

FY2011 Outlook

June 8, 2011

 **Hitachi High-Technologies Corporation**

President, Chief Executive Officer
Masao Hisada

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FY2011 Outlook

I FY11 Management Policy

II FY11 Outlook

I

FY11 Management Policy

(Note) YY/M denotes the year and month of the accounting period-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 stronger 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 co-strategies of holiday shift rotations and summer holiday distribution. Moreover, Hitachi High-Tech will carry out own strategies and achieve 15%^(see ref 1) power saving in total.

Ref 1: 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 Jul1st 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/M denotes the year and month of the accounting period-end.

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FY11 Outlook (Highlights)

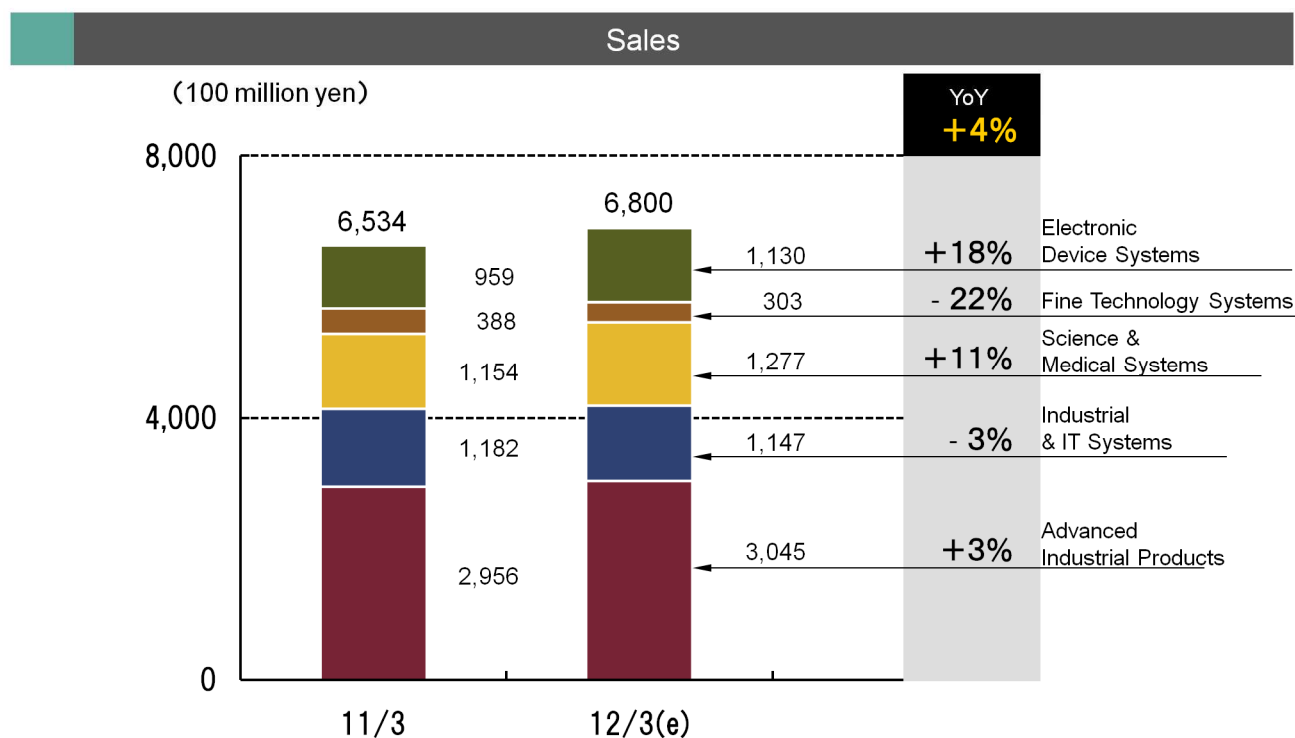
(100 million yen)

	FY10 Outlook	FY10 Results	YoY	
			Increase/ Decrease	Ratio
Sales	6,800	6,534	+266	+4%
Operating Income	280	279	+1	+0%
Ordinary Income	280	295	-15	-5%
Net Income	180	178	+2	+1%
Net Income per Share	130.87yen	129.07yen	+1.80yen	
Cash Dividend per Share	20.00yen	20.00yen	±0.00yen	
ROE	7.2%	7.5%	-0.3%	
FIV	+44	+59	-15	
FCF	+150	+221	-71	

FX Rate Estimate: 1USD=80 yen
1EUR=115 yen

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FY11 Outlook (Sales by Segment)



Note: Elimination such as intersegment transactions etc. are included in the totals.

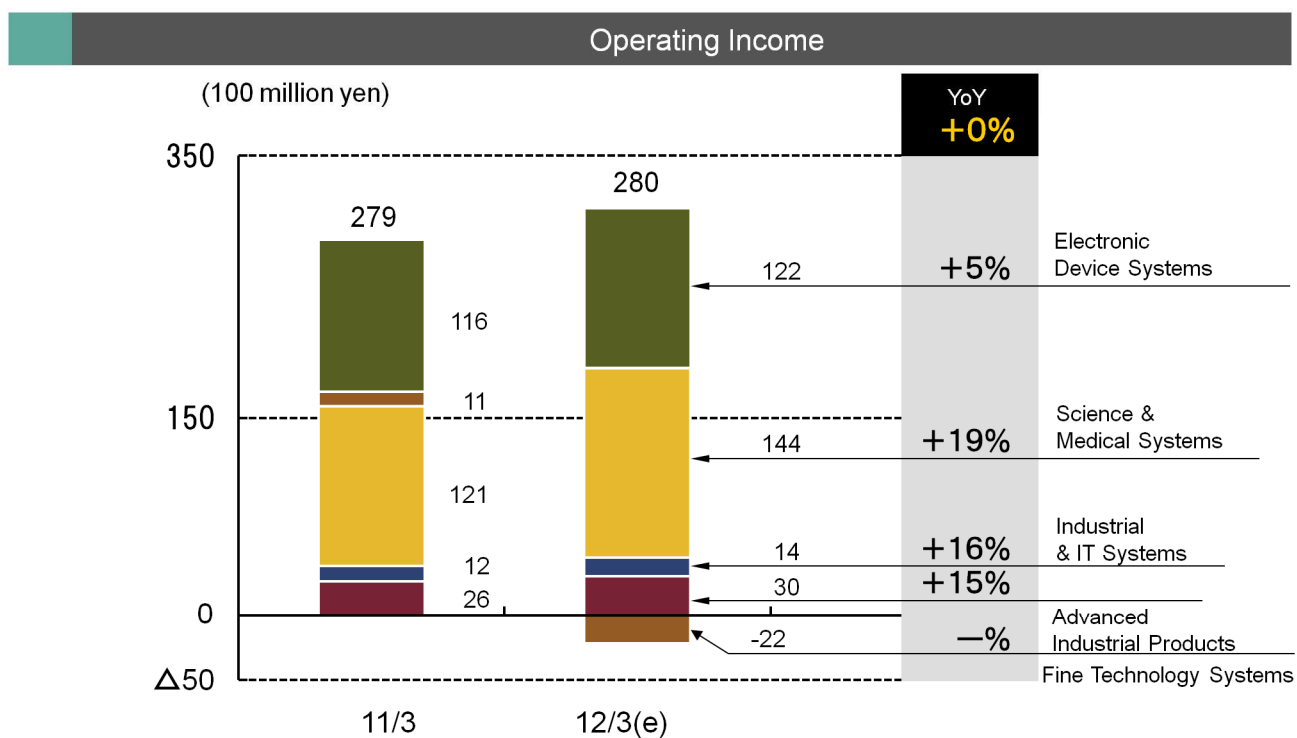
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■ Explanation of YoY Variations

- **Electronic Device Systems**
Expected to rise 18% YoY due to obtaining business opportunities related to investment for scaling based mass production of major device manufacturers.
- **Fine Technologies Systems**
Expected to decline 22% YoY due to the delay of investment related to LCD production in Chinese market as well as a temporary delay of investment for HD related manufacturing equipments related to industry reorganization.
- **Science & Medical Systems**
Expected to rise 11% YoY due to increasing demand for analytical systems and medical analysis equipments in European and Asian market (Chinese market in particular.)
- **Industrial & IT Systems**
Expected to decrease 3% YoY due to declined sales of automotive HDD caused by the Great East Japan Earthquake.
- **Advanced Industrial Products**
Expected to rise 3% YoY due to re-increasing demand for solar cell-related materials in Chinese market.

FY11 Outlook (Operating Income by Segment)



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■ Explanation of YoY Variations

Similar reasons as the sales can be applied for the operating income.

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 so on 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 planed 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 manufactures and foundries will be planed.

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.

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■ Semiconductor Devices & Manufacturing Equipment Market

Due to increased shipments of mobile related products including smartphones, tablets and so on, semiconductor device market including NAND, flash memories and ASSP will continue to grow. Total sales related to DRAM will decline since ratio of the number of shipments of PC is expected to rise only single digit percent. Major DRAM manufacturers will plant to increase the production amount of mobile DRAM or shift to produce other products, for example NOR flash and so on.

Thank to the market growth of semiconductors, the semiconductor manufacturing equipment market kept growing in 4Q of FY10, which was the 7th successful term after 1Q of FY09. FY11/1H will be quite since investments planned by foundries and so on were concentrated in 1Q of 2011. However, the amount of investments will increase again since new fab construction of MPU and NAND manufacturers and foundries is planned according to trend of scaling.

Issues in Europe including financial uneasiness might affect the market.

Thank to the sales growth of mobile related products such as smartphones and so on, assembly equipment market will continue to grow in FY11.

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.
- 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

Establishment of Scaling and Low Power Process

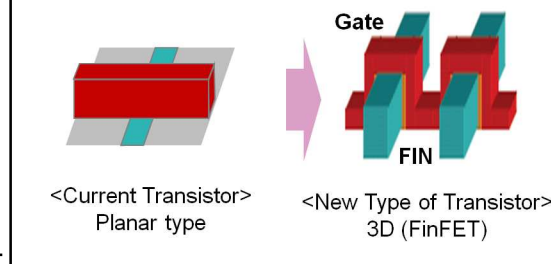


Table 2. Comparison of the number of gate process (estimated by HHT)

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

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■ Trend of Semiconductor Device Scaling

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

- Demand for miniaturization and reduction of footprint will increase.
- Reduction of power consumption for lower power operation will also be expected to be applied.

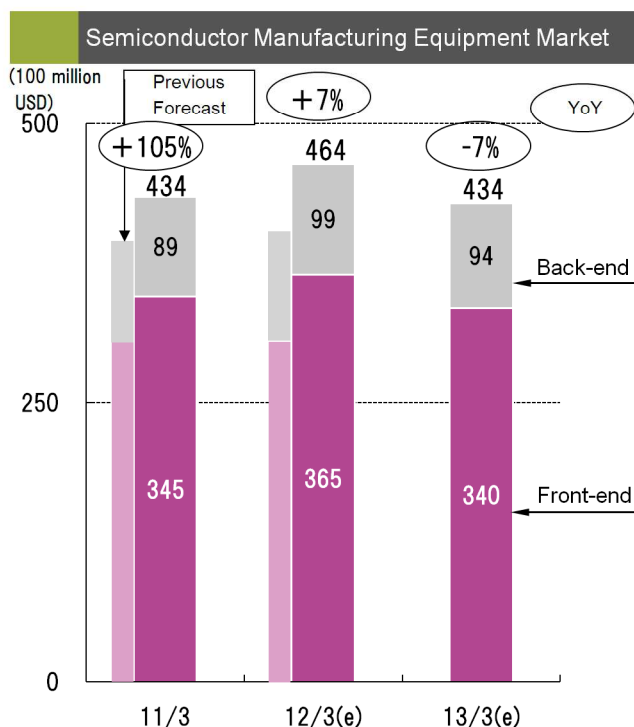
As shown in Table 1, expectation for lower power operation will accelerate according to the ITRS roadmap. To answer customer's demand, various process technologies are also promoted.

Structure of transistor is considered to be modified from the current planar type to 3D FinFET to achieve lower power operation. Major manufacturer in the U.S. is planning mass production based on this modification. Double Patterning (DP) is applied for both structures.

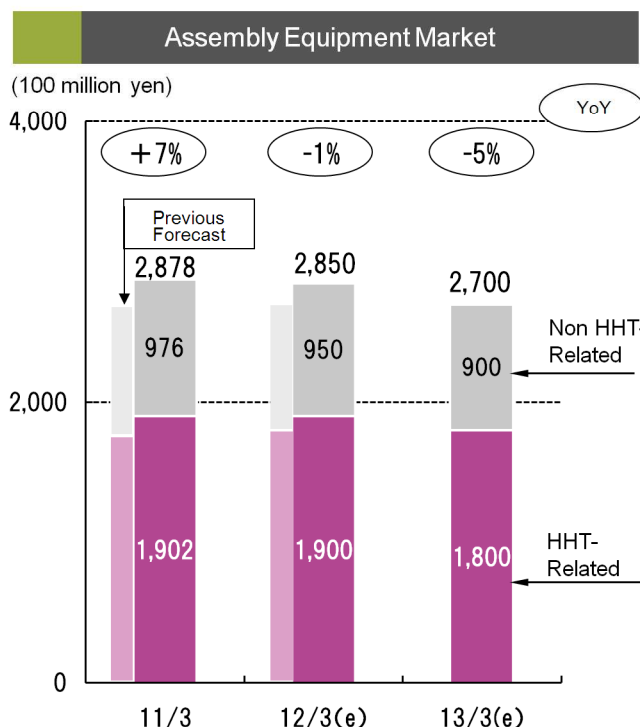
The number of process related to Hitachi High-Tech will also increase and provide opportunities to expand the market.

Strategies are

- Establish high performance etching technologies for FinFET.
- Establish high performance metrology technologies for DP.
- Co-development with device makers.
- Establish defect review technologies for scaling to increase yield rate.



(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.

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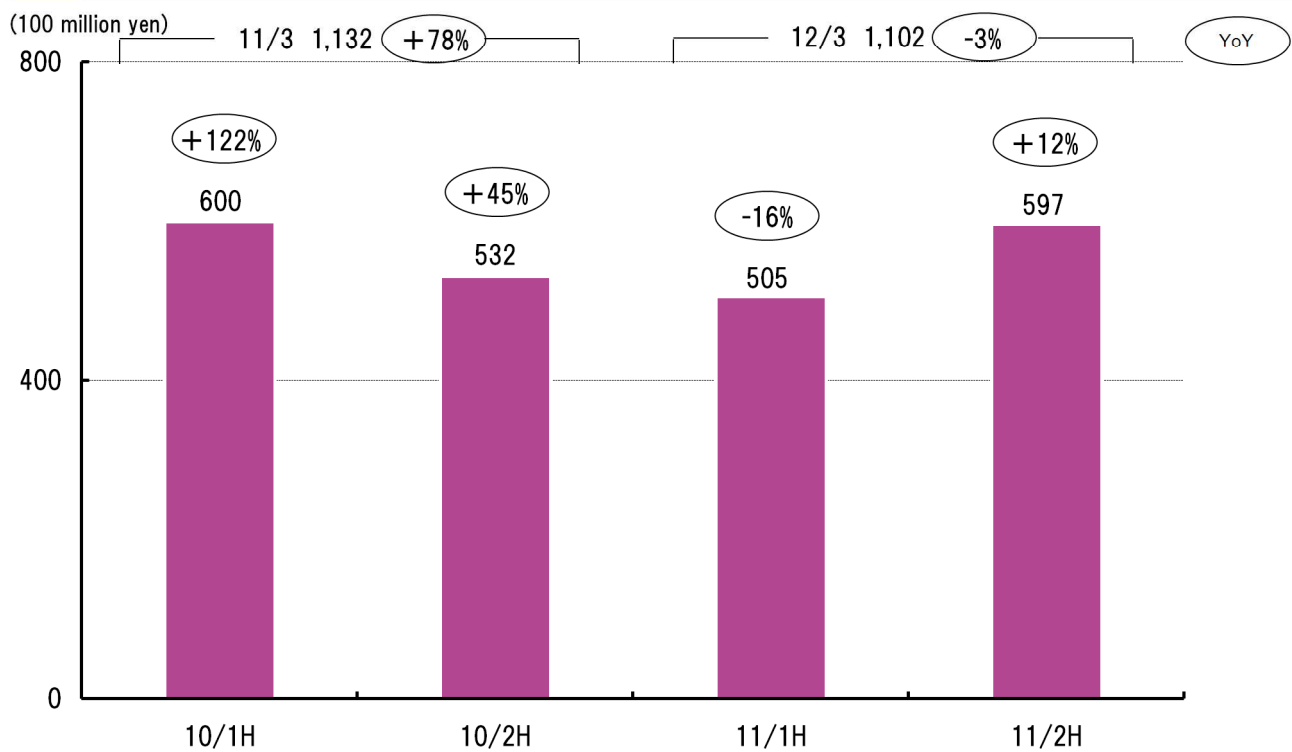
■ Explanation of Semiconductor Manufacturing Equipment Market

- FY11: Expected to grow 7% YoY due to positive investments planned by foundries, MPU and memory manufacturers.
- FY12: Considered to be a quieter term after the positive investments of FY11 by foundries and soon, and decline 7% YoY.

■ Explanation of Assembly Equipment Market

- FY11: The number of shipments will increase due to popular demand of smartphones and tablets. Production amount will rise in major Chinese EMSs particularly. However, price reduction will also be expected. Therefore, the market size will be almost equivalent to FY10 (1% decline).
- FY12: Considered to decline 5% YoY after positive investments of major Chinese EMSs of FY11.

Changes in Order Received



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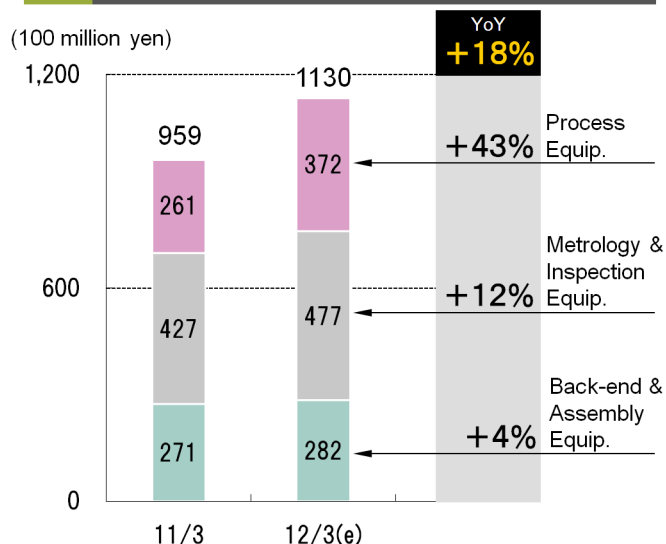
■ Circumstances of Orders Received

- 11/1H: Orders will decline 16% YoY due to effects of the Great East Japan earthquake.
- 11/2H: Orders will be expected to rise 12% YoY due to recovery from FY11/1H.

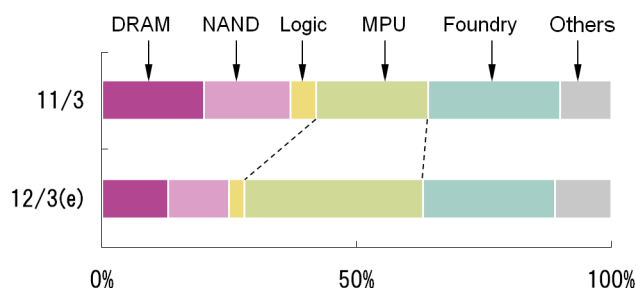
FY11 Strategies

1. Expansion of sales for main products and increasing the number of customers by releasing new products.
2. 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.

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■ FY10 Strategies

1. Expansion of sales for main products and increasing the number of customers by releasing new products.
 - Expansion of sales of gate etching equipments.
 - Promotion of next generation process technologies for CD-S E and die bonders.
 - Increase the number of customers for inspection equipments.
2. Strengthen marketing abilities and carry out growth strategies via global market development
 - Create stronger development structure with customers.
 - Strengthen sales and support structures for multinational customers.
 - Concentrate on areas and customers located in growing markets.

■ Explanation of YoY Deviations

Process Equipments

- Expected to rise 43% YoY due to increase of positive investments of major customers as well as expansion of application process.

Metrology & Inspection Equipments

- Expected to rise 12% YoY due to obtaining business opportunities related to investments of major customers.

Back-end & Assembly Equipments

- Expected to rise 4% YoY due to strengthening marketing in growing markets including China.

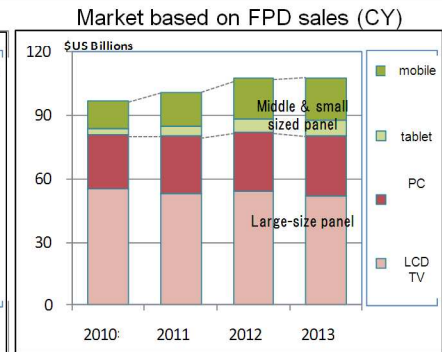
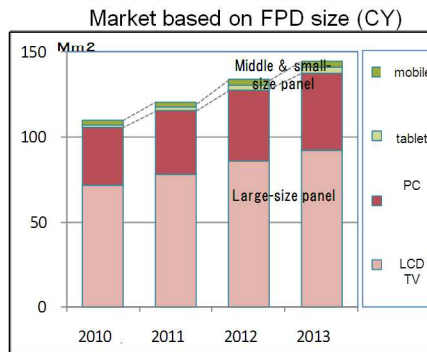
■ Sales Ratio by Field (Front-end Equipment)

- Ratio will rise due to positive investments by MPU manufacturers.
- Ratio related to foundries will also grow continuously.

Market Status in FY11

■ Trend of FPD market

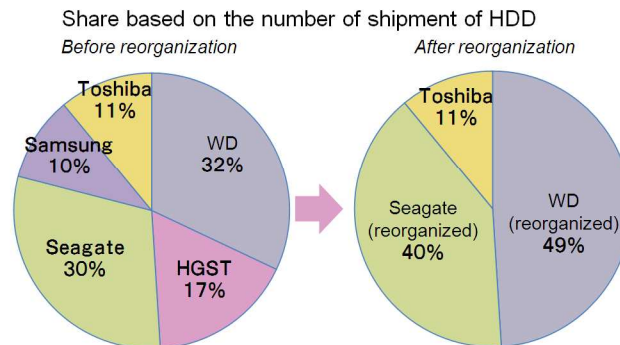
- Delay of the execution of investment in China due to impact of a downturn of large-size panel market.
- Continuous growth of market related to middle and small-size panels for mobile and touch panels



source: DisplaySearch

■ Trend of HD 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



Source: Institute of Information Technology, Ltd. 11Q2(CY) Share

Possibilities of market share changes

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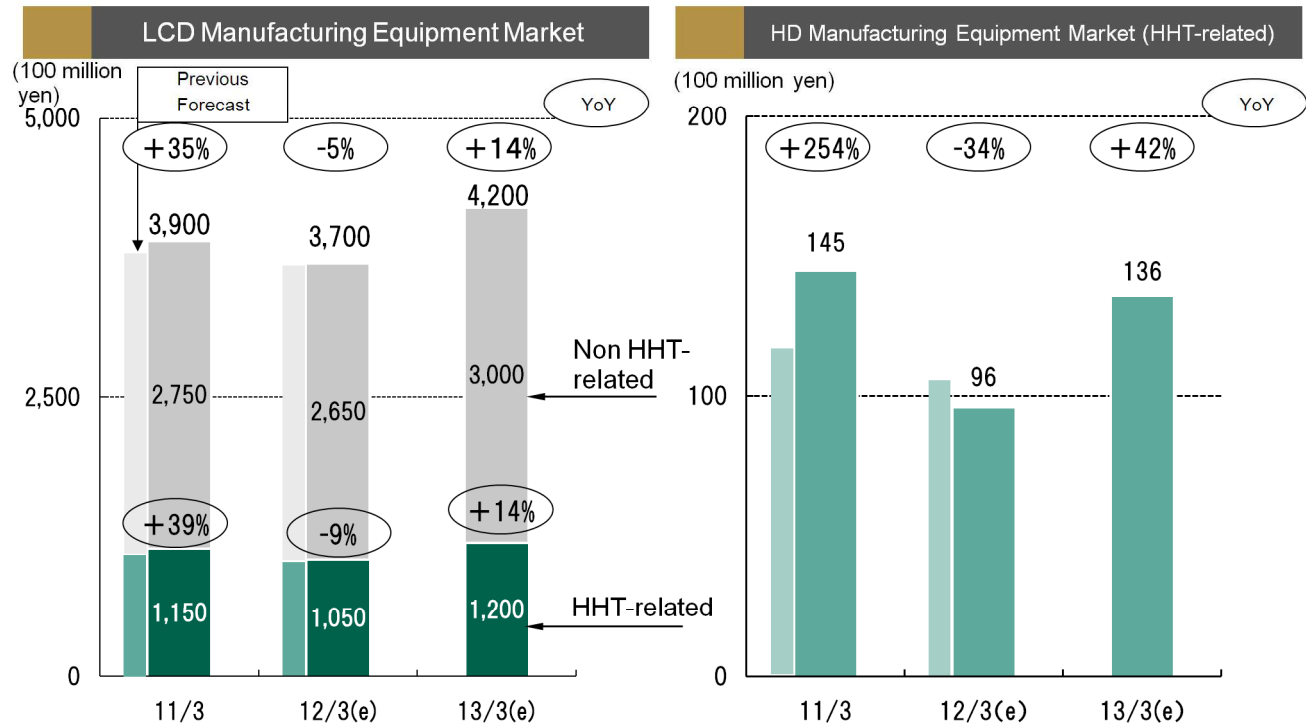
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■ Trend of FPD market

- Downturn of large-size panel market
Demand for larger panels size will keep increasing although the number of shipment will decrease due to price deduction of panels for TV and PC.
- Continuous growth of market related to middle and small-size panels for mobile and touch panels.

■ Trend of HD market

- Industry reorganization
CY11 will be a year when market structure might change after the HD industry reorganization.
- Market share of Toshiba
- In-house production of reorganized Seagate as well as WD



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

Source: HHT's estimation

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■ Circumstances of the LCD Manufacturing Equipment Market

- FY11: Expected to decline 5% YoY. The outlook for the size and timing of investment remains unclear because the execution of investment plans for LCD panel production in China is falling behind schedule.
- FY12: LCD investment in China from Korea and Taiwan and for middle and small size panel will lead YoY 14% growth.

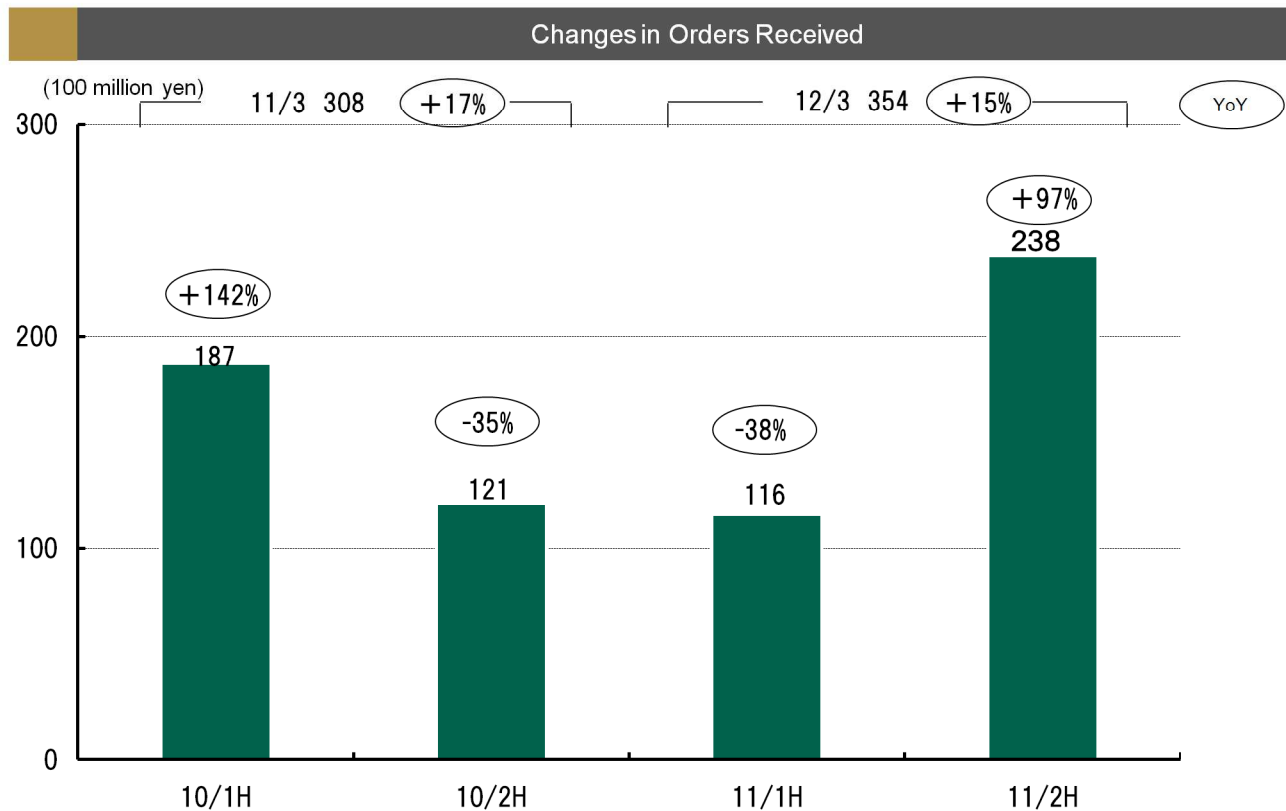
timing of investment remains
LCD panel production in China

middle and small size panel will

■ Circumstances of the HD Manufacturing Equipment Market

- FY11: Growth in the market is projected to temporarily slow well as effect of the Great East Japan Earthquake. Expected to decline 34% YoY.
- FY12: Delayed investment in FY11 will be realized in FY12 and expected increase 42% YoY.

ket
down due industry reorganization as
pected to decline 34% YoY.
nd expected increase 42% YoY.



■ Circumstances of Orders Received

- FY11/1H: Expected to decrease 38% YoY and 4% QoQ.

FPD related equipments

The execution of investment plans falling behind schedule for both exposure systems and assembly equipments.

HD related equipments

Sales expansion based on disk testers developed with new concepts as well as releasing a new type of surface inspection equipments for glass substrate.

- FY11/2H: Expected to increase 97% YoY and 105% QoQ.

FPD related equipments

Increasing investments related to large-size panels mainly in China.

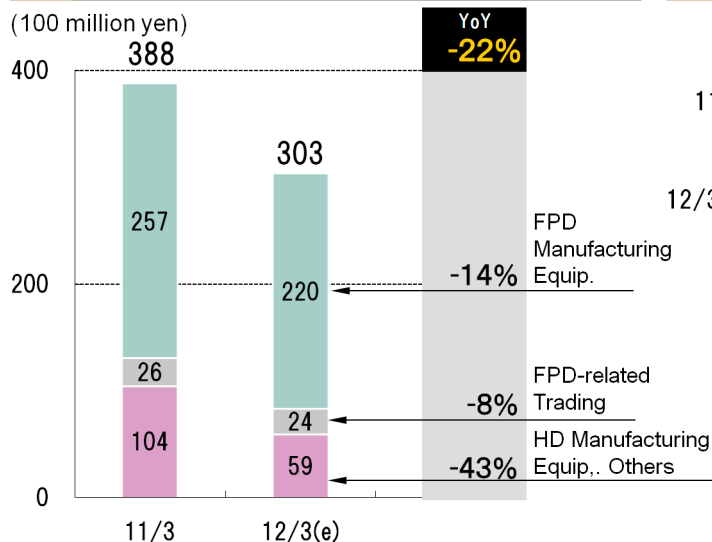
HD related equipments

Sales expansion for disk testers as well as surface inspection equipments for glass substrate. Promote head element configuration in inspection systems and target new customers.

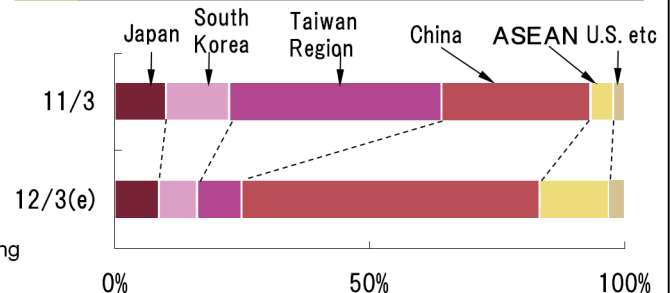
FY11 Strategies

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 a 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.

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■ FY11 Strategies

1. Expand businesses by raising competitiveness of existing products and introducing new products
 - 1) LCD-related
 - Raising competitiveness of exposure systems for middle and small-size high definition panels. Sales expansion of new assembly equipments, AL/AB9000 series.
 - 2) HD-related
 - Sales equipments for new products
 - Optical disk tester RQ9000 series
 - Head element configuration inspection systems BM3100 series
 - Function improvements for surface inspection equipment for substrate.
2. Accelerated development of new businesses
 - Commercializing manufacturing and inspection equipments for OLED
3. Shift a business structure that adapts to market changes
 - 1) Shift sales force to growing markets
 - 2) Strengthen cost-competitiveness and enable quick turnaround through procurement and production system reforms.

■ Explanation of YoY Variations

FPD Manufacturing Equipment

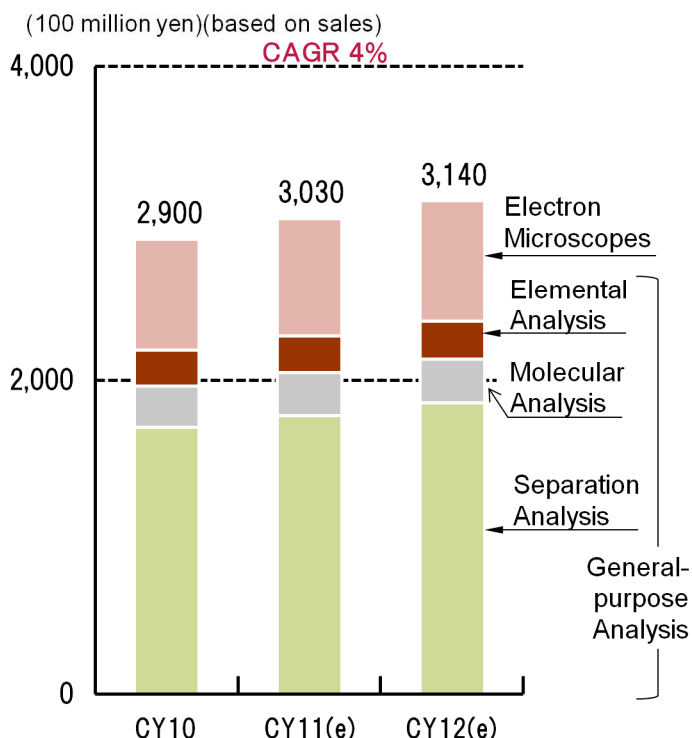
- Expected to decrease 14% YoY due to declined sales related to delayed schedule of exposure systems for Chinese market.

HD Manufacturing Equipment

- Expected to decrease 43% YoY due to declined sales related to delayed decision making related to industry reorganization.

Analytical Instruments Market (HHT-related)

Market Status in FY11



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

- 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

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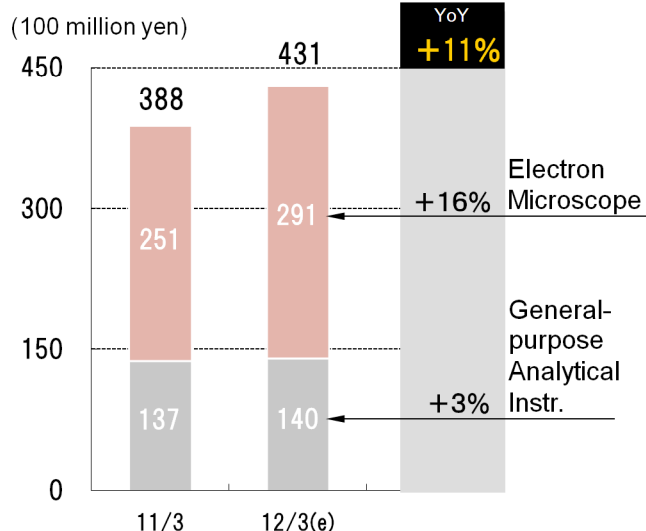
State of Analytical Instruments Market

- Capital investment from private sectors recover gradually from financial recession triggered by the Lehman shock.
- Capital investment are especially active in the new energy/material-related market mainly in Japan/Asia.
- Demands for China/emerging market expand though competition will aggravate due to strong yen.
- 4% growth is expected mainly in electron microscopes/separation analysis.
- The effects of the Great East Japan Earthquake are limited from a global perspective.

FY11 Strategies

1. Early recovery from the Great East Japan Earthquake
2. Expand 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
- Expand sales of new type high-resolution FE-SEM
- Expand sales of new type liquid chromatograph for the pharmaceutical/food market
- Expand sales by putting resource in the China market

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■ FY11 Strategies and Future Actions

- Introducing new products plus active sales to growing markets (fuel cell, PV, LED, pharmaceutical etc.) by developing applications.
- Launched new type FE-SEM (SU9000) in April.
Created with a world-class resolution with low sample damage.
Expand sales mainly in the new energy/new materials/semiconductor-related field.
- Launched new type chromatograph (Chomaster) in February.
Improved re-creation/stability functions and realized easy use, easy maintenance with strong body.
Expand sales mainly in the pharmaceutical/food market.
- Extended contract with our partner Techcomp Holdings Ltd., which handles our sciences system business.
Strengthen applications by strengthening sales/field services and by building a new application laboratory.

■ Explanation of YoY Deviations

Electron Microscopes

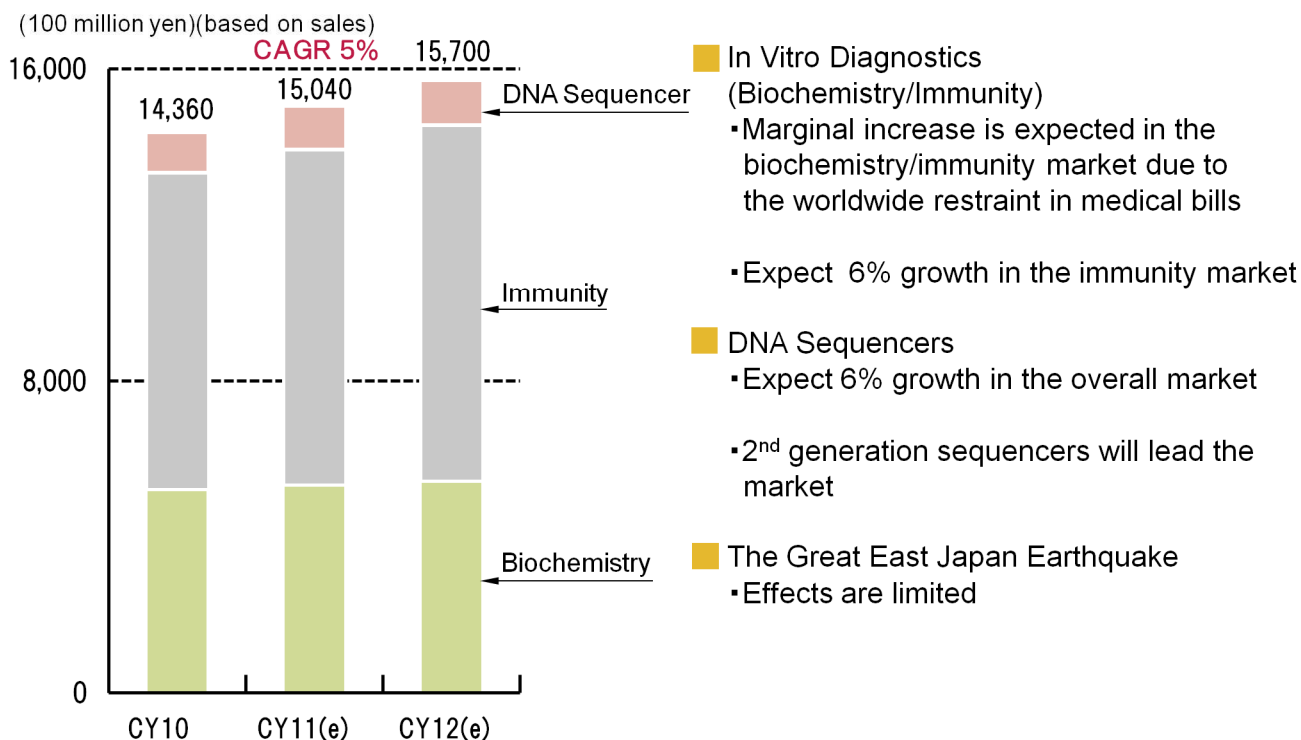
- Expect YoY 16% growth due to effects of launching new products.

General-purpose Analytical Instrument

- Expect YoY 3% growth due to expanding sales of new type liquid chromatograph.

Biotechnology Product/Clinical Analyzer Market
(HHT-related)

Market Status in FY11



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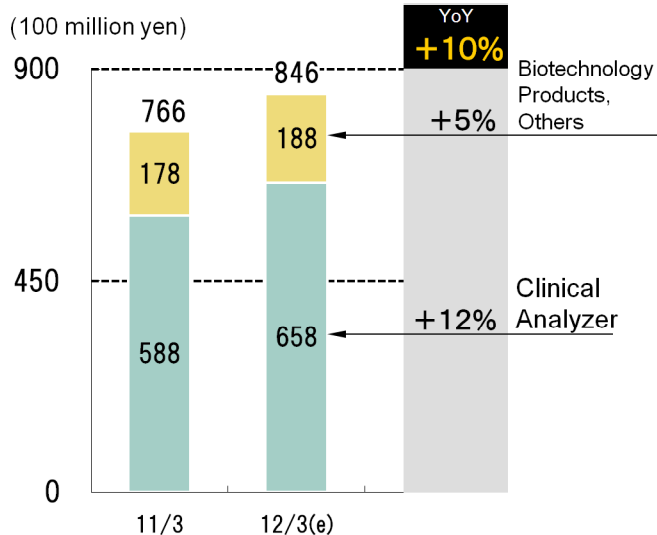
■ State of Biotechnology Product/Clinical Analyzer Market

- Clinical testing data are used to determine the method of treatment at medical institutions. Though there are restraints in medical bills, market size of the biochemistry market is said to be stable due to the importance of this clinical testing.
- In the immunity market, new markers for infectious diseases and cancer are developing and have high expectations in the market.
- Hospital reorganizations and outsourcing by test centers are progressing. On the other hand, demand to meet safety and quality standards are getting high.
- Expect 6% growth due to 2nd generation sequencers leading the market.

FY11 Strategies

1. Early recovery from the Great East Japan Earthquake
2. Expand 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
- Expand 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

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■ FY11 Strategies and Future Actions

- Worldwide support to boost sales of new large-sized clinical chemistry and immunodiagnostic systems. (cobas 8000 series)
- Expand sales in the application market with 1st and 2nd generation (type 5500) DNA sequencers.

■ Explanation of YoY Deviations

- Expect YoY 10% growth due to increase in sales for clinical chemistry and immunodiagnostic systems.

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.

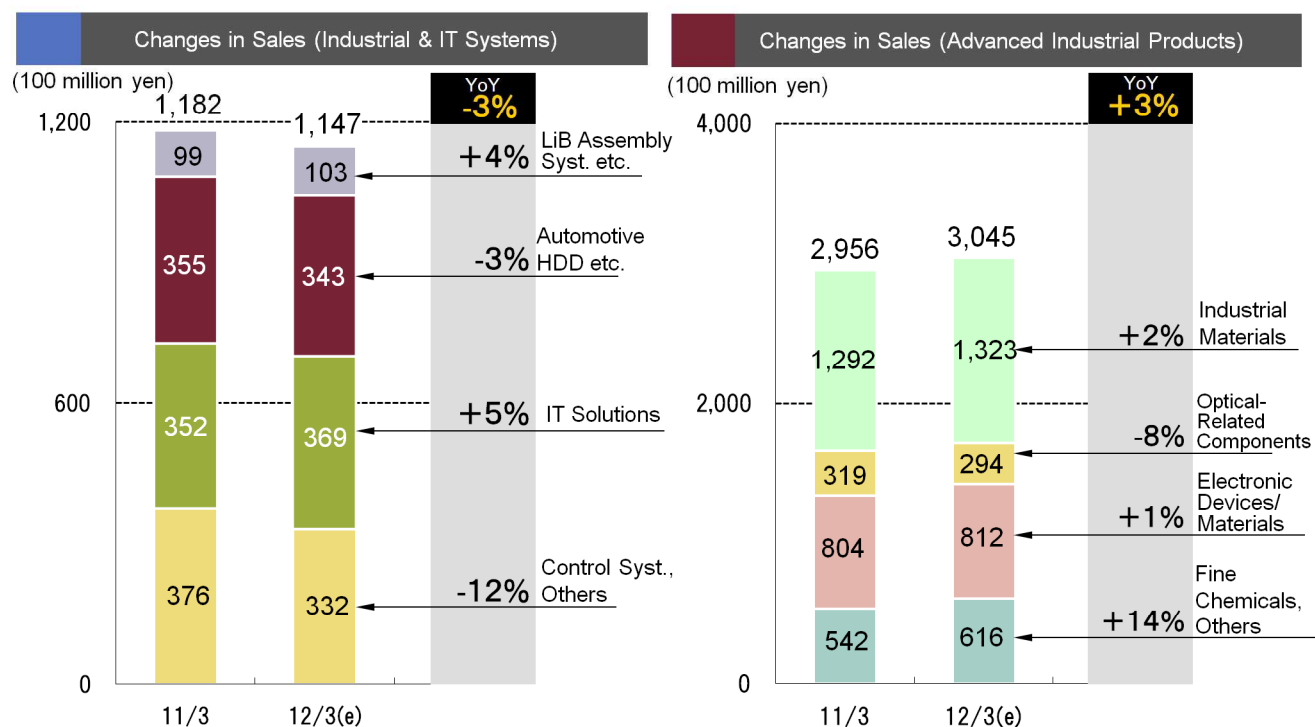
2. Strongly promote businesses targeting Asian belt areas.

note: Asia 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



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■ Explanation of YoY Variations

Industrial & IT Systems

- Sales of LiB Assembly Systems will grow 4% YoY since automotive industry is expected to recover in FY11/2H despite effect of the Great East Japan Earthquake in FY11/1H.
- Sales of automotive HDDs and soon will decrease 3% YoY due to effects from supply chain after the earthquake.
- Sales of IT solutions will grow 5% due to business expansion of smartphones.
- Sales of control systems and others will decrease 12% due to returning part of commercial rights.

Advanced Industrial Products

- Sales of industrial materials will grow 2% YoY due to increasing sales of materials related to solar cells despite effect of the Great East Japan Earthquake.
- Sales of optical-related components will decline 8% YoY due to decreasing business deals of optical components for projectors and soon, although demand of modules for optical communication is expected to increase.
- Sales of electronic devices and materials will grow 1% YoY due to increasing demand for materials related to smartphones despite of returning part of commercial rights.
- Sales of fine chemicals and others will grow 14% YoY due to expansion of procurement solution businesses.

(100 million yen)

	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 bases

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 statement summaries and results predictions included in this presentation are 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 exchanges on which the Company is listed.

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END

FY2011 Outlook

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