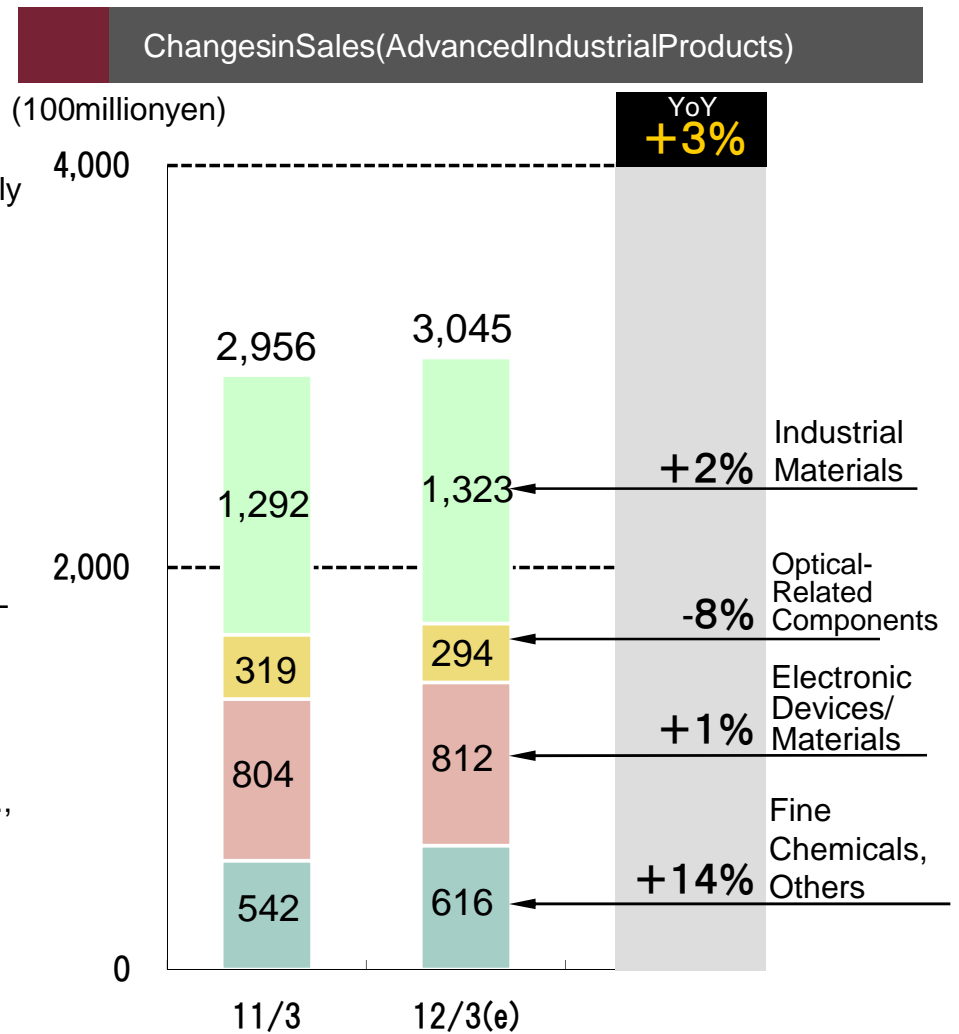
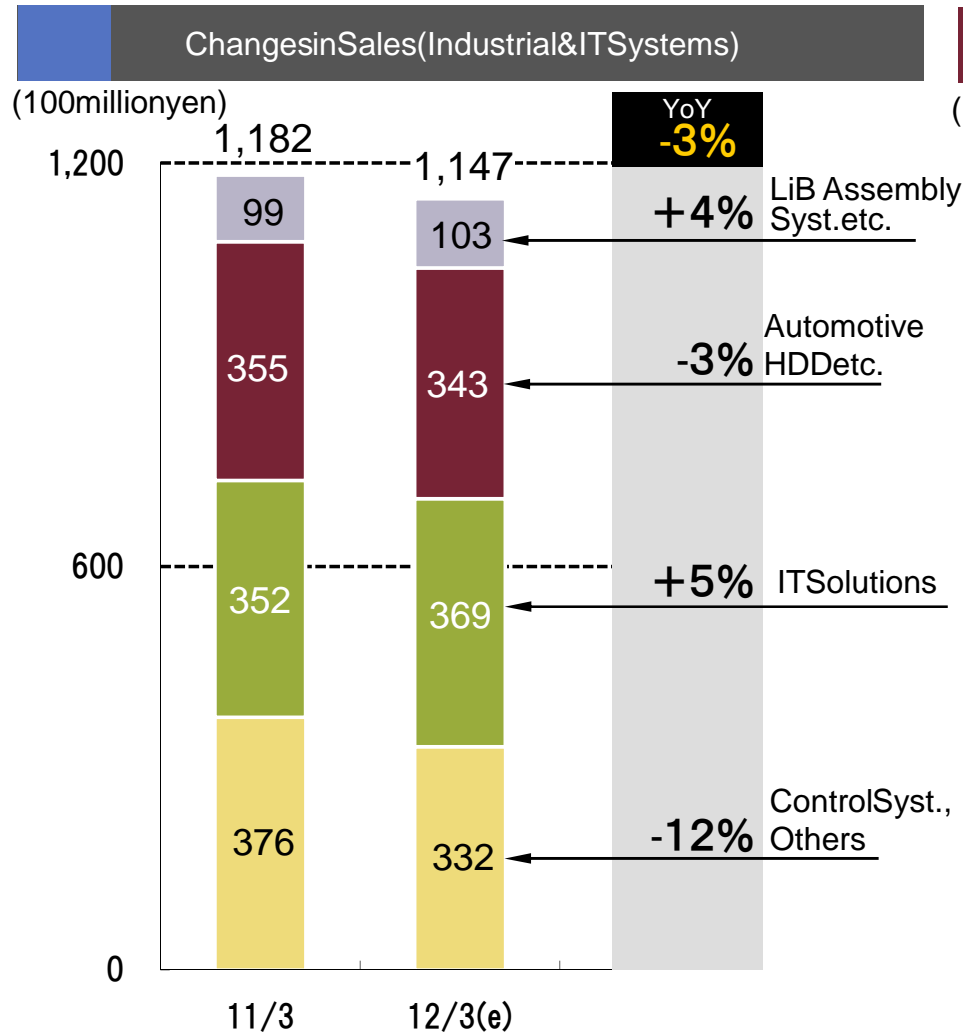
2. Strongly promote businesses targeting Asian belt areas.

note: Asian belt areas include 24 countries/areas between Japan and the Arabian Peninsula as shown in figure below.

- Expand alternative energy and water related businesses in Indonesia.
- Promote business development related to automotive as well as alternative energy in India.



FY11 Outlook (Industrial & IT Systems) (Advanced Industrial Products) ②



(100millionyen)

| | 10/3 | 11/3 | YoY | 12/3(e) | YoY |
|---------------------|------|------|-----|---------|-------|
| Capital Expenditure | 94 | 90 | -4% | 184 | +105% |
| Depreciation Costs | 96 | 90 | -7% | 101 | +12% |
| R&D | 193 | 208 | +8% | 258 | +24% |

Note: Capital Expenditure is based on an acquisition basis

Context(FY10)

Capital Expenditure: 9.4Ybn increase

- Design Building construction in Naka Division

R&D: 5.0Ybn increase

- Development of elemental technologies in in-house manufactured equipments

Notes on the data

1. All financial statements summaries and results prepared on a consolidated basis unless otherwise stated. Numerical data is rounded off to the nearest 100 million yen.
2. In its disclosures, Hitachi High-Technologies may make statements that constitute forward-looking statements that reflect management's views with respect to certain future events and financial performance at the time of disclosure. Such statements are based on information available at the time of disclosure and may differ from actual results due to various external factors, both direct and indirect. In the event of a major discrepancy with the items disclosed, the Company will disclose on a case-by-case basis based on the law and/or the timely disclosure rules and regulations of the stock exchange on which the Company is listed.

The information included in this material is for reference when investing, and not a canvas to invest in. Brand selection and the final decision is at your own judgment.

END

FY2011 Outlook

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Hitachi High-Tech

Bringing the frontier to the forefront.