Hitachi High-Tech

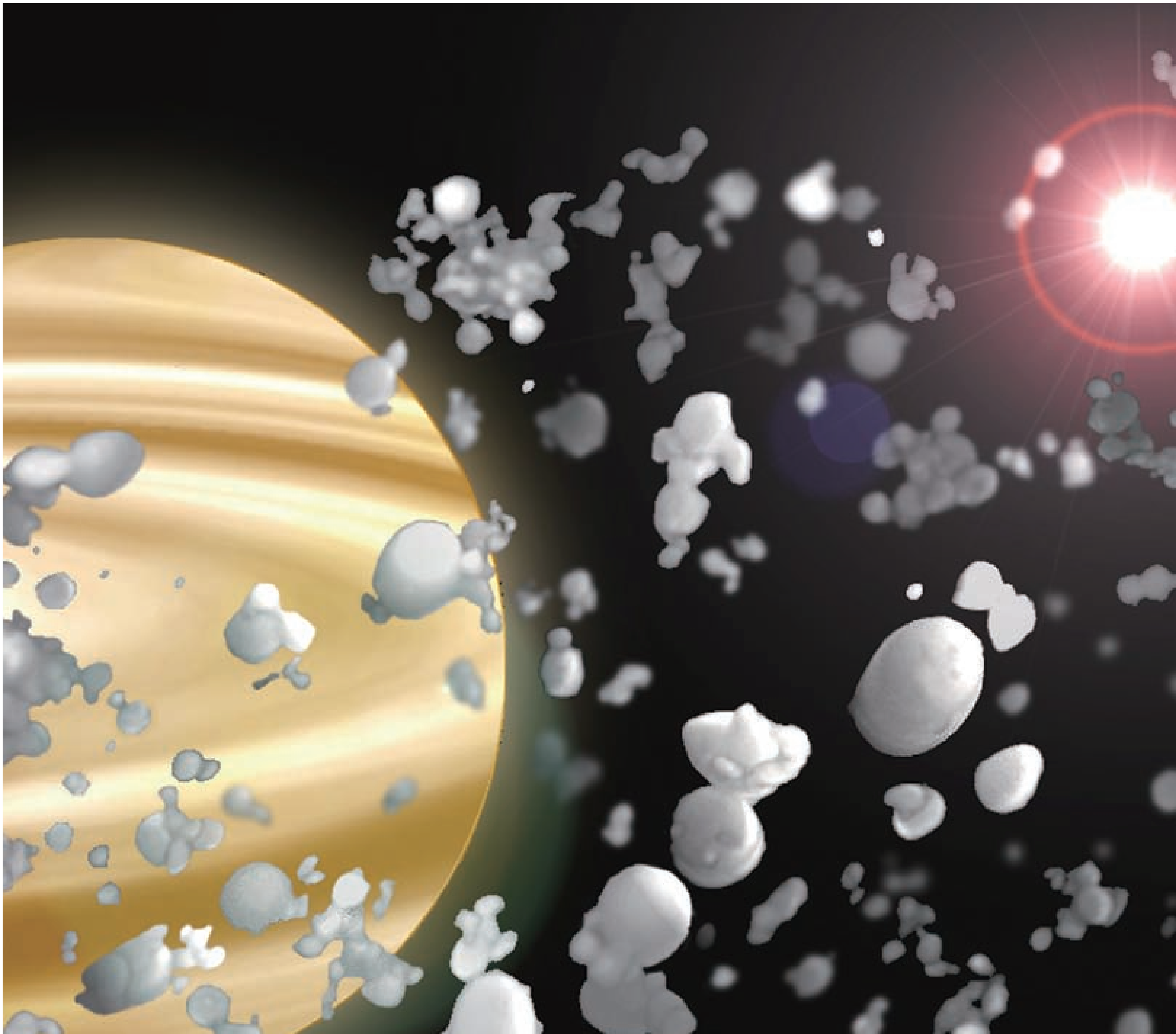
ANNUAL REPORT 2010

Year ended March 31, 2010

ENGINEERING A V-SHAPED RECOVERY

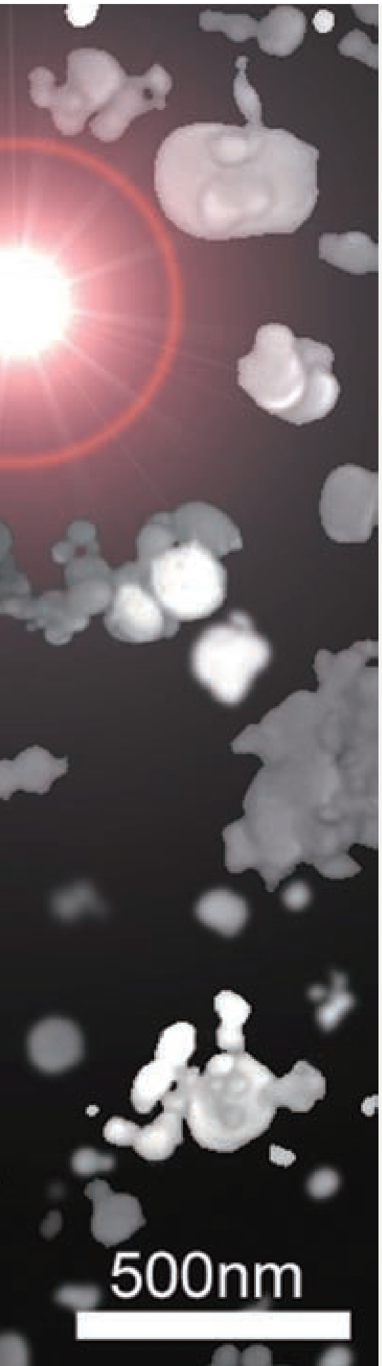
100th ANNIVERSARY
Celebrating 100 years of the Hitachi Group

HITACHI



nanoart : The World of One-Moment Beauty through Electron Microscope ——"NANO UNIVERSE"

"Nano Universe," an exhibit depicting scenes of extremely small-scale phenomena that appear as majestic as asteroids floating through the vastness of space, took the 1st prize at The Japanese Society of Microscopy 2009 Photo Competition. The exhibit was an example of "nanoart," in which micro- and nano-level formations in metals, minerals and living creatures, invisible to the naked eye, are faithfully reconstructed under an electron microscope, then enhanced with computer graphics technology to create breathtaking photographic works. For "Nano Universe," particles of bismuth oxide, a substance commonly used as an additive in glass products, were encased in resin then continuously subjected to FIB processing and SEM image observation at 5-nanometer steps. The 200 SEM images that resulted were then reconstructed in 3-D, allowing for the three-dimensional dispersion of the particles to be observed.



Sharpening Technological Capabilities in Cutting-Edge Fields to

ENGINEER A V-SHAPED RECOVERY

The nanoart shown was created using a Hitachi High-Technologies electron microscope, which boasts the highest level of performance in the world. In other words, it was our electron-beam technology which made this art possible. Electron-beam technologies are a core area for Hitachi High-Technologies as a company that operates exclusively in cutting-edge technology fields. We leverage this core technology in a range of products, including CD-Measurement SEMs, for which Hitachi High-Technologies proudly holds one of the world's best track records. Our FE-SEM products, meanwhile, have the world's highest level of analytical performance.

To survive in today's fast-changing world, marked by environmental concerns, diversifying needs, and ongoing technological innovation, a company must consistently be able to deliver advanced technologies and high-quality solutions.

Aiming to create new value, Hitachi High-Technologies will bring cutting-edge technologies to bear in the pursuit of highly competitive products and services, in its quest to realize sustainable growth.

- **Specimen: bismuth oxide**
- **Instrument:** Focused Ion / *Electron Beam System nanoDUE'T NB5000*
- **Accelerating voltage: FIB 40kV, SEM 5kV**
- **Akinari Morikawa, Miki Kudo, Akiko Fujisawa, Mitsuru Konno [Hitachi High-Technologies Corporation]**

*This work was presented at the "photo contest" hosted by The Japanese Society of Microscopy.
*"nanoart" is a registered trademark of Hitachi High-Technologies Corporation in Japan.

Hitachi High-Technologies is developing a distinct business model derived from the integration of its trading and manufacturing functions.

Hitachi High-Technologies leverages specialized trading functions active across the globe together with manufacturing functions that enable the development of high-tech products through cutting-edge technologies. Backed by this distinct business model integrating manufacturing, sales and services, Hitachi High-Technologies delivers optimal solutions.

HISTORY OF HITACHI HIGH-TECHNOLOGIES

Oct. 2001 Establishment of Hitachi High-Technologies Corporation

Hitachi, Ltd. — R&D AND MANUFACTURING

- **Instruments Group:** Always at the leading edge of progress in measurement technologies
- **Semiconductor Manufacturing Equipment Group:** Expertise in high-density circuit integration and scaling

Nissei Sangyo Co., Ltd. — TRADING

- **Trading functions:** Specializing in cutting-edge technology, primarily in the field of electronics
- **Skill in building new businesses:** Supported by a worldwide network

Apr. 2003 Business Integration

Sanyo High Technology Co., Ltd. — R&D AND MANUFACTURING

- **Surface Mount Systems Business (Chip Mounters):** Catering to a broad spectrum of finished products

Apr. 2004 Business Integration

Hitachi Electronics Engineering Co., Ltd. — R&D AND MANUFACTURING

- **FPD and HD-related Equipment:** Integrating expertise in technology and product development
- **Optical Semiconductor Inspection Equipment:** Vital to the commercial-scale production of next-generation devices

Apr. 2010 Business Integration

Merged Renesas Eastern Japan Semiconductor, Inc. — R&D AND MANUFACTURING

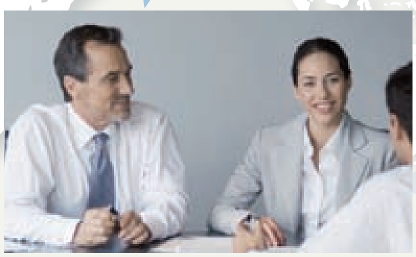
- **Die Bonders:** Integrating expertise in technology and product development

Business Expansion through M&A/Alliance

Organic Growth

R&D AND MANUFACTURING FUNCTIONS

- R&D
- Product design and manufacturing
- Field services
- World-leading products



TRADING FUNCTIONS

- Business transaction capabilities
- Global network (27 countries/56 locations)
- Logistics expertise
- Market development skills
- Value-added business modeling

Electronic Device Systems

- Process Equipment
- Metrology & Inspection Equipment
- Back-end & Assembly Equipment

and others

Fine Technology Systems

- FPD Manufacturing Equipment
- HD Manufacturing Equipment

and others

Science & Medical Systems

- General-purpose Analytical Instruments
- Electron Microscopes
- Clinical Analyzers
- Biotechnology Products

and others

Industrial & IT Systems

- LiB Assembly Systems
- Automotive HDDs
- IT Solutions
- Control Systems

and others

Advanced Industrial Products

- Industrial Materials
- Electronic Devices/Materials
- Optical-related Components
- Fine Chemicals

and others

* Segment classifications have changed as of fiscal 2010. See page 24 for details.

THE HITACHI HIGH-TECHNOLOGIES CORPORATE VISION

Hitachi High-Technologies Corporation aims to be a successful enterprise trusted by all our stakeholders and contributing to social progress through business activities that emphasize value creation through high-tech solutions. We are committed to open, transparent, and reliable business practices. As we continue to grow, we will value the environment and strive to build a prosperous community, fulfilling our social responsibility and contributing as a corporate citizen with passion and pride in our work.

This basic philosophy is the foundation of our corporate vision, a vision that defines our future directions and articulates concepts that all our employees should share and emulate.

To Consistently Aim to be Global Top in High-Tech Solutions

BUSINESS POLICY

- To place the customer first, growing with our customers by providing the best solutions, consistently a step ahead of market needs.
- To contribute to value creation in the global community through synergies between our strengths in cutting-edge technologies and our capabilities as an established trading company.
- To aim for reliability and excellence based on our core assets of talent and technical resources, and to maximize our corporate value.

MANAGEMENT POLICY

- To aggressively disclose information and conduct business in a highly transparent manner.
- To exercise social responsibility as an environmentally aware corporate citizen.
- To conduct legally and ethically sound business activities.

CORPORATE CULTURE POLICY

- To respect the abilities of every employee and inspire confidence to tackle new challenges.
- To build a vibrant, enterprising company that is open to new ideas.
- To encourage speedy and efficient performance through teamwork.

CONTENTS

Forward-Looking Statements
Statements made in this Annual Report with respect to Hitachi High-Technologies' plans, strategies and future performance are forward-looking statements based on management's assumptions and beliefs in light of the information currently available, and involve risks and uncertainties. Accordingly, actual performance may differ materially from expectations due to a range of factors including, but not limited to, changes in the Company's operating environment.

CONSOLIDATED FIVE-YEAR SUMMARY

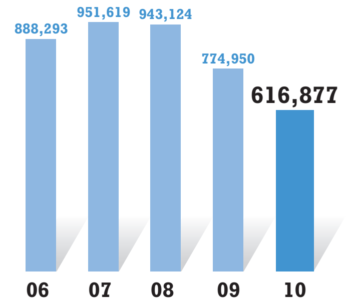
Hitachi High-Technologies Corporation and Consolidated Subsidiaries
Years ended March 31, 2006–2010

					Millions of yen	Thousands of U.S. dollars
Years ended March 31	**2006**	**2007**	**2008**	**2009**	**2010**	**2010**
For the year:						
Net sales	¥ 888,293	¥ 951,619	¥ 943,124	¥ 774,950	**¥ 616,877**	**$6,630,240**
Electronic Device Systems	227,964	262,217	264,778	168,324	**114,060**	**1,225,927**
Life Sciences	85,331	93,281	96,173	97,725	**95,459**	**1,026,003**
Information Systems & Electronic Components	261,536	237,444	232,716	203,758	**159,544**	**1,714,784**
Advanced Industrial Products	313,462	358,677	349,457	305,143	**247,814**	**2,663,526**
Operating profit	36,036	45,062	49,141	14,909	**(1,626)**	**(17,477)**
Net income	19,249	26,109	26,932	7,075	**(2,827)**	**(30,381)**
Net cash provided by operating activities	15,700	24,805	30,743	31,056	**22,371**	**240,443**
Net cash used in investing activities	(9,578)	(5,900)	(6,393)	(18,684)	**(8,277)**	**(88,965)**
Free cash flows	6,122	18,905	24,350	12,372	**14,094**	**151,478**
Net cash used in financing activities	(12,762)	(4,009)	(3,685)	(9,306)	**(2,759)**	**(29,656)**
At the year-end:						
Total assets	¥ 457,837	¥ 480,191	¥ 504,873	¥ 427,576	**¥ 411,049**	**$4,417,981**
Total net assets	193,363	221,330	235,104	234,278	**229,399**	**2,465,591**
Cash and cash equivalents	43,600	59,267	77,853	79,628	**90,188**	**969,346**
Number of employees	9,974	10,234	10,477	10,508	**9,931**	**–**
Per share data (¥)						
Net income	¥ 139.24	¥ 189.81	¥ 195.80	¥ 51.44	**¥ (20.55)**	**$ (0.22)**
Total net assets	1,404.96	1,572.14	1,707.69	1,701.74	**1,666.00**	**17.91**
Dividend	25.00	25.00	30.00	30.00	**15.00**	**0.16**
Ratio:						
Operating profit ratio (%)	4.1	4.7	5.2	1.9	**(0.3)**	**–**
Equity ratio (%)	42.2	45.0	46.5	54.7	**55.7**	**–**
Return on equity (ROE) (%)	10.5	12.7	11.9	3.0	**(1.2)**	**–**
Return on assets (ROA) (%)	7.9	9.4	9.9	3.5	**(0.1)**	**–**
Price-earnings ratio (Times)	22.3	17.0	8.4	26.9	**–**	**–**

Notes: 1. *U.S. dollar amounts in this report are translated from yen, for convenience only, at the rate of ¥93.04=U.S.$1.00.*
2. *ROA is calculated by dividing ordinary income by total assets, and expressed as a percentage. (Ordinary income is income other than capital gains)*
3. *From April 1, 2008, the Company has changed its revenue recognition criteria with regard to products such as semiconductor manufacturing equipment and LCD manufacturing equipment which require post-shipment installation. In principle, revenue is now recognized on completion of installation, rather than on shipment.*

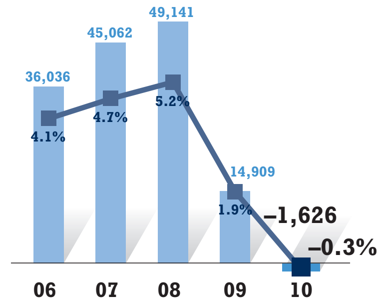
Net Sales

(millions of yen)



Operating Profit/ Operating Profit Ratio

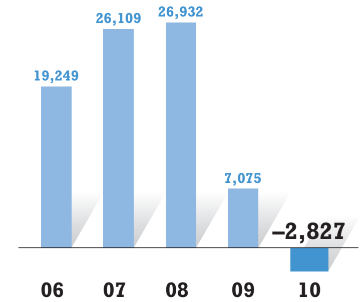
(millions of yen/%)



Operating Profit
Operating Profit Ratio

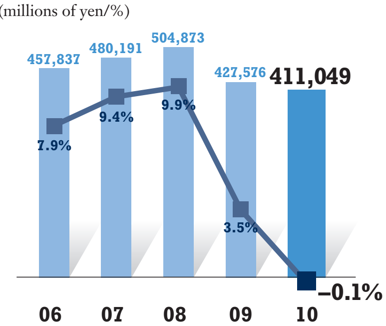
Net Income

(millions of yen)



Total Assets/ROA

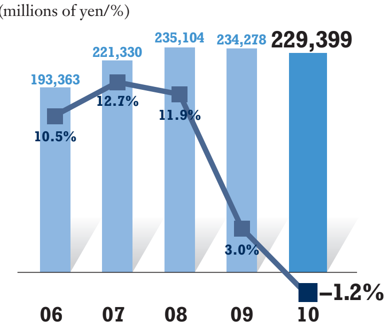
(millions of yen/%)



Total Assets
ROA

Total Net Assets/ROE

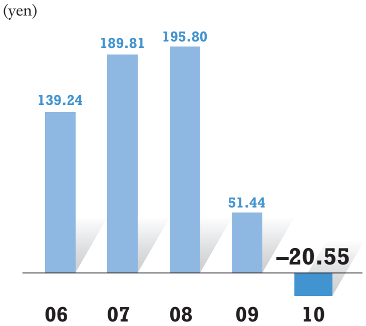
(millions of yen/%)



Total Net Assets
ROE

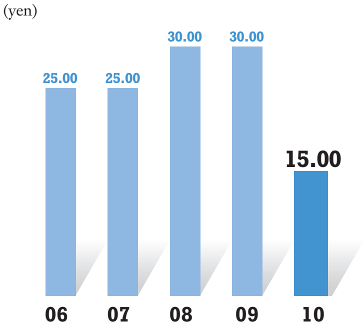
Net Income per Share

(yen)



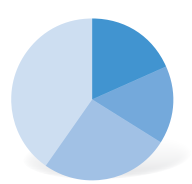
Dividend per Share

(yen)



Segment Sales

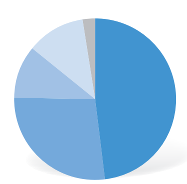
(%)



Electronic Device Systems	18.5
Life Sciences	15.5
Information Systems & Electronic Components	25.8
Advanced Industrial Products	40.2

Domestic and Overseas Sales

(%)



Japan	48.1
Asia	27.3
North America	10.7
Europe	11.6
Other	2.3

TO OUR STAKEHOLDERS

Hidehito Obayashi, Ph.D.
Representative Executive Officer
President
Chief Executive Officer and Director

In an Era of Change, Responding Swiftly to ENGINEER A V-SHAPED RECOVERY

Signs of optimism continue to appear in Japan's economy, signaling that the worst of the recession may now be over. In 2010, a year that has seen a global paradigm shift, Hitachi High-Technologies is anticipating the impact these changes will have on the business environment, and channeling all available energy into engineering a V-shaped recovery. Using business structural reforms to date as a springboard, we are determined to realize profitability in every business segment. At the same time, we are moving steadily to further embed initiatives that will promote future business development, and adding speed to our growth strategies.

OVERCOMING ADVERSITY AND COMPLETING BUSINESS RESTRUCTURING IN FISCAL 2009

Revisiting fiscal 2009, the lingering impact of the worldwide recession was especially evident during the first half of the year, leaving stagnation across the entire market in which we operate. We refused, however, to sit idly by in this environment. Instead, we saw this gloom as an opportunity to promote a full range of business structural reforms, ultimately creating a corporate structure able to withstand sudden economic fluctuations. Consequently, the start of economic recovery in the second half of fiscal 2009 sparked greater-than-expected growth in net sales and profits for Hitachi High-Technologies.

Although net sales declined 20% year on year to ¥616.9 billion and we posted an operating loss of ¥1.6 billion, thanks to these efforts, we were able to minimize the extent of losses we might have faced in such an adverse operating environment.

The most critical element of our business structural reforms was ensuring the rightsizing of our workforce. Beginning in fiscal 2008, we made steady progress in trimming our workforce, even surpassing initial targets in fiscal 2009.

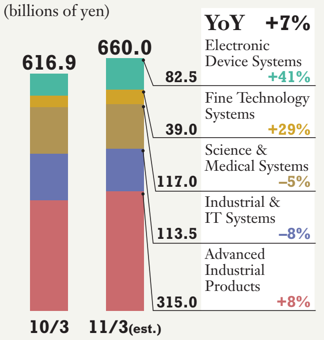
Similarly, we made extensive cost reductions by reforming the mindset of our employees. We meticulously checked R&D and capital expenditures, and rigorously managed business trip expenses for individual employees. These steps resulted in substantial cuts in expenses. But while no issues around business structural reforms remain, we plan to continuously review our cost structure with the goal of realizing an even stronger corporate structure.

We also made strides in developing new products, an effort grounded in technology development, which is ultimately the source of growth for Hitachi High-Technologies. Thanks to progress in this area, Hitachi High-Technologies was at the forefront in launching new products in sync with market recovery. Rather than relying on the whims of the market, we took proactive steps to grasp needs in a changing era, coupled with attentive preparation, resulting in net sales growth in the second half of the year.

ON TRACK FOR RESURGENCE, AIMING FOR PROFITABILITY IN ALL SEGMENTS

Sales by Segment

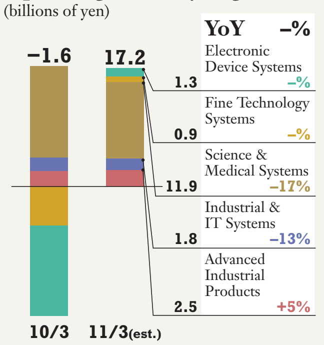
(billions of yen)



(note) Eliminations such as intersegment transactions, etc. are included in the totals

Operating Profit by Segment

(billions of yen)



(note) Eliminations such as intersegment transactions, etc. are included in the totals

Energized by government action and economic stimulus measures worldwide in 2009, the markets are widely expected to self-correct back to a growth track in fiscal 2010. The year will also see Hitachi High-Technologies reap the benefits of business structural reforms, product development and a variety of other measures diligently enacted since the previous fiscal year. Accordingly, we intend to further accelerate the pace of growth strategies to move completely beyond this two-year period of weakness.

With that said, real economic recovery will depend to a large extent on the success of efforts to eliminate economic instability in Europe. Consequently, we are projecting net sales of ¥660.0 billion for the fiscal year ending March 31, 2011, up 7% year on year, and operating profit of ¥17.2 billion.

In fiscal 2009, we conducted a review of our business portfolio, establishing the Global Trading Group to control trading functions. Furthermore, from fiscal 2010 we have changed our segment classifications from the previous four categories to five categories to better align with the Company's business portfolio, based on our recently drafted "Management Approach." As for our projected outlook for these new segments, in the Electronic Device Systems segment, we are targeting sales of ¥82.5 billion, representing a year-on-year increase of 41%. We believe that performance will be led by recovery undertones in the market for semiconductor manufacturing equipment, as well as the continuous launch of new products in response to ongoing scaling and other trends. Similarly, in Fine Technology Systems, a segment responsible for FPD and HD manufacturing equipment, we are looking for sales ¥39.0 billion, up 29% from the previous fiscal year. Market recovery, mainly in Asia, will spur growth, along with a shift in resources to new products and businesses.

In Science & Medical Systems, we expect firm performance despite the headwind from various drives to curb healthcare costs. Our projections reflect earnings growth from the continuation and entrenchment of the System Collaboration Business (SCB), which pairs equipment and reagents, as well as business expansion in genetic analysis and other growing markets.

In the Industrial & IT Systems and Advanced Industrial Products segments, we plan to ramp up our responses and broaden our business reach in the rapidly growing environmental and energy sectors, as well as newly emerging markets. At the same time, we seek to boost profitability by pursuing businesses that deliver added value.

By executing initiatives and achieving key objectives in each segment, we are determined to be profitable in all five segments. This accomplishment, in turn, will improve the Company's profit balance and solidify our path to a V-shaped recovery.

STEADILY IMPLEMENTING MANAGEMENT REFORMS FOR OUR NEXT DECADE OF BUSINESS

2011 will mark ten years since the founding of Hitachi High-Technologies. With this milestone approaching, two years ago we began holding more in-depth debate within the Company around the types of growth strategies to pursue for our next decade in business. In fiscal 2010, we are looking not only for a V-shaped recovery, but also to position the year as a time to tighten the foundations for long-term growth and make our strategies concrete.

For example, as part of growth strategies, we established an Energy & Environmental Solutions Division in the previous fiscal year. In fiscal 2010, we will work to develop environmental solutions such as solar and fuel cells into a cadre of products with rock-solid earnings power in the quest for profitability.

To accelerate these growth strategies, we intend to steadily implement management reforms driven by four key components—develop the new business creation initiative, transform into a true global company, strengthen trading functions, and strengthen cash flow management.

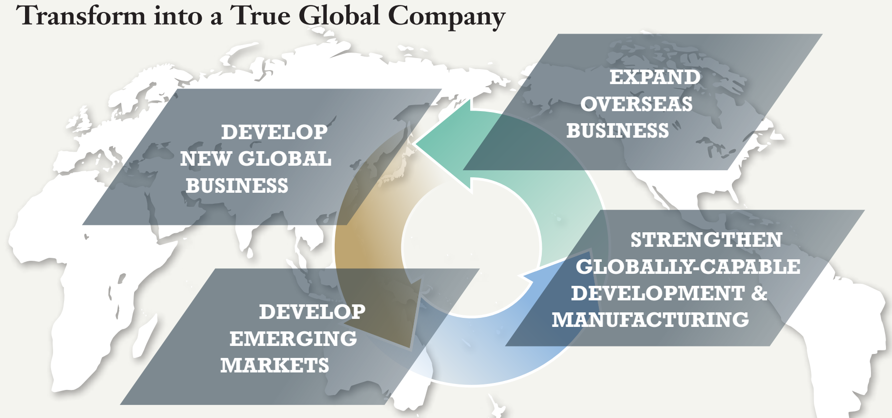
To develop the new business creation initiative, we put mechanisms in place for generating the businesses that will support future earnings, including the New Business Creation Council, and have put forth new projects pertaining to drug discovery.

To transform into a true global company, we plan to look beyond Europe, North America and ASEAN for potential opportunities in newly emerging markets, formulate a Global Grand Design, and accelerate company-wide efforts in this vein.

In order to strengthen trading functions, we will move quickly to revise the portfolios of our trading divisions, while highlighting how our global capabilities can actively contribute to the Hitachi Group's Social Innovation Business.

Finally, in order to strengthen cash flow management, we will introduce a new management system that emphasizes cash flow to establish an earnings base capable of adapting to a changing business environment.

Transform into a True Global Company



Set a Global Grand Design and accelerate company-wide actions mainly in the four areas mentioned in the diagram.

STRENGTHEN TRADING FUNCTIONS TO EVOLVE INTO A TRUE GLOBAL COMPANY

In terms of management reform, we are moving vigorously to expand the provision of functions particularly in trading divisions, which are responsible for Industrial & IT Systems and Advanced Industrial Products. Along with enhancing synergies between the Company's own products, we are concentrating management resources in growth markets, such as the energy and environmental fields, and bolstering strategies in highly profitable businesses that offer added value.

Our trading divisions develop an array of local networks overseas. As such, these divisions have a vital role to play in the globalization of Hitachi High-Technologies, as well as in the overseas advancement of the Hitachi Group. We are eyeing opportunities to complement business development in Europe and the United States with future operations in newly emerging markets such as China, India and Brazil, as well as in the Middle East and untapped markets in Africa. We will also increase our workforce to accommodate this push going forward.

I am convinced that human capital will be essential to this effort. Over the years, we have used programs that encourage overseas work experience with the aim of fostering Japanese staff members who can operate capably in a global society. To accompany this, we intend to aggressively back the promotion of staff members recruited outside Japan. In promoting staff based solely on talent, not nationality, and assigning them to serve in Japan or other countries, we are broadening our operational scope, spanning more countries and creating a more international pool of human resources. Furthermore, we seek to develop a more robust ability to operate on a global stage by establishing and enhancing local design and manufacturing functions in Asia and other fast-growing regions.

Important here is ensuring that all employees firmly share in the Company's vision to be the Global Top in high-tech solutions.

When traveling abroad on business, I make a point of visiting local offices and communicating with staff there. Communication of this kind allows me to both convey my approach as a manager and gain up-to-date knowledge of front-line operations. By having managers themselves take action, we ensure that every dedicated employee worldwide shares in our vision as we strive to become a truly global company—one that transforms the motivation and hard work of each individual into the dynamic power of a corporation.

FY10 Management Policy

Engineering a V-Shaped Recovery & Accelerating Growth Strategies

1. **Steadily Implement Management Reforms**
   - **Develop the new business creation initiative**
   - **Transform into a true global company**
   - **Strengthen trading functions**
   - **Strengthen cash flow management**

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

COMMITMENT TO ETHICS AND INTEGRITY TO BE A VALUED NAME IN SOCIETY

Companies today have an increasingly important social responsibility, one that demands they adapt not only to changes in the business environment, but to global warming and changes in the social environment as well.

The basic philosophy of the Hitachi High-Technologies Group is to be a successful enterprise trusted by all our stakeholders, that contributes to social progress. As such, above all else, our mission is to contribute to society by generating healthy profits from sound business activities, and meeting the expectations of our customers and all other stakeholders.

Beyond these tasks, each employee is called upon to cultivate sensitivity toward and awareness of changes in society, and the ability to gauge risk from a compliance standpoint. Compliance means more than simply following rules and regulations—it should also mean that employees earn society's trust and fulfill its expectations. For this reason, we should return to day to day decision-making that is guided by a commitment to ethics and integrity, and the importance of right and wrong rather than loss or profit. We should exhort employees to always act with the highest sense of ethics as part of an extensive attempt to instill these values.

In the purest terms, this means to never do wrong, and to always follow through on what must be done, no matter how tough. Having an unyielding approach to these points in business execution will raise the level of trust that society has in Hitachi High-Technologies, and provide it with a true measure of our integrity as a corporation.

DEDICATED TO ENGINEERING A V-SHAPED RECOVERY AND TO ENSURING STABLE SHAREHOLDER DIVIDENDS

At Hitachi High-Technologies, our fundamental policy is to return an appropriate amount of profits to shareholders while strengthening the Company's financial position and management base. From this standpoint, we strive to pay a stable dividend, balancing funds for these needs with those allocated for internal reserves.

Although we recorded a loss for fiscal 2009, in light of the rapid recovery in the second half of the year, we have declared a full-year dividend of ¥15 per share, up ¥5 from our initial forecast. We will work hard to repay our shareholders for their loyalty with an even higher dividend in fiscal 2010.

Today, Hitachi High-Technologies has emerged from tackling an unprecedented degree of adversity in our operating environment head-on over the last two years. This experience has brought new confidence to our employees, and strengthened our collective bond with one another.

In 2010, Hitachi, Ltd. will celebrate 100 years in business, and Hitachi High-Technologies will celebrate our own decade milestone in 2011. With this momentous occasion close at hand, we will move boldly forward with a new commitment to our work as a proud member of the Hitachi Group, and will always act in ways that honor the Hitachi name.

Every employee of the Hitachi High-Technologies Group, myself included, stands ready to give our very best to an all-out commitment to engineering a V-shaped recovery in performance, and thereby meet the expectations of our many stakeholders.

July 2010

H. Obayashi

Hidehito Obayashi, Ph.D.

Representative Executive Officer

President

Chief Executive Officer and Director

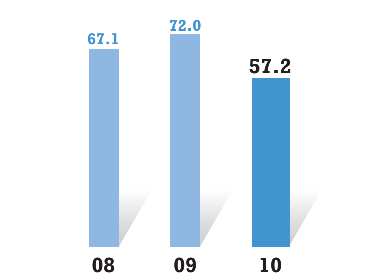
Promote Cash Flow Management to Establish a Financial Base to Support Growth

One of the four main components of our management reforms is to strengthen cash flow management. This initiative is essential to accelerating growth strategies in the coming months. Through extensive enactment of a management system that emphasizes cash, we will promote efforts to reform our employee mindset and optimize allocation of cash for investment to establish a firm management base.

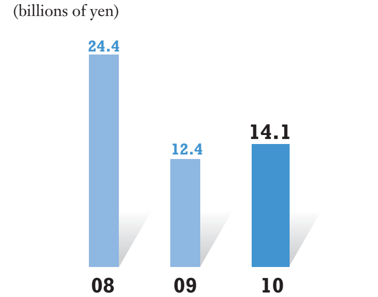
Shigeru Iizuka

Vice President and Executive Officer
CIO,
In charge of Accounting & Finance,
Information Systems,
Export Control and Investor Relations

Inventories
(billions of yen)



Free C/F
(billions of yen)



TURNING TO CASH FLOW MANAGEMENT IN PREPARATION FOR GLOBALIZATION

Making Hitachi High-Technologies global also demands that we apply global standards to how our business performance is evaluated if we hope to gain wide acceptance. The sense of urgency that comes with this recognition is behind my commitment to strengthen cash flow management.

As an initial step, two years ago we chose to bring our approach to cash flow management to the fore as part of a project that included a review of the management system itself. Previously, the approach of the Company's management system focused mainly on the statements of income for individual business groups. But as we moved ahead with creating IT infrastructure around management accounting data, we incorporated a balance sheet-driven approach, and eventually opted to manage this data on a consolidated basis.

These measures culminated in the April 2010 launch of the formulation of both "Consolidated Balance Sheets by Business Group" and "Consolidated Cash Flow Statements by Business Group."

To gain traction for this approach, we shifted to an evaluation standard based largely on the budget achievement rate for cash flows from operating activities. This metric will also serve as the standard for evaluating business group performance in fiscal 2010.

The words "cash flow management" have definitely become prominent throughout the Group over the past two years. However, to reform the mindset pertaining to the use of funds at front-line operations through operating activities, we need to take every opportunity to enhance both employee training and available materials regarding cash flow management.

Strengthen Cash Flow Management

Introduction of new management system

—Promote expansion and regeneration of consolidated cash flow with Triple C

CONSOLIDATION	CASH FLOW	CHALLENGE
■ Worldwide business consolidation ■ Promote integrated operation of manufacturing, sales and service	■ Consolidated / divisional introduction of BS and CF	■ Spiral up due to Plan-Do-Check-Act cycle ■ New business creation initiative

SCRUTINIZE BUSINESS INVESTMENTS AND STRIVE FOR STABLE DIVIDENDS

I recognize that the global recession has transformed thinking with respect to cash flows.

Cash flow is a visible measure of corporate value. Thus, rather than blindly shifting this resource to investment, as a rule one should ensure an appropriate level of cash for working capital requirements on hand, with the rest divided between business investments that will generate corporate value.

In the case of Hitachi High-Technologies, the priority for investment is first and foremost in new businesses with the potential to generate future profits and contribute to the Company's development. With that said, I think the best approach is to carefully scrutinize the details of the investment, and to keep business investments within the scope of cash flows from operating activities. Another necessity is to give greatest priority to investments that improve management speed, including the creation of IT infrastructure to support our globalization.

The next allocation of cash, of course, is for the return of profits to shareholders. There are many approaches to this, but Hitachi High-Technologies' stance is to emphasize the payment of stable dividends. We view maintaining positive free cash flow in order to pay a stable and appropriate dividend as a responsibility to shareholders, even during times when our statements of income show losses, as happened in fiscal 2009.

Among other factors, free cash flow in fiscal 2009 rose ¥1.7 billion year on year to ¥14.1 billion, thanks to the success of business structural reforms. We intend to strengthen cash flow management to ensure our ability to maintain positive free cash flow going forward.

SUSTAIN COST REDUCTIONS TO CAREFULLY PLOT OUT A V-SHAPED RECOVERY

In the fiscal year ended March 2010, a deteriorating economic environment inevitably resulted in the booking of losses. Despite this climate, we steadily enacted reductions in fixed costs, focusing specifically on personnel expenses. In the coming fiscal year, while the economy is widely expected to recover, a number of concerns continue to loom, among them the current financial crisis in Greece. Movements in the foreign currency exchange market and other important trends must also be closely monitored. Accordingly, we plan to brace for the unexpected, even in the face of this emerging economic recovery, and will continue efforts to cut costs, including cost of sales, wherever we can.

Another vital financial policy is to make our assets sounder. Inventories in particular tend to swell during a recession, but at Hitachi High-Technologies we sought to systematically reduce inventories, specifically at our business sites. As a result, in fiscal 2009 we cut our inventory balance by ¥14.8 billion versus the previous fiscal year, which enabled us to vigorously pursue sounder management. These efforts ultimately led to increased cash flow.

Going forward, we will move assertively to reduce total assets, with special emphasis on speeding up work on inventories and the collection of accounts receivable wherever able. By establishing a strong earnings base on which we can secure management resources and conduct high-quality resource allocation, we will provide powerful support for efforts to engineer a V-shaped recovery in performance.

FEATURE

Bolstering Trading Functions and Accelerating Our Globalization via Localized Development and Production to Achieve Our Next Leap in Growth

—Leading the Hitachi Group as a Global Platform

Masao Hisada
Representative Executive Officer
Executive Vice President,
Executive Officer and Director

Hitachi High-Technologies Basic Business Promotion Plan

Structure of Global Business Strategy

1. PROMOTE GLOBALIZATION

Strengthen Global Strategy

- Formulate Global Grand Design
- Consider establishing bases in emerging markets in collaboration with Hitachi, Ltd.
- Actively promote special customer development

2. OPTIMAL WORLDWIDE PROCUREMENT WITHIN THE HITACHI GROUP

Further Contributions From Trading Functions (Procurement Solutions, etc.)

The globalization of Hitachi High-Technologies is the most vital theme among our medium- to long-term growth strategies. Through synergies between our trading and manufacturing functions, we will identify market needs and build a solid reputation as a global corporation.

[TRADING FUNCTIONS] x [MANUFACTURING FUNCTIONS] = [THE POWER TO ENGINEER A V-SHAPED RECOVERY]

Hitachi High-Technologies is a unique organization. Very few companies can deliver an integrated combination of manufacturing, sales, and service capabilities as we can, since we possess both active global trading functions and the ability to manufacture our own products with an exclusive focus on cutting-edge technology fields.

In trading functions, we specialize in high technology at our roughly 60 locations across the globe. Accordingly, we have the marketing capabilities and information-gathering capacity to swiftly develop operations in a host of countries worldwide. From the fiscal year ended March 31, 2010, we took steps to improve upon several functions. Along with creating a new Global Trading Group, and establishing a specialized team to plan global strategies, we accelerated our move to high-growth, high-value-added businesses in fields such as the environment and energy. As for manufacturing functions, we acquired outstanding technological capabilities that will allow Hitachi High-Technologies to offer a lineup filled with an assortment of world-leading products in cutting-edge fields. A few examples include CD-Measurement SEMs, where we boast one of the best track records in the world; color filter proximity exposure systems, which allow for bigger LCD panel sizes; and clinical chemistry and immunodiagnostic analyzers, where our products lead the world in clinical analyzers.

Hitachi High-Technologies aims to be Global Top in high-tech solutions. Realizing this corporate vision will entail strengthening not only the trading and manufacturing functions that make the Company unique, but determining the extent to which we can merge these functions to create synergies. I believe that this is an important theme for Hitachi High-Technologies going forward.

During fiscal 2010, ending March 2011, our primary objective is to capitalize on these advantages to accelerate our growth strategies and engineer a V-shaped recovery.

WITH EYES ON THE FUTURE, SPEED UP GLOBALIZATION IN EMERGING MARKETS

Among our growth strategies, ongoing globalization is the most important theme for the next decade.

Rather than fighting over share in Japan's saturated market, we will turn to the global stage, leveraging our trading functions as a powerful tool to advance into untapped markets with ample potential. This move will be essential to expanding business going forward.

In fiscal 2009, our overseas sales ratio was 52%. We need to raise that to around 70% if we hope to transform into a true global company.

To prepare specific initiatives in this area, we held a corporate global strategy meeting at the end of 2009, sharing various opinions on how best

Social Innovation Business Strategy

PRIORITY AREAS IN KEY SYSTEMS

1. **Transform into a true global company**
2. **Expand environmental businesses**
3. **Fuse information and telecommunication systems and power and industrial systems**

PRIORITY STRATEGIES IN BUSINESSES THAT SUPPORT KEY SYSTEMS

High Functional Materials
Align the needs of each business division in the Social Innovation Business with the resources of the materials companies to respond to the new needs of the Social Innovation Business

Key Devices
Applied development for next-generation batteries, high-performance motors, inverters, and power devices

to align vertical strategies for business divisions with horizontal strategies to be extended globally.

From this meeting, four priority strategies emerged that we will vigorously pursue.

The first is to develop rapidly growing emerging markets. Along with China and India, this will include focusing on developing business in newly emerging markets like Brazil, Russia and Vietnam, with an eye to business expansion.

The second is to expand overseas business by strengthening functions at bases outside of Japan by enabling the Presidents of local subsidiaries to concentrate exclusively on their own management. We will also increase the number of staff at overseas bases as we move to enhance sales and service capabilities.

The third is to develop new global businesses. We will promote development of global products and commercial goods, including development at local subsidiaries of products tailored to local needs. In this way, we will encourage a locally driven model of new business development.

The final strategy is to strengthen globally capable development and manufacturing. Recognizing that global economic growth is being led by emerging market regions, we will promote the localization of certain products, including design and development work, as we build up our development, manufacturing and other key bases in these countries.

TIES WITH THE HITACHI GROUP AS KEY TO SUCCESS

As we work to overcome these issues, I believe that our ties with the Hitachi Group hold the key to our success.

In 2010, Hitachi, Ltd. celebrates its 100th anniversary, declaring a commitment to transform into a true global company, and is developing a management strategy for promoting the globalization of the entire Hitachi Group.

Over the years, Hitachi High-Technologies has built a collaborative framework in R&D with Hitachi's Central Research Laboratory and other labs, leading to the development of a number of proprietary products. These products, in turn, have contributed to the Hitachi Group's growth in social, industrial, health and other fields.

Going forward, we will promote a new business style by deepening mutual and organic links between divisions involved in trading and other areas. In earlier years, overseas expansion was something each Hitachi Group company pursued on an individual basis. However, we are now starting to develop stronger ties by, for instance, having Group companies take advantage of the networks and expertise of other Hitachi companies in certain regions.

To give a specific example, in 2009, Hitachi, Ltd. opened its business office in Saudi Arabia. This office has been used not only by Hitachi, Ltd., but also as an overseas launching point for several other Group companies. We will also send Hitachi High-Technologies staff to the office to promote the sale of electron microscopes for use in educational settings. Education is a key topic in Saudi Arabia today, which is why the Group is focusing on educational devices. Group companies involved in educational products are sending sales teams and cooperating across company lines to enhance sales. While this project is still in its trial phase, we feel this collaborative effort will enable the proposal of high-value-added solutions better than possible as a single company operating alone.

This is the kind of synergy effect that could only come from the Hitachi Group, which has companies operating in a wide range of sectors. In the coming years, I predict that this style of business development will gradually increase, particularly in emerging markets.

FUNCTIONING AS A MARKET ANTENNA TO LEAD THE ENTIRE GROUP

The Hitachi High-Technologies Group's own overseas development will also spur the globalization of the entire Hitachi Group. In fact, we will likely play a major part in this process, since we have bases worldwide.

Rising especially to prominence now are our trading functions.

As a trading company, we get vivid information on market trends by filtering through the market data and technology information available for a given region. We function as a kind of antenna or barometer for the market. If this function proves useful for sales expansion and procurement not only for our own products, but for companies throughout the Hitachi Group, Hitachi High-Technologies could assume a leadership position in the Hitachi Group.

The Hitachi Group has stated that business development in fiscal 2010 will be centered on the concept of "Social Innovation." Here too, I am convinced that Hitachi High-Technologies has an important role to fill.

The core of "Social Innovation" is thought to be information and telecommunications, power, environmental health, industrial and transportation systems, and social and municipal infrastructure systems. Underpinning each of these are advanced high functional materials and key devices, two areas in which we already specialize. Furthermore, in the critical social and municipal field of healthcare, the various analyzers that we count among our products occupy an important place as global top runners in the field. Meanwhile, in environment and energy, which we first began to concentrate on in the previous fiscal year, we will move from procurement of solar panels and related components to become a pioneer in the development of manufacturing equipment for these fields.

In this way, we are aggressively promoting each business, centered on globalization, to further raise the corporate value of the Hitachi Group. Beyond assisting in realizing a V-shaped recovery, we will push boldly ahead with our growth strategies to contribute to the consolidated business performance of the Hitachi Group.

Social Innovation Business

Leveraging the strengths of the Hitachi Group, the Social Innovation Business is a dynamic business that constantly differentiates and creates high added value

DOMAINS OF THE SOCIAL INNOVATION BUSINESS

Key Systems Group
- Information & Telecommunications
- Transportation
- Power
- Urban Development
- Social & Industrial
- Health

\+

Business That Supports the Key Systems Group
- High Functional Materials
- Key Devices
- Key Components
- Service

Business related to Hitachi High-Technologies

REVIEW OF OPERATIONS

[AT A GLANCE]

Net Sales (millions of yen)

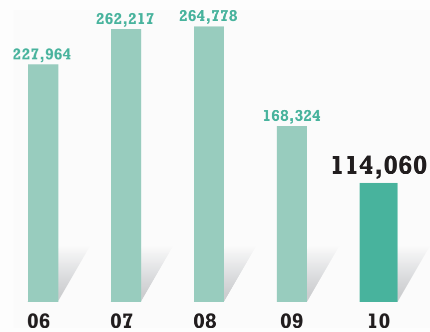
Electronic Device Systems

% of FY2009 Net Sales

18.5%

Sales by Segment

¥114,060 million



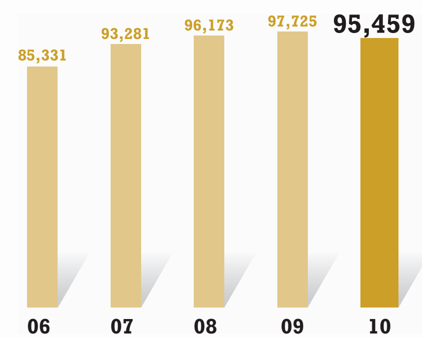
Life Sciences

% of FY2009 Net Sales

15.5%

Sales by Segment

¥95,459 million



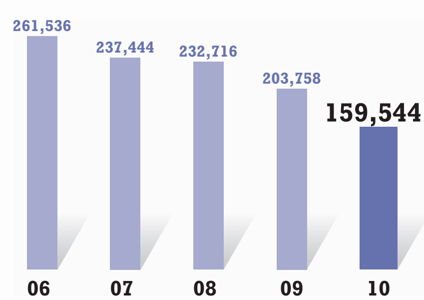
Information Systems & Electronic Components

% of FY2009 Net Sales

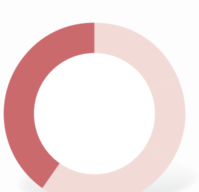
25.8%

Sales by Segment

¥159,544 million



Advanced Industrial Products

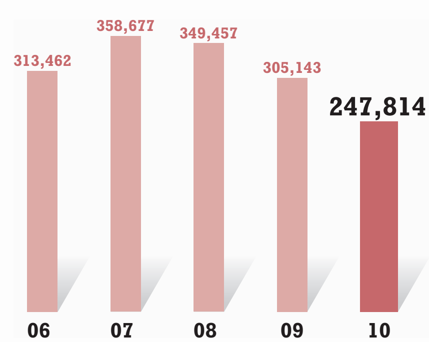


% of FY2009 Net Sales

40.2%

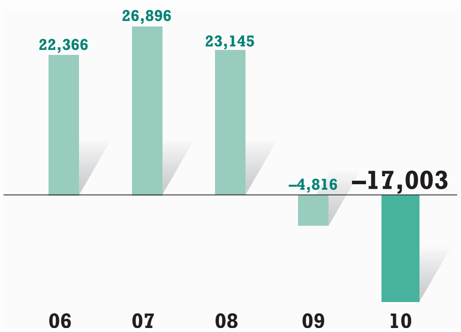
Sales by Segment

¥247,814 million



Operating Profit (millions of yen)

Major Products and Businesses

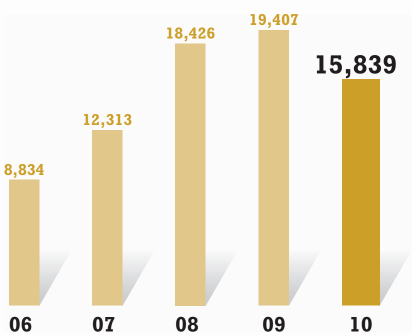


R&D and Manufacturing Function

- Semiconductor Process Equipment (Etching Systems)
- Semiconductor Metrology and Inspection Systems
- Electron Microscopes
- Liquid Crystal Display (LCD) Manufacturing Equipment
- Hard Disk (HD) Manufacturing Equipment
- Others

Trading Function

- Semiconductor Back-end Process Equipment (Die Bonders)
- LCD Manufacturing Equipment (Clean Material Handling Systems)
- Others

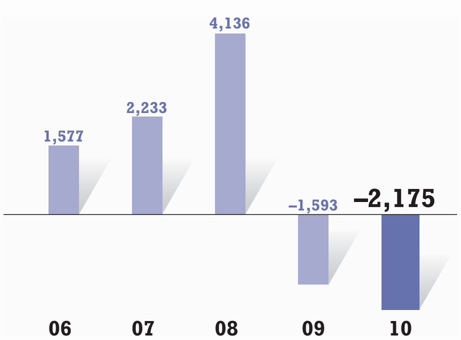


R&D and Manufacturing Function

- Biotechnology Equipment (DNA Sequencers and General-Purpose Analysis Equipment)
- Clinical Analyzers (Clinical Chemistry and Immunodiagnostic Analyzers)
- Others

Trading Function

- Nuclear Magnetic Resonance (NMR) Equipment
- Gas Chromatograph Mass Spectrometers (GC-MS)
- Reagents
- Others

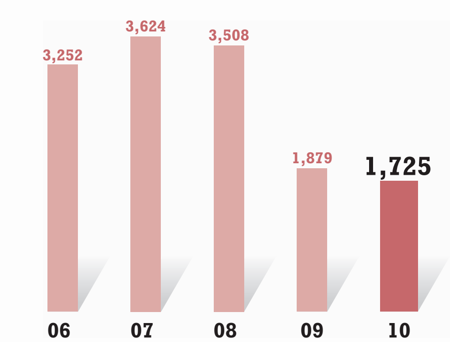


R&D and Manufacturing Function

- Chip Mounters
- Measuring Equipment
- Design and Manufacturing Solutions
- Others

Trading Function

- Semiconductor Device Products
- IT-related Equipment
- Thin Film Transistor (TFT) Liquid Crystal Displays
- Others



Trading Function

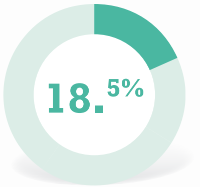
- Steel, Non-ferrous Materials, and Plastics
- Silicon Wafers
- Procurement Solution Businesses
- Optical Devices and Materials
- Automotive-related Devices and Materials
- Others

Electronic Device Systems

Net Sales: **¥114,060 million**

Operating Profit: **–¥17,003 million**

% of FY2009 Net Sales:



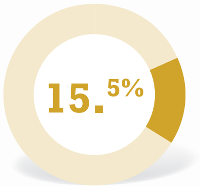
Semiconductor manufacturing equipment sales recovered significantly, mainly in the Asian market, in part as major foundries resumed investment in CD-Measurement SEMs, our mainstay product. In etching systems, although some customers showed signs of resuming investment in the second half of the year, it did not result in a full-fledged recovery, and sales fell significantly. For LCD manufacturing equipment, panel manufacturers gradually recovered capacity utilization, but remained cautious with regard to capital expenditure, leading to substantial drops in both proximity exposure systems and mounting equipment. As a result, segment net sales were down 32.2% year on year to ¥114,060 million, and the segment recorded an operating loss of ¥17,003 million, compared to an operating loss of ¥4,816 million in the previous year.

Life Sciences

Net Sales: **¥95,459 million**

Operating Profit: **¥15,839 million**

% of FY2009 Net Sales:



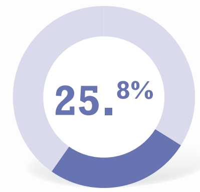
In clinical analyzers, deliveries of medium and small clinical chemistry and immunodiagnostic analyzers declined as the business transitioned from the initial start-up to a period of stable sales. In biotechnology equipment, although private-sector capital expenditure did not achieve a full-fledged recovery, sales rose slightly, benefitting from implementation of supplementary government budgets. As a result, segment net sales dropped 2.3% year on year to ¥95,459 million, and operating profit amounted to ¥15,839 million, down 18.4% year on year.

Information Systems & Electronic Components

Net Sales: ¥159,544 million

Operating Profit: –¥2,175 million

% of FY2009 Net Sales:



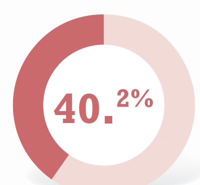
In the telecommunications-related field, sales of mobile phones for the U.S. market declined steeply. Chip mounter sales also declined significantly due in part to freezes on capital expenditures by customers in Japan and the Asian market. Hard disk drives declined as well, with a recovery in demand in the second half of the year unable to offset the drop-off in the first half. As a result, segment net sales declined 21.7% year on year to ¥159,544 million, and the segment recorded an operating loss of ¥2,175 million, compared to an operating loss of ¥1,593 million in the previous year.

Advanced Industrial Products

Net Sales: ¥247,814 million

Operating Profit: ¥1,725 million

% of FY2009 Net Sales:



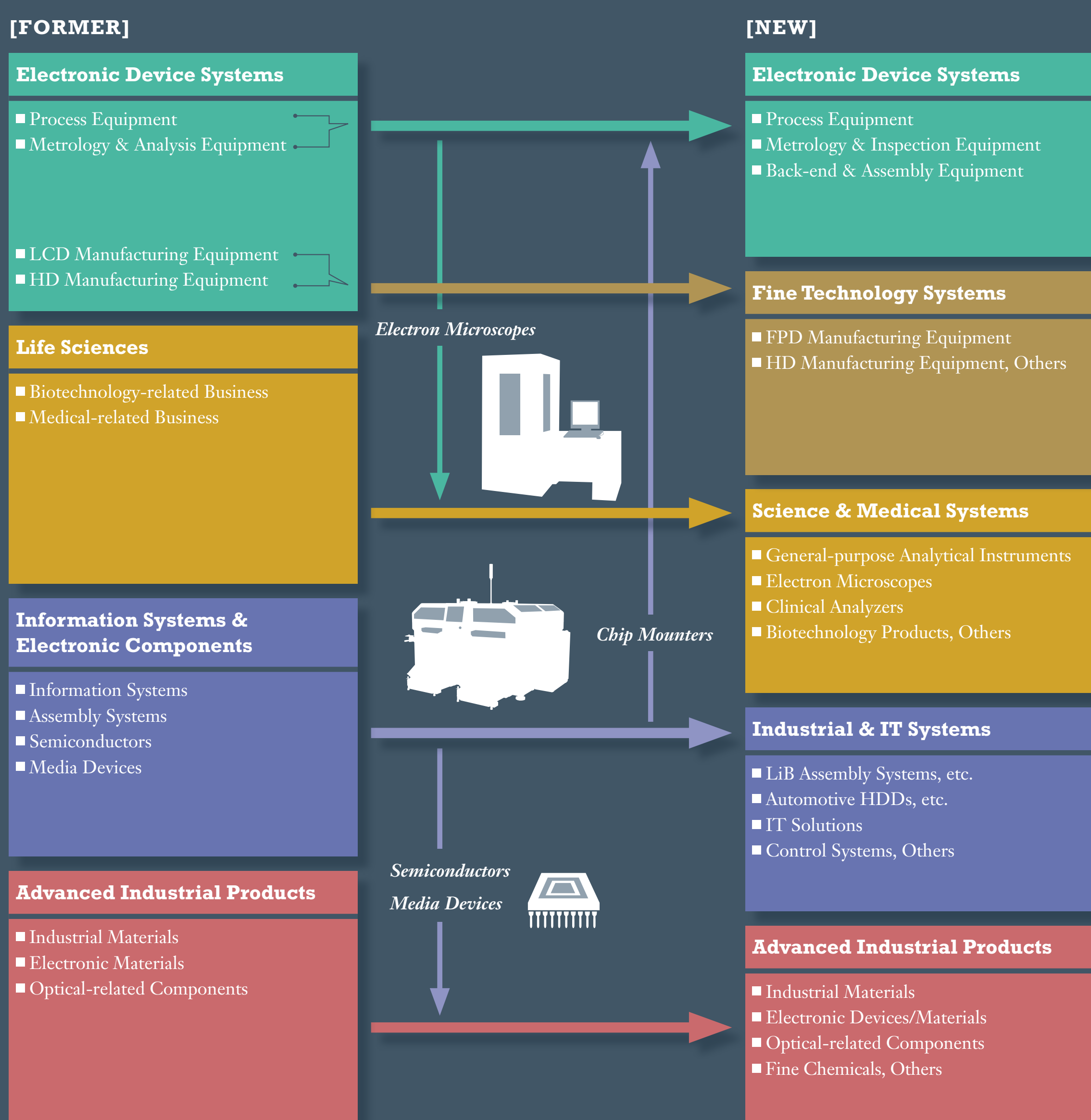
Silicon wafer sales declined significantly, with improved customer utilization rates unable to lead to a full-fledged recovery. Automotive related devices and materials were on an upswing due to the effects of a lowered automobile purchase tax, but remained low and did not reach a full-fledged recovery. Optical devices for LC projectors grew significantly due to greater demand in emerging economies. As a result, segment net sales fell 18.8% year on year to ¥247,814 million, and operating profit amounted to ¥1,725 million, down 8.2% year on year.

CHANGES IN SEGMENT CLASSIFICATION

Due to changes in accounting standards, the Hitachi High-Technologies Group will reclassify its previous business segments from April 1, 2010. Segments have been reclassified on a management approach basis.

THE MAIN BUSINESS LINES OF THE NEW SEGMENTS ARE AS FOLLOWS:

- **Electronic Device Systems**: Chip mounters have been moved to Back-end & Assembly Equipment from Industrial & IT Systems
- **Fine Technology Systems**: An independent segment has been established for LCD/HD manufacturing equipment
- **Science & Medical Systems**: Electron microscopes have been moved from Electronic Device Systems
- **Industrial & IT Systems**: Chip mounters have been moved to Electronic Device Systems
- **Advanced Industrial Products**: Semiconductors and media devices have been moved from Industrial & IT Systems



[OUTLOOK FOR FISCAL 2010]

We will aim to meet targets in each new business segment and

ENGINEER A V-SHAPED RECOVERY.

Electronic Device Systems

Electronic Device Systems, in addition to investment in new products compatible with ongoing scaling, is strengthening its hand in back-end processing and mounting, and honing its response capacity as a one-stop solution for meeting a wide range of customer needs in order to capture greater market share.

OUTLOOK FOR FISCAL 2010

Aiming for More than 41% Year-on-Year Growth as the Semiconductor Industry Returns to a Growth Track

During fiscal 2010, the semiconductor industry appears to once again be on track for growth. In addition to a rapid rebound in demand for PCs, growth will likely be supported by the spread of new technologies, especially the advent of smartphones and 3-D in televisions, and by growth in newly emerging economies.

In Electronic Device Systems, we will take optimal advantage of the opportunities these trends present to expand sales at a pace that surpasses the growth of the market. Our minimum target is to lift sales 41% year on year to ¥82.5 billion in fiscal 2010.

Hitachi High-Technologies already has the world's leading share in CD-Measurement SEMs. We plan to continuously invest in new products compatible with advances in scaling and will vigorously conduct business activities to ensure future growth.

Furthermore, in tandem with expansion in the back-end processing market centered on memory, the market for mounting equipment is also poised for growth, largely atop brisk sales of mobile phones and digital home appliances. For this reason, we are eyeing successive launches of new products that incorporate technologies for high precision and high productivity, in a push to enhance our earnings power.

Enhance Response to Customers with a Wide-Ranging Product Lineup

Thanks to the integration of die bonders to our back-end processing equipment lineups in April, Electronic Device Systems has gained an upgraded product line composition that covers front-end to back-end processing and mounting systems. With this full-spectrum product lineup, we have realized a structure that can serve as a one-stop solution for meeting a host of customer needs. In parallel with efforts to shape back-end processing and mounting systems into new earnings streams, we will continue to promote our Joint Development Program (JDP) with clients. Through this program, we will identify what systems and applications will make the development of cutting-edge devices possible. In this way, we will reinforce our technology marketing capabilities that allow us to offer more in-depth proposals built on closer ties with customers.

Overseas, particularly in newly emerging markets, we intend to aggressively leverage local dealers in the quest to expand our sales area.

Surviving this time of adversity has taught us some tough lessons. Accordingly, we are determined to go beyond typical annual growth to create a business framework that delivers continuous growth even in a recession. We are also committed to consistently leading the industry in the development of new products, as we aim to be the most trusted name for clients in advanced technology fields.

CD-Measurement SEM
CG4000 series

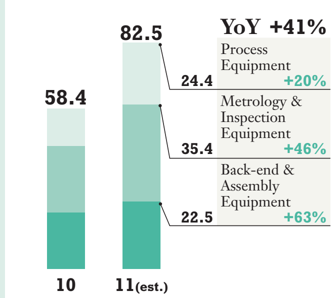
Die Bonder
DB-800 series

Shinichi Tachi, Ph.D.

Vice President and Executive Officer
General Manager
Semiconductor Equipment Business Group

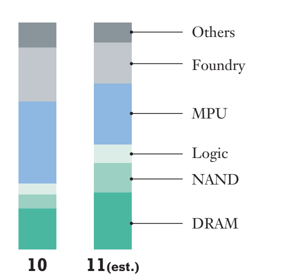
Sales Change in Main Business

(billions of yen)



Sales Ratio by Fields (Front-end Equipment)

(total 100%)



FY09: Secured sales to MPU makers amid overall market contraction
FY10: Proportion of DRAM, NAND back to FY08 levels as memory device manufacturers resume investment

Fine Technology Systems

In Fine Technology Systems, we are boosting the competitiveness of existing products by enacting ongoing business structural reforms to fully integrate manufacturing, sales and services, while boldly taking on challenges in new business fields.

OUTLOOK FOR FISCAL 2010

Healthy Performance in FPD and HD Atop Growing Demand from Newly Emerging Markets

The FPD manufacturing equipment business is likely to return to brisk performance in fiscal 2010. Charting this course will be the continuation of measures to stimulate domestic demand in China, along with greater demand from newly emerging economies. If the year also sees the full-scale adoption of 3-D technology in televisions, this trend will trigger a growing need for larger display sizes, as well as for brighter, faster and higher-resolution displays. These demands, in turn, will translate into a stronger tailwind propelling growth in the equipment market.

In the HD manufacturing equipment business, forecasts call for a steady recovery primarily atop growth in demand from newly emerging economies, coupled with PC market expansion associated with the release of Windows 7 and increased corporate IT investment.

Given these recovery undertones, Fine Technology Systems is targeting sales of ¥39.0 billion in fiscal 2010, up 29% year on year.

While it is difficult to offer FPD market projections or to predict trends in HD technology at this time, we will strengthen marketing capabilities and continue to conduct R&D in order to prepare a framework for introducing highly competitive new products to the market. In a parallel move, we remain committed to carrying out business structural reforms that will culminate in the integration of manufacturing, sales and services, including lower manufacturing costs due to expanded overseas procurement, among other benefits.

Using Distinctive Technologies to Enhance Existing Product Competitiveness and Accelerating Development in New Fields

Hitachi High-Technologies' greatest strength lies in its unrivaled technology development capabilities.

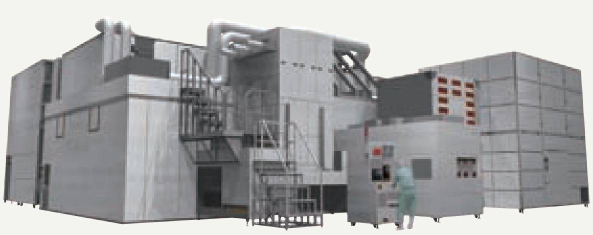
Competition is heating up in both the FPD and HD sectors. Rather than become embroiled in low-cost competition, we will sharpen our products' competitive edge by enhancing Hitachi High-Technologies' distinctive technologies.

For example, we will contribute to quality improvement and greater productivity for our customers by proposing and creating new products based on innovative concepts such as unit reductions, shorter processing times, and space efficiency.

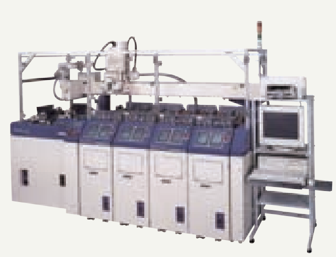
At the same time, as a forward-looking measure, we plan to accelerate development in new fields that contribute to environmental performance. In this field, we will pursue joint development with the Hitachi Group, leveraging synergies to bolster our businesses.

Specifically, we are developing high-efficiency film devices for organic EL panels, the next-generation high-quality panel, as well as innovative new equipment that leverages our core technologies for solar cells, which are expected to grow over the long term.

By progressively executing these initiatives, we will continue to offer customers new solutions in order to win against tough competition in a rapidly changing market environment.



Proximity Exposure System for LCD Color Filter Process (for 10th Generation Mother Glass Size)

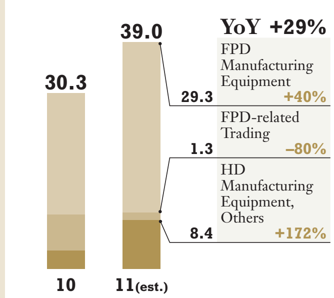


Disk Test System for HD RQ7800/RA5000

Koji Isahaya
Executive Officer
General Manager
Flat Panel Display & Hard Disk Manufacturing System Sales Division

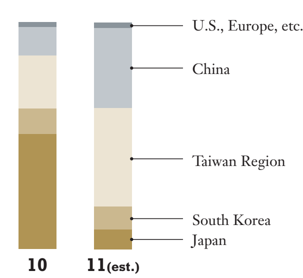
Sales Change in Main Products

(billions of yen)



Sales Ratio by Region (FPD-related Equipment)

(total %)



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

Science & Medical Systems

In Science & Medical Systems, we will continue to cultivate relationships with quality clients in this field, and further accelerate R&D work in advanced fields, to realize solid and sustainable growth.

OUTLOOK FOR FISCAL 2010

Firm and Continuous Growth Amid Cutbacks in Healthcare Spending

In the fiscal year ending March 31, 2011, investment from private-sector companies in the electron microscopes and analytical instruments market is likely to grow in step with economic recovery, despite the absence of effects related to supplementary government budgets present in the previous fiscal year. In the clinical analyzers market, while cutbacks in healthcare spending worldwide are sparking a tendency to restrict investment, growth in newly emerging economies is expected to remain robust.

Overall, Hitachi High-Technologies' growth rates have exceeded that of the market during the past five or six years. Even so, we have set a sales forecast of ¥117.0 billion in fiscal 2010, down 5% from the previous year.

Over the medium term, we see that Science & Medical Systems has performed stably and supported the Company's growth even during economic recession, and the growth capacity of newly emerging markets also remains strong. Consequently, we view the current fiscal year as a temporary plateau, and will channel our efforts into R&D that will lead to significant growth in the future.

Sharpen Core Technologies to Support a V-Shaped Recovery

Hitachi High-Technologies' core technologies are optical technologies used in analytical instruments, and electron-beam technologies used in electron microscopes. We recognize that possessing a lineup of both devices and technologies is an advantage that no other company possesses. While these devices and technologies have been jointly developed over the years with Hitachi, Ltd. Central Research Laboratory and other labs, we look to strengthen ties with the Hitachi Group and further hone our core technologies to heighten synergies by integrating these two operations.

In considering the further development of our clinical analyzers, we will take steps to expand earnings by deeply embedding our System Collaboration Business (SCB) with Roche Diagnostics and other prominent reagent manufacturers, and through successive investment in new products that answer client needs.

As a response to our ongoing globalization, we have bolstered both our marketing and applications divisions. Going forward, we will make greater use than ever before of worldwide market data in developing business strategies, as well as in research and product development, to enhance our capacity to respond to clients.

I will utilize my own experience and know-how from frontline operations in Science & Medical Systems as we make every effort to maintain stable growth that will underpin our V-shaped recovery, and be unaffected by short-term economic changes.

Nano-Probing System nanoEBAC

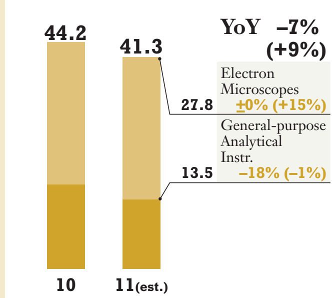
Clinical Chemistry and Immunodiagnostic Analyzer

Toshio Kajimoto

Executive Officer
General Manager
Analytical Sciences Business Group

Changes in Sales (Analytical Instruments)

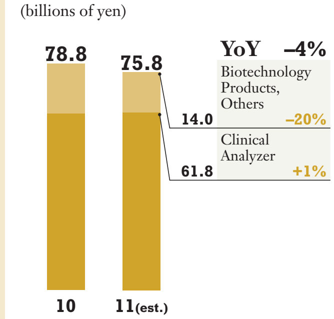
(billions of yen)



( ) Excluding supplementary government budget effects

Changes in Sales (Biotechnology Products/Clinical Analyzers)

(billions of yen)



Industrial & IT Systems and Advanced Industrial Products

The Industrial & IT Systems and Advanced Industrial Products businesses are responsible for trading company functions. As such, we will strive to implement greater selection and focus in these businesses and realize appropriate returns as we work to achieve a high-earnings business structure.

OUTLOOK FOR FISCAL 2010

Upgrade to a High-Earnings Structure and Bolster Sales by Seeking Greater Selectivity and Focus in Core Businesses

In Industrial & IT Systems and Advanced Industrial Products, key issues are trading company functions and reforming to a high-earnings structure. One specific target is an operating profit ratio of 2%.

This task demands that we accelerate the pace for achieving greater selectivity and focus in these operations. In fiscal 2009, we cleared away all unprofitable trading arrangements and carried out business structural reforms. In fiscal 2010, we will make steady progress in realizing returns on proactive investments in new businesses, including energy and the environment.

Furthermore, we intend to promote projects in three areas that demand attention going forward: the automotive field, energy and the environment, and social infrastructure. We will also pursue a fourth area: the integration of proprietary products.

Particularly in the social infrastructure area, we will reinforce alliances with Hitachi, Ltd., which has committed to business development driven by the concept of "Social Innovation." By leveraging Hitachi High-Technologies' trading company functions to capture new infrastructure projects, and by using our overseas network to assist with localized procurement, we will build a relationship founded on mutual cooperation and look ahead to growth as a unified group.

By shifting business capabilities to core businesses capable of high profitability, and by strengthening our global network, we can assertively lead the way towards a V-shaped recovery in performance.

[Industrial & IT Systems]

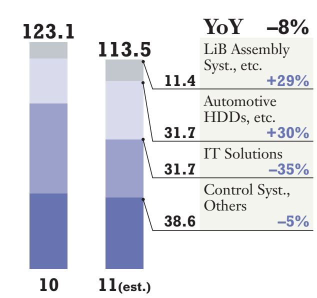
- Expand high-value-added business through collaboration with proprietary product divisions.
- Strive to expand sales of lithium-ion batteries and automotive products, particularly in the Chinese market.
- Sales in the fiscal year ending March 2011 of ¥113.5 billion, down 8% year on year.

[Advanced Industrial Products]

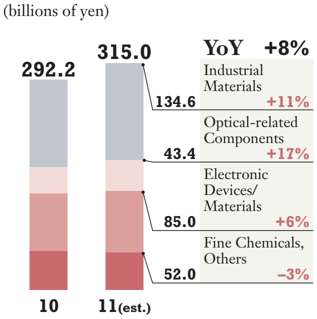
- Focus on eco-vehicles, environment and new energy-related markets.
- Move to bolster our sales network in newly emerging economies such as China, India, Vietnam, and Brazil.
- Sales in the fiscal year ending March 2011 of ¥315.0 billion, up 8% year on year.

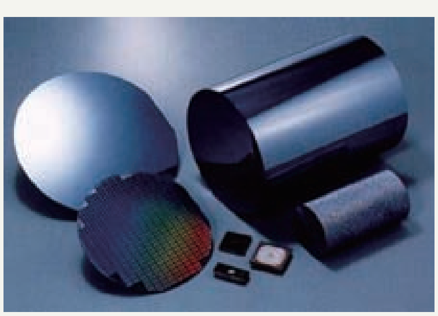
Masumi Miyauchi
Representative Executive Officer
Senior Vice President and Executive Officer
General Manager
Global Trading Group

Changes in Sales (Industrial & IT Systems)
(billions of yen)



Changes in Sales (Advanced Industrial Products)
(billions of yen)





Silicon Wafer

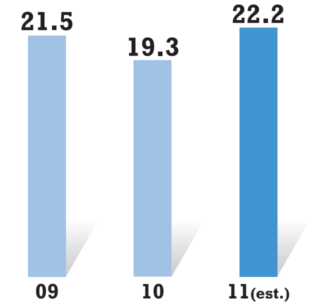
Hard Disk Drive

RESEARCH & DEVELOPMENT

The Hitachi High-Technologies Group works to enhance product competitiveness, develop new products, and develop new business products in the Electronic Device Systems, Life Sciences, Information Systems & Electronic Components and Advanced Industrial Products fields.

Consolidated R&D expenses totaled ¥19.3 billion in fiscal 2009. We expect these expenses to be ¥22.2 billion in fiscal 2010. This section highlights a number of recent accomplishments in the major business fields of Electronic Device Systems and Life Sciences.

R&D Expenses
(billions of yen)



ELECTRONIC DEVICE SYSTEMS

The market for semiconductors has been recovering rapidly since the second half of 2009, and development of liquid immersion lithography, double-patterning technology (DPT), extreme ultraviolet (EUV) lithography, and other technologies to enable further scaling is also picking up speed. Hitachi High-Technologies is participating in two semiconductor research consortia, the Interuniversity Microelectronics Center (IMEC) in Belgium, and IBM in Albany in the United States, on development of pattern metrology technologies related to next-generation lithography. We reported some of the results of these research activities at the SPIE Advanced Lithography 2010 academic conference held in San Jose in the United States.

In CD-Measurement SEMs, we improved mechanistic aspects and data processing algorithms, enhanced compatibility with charged samples, and improved processing capacity. Going forward, we will provide analytical tools to support high-efficiency, highly stable operation.

In etching systems, we developed the M Series plasma-based microwave electron cyclotron resonance (ECR) business for advanced logic and advanced memory. We also delivered the electrical magnetic coupled plasma (EMCP) series non-volatile material etching device to major global magnetic head manufacturers. The system uses a cleaning technology developed to control deterioration over time to resolve issues of low productivity associated with processing of non-volatile materials.

In the field of analysis systems, we developed the nanoEBAC NE4000 model inspection system for semiconductor circuits, materials, and measurement of electrical properties for electronic devices and electron beam absorbed current (EBAC) analysis. Equipped with Hitachi's proprietary, patented high-performance EBAC amplifiers, it enables detection of defects in high-resistance circuits. In line of tabletop microscopes, we developed the new TM3000 model, an easy-to-use electron microscope that even novice users can operate. Going forward, the TM3000 is expected to play an active role in areas ranging from R&D to quality assurance in a host of fields, including materials,

CD-Measurement SEM CG4000 series

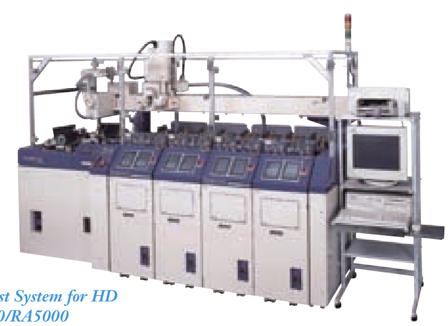
Etching system M-8000 Series

semiconductors, food products, and biotechnology by simplifying and facilitating observation of the micro-structures of material surfaces.

In the field of flat panel displays, prices for LCD TVs fell sharply during the economic slowdown that began in the second half of 2008. This spurred demand for the products in emerging economies such as China, ultimately resulting in increased commoditization. Customers are demanding higher productivity and lower pricing for LCD panel manufacturing equipment as well. In order to respond to this need, Hitachi High-Technologies is developing module assembly systems intended to enhance the core performance and reduce the cost of proximity exposure devices. The Group is also increasing productivity and achieving more compact device footprints.

With hard disks rapidly increasing in capacity and falling in price, reducing manufacturing costs and achieving high recording density have become major issues. Hitachi High-Technologies has developed an optical patterned media inspection system and head element configuration inspection system based on a new concept that enables both lower inspection costs and higher quality, and plans to introduce them to the market. We also plan to release other devices in step with industry trends, including devices related to discrete track media (DTM) and bit patterned media (BPM) high recording density media.

Tabletop Microscope TM3000



Disk Test System for HD RQ7800/RA5000

LIFE SCIENCES

In medical systems, Hitachi High-Technologies teamed up with Roche Diagnostics to develop the new cobas 8000 clinical chemistry and immunodiagnositc analyzer. Sales of the product launched in September 2009 through Roche Diagnostics. The cobas 8000 is based on modules which can be freely assembled in combinations of up to four modules: large clinical chemistry analysis modules, medium clinical chemistry analysis modules, and immunodiagnostic modules. This format enables the product to respond flexibly to the needs of large-scale hospitals and medical laboratories.

Clinical Chemistry and Immunodiagnositc Analyzer

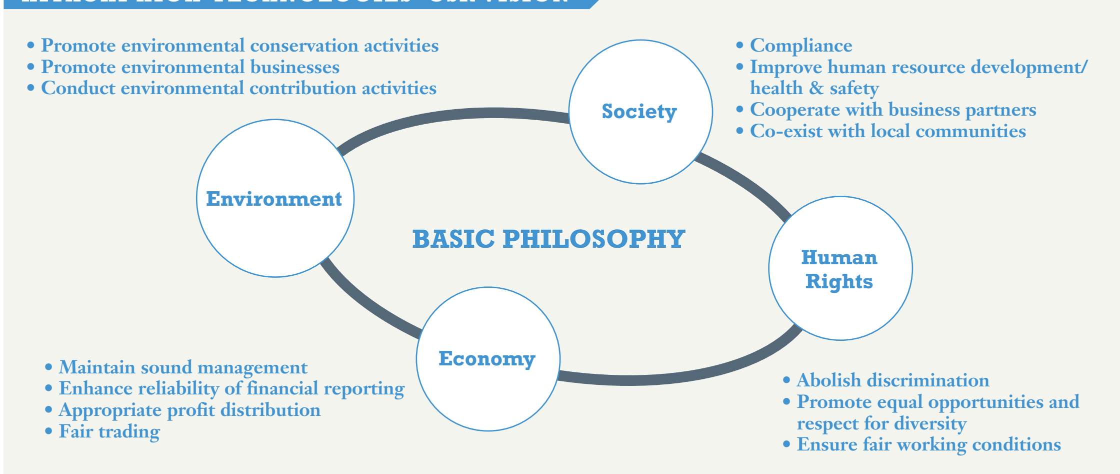
We have also developed a new automated platform technology for genetic testing to determine the presence of viruses or bacteria. By automating complicated manual testing processes such as pre-processing, the new platform offers both improved operability and labor savings.

In biotechnology, in February 2010 we developed a next-generation DNA sequencer in partnership with U.S. company Life Technologies Corporation. We plan to expand our collaboration business of conventional capillary DNA sequencers into the rapidly growing field of next-generation DNA sequencers.

CORPORATE SOCIAL RESPONSIBILITY

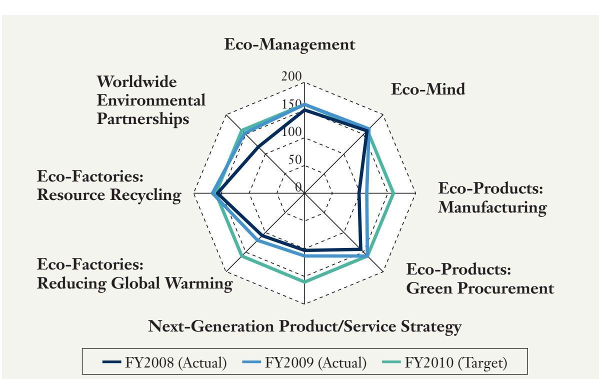
The basic philosophy of Hitachi High-Technologies involves "contributing to social progress through business activities that emphasize value creation through high-tech solutions." Shared by all employees and implemented in the workplace, this philosophy constitutes the cornerstone of our CSR activities. It entails a commitment to fulfilling our corporate social responsibilities in all areas, including the environment, society, human rights and the economy.

HITACHI HIGH-TECHNOLOGIES' CSR VISION



EVALUATION STANDARD FOR ENVIRONMENTAL ACTIVITIES: GREEN 21

To ensure continual improvements and raise the level of environmental activities, the Hitachi Group has introduced the GREEN 21 evaluation system. Each fiscal year, GREEN 21 provides a quantitative evaluation of completion of environmental activities across 55 items in 8 categories such as "Eco-Management" and "Eco-Mind." The results are reported in a radar chart to make them visible, and then reflected into environmental management. In fiscal 2009, the Hitachi High-Technologies Group exceeded its target of 1,152 points, achieving a score of 1,186 points. The success was thanks to initiatives such as environmental lectures at external educational institutions, which gave the Group a boost in the Worldwide Environmental Partnerships category. Going forward, Hitachi High-Technologies will continue to make use of this evaluation system in promoting environmental activities, aiming for a medium-term target of 1,280 points in fiscal 2010.



*Average for Hitachi High-Technologies headquarters, divisions and Group companies

[8 Categories, 55 Evaluation Items]

Category	Major Areas of Evaluation
1. **Eco-Management**	Action plan, environmental accounting, risk management
2. **Eco-Mind**	Employee training and education
3. **Eco-Products: Manufacturing**	Ecodesign management system, Eco-Products, control of hazardous substances contained in products
4. **Eco-Products: Green Procurement**	Green procurement, green purchasing
5. **Next-Generation Product/Service Strategy**	Business and product strategy, sustainable business, publicity
6. **Eco-Factories: Reducing Global Warming**	Energy saving at production facilities, environmentally responsible distribution
7. **Eco-Factories: Resource Recycling**	Waste reduction, chemical substance management
8. **Worldwide Environmental Partnerships**	Information disclosure, communication activities, global citizen activities

SOLUTIONS THAT SPAN THE FIELD OF SOLAR POWER GENERATION

SOLAR POWER GENERATION: A GROWTH AREA IN A LOW-CARBON SOCIETY

The proactive use of renewable energy, including natural energy sources such as solar, wind, and thermal power, is being promoted as part of efforts to address global warming. In a low-carbon society, solar power is a growth area, increasingly in demand because it offers an inexhaustible energy supply, and because no greenhouse gases are emitted during power generation, giving it a negligible impact on the environment.

Hitachi High-Technologies is utilizing its capabilities in design, manufacturing and trading to contribute to society by providing solutions which cover a broad range of the solar power generation segment.

CONTRIBUTING TO THE ASSESSMENT OF OPTIC PROPERTIES

Solar cells convert light energy directly into electrical power. In developing such cells, a critical issue is how to pull in the greatest amount of sunlight possible given that the angle of the incoming light changes with the time of day and the season, and then how to most efficiently convert that light into electricity.

For example, the anti-reflective coating used on poly-crystalline silicon solar cells is designed to increase power generation efficiency by preventing incoming sunlight from escaping as reflected light. In addition, glass panels incorporate a surface-textured substrate consisting of a structure of microscopic pyramids, which allow sunlight to penetrate, reflect, and scatter, enabling more light to be drawn into the power-generating layer than with a flat surface.

U-4100 UV-Visible-NIR Spectrophotometer

Hitachi High-Technologies has developed the U-4100 UV-Visible-NIR Spectrophotometer, used for measuring the transmittance and reflectivity of light in research and development of anti-reflective coatings, glass panels, and other solar cell-related components. By enabling researchers to change the angle of the light source, measure the resulting transmittance and reflectivity, and assess diffusion and other properties, this technology is useful in improving efficiency both in gathering sunlight and converting it to electric power.

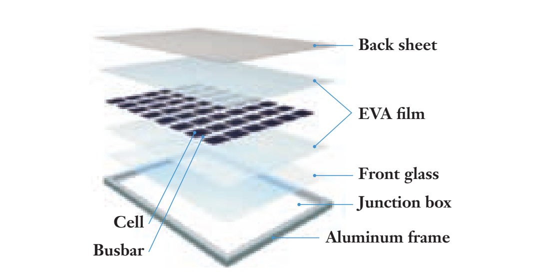


Diagram of a solar panel

USING TRADING COMPANY CAPABILITIES TO COVER THE ENTIRE SUPPLY CHAIN

In the trading division, Hitachi High-Technologies is developing a business to cover the entire solar power supply chain, from solar cell panel components, to manufacturing equipment, to the panels themselves.

In the materials sector, we sell a complete range of diverse panel components, from cells to back sheets. With demand increasing, we are working to ensure a stable supply both in terms of delivery times and quantities, but we are also working to respond with speed to the needs of our customers, offering one-stop shopping to solar cell manufacturers worldwide and ensuring that we can supply them with whatever components they may need. By carrying a wide range of components, we have a better understanding of the characteristics of the various components, and are better able to offer solutions that help reduce costs.

In the manufacturing equipment sector, we primarily sell testing and lamination equipment to overseas solar cell manufacturers, providing proposals for automating production lines and contributing to enhanced productivity. This business is evolving rapidly as products using new materials continue to be developed. Key issues in this area include improving power generation efficiency, delivering durability, and lowering costs.

Hitachi High-Technologies is contributing to the spread of solar power generation by keeping tabs on the latest information through domestic and overseas networks, and by providing our customers with the optimal solutions for their needs, thus playing a part in the prevention of global warming.

Solar panel

SOLAR CELL SYSTEMS FOR REGIONS WITHOUT ELECTRICITY IN INDONESIA

In Indonesia, approximately 40% of all households do not have access to electricity. To provide power to these areas of Indonesia, Hitachi High-Technologies is working with local systems integrators and battery manufacturers to develop solar power systems business suited to the unique needs of the region.

Indonesia has enjoyed rapid economic growth, but still suffers from planned blackouts in many metropolitan areas as the supply of electrical power has yet to catch up with demand. In addition, the country faces the geographic pressures of having to deal with more than 17,000 islands, and bringing the electrification ratio up in areas outside of Java island is a major issue.

Hitachi High-Technologies has a track record of providing solar cell-powered systems used in satellite telephone base stations in some of these regions without electricity. We are working to expand the use of new solar-powered systems based on requests from and electrification measures established by the Indonesian government.

Our proposal is a village-based method consisting of power generation systems installed in cargo containers, which are then placed in individual villages. This system takes the power generated by solar panels and stores it inside the container, from which individual residents can then charge their batteries as needed.

The containers can be moved as necessary and even if a network of transmission lines is eventually established in a particular region, the system can be moved for reuse in another location, avoiding the need to dispose of the equipment and conserving resources. To address the issue of dealing with equipment maintenance on outlying islands and in other remote regions, we worked with the Indonesian government and local enterprises to establish a system for providing post-installation equipment servicing.

While the use of renewable energy contributes to the prevention of global warming, at the same time the spread of electric power leads to the future development of small industries, better water purification, access to television and Internet devices, and plays a role in raising the quality of life in the region.

Visiting a region without electricity

Village-based solar power system

[INITIATIVES AT OPERATING BASES AND GROUP COMPANIES]

SUPPORT FOR SCIENCE EDUCATION

SCIENCE NIGHT AT SAM HOUSTON MIDDLE SCHOOL
Hitachi High Technologies America, Inc. [Dallas Office]

In March 2009, our Dallas office held a Science Night for the students and families of Sam Houston Middle School, in hopes of increasing the interest of young people in science.

At the event, classrooms were set up with a variety of themes, and the children enjoyed experiments in making recycled paper, a paper airplane contest using different shapes of planes to compete for distance, and other experiments. One especially popular station featured an electron microscope, which Hitachi High Technologies America employees explained how to use. Children were able to use the machine themselves to look at the eyes of flies. Going forward, the Dallas office plans to hold other similar events in the community.

Children enjoying a science experiment

REGIONAL ENVIRONMENTAL ACTIVITIES

ENVIRONMENTAL PROTECTION EDUCATIONAL ACTIVITIES
Hitachi High-Technologies (Singapore) Pte. Ltd. [Singapore Head Office]

In June 2009, Hitachi High-Technologies (Singapore) participated in three environmental protection educational activities sponsored by local corporations. "Green Day" involved planting trees in Singapore's Kent Ridge Park, while the "Green Workshop" used soap-making to teach about the harmful effects of chemicals on the environment, and the role of biodegradable substances in protecting the environment. At the "Green Talk" event, a lecture titled "The Scary Side of Climate Change and Global Warming" taught participants more about various disasters brought about by greenhouse gases. Participating in these events made us even more strongly aware of the need to preserve the environment. Going forward, we hope to contribute even more to environmental preservation efforts.

Planting trees as part of the Green Day event

For more in-depth reporting on Hitachi High-Technologies CSR activities, please visit "CSR (Corporate Social Responsibility) Activities" on the Hitachi High-Technologies website: http://www.hitachi-hitec.com/global/csr/index.html

CORPORATE GOVERNANCE

Having adopted the Company with Committees System as provided in the Companies Act, Hitachi High-Technologies has separated executive and management oversight functions and is upgrading its corporate governance system. In addition, to ensure compliance with laws, ordinances and the Articles of Incorporation, the Company is actively working to develop its internal control system.

BASIC RATIONALE REGARDING CORPORATE GOVERNANCE

In order to be the global leader in high-tech solutions, Hitachi High-Technologies (hereinafter "the Company") has spread the concepts of "focusing on speed," "focusing on site" and "enhancing consolidated management," and has run its businesses by taking advantage of the Group's world-leading technologies and global sales force and service networks. We believe it is important to enhance business execution oversight, improve management transparency by strengthening corporate governance, and fulfill our responsibilities to society in general, including our shareholders. We have adopted the Company with Committees System as the corporate governance structure to realize these objectives.

Relationship With Parent Company Hitachi, Ltd.

With the aim of sharing the unified vision of the Hitachi Group, the Company has accepted outside directors from Hitachi, Ltd. However, this has not impeded the independence of the Company's management decisions. The authority for individual business execution lies with the executive officers of the Company, and matters that exceed the decision-making authority of the executive officers are decided, in accordance with internal company rules, after discussion within the Executive Committee, which is made up of leading executive officers. In addition, the Company ensures the appropriateness of important transactions with the rest of the Hitachi Group, as in the case of other normal transactions, through checks not only by the sales department concerned, but also by the Sales Administration Department, the Accounting Division and other bodies.

AUDITING, SUPERVISION, NOMINATION, COMPENSATION, AND BUSINESS EXECUTION FUNCTIONS

Auditing, Supervision, Nomination, and Compensation

The Company has set up three committees—the Nominating Committee, the Audit Committee, and the Compensation Committee. These bodies ensure that the proposal of candidates for directorship, appointment of executive officers, audits of the legality and appropriateness of business execution, and decisions on compensation for directors and executive officers are conducted separately from the business execution side of the Company.

Proposals to elect directors at the General Meeting of Shareholders are drafted by the Nominating Committee in accordance with internal policy and resolutions are voted on at the General Meeting of Shareholders.

Compensation for executives is individually decided by the Compensation Committee in accordance with basic policy, which prescribes fundamental standards on levels of compensation, and specific policies.

The Audit Committee monitors business execution through the internal control system, centered on the Internal Auditing Division, which is under the direct authority of the Company President. In addition, the Audit Committee members, who are in charge of auditing and conduct on-the-spot inspections based on independent plans, report the results to the Audit Committee and the Board of Directors. Furthermore, based on close cooperation with the independent auditors, the Company ensures the appropriateness of matters related to accounting on both a parent company and consolidated basis.

The Board of Directors decides on the appointment of various committee members after deliberation at the Nominating Committee and the Board of Directors, while taking into consideration the duties and authority of each committee.

Business Execution

Business execution is carried out based on the decisions of the executive officer responsible. However, in the case of important executive actions, decisions are made by leading executives on the basis of discussion at ordinary meetings of the Executive Committee, which are held once a month. In addition, the Executive Committee makes decisions regarding the formulation of budgets, major capital investments, and research and development expenditure for each fiscal year. These decisions are reached after deliberation at meetings held once in each fiscal year or, when an extraordinary need arises, at meetings held at the earliest convenience.

DEVELOPING AN INTERNAL CONTROL SYSTEM

The Company's internal control system is as summarized below:

1. **System related to the storage and management of information associated with the execution of duties by executive officers**
   The Company shall provide precise handling of information with regard to the period of storage of approval documents and other matters based on Document Storage Regulations.

2. **Provisions related to the management of risk of loss and other systems**
   The Company shall establish Risk Management Regulations, risk management systems and management methods.

3. **System to ensure that the execution of duties by executive officers is performed efficiently**
   The Company shall create an internal system related to important decision-making. It shall check and improve business implementation by means of a budget management system and carry out internal audits regarding the effective use of management resources. The Audit Committee shall audit the efficiency of management.

4. **System to ensure that the execution of duties by executive officers and employees conforms to laws, ordinances and the Articles of Incorporation**
   The Company shall establish regulations regarding legal compliance, and shall appoint an executive in charge of compliance and establish a Compliance & Risk Management Committee. It shall also conduct internal training concerning compliance, ensure internal audits are rigorously implemented, and establish an internal reporting system.

5. **System to ensure the appropriateness of business operations within the corporate group, comprising Hitachi High-Technologies, its parent company and subsidiaries**
   Several divisions shall be responsible for checking the appropriateness of transactions with Group companies. Audits shall be conducted by the parent company, and feedback on the audit results shall be appropriately provided. The Company shall receive reports on business execution and financial position from subsidiaries, while the Audit Committee shall regularly conduct interviews at these subsidiaries and conduct regular internal audits of their activities. In addition, the Company shall establish an internal control system to oversee financial reporting, including that of subsidiaries, and the Internal Auditing Division shall verify that system.

6. Matters concerning the directors and employees who assist the duties of the Audit Committee

The Company shall establish an Auditor's Office and appoint Auditor's Office staff. As the need arises, the Internal Auditing Division and administrative departments shall assist with the duties of the Audit Committee.

7. Matters concerning independence of directors and employees mentioned above from executive officers

With regard to personnel changes among the Auditor's Office staff, the Audit Committee shall receive a report on such changes in advance, and when required, a proposal shall be made to the executive officer in charge of personnel and general affairs setting out the reason for such changes. If an employee belonging to the Auditor's Office is to be disciplined, the executive officer in charge of personnel and general affairs should obtain approval from the Audit Committee in advance.

8. System to enable reporting by executive officers and employees to the Audit Committee and other systems to enable reports to the Audit Committee

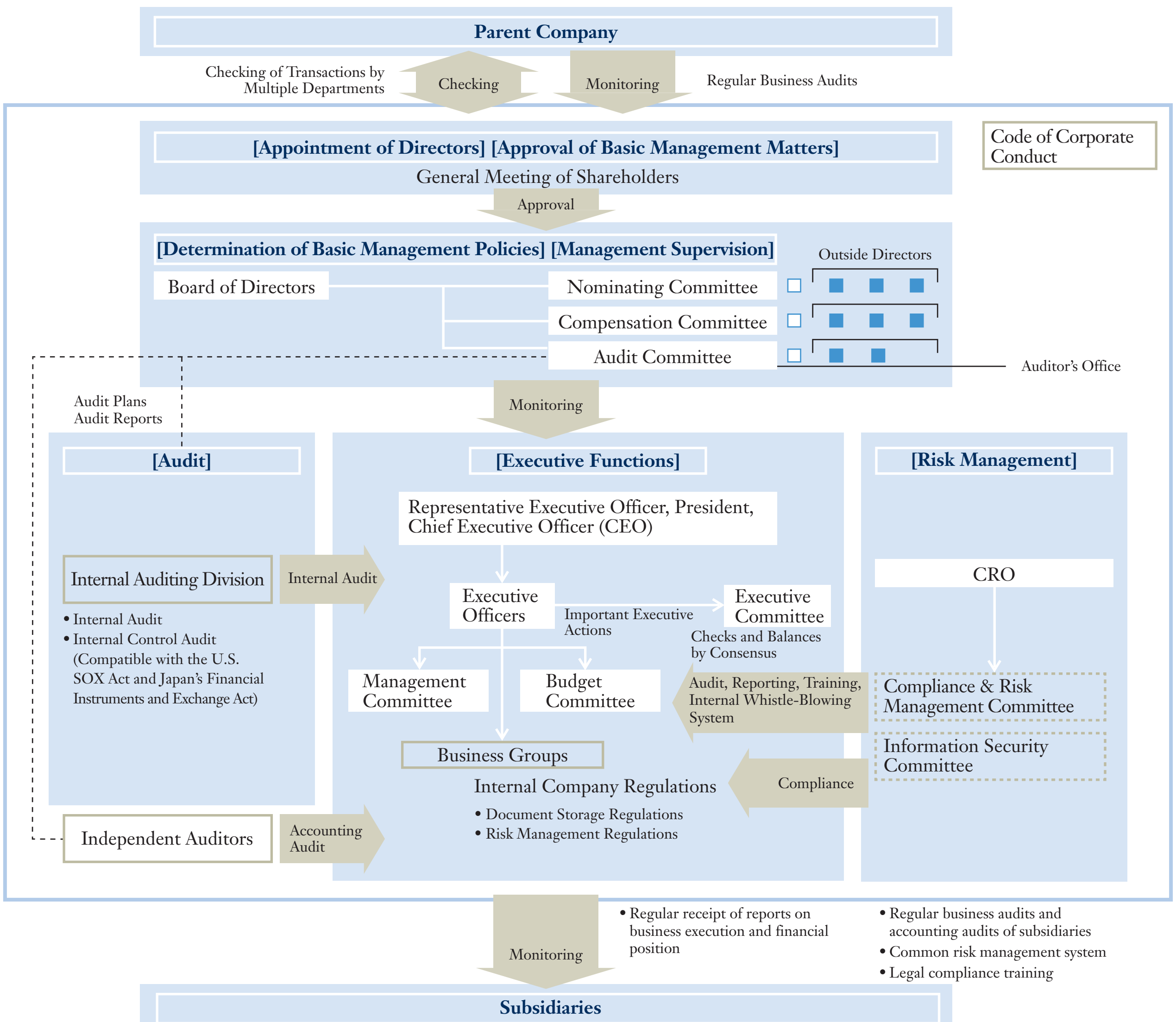
Proposals put forward at meetings of the Executive Committee and the results of internal audits carried out by the Internal Auditing Division shall be reported without delay to the Audit Committee members by the executive officer in charge or the employee concerned. With regard to the status of reporting through the internal reporting system, matters of particular importance shall be reported to the Audit Committee members by the Head of the Compliance & Risk Management Committee.

9. Other systems to ensure that audits by the Audit Committee are effectively implemented

As the need arises, the Audit Committee shall consign some audit matters to the Internal Auditing Division and the independent auditors, resulting in a cooperative approach where the Audit Committee receives reports on the results of audits. The results of audits by the Audit Committee and the Internal Auditing Division shall be reported to the Board of Directors and the Executive Committee to be reflected in the execution of business.

Business Execution, Management Oversight and Internal Control System

(As of March 31, 2010)



Notes:1. The Chief Risk Management Officer (CRO) is an executive officer charged with overall management of compliance-related risk, as a form of risk relevant to the whole Company. The CRO is selected by the Board of Directors, and is held responsible if a compliance-related incident occurs.

2. The U.S. SOX Act is the Sarbanes-Oxley Act, instituted in 2002. Since the Company's parent company, Hitachi, Ltd., is listed on the New York Stock Exchange, it is required to comply with the U.S. Sarbanes-Oxley Act.

DIRECTORS AND EXECUTIVE OFFICERS

(As of June 25, 2010)

DIRECTORS AND EXECUTIVE OFFICERS

Hidehito Obayashi

Representative Executive Officer
President
Chief Executive Officer and Director

Overall Management Execution

Member of the:
Nominating Committee,
Compensation Committee

Masao Hisada

Representative Executive Officer
Executive Vice President
Executive Officer and Director

General Manager, CSR Promotion Div. and CRO,
Overall Management Execution,
In charge of Corporate Strategy and
Own Products Business

Member of the:
Nominating Committee,
Compensation Committee

Wasuke Nakano

Representative Executive Officer
Senior Vice President
Executive Officer and Director

In charge of Semiconductor
Equipment and Analytical
Sciences Sales

Shigeru Iizuka

Vice President and Executive Officer

CIO,
In charge of Accounting & Finance,
Information Systems,
Export Control and Investor Relations

Katsumi Mizuno

Vice President and Executive Officer

Deputy General Manager, CSR Promotion Div.,
In charge of Personnel & General Affairs,
Environmental Management, CSR, Legal Affairs
and Public Relations

Masanori Kazamaki

Vice President and Executive Officer

General Manager, Regional Branch Office for West Japan
Area and Kansai Branch Office

OUR OUTSIDE DIRECTORS

Tadamichi Sakiyama

Chairman of the Board,
Outside Director

Member of the:
Nominating Committee,
Compensation Committee

Mr. Tadamichi Sakiyama was selected as an outside director nominee to introduce his rich experience in corporate management and his extensive knowledge and experience in the fields of accounting and finance into the management and the supervision of execution of operations of Hitachi High-Technologies Corporation.

Harumichi Uchida

Outside Director

Member of the:
Nominating Committee,
Compensation Committee,
Audit Committee

Mr. Harumichi Uchida has no experience in being involved in corporate management other than by serving as outside director or outside auditor, but has extensive knowledge and experience as a legal expert and is therefore deemed to be capable of properly executing his duties as outside Director. Accordingly, Mr. Harumichi Uchida was selected as an outside director nominee to introduce such extensive knowledge and experience into the management and the supervision of execution of operations of Hitachi High-Technologies Corporation.

Hiroshi Kanauchi

Director

Member of the:
Audit Committee

Masumi Miyauchi

Representative Executive Officer
Senior Vice President and
Executive Officer

General Manager, Global Trading Group

Masaho Masuyama

Senior Vice President and
Executive Officer

In charge of Global Strategy and Flat Panel Display &
Hard Disk Manufacturing System Business

Takashi Matsuzaka

Vice President and Executive Officer

General Manager, Nanotechnology Products
Business Group and Naka Div., and CTO,
In charge of Quality Assurance and Procurement

Shinichi Tachi

Vice President and Executive Officer

General Manager, Semiconductor Equipment
Business Group

Ryuichi Kitayama

Outside Director

Member of the:
Nominating Committee,
Compensation Committee,
Audit Committee

Mr. Ryuichi Kitayama was selected as an outside director nominee to introduce his extensive knowledge and rich experience in information and communication businesses and rich experience in corporate management into the management of Hitachi High-Technologies Corporation and the supervision of execution of its operations.

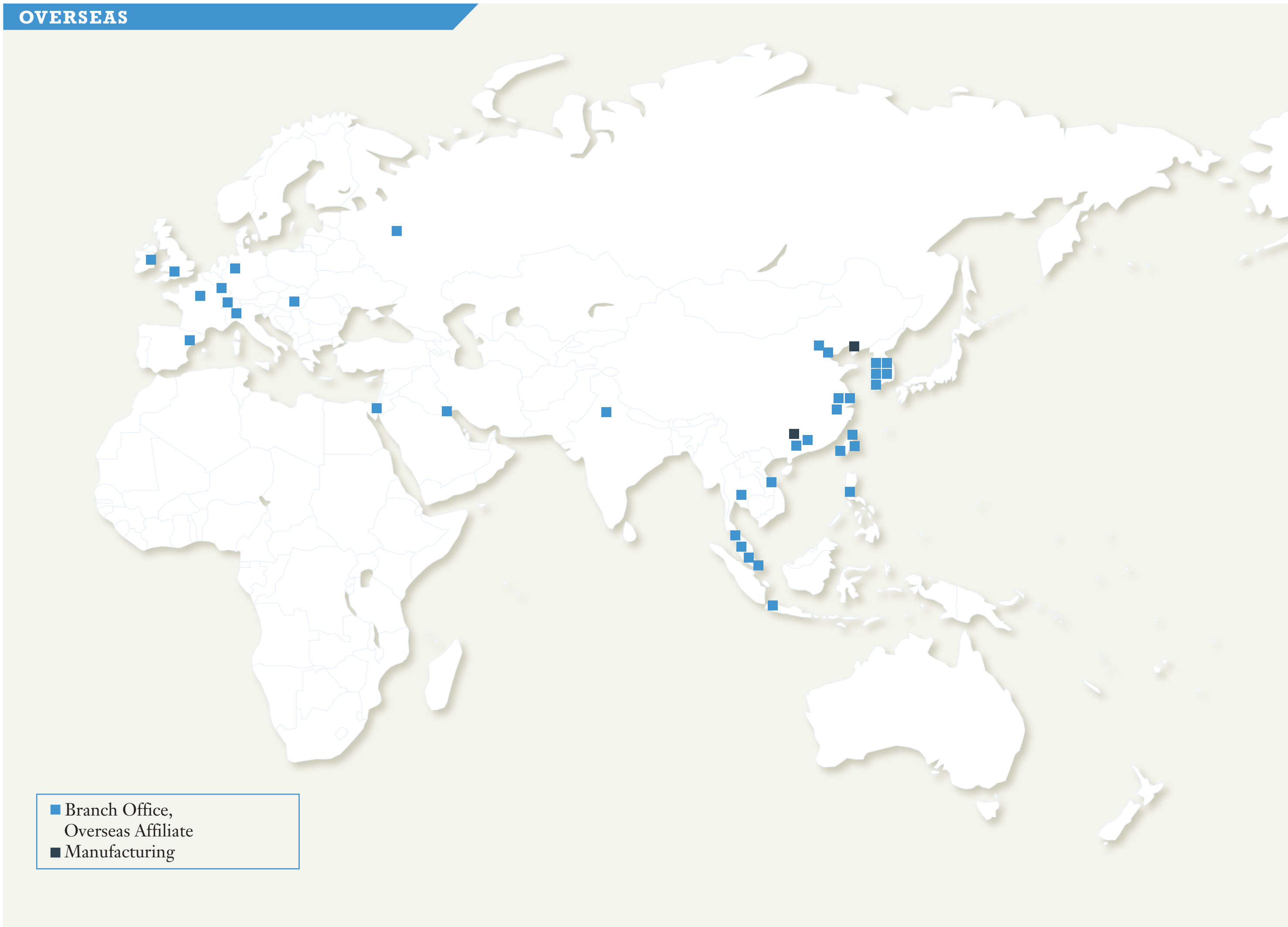
EXECUTIVE OFFICERS

Morihiro Nishida
Yutaka Mitsumochi
Shigekazu Kato
Toshio Kajimoto
Hidenori Nagao
Koji Isahaya
Kunihiko Ukena
Shuji Sugiyama

NETWORK

(As of April 1, 2010)

OVERSEAS



OVERSEAS AFFILIATED COMPANIES

[SALES/SERVICES]

NORTH AMERICA/SOUTH AMERICA

Hitachi High Technologies America, Inc.
HOLDING: 100% CAPITAL: US$7.95 million
10 N. Martingale Road, Suite 500, Schaumburg, IL 60173, U.S.A.
TEL: 1-847-273-4141 FAX: 1-847-273-4407

Hitachi High-Technologies Canada, Inc.
HOLDING: (HTA) 100% CAPITAL: C$0.5 million
89 Galaxy Blvd., Suite 14, Rexdale, Ontario, M9W 6A4, Canada
TEL: 1-416-675-5860 FAX: 1-416-675-0061

Hitachi High-Technologies do Brasil Ltda.
HOLDING: 100% CAPITAL: R$0.7 million
Avenida Paulista, 854-7° Andar-Cjto.73, Edificio Top Center, Bela Vista, CEP 01310-913, Sao Paulo-SP, Brazil
TEL: 55-11-3253-2511 FAX: 55-11-3251-2464

EUROPE

Hitachi High-Technologies Europe GmbH
HOLDING: 100% CAPITAL: EUR3.1 million
Europark Fichtenhain A12, 47807 Krefeld, Germany
TEL: 49-2151-6435-0 FAX: 49-2151-6435-696

Hitachi High Technologies Ireland Ltd.
HOLDING: (HTA) 100% CAPITAL: US$0.1 million
C/O Intel MS: 4-1-2 Collinstown Industrial Park Leixlip, Co., Kildare, Ireland
TEL: 353-1-60-64206 FAX: 353-1-60-65298

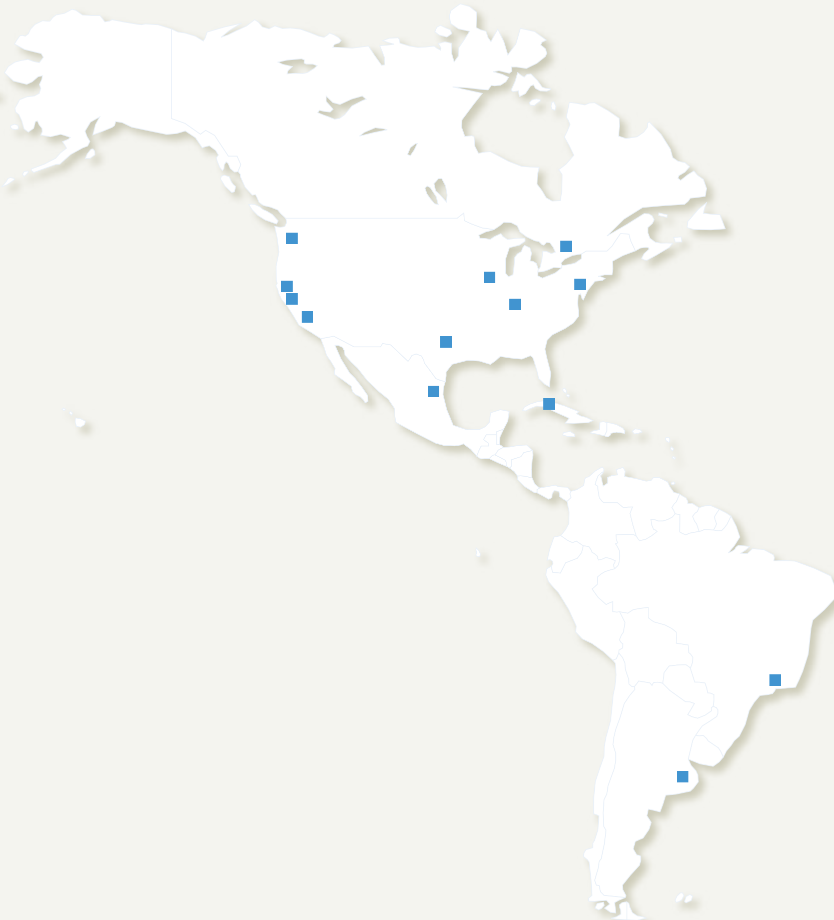
H.H.T.A. Semiconductor Equipment Israel, Ltd.
HOLDING: (HTA) 100% CAPITAL: 1,000NIS
P.O. Box 1000 MS: Hitachi LC2-3S Kiryat Gat 82109, Israel
TEL: 972-8-666-6342 FAX: 972-8-666-6939

ASEAN

Hitachi High-Technologies (Singapore) Pte. Ltd.
HOLDING: (HHT) 95%, (A.C.T. Holdings Pte. Ltd.) 5%
CAPITAL: S$4 million
7 Tampines Grande, #05-01, Hitachi Square, Singapore 528736
TEL: 65-67332754 FAX: 65-67353917

Hitachi High-Technologies IPC (Malaysia) Sdn. Bhd.
HOLDING: (HHT) 20%, (HTS) 80%
CAPITAL: RM3 million
Letter Box No. 183, 33rd floor, UBN Tower, 10 Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia
TEL: 60-3-2078-8800 FAX: 60-3-2078-6968

Hitachi High-Technologies (Thailand) Ltd.
HOLDING: (HTS) 100% CAPITAL: TB30 million
7th fl., Thaniya Building, 62 Silom Road, Suriyawong Bangrak, Bangkok 10500, Thailand
TEL: 66-2-237-4538 FAX: 66-2-236-7346



OVERSEAS NETWORK

NORTH AMERICA

Chicago	San Francisco	Dallas
Santa Clara	San Diego	New York
Lexington	Oregon	Mexico
Canada		

LATIN AMERICA

Havana	Buenos Aires	Brazil

EUROPE/MIDDLE EAST

Moscow	Kuwait	Düsseldorf
Mannheim	Budapest	Barcelona
Milan	Paris	London
Zug	Ireland	Israel

ASIA REGION

Singapore	Philippines	India
Vietnam	Kuala Lumpur	Penang
Johor Bahru	Jakarta	Bangkok

EAST ASIA

Shanghai	Beijing	Shenzhen
Dalian	Tianjin	Guangzhou
Wuxi	Suzhou	Hong Kong
Seoul	Cheonan	Chongju
Kiheung	Icheon	Taipei
Hsinchu	Tainan	

EAST ASIA

Hitachi High-Technologies (China) Co., Ltd.

HOLDING: 100% CAPITAL: US$2.1 million
Room 021, 21F Shanghai HSBC Tower, 1000 Lujiazui Ring Road, Pudong New Area, Shanghai, P.R.C.
TEL: 86-21-6163-1200 FAX: 86-21-6841-5420

Hitachi High-Technologies (Shanghai) Co., Ltd.

HOLDING: 100% CAPITAL: US$0.5 million
Room 032, 21F Shanghai HSBC Tower, 1000 Lujiazui Ring Road, Pudong New Area, Shanghai, P.R.C.
TEL: 86-21-6163-1200 FAX: 86-21-6841-5420

Hitachi High-Technologies Hong Kong Ltd.

HOLDING: 100% CAPITAL: HK$15 million
Rm 1623-23A, Landmark North, 39 Lung Sum Avenue, Sheung Shui, NT, Hong Kong
TEL: 852-2737-4700 FAX: 852-2377-2169

Hitachi High-Technologies (Shenzhen) Co., Ltd.

HOLDING: (HTH) 100% CAPITAL: HK$2 million
25F, Aerospace Skyscraper, 4019 Shennan Road, Futian District, Shenzhen, P.R.C.
TEL: 86-755-8359-5848 FAX: 86-755-8359-3693

Hitachi High-Technologies Korea Co., Ltd.

HOLDING: 100% CAPITAL: WON1,500 million
8F Young Poong Bldg., 33, Seorin-Dong, Chong Ro-Ku, Seoul, 110-752, Korea
TEL: 82-2-754-7654 FAX: 82-2-757-0360

Hitachi High-Technologies Taiwan Corp.

HOLDING: 100% CAPITAL: NT$60 million
Shin Kang Chung Shan Bldg., 10th fl., 44, Sec. 2, Chung Shan N. Road, Taipei, 104, Taiwan
TEL: 886-2-2522-6901 FAX: 886-2-2536-5475

[MANUFACTURING]

ASIA

Hitachi Instrument (Suzhou), Ltd.

HOLDING: 100% CAPITAL: US$5 million
No. 5 Xinghan Street BLK G, New Industrial Park, Suzhou 215021, P.R.C.
TEL: 86-512-6761-0270 FAX: 86-512-6761-0016

Dalian Naka Instruments Co., Ltd.

HOLDING: (HHT) 60%,
(Dalian Levear Electric Co., Ltd) 40%
CAPITAL: US$0.3 million
No. 15 Xinzhaizi East Street, Ganjingzi District, Dalian 116033, P.R.C. (in Dalian Levear Electric Co., Ltd.)
TEL: 86-411-86309736 FAX: 86-411-86312213

HHT: Hitachi High-Technologies
HTA: Hitachi High Technologies America, Inc.
HTS: Hitachi High-Technologies (Singapore) Pte. Ltd.
HTH: Hitachi High-Technologies Hong Kong Ltd.

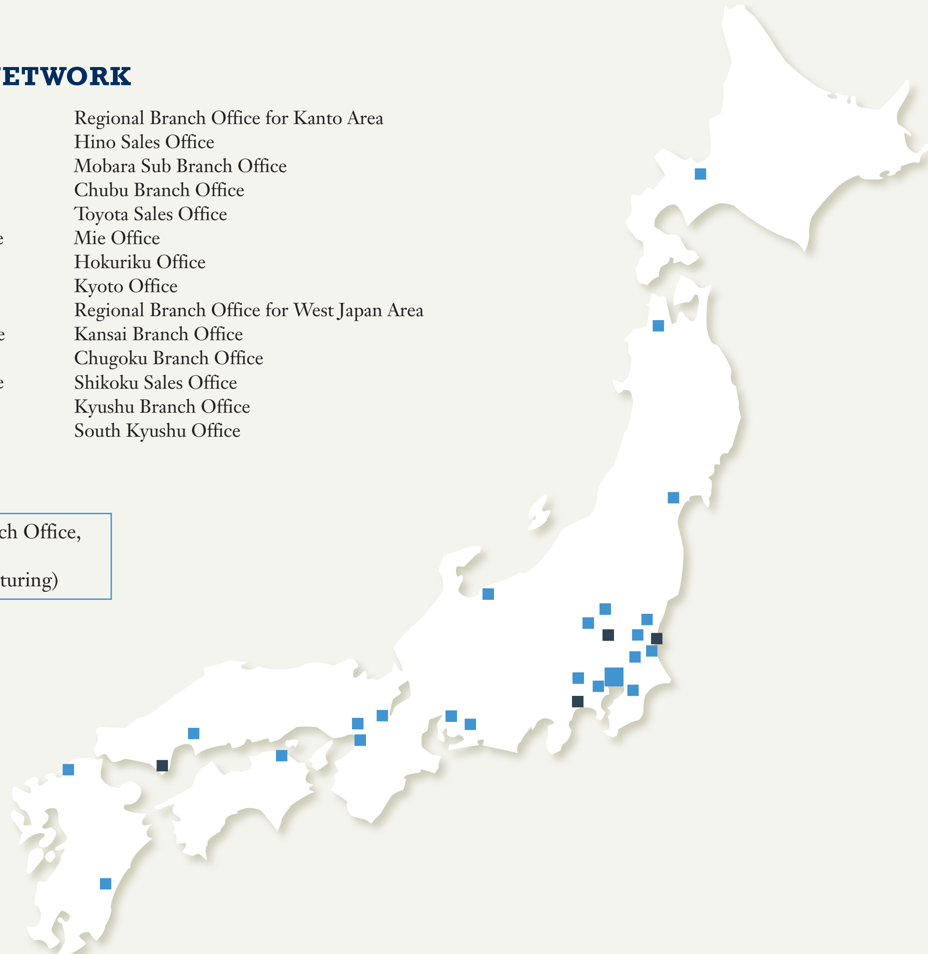
DOMESTIC

DOMESTIC NETWORK

Head Office (Tokyo)
Naka Division
Kasado Division
Shonan Division
Saitama Division
Hokkaido Branch Office
Goshogawara Office
Tohoku Branch Office
Tochigi Sales Office
Utsunomiya Sales Office
Ibaraki Branch Office
Hitachinaka Sales Office
Tsukuba Branch Office

Regional Branch Office for Kanto Area
Hino Sales Office
Mobara Sub Branch Office
Chubu Branch Office
Toyota Sales Office
Mie Office
Hokuriku Office
Kyoto Office
Regional Branch Office for West Japan Area
Kansai Branch Office
Chugoku Branch Office
Shikoku Sales Office
Kyushu Branch Office
South Kyushu Office

■ Head Office, Branch Office, Sales Office
■ Division (Manufacturing)



DOMESTIC AFFILIATED COMPANIES

[SALES]

Hitachi High-Tech Trading Corp.
HOLDING : 100% CAPITAL: ¥400 million
24-14, Nishi-shimbashi 1-chome, Minato-ku, Tokyo 105-8418, Japan
TEL: +81-3-3504-7911 FAX: +81-3-3504-7900

Hitachi High-Tech Support Corp.
HOLDING: 100% CAPITAL: ¥50 million
24-14, Nishi-shimbashi 1-chome, Minato-ku, Tokyo 105-0003, Japan
TEL: +81-3-3504-7951 FAX: +81-3-3504-7973

Hitachi High-Tech Materials Corp.
HOLDING: 100% CAPITAL: ¥200 million
24-14, Nishi-shimbashi 1-chome, Minato-ku, Tokyo 105-0003, Japan
TEL: +81-3-3504-5011 FAX: +81-3-3504-5095

Giesecke & Devrient K.K.
HOLDING: (HHT) 49%, (Giesecke & Devrient GmbH) 51%
CAPITAL: ¥200 million
24-14, Nishi-shimbashi 1-chome, Minato-ku, Tokyo 105-0003, Japan
TEL: +81-3-3504-5910 FAX: +81-3-3504-5924

Hitachi High-Tech Solutions Corp.
HOLDING: 100% CAPITAL: ¥100 million
7th fl., Solid Square West Wing,
580, Horikawa-cho, Saiwai-ku, Kawasaki-shi, Kanagawa 212-0013, Japan
TEL: +81-44-543-7211 FAX: +81-44-543-7222

[SERVICES/MANUFACTURING]

Hitachi High-Tech Fielding Corp.
HOLDING: 100% CAPITAL: ¥1,000 million
28-8, Yotsuya 4-chome, Shinjuku-ku, Tokyo 160-0004, Japan
TEL: +81-3-5379-2311 FAX: +81-3-3341-6158

Hitachi High-Tech Manufacturing & Service Corp.
HOLDING: 100% CAPITAL: ¥230 million
1040, Ichige, Hitachinaka-shi, Ibaraki 312-0033, Japan
TEL: +81-29-276-6340 FAX: +81-29-276-6349

Hitachi High-Tech Engineering Service Corp.
HOLDING: 100% CAPITAL: ¥370 million
24-14, Nishi-shimbashi 1-chome, Minato-ku, Tokyo 105-0003, Japan
TEL: +81-3-3504-3151 FAX: +81-3-3504-3130

Hitachi High-Tech Instruments Co., Ltd.
HOLDING: 100% CAPITAL: ¥450 million
6, Menuma Nishi 1-chome, Kumagaya-shi, Saitama 360-0238, Japan
TEL: +81-48-506-6000 FAX: +81-48-567-0079

Hitachi High-Tech Control Systems Corp.
HOLDING: 100% CAPITAL: ¥200 million
500, Miyu-cho, Mito-shi, Ibaraki 319-0316, Japan
TEL: +81-29-257-5100 FAX: +81-29-257-5120

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. COMPANY OVERVIEW

The Hitachi High-Technologies Group (the Group) comprises 27 companies that conduct integrated operations in four segments: Electronic Device Systems, Life Sciences, Information Systems & Electronic Components, and Advanced Industrial Products. The Group manufactures and sells various products in these four segments, mainly related to electronics, and provides field services associated with these businesses as well.

The Group's parent company (Hitachi, Ltd.) mainly conducts manufacturing and sales of electric machinery tools, while the Group is more heavily involved in purchasing or in IT system devices and other products. The Group also sells various IT and electric generation devices to Hitachi, Ltd.

2. BUSINESS ENVIRONMENT

In fiscal 2009, the year ended March 31, 2010, the Japanese economy has not yet achieved a self-sustaining recovery from the simultaneous worldwide recession triggered by the financial crisis. From the second half, however, there were signs of a rally. Going forward, although employment conditions will remain severe, a gradual recovery is expected against the backdrop of improvements in overseas economies.

In this environment, Hitachi High-Technologies Corporation and its subsidiaries took decisive steps to reduce costs with a view to realizing an early recovery. These steps included rightsizing of the workforce, production adjustments, rigorous screening of capital and R&D investments, inventory reductions, and a thorough review of selling, general and administrative (SG&A) expenses. Notwithstanding these efforts, due to delays in the recovery of the markets for semiconductor and FPD manufacturing equipment, the Group was forced to record a loss for the fiscal year.

3. OPERATING RESULTS

Performance Summary

In fiscal 2009, consolidated net sales declined 20.4% year on year to ¥616,877 million. The Group recorded an operating loss of ¥1,626 million (compared to operating profit of ¥14,909 million in fiscal 2008), and a net loss of ¥2,827 million (compared to net income of ¥7,075 million in the previous fiscal year).

Segment Information

Electronic Device Systems

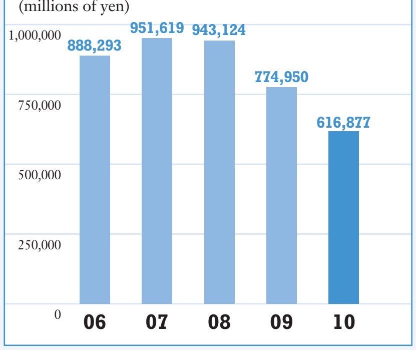
Semiconductor manufacturing equipment sales recovered significantly, mainly in the Asian market, in part as major foundries resumed investment in the mainstay CD-Measurement SEMs. In etching systems, although some customers showed signs of resuming investment in the second half of the year, it did not result in a full-fledged recovery, and sales fell significantly.

For FPD manufacturing equipment, panel manufacturers gradually recovered capacity utilization, but remained cautious with regard to capital expenditure, leading to substantial drops in both proximity exposure and module assembly systems.

As a result, segment net sales were down 32.2% year on year to ¥114,060 million, and the segment recorded an operating loss of ¥17,003 million, compared to an operating loss of ¥4,816 million in the previous year.

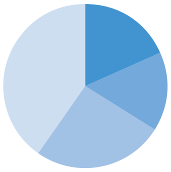
Net Sales

(millions of yen)



Segment Sales

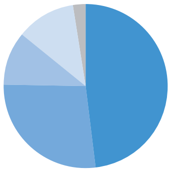
(%)



Electronic Device Systems	18.5
Life Sciences	15.5
Information Systems & Electronic Components	25.8
Advanced Industrial Products	40.2

Domestic and Overseas Sales

(%)



Japan	48.1
Asia	27.3
North America	10.7
Europe	11.6
Other	2.3

Net Sales and Operating Profit by Segment

(millions of yen)

	Fiscal 2009	Fiscal 2008	Change (%)
Electronic Device Systems	114,060	168,324	(32.2)
	(17,003)	(4,816)	–
Life Sciences	95,459	97,725	(2.3)
	15,839	19,407	(18.4)
Information Systems & Electronic Components	159,544	203,758	(21.7)
	(2,175)	(1,593)	–
Advanced Industrial Products	247,814	305,143	(18.8)
	1,725	1,879	(8.2)

The upper figures of each segment represent net sales while the lower figures show operating profit.

Life Sciences

In clinical analyzers, deliveries of medium and small-type clinical chemistry and immunodiagnostic analyzers declined as the business transitioned from the initial start-up to a period of stable sales.

In biotechnology equipment, although private-sector capital expenditure did not achieve a full-fledged recovery, sales rose slightly, benefitting from the implementation of supplementary government budgets.

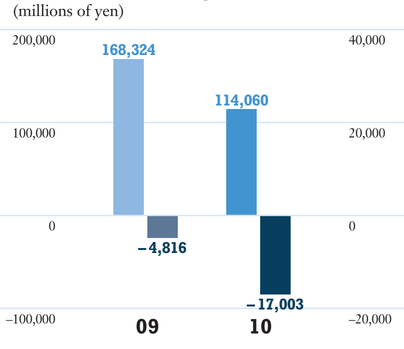
As a result, segment net sales dropped 2.3% year on year to ¥95,459 million, and operating profit amounted to ¥15,839 million, down 18.4% year on year.

Information Systems & Electronic Components

In the telecommunications-related field, sales of mobile phones for the U.S. market declined steeply. Chip mounter sales also declined significantly due in part to freezes on capital expenditures by customers in Japan and the Asian market. Hard disk drives declined as well, with a recovery in demand in the second half of the year unable to offset the drop-off in the first half.

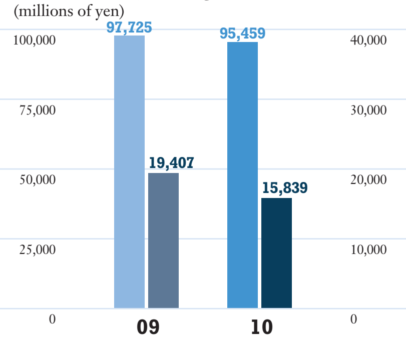
As a result, segment net sales declined 21.7% year on year to ¥159,544 million, and the segment recorded an operating loss of ¥2,175 million, compared to an operating loss of ¥1,593 million in the previous year.

Electronic Device Systems
Net Sales/Operating Profit
(millions of yen)



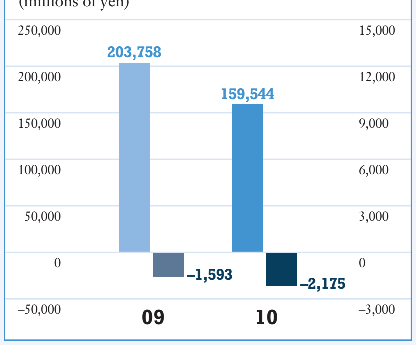
Net Sales (Left) Operating Profit (Right)

Life Sciences
Net Sales/Operating Profit
(millions of yen)



Net Sales (Left) Operating Profit (Right)

Information Systems & Electronic Components
Net Sales/Operating Profit
(millions of yen)



Net Sales (Left) Operating Profit (Right)

Advanced Industrial Products

Silicon wafer sales declined significantly, with improved customer utilization rates unable to lead to a full-fledged recovery. Automotive related devices and materials were on an upswing due to the effects of a lowered automobile purchase tax, but remained low and did not reach a full-fledged recovery. Optical devices for LCD projectors grew significantly due to greater demand in emerging economies.

As a result, segment net sales fell 18.8% year on year to ¥247,814 million, and operating profit amounted to ¥1,725 million, down 8.2% year on year.

Cost of Sales and Selling, General and Administrative Expenses

In fiscal 2009, the cost of sales declined by ¥133,033 million, or 19.8%, year on year to ¥537,694 million. However, the cost of sales ratio deteriorated 0.6 percentage points to 87.2%. This mainly reflected a decline in capacity utilization due to lower sales in the Electronic Device Systems and Life Sciences segments, in which the Group mainly handles proprietary products.

In addition, SG&A expenses declined ¥8,505 million, or 9.5%, year on year to ¥80,809 million, while the SG&A ratio deteriorated 1.6 percentage points to 13.1%, mainly because of a significant decline in sales which outweighed measures to reduce SG&A expenses.

Operating Profit (Loss)

In fiscal 2009, operating profit dropped ¥16,535 million year on year, resulting in an operating loss of ¥1,626 million.

A summary of operating profit by business segment is shown below.

In the Electronic Device Systems segment, operating profit fell ¥12,187 million, resulting in a ¥17,003 million loss.

Operating profit in the Life Sciences segment decreased ¥3,568 million, or 18.4%, to ¥15,839 million, and the operating profit ratio in this segment deteriorated by 3.3 of a percentage point to 16.6%.

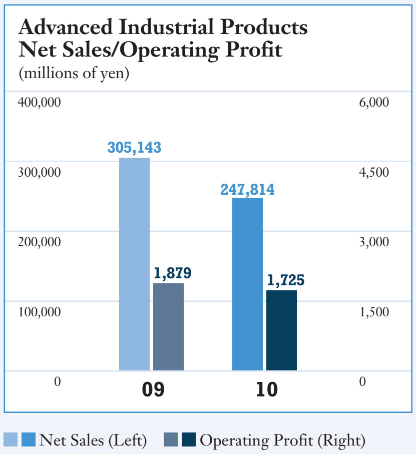
In the Information Systems & Electronic Components segment, operating profit decreased ¥582 million, resulting in an operating loss of ¥2,175 million.

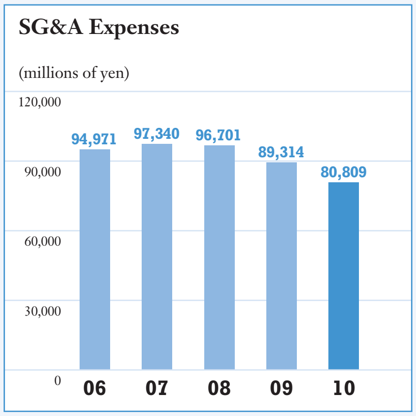
In the Advanced Industrial Products segment, operating profit was down ¥154 million, or 8.2%, to ¥1,725 million. The operating profit ratio for this segment improved 0.1 of a percentage point to 0.7%.

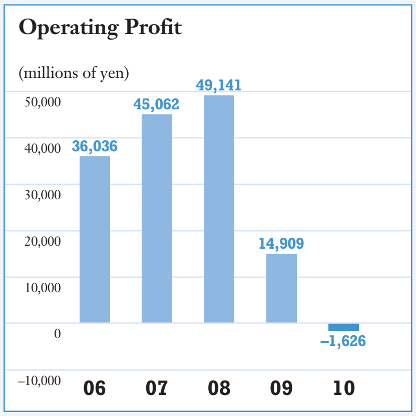
Other Income (Expense) and Income before Income Taxes and Minority Interests

Other income decreased mainly reflecting a decrease of ¥736 million, or 58.3%, year on year in interest and dividend income. Other expenses increased reflecting losses on disposal of property, plant and equipment and on cancellation of leasehold contracts.

As a result of the above, income before income taxes and minority interests was a loss of ¥2,123 million, a decrease of ¥16,006 million compared to the previous fiscal year.







Net Income (Loss)

Income taxes declined ¥6,105 million, or 90.2% year on year, to ¥667 million , due to the Group's weak earnings performance in fiscal 2009.

Minority interests increased by ¥1 million, 2.8%, to ¥37 million.

Consequently, net income declined by ¥9,902 million, resulting in a net loss of ¥2,827 million. Return on equity (ROE) declined 4.2 percentage points to –1.2%, and net income per share dropped ¥71.99 to a net loss of ¥20.55 per share.

Finance Policy

With regard to finance policy, the Group will strengthen its financial base by maintaining sufficient liquidity and securing funds. These funds will be used to meet working capital requirements for business expansion, R&D, and capital investment. The Group will also maintain a sound balance sheet by collecting accounts receivables earlier, reducing inventories and promoting other initiatives to improve working capital. In addition, it will review asset holdings and take other steps. These and other actions target a further increase in free cash flows on a consolidated basis.

The Group aims to improve the efficiency of capital through the use of a cash pooling system among Group companies. In addition, by making active use of the Hitachi Group cash management fund, the Group aims to maintain liquidity and improve profitability.

The Group employs Future Inspiration Value (FIV), a management performance indicator used by the Hitachi Group, to evaluate its operating results. By strictly applying this management performance metric, the Group is promoting an improvement in asset efficiency across all operations with the aim of creating a management framework capable of consistently delivering earnings that exceed the cost of capital.

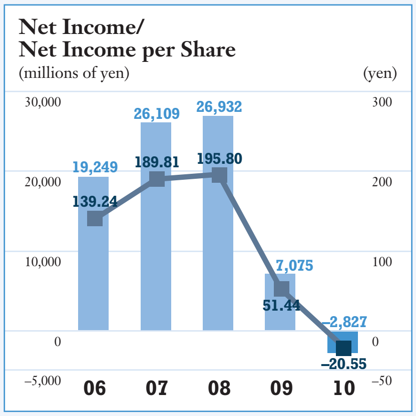
4. FINANCIAL POSITION

Assets

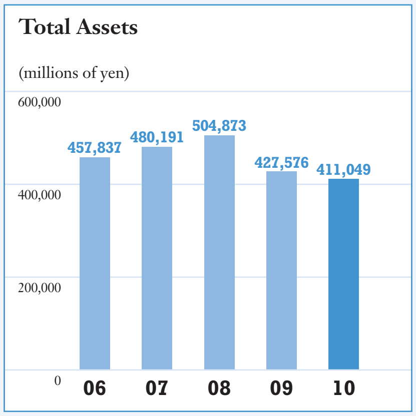
Total assets at March 31, 2010 stood at ¥411,049 million, a decrease of ¥16,527 million, or 3.9%, from a year earlier.

Current assets decreased ¥15,845 million, or 4.7%, to ¥324,782 million. This primarily reflected an increases of ¥3,438 million, or 15.2%, in cash and ¥8,340 million, of 12.4%, in deposits to Hitachi Group cash management fund due to use of the Hitachi Group's cash pooling system, which were outweighed by a decrease of ¥9,790 million, or 6.3%, in notes and accounts receivable due to lower sales and collection of accounts receivable.

Net property, plant and equipment decreased ¥2,516 million, or 4.3%, to ¥55,922 million. This was mainly attributable to a decrease in construction in progress and an increase in accumulated depreciation.



■ Net Income (Left) ■ Net Income per Share (Right)



Intangible assets increased ¥663 million, or 15.5%, to ¥4,932 million. This mainly reflected an increase in software due to the construction of an IT system to track customers and products to link sales, manufacturing and service processes.

Investments and other assets increased ¥1,171 million, or 4.8%, to ¥25,413 million. This was mainly attributable to an increase of ¥1,636 million, or 22.7%, in investments in securities.

Liabilities

Total liabilities decreased ¥11,648 million, or 6.0%, to ¥181,650 million.

Current liabilities fell ¥11,203 million, or 6.7%, to ¥155,734 million. This mainly reflected decreases of ¥3,834 million, or 3.4%, in notes and accounts payable related to the decline in sales; and ¥2,816 million, or 12.1% in accrued expenses.

Long-term liabilities decreased ¥445 million, or 1.7%, to ¥25,916 million. This mainly reflected a decrease of ¥203 million, or 0.8%, in retirement and severance benefits.

Net Assets

Net assets on March 31, 2010 stood at ¥229,399 million, a decrease of ¥4,879 million, or 2.1%, from a year earlier.

Shareholders' equity was ¥5,583 million, or 2.4%, lower year on year, at ¥229,281 million. This mainly reflected a decrease of ¥5,578 million, or 2.9%, in retained earnings due to the net loss of ¥2,827 million.

Valuation and translation adjustments were up ¥663 million year on year, to a negative ¥136 million. The main factors were ¥417 million in foreign currency translation adjustments related to the weakening of the U.S. dollar and the euro, balanced by an increase of ¥1,119 million, or 43.8%, in net unrealized holding gains on securities.

Minority interests increased by ¥41 million, or 19.2% compared to a year earlier, to ¥254 million.

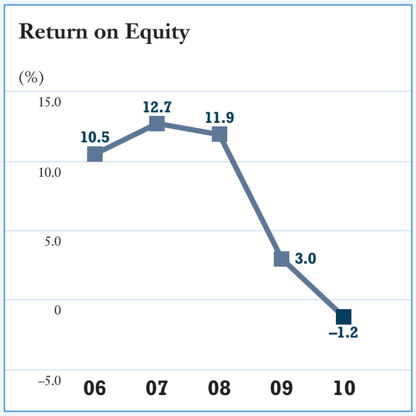
As a result of the above, the equity ratio rose 1 percentage point year on year to 55.7%, and net assets per share decreased ¥35.74 to ¥1,666.00.

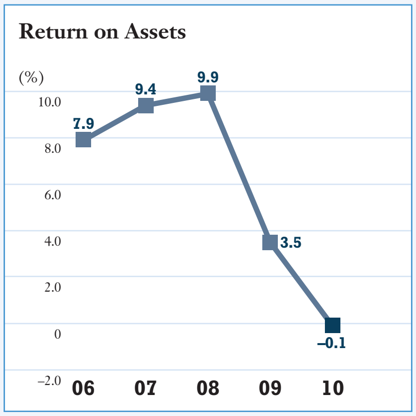
5. CASH FLOWS

Cash and cash equivalents at the end of the fiscal year increased ¥10,560 million to ¥90,188 million from a year earlier. The status of respective cash flows and the main contributing factors are outlined below.

Operating activities provided net cash of ¥22,371 million, ¥8,685 million less than in the previous year. The main reasons behind this decline were a decrease of ¥16,006 million in income before income taxes and minority interests, and a decrease of ¥3,620 million in operating capital comprising a total of sales receivables, inventory assets, and accounts payable. The primary positive contributor to cash flows was a decrease of ¥18,912 million in income taxes paid.

Investing activities used net cash of ¥8,277 million, ¥10,407 million less than used in the previous year. Cash outflows included





¥7,243 million in capital expenditures and ¥2,000 million in deposits to Hitachi Group cash management fund with maturity over three months.

As a result, free cash flows, the total of cash flows from operating activities and cash flows from investing activities, increased ¥1,722 million from the previous year to ¥14,094 million.

6. R&D EXPENSES

The Hitachi High-Technologies Group is working to boost product competitiveness and develop new products and businesses in each of its four business segments: Electronic Device Systems, Life Sciences, Information Systems & Electronic Components and Advanced Industrial Products. R&D expenses relating to these activities for fiscal 2009 totaled ¥19,276 million.

R&D Expenses by Segment

Electronic Device Systems:	¥12,497 million
Life Sciences:	¥5,506 million
Information Systems & Electronic Components:	¥1,237 million
Advanced Industrial Products:	¥36 million

7. RISK INFORMATION

The following is a non-exhaustive list of some of the risks the Group might face in the course of its business activities that have the potential to affect its operating results, stock price, and financial condition. Forward-looking statements in this report are based on risks identified as of March 31, 2010.

(1) Market Trends

The Group conducts business globally in regions such as Japan, Europe, the U.S., China, and other parts of Asia in the Electronic Device Systems, Life Sciences, Information Systems & Electronic Components and Advanced Industrial Products fields using both its advanced technological development capabilities and trading functions. Changes in the markets for finished electronics products, in the balance of supply and demand for semiconductors, or further deterioration in the economic environment in any of these regions could adversely affect the Group's operating results.

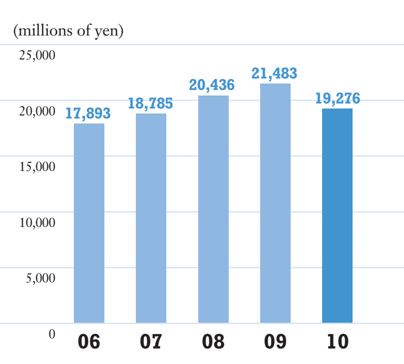
(2) Technological Innovation

In the Electronic Device Systems and Life Sciences fields, the Group's main businesses, new technologies are being developed daily. The development of advanced technologies and continuous and timely service are vital to ensuring the Group's competitiveness. To launch these sorts of new products, the Group is concentrating on research and development in close cooperation with the research facilities of parent company Hitachi, Ltd. However, there are no guarantees that the Group's R&D activities will always be successful. Failure to translate R&D and commercialization of new products into successful outcomes could adversely affect the Group's operating results.

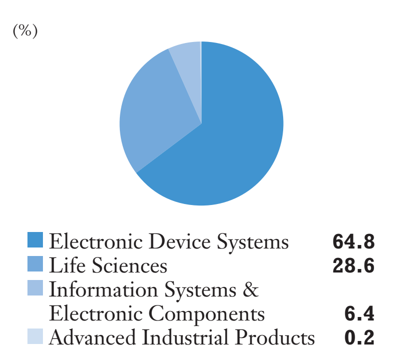
(3) Escalating Competition

The Group's principal business domains are prone to escalation in competition.

R&D Expenses



R&D Expenses by Segment



To prevail in this environment, the Group's products must be competitive in terms of price, performance, quality and brand appeal. However, ensuring competitiveness is an inherently uncertain matter, and loss of product competitiveness could adversely affect the Group's operating results.

(4) Rapid Rise in Materials Expenses

It is difficult for the Group to reflect rising prices of crude oil and basic materials in the sales prices of its products. Any further increase in materials prices could thus adversely affect the Group's operating results.

(5) Risks Associated with International Activities and Developing Business Overseas

The Group conducts sales activities extensively around the world. Consequently, there is a risk of terrorist attacks, riots, war, infectious diseases, natural disasters or other adverse events in regions where the Group's major clients, or operating bases, are located. The occurrence of such political or social risks could result in bans on the movement of employees and shipment of goods. Such a situation could cause delays in business activities or adversely affect operating results.

(6) Natural Disasters

The Group implements measures to prevent disasters at production sites. However, natural disasters which cannot be averted through disaster prevention measures, such as a major earthquake, or a power outage that dramatically reduces energy supplies, or the closure of workplaces to employees who have contracted a new form of influenza or other diseases, could hinder the Group's ability to manufacture products or result in the suspension of production, adversely affecting the Group's operating results.

(7) Retirement Benefit Obligations

To minimize the risk of deterioration in pension asset investments affecting its operating results and financial condition, the Group has introduced a corporate pension fund centered on a cash balance plan and other similar systems. However, a downturn in financing conditions caused by a sudden change in the economic environment, or a shift in basic rates including the discount rate, and the assumed rates for mortality, retirement and salary increases, could adversely affect the Group's operating results.

(8) Change in Foreign Currency Exchange Rates

The Group conducts business in Japan and overseas. For the purpose of preparing the consolidated financial statements, accounts denominated in local currencies in each region are converted to yen. Even if there is no change in the value of these accounts on a local currency basis, the value could change after conversion to yen. Furthermore, in divisions handling proprietary products, the bulk of procurements are denominated in yen, meaning that there is little foreign exchange rate risk related to production and procurement costs. Generally speaking, however, sales of proprietary products and products sold in trading company operations are adversely affected by an appreciation of the yen and benefit from a depreciation of the yen against other currencies.

A fall in the value of a currency in a country where trading divisions are located could result in higher costs for procuring products. Increased costs could lower the Group's profit margin and undermine the price competitiveness of products, adversely affecting the Group's operating results.

The Group uses forward exchange contracts to minimize the adverse effects of short-term currency fluctuations between major currencies, including the U.S. dollar, euro and yen. However, because there are cases where the Group cannot execute planned business activities due to medium- and long-term foreign exchange movements, changes in foreign exchange rates could adversely affect the Group's operating results and financial condition.

(9) Intellectual Property-Related Risk

The Group owns intellectual property rights and has acquired licenses that are necessary for its businesses. Furthermore, as a member of the Hitachi Group, Hitachi High-Technologies is engaged in intellectual property activities in close collaboration with Hitachi, Ltd. However, problems relating to the infringement of intellectual property rights are inherently difficult to predict. The Group could incur considerable expenses in defending itself in a dispute with a third party over intellectual property rights.

(10) Information Security

The Group maintains various confidential information regarding the operation of its businesses, including personal information, technology, sales, and other operations. Although the Group endeavors to securely manage this personal and technical information, there is a risk that this information could be leaked due to unforeseeable circumstances. Any leak of information could lead to a loss of trust in the Group or a large payment of damages, which could adversely affect the Group's operating results.

(11) Litigation and Other Legal Proceedings

In conducting its business operations, the Group faces the risk that business partners or third parties may instigate litigation or other legal proceedings against it. Any such action resulting in a demand for damages that involves a very large sum and is impossible to foresee could adversely affect the Group's operating results.

8. OUTLOOK FOR FISCAL 2010

The world economy has been undergoing a severe simultaneous recession since the financial crisis in the fall of 2008, but the recession is showing signs of bottoming out and picking up to a gradual recovery as a result of economic measures by various countries. In the U.S., full-fledged implementation of government stimulus measures such as infrastructure investment are expected to boost demand. However, with recovery in employment lagging, the situation lacks the momentum needed for a full recovery. In Europe, although the economy is expected to achieve a turnaround from negative to positive growth, the E.U. member countries face financial issues exemplified by the problems in Greece, and uncertainty is forecast to persist. China, in contrast, is expected to continue to see high growth, backed by ongoing policies for increasing domestic demand, such as programs encouraging consumers to purchase electrical appliances.

In the economic environment in which the Hitachi High-Technologies Group operates, major foundries, especially in Taiwan, are seeing a recovery in investment, and major semiconductor memory manufacturers and resuming capital investment, both of which are expected to lead to firm performance in the market for semiconductor manufacturing equipment. In the market for FPD manufacturing equipment there are elements of uncertainty such as falling prices for FPD panels, but investment plans in China and South Korea are expected to increase. In analytical and general-purpose analysis equipment, there are concerns about a rebound from supplementary budget items introduced in the previous fiscal year, despite the recovery in semiconductor-related demand. In clinical analyzers, the market is expected to dull as companies limit their capital investment against a backdrop of curbing of medical expenditures around the world.

The fields of energy and the environment are expected to perform well, particularly in the solar panels and automotive industry areas, as environmental awareness rises globally. In advanced industrial materials, semiconductor related materials are expected to increase in both volume and price as the semiconductor market enters full-fledged improvement.

Hitachi High-Technologies has already implemented business structure reforms, including rightsizing of the workforce in the previous fiscal year and rigorous screening of capital investment and research and development. However, in light of the delay in achieving a full-fledged recovery, the Group is currently making further efforts to reduce total costs. Going forward, the entire Group will continue to work to review the cost structure.

In order to focus on the fields of the environment and energy, where brisk growth is expected, the Group will maximize synergies between new organizations established in April 2009 and existing businesses, and promote development of high-value-added environmental solutions that use its core competencies in metrology and analysis technologies, and create new businesses with a high-value-added business model in order to set itself apart from the competition. The Group will also seek to accelerate growth strategies, including aggressive promotion of global business, and expand its scope of operations.

As it consistently aims to be Global Top in high-tech solutions, the Group will work to increase enterprise value by rapidly responding to market trends and customer needs.

CONSOLIDATED BALANCE SHEETS

Hitachi High-Technologies Corporation and Consolidated Subsidiaries
March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 2)
Assets	**2010**	2009	**2010**
Current assets:			
Cash (Notes 3, 10 and 18)	**¥ 26,123**	¥ 22,685	**$ 280,766**
Short-term investments (Notes 4 and 18)	**93**	98	**998**
Trade notes and accounts receivable (Notes 5 and 18)	**144,528**	154,318	**1,553,402**
Merchandise and finished goods	**25,777**	27,299	**277,057**
Work in process	**27,906**	41,440	**299,936**
Raw materials	**3,482**	3,216	**37,426**
Advances to suppliers (Note 5)	**2,414**	2,852	**25,942**
Deposits to Hitachi Group cash management fund (Notes 3, 5 and 18)	**75,621**	67,281	**812,775**
Deferred tax assets (Note 6)	**11,967**	11,482	**128,620**
Prepaid expenses and other current assets (Notes 3 and 5)	**9,355**	12,685	**100,560**
Less: allowance for doubtful receivables (Note 18)	**(2,484)**	(2,729)	**(26,696)**
Total current assets	**324,782**	340,627	**3,490,786**
Property, plant and equipment:			
Land	**19,667**	19,708	**211,381**
Buildings and structures	**49,723**	49,266	**534,422**
Machinery and equipment	**36,995**	36,409	**397,622**
Tools, furniture and fixtures	**29,333**	28,712	**315,277**
Construction in progress	**57**	204	**608**
	135,775	134,299	**1,459,310**
Less: accumulated depreciation	**(79,853)**	(75,861)	**(858,255)**
Net property, plant and equipment	**55,922**	58,438	**601,055**
Intangible assets	**4,932**	4,269	**53,007**
Investments and other assets:			
Investments in securities (Notes 4, 10 and 18)	**8,852**	7,216	**95,141**
Long-term loan	**304**	412	**3,263**
Deferred tax assets (Note 6)	**8,943**	8,152	**96,115**
Other assets (Note 7)	**8,352**	9,501	**89,772**
Less: allowance for doubtful receivables	**(1,038)**	(1,039)	**(11,158)**
Total investments and other assets	**25,413**	24,242	**273,133**
Total assets	**¥411,049**	¥427,576	**$4,417,981**

See accompanying notes to consolidated financial statements

Liabilities and net assets	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars (Note 2) 2010
Current liabilities:			
Trade notes and accounts payable (Notes 5, 10 and 18)	¥110,037	¥113,871	$1,182,689
Accrued expenses	20,423	23,239	219,508
Accrued income taxes (Note 6)	2,514	1,654	27,020
Advances from customers (Note 5)	11,365	12,749	122,157
Provision for product warranty expenses	1,833	1,920	19,703
Other current liabilities	9,562	13,504	102,771
Total current liabilities	155,734	166,937	1,673,848
Long-term liabilities:			
Accrued retirement and severance benefits (Note 7)	25,482	25,685	273,884
Other liabilities (Note 6)	434	676	4,658
Total long-term liabilities	25,916	26,361	278,542
Total liabilities	181,650	193,298	1,952,390
Net assets:			
Common stock (Note 8)	7,938	7,938	85,323
Capital surplus (Notes 8 and 9)	35,745	35,745	384,185
Retained earnings (Note 9)	185,919	191,497	1,998,273
Treasury stock, at cost, 196,905 shares in 2010 and 194,214 shares in 2009	(321)	(316)	(3,445)
Net unrealized holding gains on securities	3,671	2,552	39,453
Net deferred loss on hedges	(192)	(153)	(2,064)
Foreign currency translation adjustments	(3,615)	(3,198)	(38,862)
Minority interests	254	213	2,728
Total net assets	229,399	234,278	2,465,591
Commitments and contingent liabilities (Note 11)			
Total liabilities and net assets	¥411,049	¥427,576	$4,417,981

	Yen 2010	Yen 2009	U.S. dollars (Note 2) 2010
Net assets per share (Note 12)	¥1,660.00	¥1,701.74	$17.91

CONSOLIDATED STATEMENTS OF OPERATIONS

Hitachi High-Technologies Corporation and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2009	2010
Net sales (Note 5)	¥616,877	¥774,950	$6,630,240
Cost of sales (Notes 5 and 13)	537,694	670,727	5,779,172
Gross profit	79,183	104,223	851,068
Selling, general and administrative expenses (Note 13)	80,809	89,314	868,545
Operating (loss) profit	(1,626)	14,909	(17,477)
Other income (expense)			
Interest and dividends income (Note 5)	527	1,263	5,667
Interest expenses	(92)	(114)	(992)
Foreign exchange gains	276	377	2,968
Gain on sale of investments securities	554	60	5,952
Gain on sale of property, plant and equipment	26	848	284
Loss on devaluation of investments in securities	(9)	(397)	(98)
Impairment losses (Note 16)	(417)	(961)	(4,481)
Restructuring charges (Note 17)	(1,145)	(1,654)	(12,302)
Loss on sale of investments in securities	–	(456)	–
Loss on disposal of property, plant and equipment	(660)	(546)	(7,093)
Loss on cancellation of leasehold contracts	(513)	–	(5,515)
Gain on abolishment of retirement benefit plan	–	57	–
Other, net	956	497	10,266
	(497)	(1,026)	(5,344)
(Loss) income before income taxes and minority interests	(2,123)	13,883	(22,821)
Income taxes (Note 6)			
Current	2,916	5,028	31,334
Deferred	(2,249)	1,744	(24,172)
	667	6,772	7,162
(Loss) income before minority interests	(2,790)	7,111	(29,983)
Minority interests	37	36	398
Net (loss) income	¥ (2,827)	¥ 7,075	$ (30,381)

	Yen		U.S. dollars (Note 2)
Net (loss) income per share (Note 12)	¥ (20.55)	¥ 51.44	$ (0.22)

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Hitachi High-Technologies Corporation and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

Millions of yen

	Issued and outstanding shares (thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity	Net unrealized holding gains on securities	Net deferred losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
Balance at March 31, 2008	137,739	¥7,938	¥ 35,745	¥ 188,892	¥ (306)	¥ 232,269	¥ 4,365	¥ 156	¥ (1,897)	¥ 2,624	¥211	¥ 235,104
Net income	–	–	–	7,075	–	7,075	–	–	–	–	–	7,075
Cash dividends	–	–	–	(4,470)	–	(4,470)	–	–	–	–	–	(4,470)
Purchase of treasury stock	–	–	–	–	(10)	(10)	–	–	–	–	–	(10)
Net changes in items other than shareholders' equity	–	–	–	–	–	–	(1,813)	(309)	(1,301)	(3,423)	2	(3,421)
Balance at March 31, 2009	137,739	¥7,938	¥ 35,745	¥ 191,497	¥ (316)	¥ 234,864	¥ 2,552	¥ (153)	¥ (3,198)	¥ (799)	¥213	¥ 234,278
Net loss	–	–	–	(2,827)	–	(2,827)	–	–	–	–	–	(2,827)
Cash dividends	–	–	–	(2,751)	–	(2,751)	–	–	–	–	–	(2,751)
Purchase of treasury stock	–	–	–	–	(5)	(5)	–	–	–	–	–	(5)
Net changes in items other than shareholders' equity	–	–	–	–	–	–	1,119	(39)	(417)	663	41	704
Balance at March 31, 2010	137,739	¥7,938	¥35,745	¥185,919	¥(321)	¥229,281	¥3,671	¥(192)	¥(3,615)	¥ (136)	¥254	¥229,399

Thousands of U.S. dollars (Note 2)

	Issued and outstanding shares (thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity	Net unrealized holding gains on securities	Net deferred losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
Balance at March 31, 2009	137,739	$85,323	$ 384,185	$ 2,058,221	$ (3,397)	$ 2,524,332	$ 27,434	$ (1,647)	$ (34,381)	$ (8,594)	$ 2,294	$ 2,518,032
Net loss	–	–	–	(30,381)	–	(30,381)	–	–	–	–	–	(30,381)
Cash dividends	–	–	–	(29,567)	–	(29,567)	–	–	–	–	–	(29,567)
Purchase of treasury stock	–	–	–	–	(48)	(48)	–	–	–	–	–	(48)
Net changes in items other than shareholders' equity	–	–	–	–	–	–	12,019	(417)	(4,481)	7,121	434	7,555
Balance at March 31, 2010	137,739	$85,323	$384,185	$1,998,273	$(3,445)	$2,464,336	$39,453	$(2,064)	$(38,862)	$(1,473)	$2,728	$2,465,591

CONSOLIDATED STATEMENTS OF CASH FLOWS

Hitachi High-Technologies Corporation and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2009	2010
Cash flows from operating activities:			
(Loss) income before income taxes and minority interests	¥ (2,123)	¥ 13,883	$ (22,821)
Adjustments to reconcile (loss) income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	9,608	9,488	103,270
Impairment losses	417	961	4,481
Decrease in allowance for doubtful receivables	(240)	(665)	(2,578)
Decrease in provision for product warranty expenses	(33)	(211)	(356)
Decrease in accrued retirement and severance benefits	(257)	(907)	(2,761)
Interest and dividends income	(527)	(1,263)	(5,667)
Interest expenses	92	114	992
Foreign exchange losses (gains)	224	(33)	2,405
Loss (gain) on sale and disposal of property, plant and equipment, intangible assets	410	(554)	4,410
(Gain) loss on sale and devaluation of securities	(545)	792	(5,854)
Decrease in trade notes and accounts receivables	9,016	89,889	96,906
Decrease (increase) in inventories	11,101	(8,193)	119,319
Decrease in trade notes and accounts payables	(2,613)	(60,572)	(28,081)
Other, net	(4,820)	3,850	(51,820)
	19,710	46,579	211,845
Interest and dividends received	510	1,254	5,486
Interest paid	(15)	(31)	(166)
Income taxes paid	2,166	(16,746)	23,278
Net cash provided by operating activities	22,371	31,056	240,443
Cash flows from investing activities:			
Purchases of securities	(88)	(519)	(946)
Proceeds from sale and redemption of securities	920	5,275	9,888
Capital expenditures	(7,243)	(10,102)	(77,853)
Proceeds from sale of property and equipment	128	1,647	1,375
Deposits to Hitachi Group cash management fund with maturity over three months	(36,500)	(15,000)	(392,304)
Withdrawals from Hitachi Group cash management fund with maturity over three months	34,500	–	370,808
Other, net	6	15	67
Net cash used in investing activities	(8,277)	(18,684)	(88,965)
Cash flows from financing activities:			
Dividends paid	(2,751)	(4,470)	(29,567)
Other, net	(8)	(4,836)	(89)
Net cash used in financing activities	(2,759)	(9,306)	(29,656)
Effect of exchange rate changes on cash and cash equivalents	(775)	(1,291)	(8,318)
Net increase in cash and cash equivalents	10,560	1,775	113,504
Cash and cash equivalents at beginning of year	79,628	77,853	855,842
Cash and cash equivalents at end of year (Note 3)	¥90,188	¥ 79,628	$969,346

See accompanying notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Hitachi High-Technologies Corporation and Consolidated Subsidiaries

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The accompanying consolidated financial statements of Hitachi High-Technologies Corporation (the Company) and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

In addition, for the convenience of readers outside Japan, the consolidated financial statements, including the notes to the consolidated financial statements, contain certain reclassifications and additional information which are not required under accounting principles generally accepted in Japan.

(b) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its effectively controlled subsidiary companies, which in general are majority-owned. All significant intercompany accounts and transactions have been eliminated in consolidation.

The cost in excess of net assets of an acquiree, based on the fair value, acquired by the Company is being amortized on a straight-line basis over 5 years or, if the amount is not material, charged immediately to earnings.

(c) Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Company considers all highly liquid investments with insignificant risk of changes in value which have maturities of generally three months or less when purchased to be cash equivalents.

(d) Short-term Investments and Investments in Securities

The Company accounts for short-term investments and investments in securities in accordance with the "Accounting Standard for Financial Instruments" issued by the Accounting Standards Board of Japan. Under this standard, securities are to be classified into one of the following three categories and accounted for as follows:

- Securities that the company holds with the objective of generating profits on short-term differences in price are classified as trading securities and measured at fair value, with unrealized holding gains and losses included in earnings.
- Securities that the company has the positive intent and ability to hold to maturity are classified as held-to-maturity securities and measured at amortized cost.
- Securities classified as neither trading securities nor held-to-maturity securities are classified as available-for-sale securities and measured at fair value, with either unrealized holding gains and losses excluded from earnings and reported as net unrealized holding gains (losses) in a separate component of net assets until realized, or with unrealized holding losses included in earnings and unrealized gains excluded from earnings and reported as unrealized holding gains in a separate component of net assets until realized.

The Company measured available-for-sale securities at fair value and reported unrealized holding gains and losses as "Net unrealized holding gains on securities" in a separate component of net assets. Available-for-sale securities for which it is not practicable to estimate fair value are carried at cost. In computing realized gains or losses, cost of available-for-sale securities was principally determined by the moving-average method.

(e) Inventories

Inventories are summarized as follows :

Merchandise Finished goods Semi-finished goods Raw materials	: Stated at cost determined principally by the moving-average method (however, the amount stated in the balance sheet was written down to reflect deterioration in profitability)
Work-in-process	: Stated at cost determined principally by specific identification method (however, the amount stated in the balance sheet was computed by reducing the book value to reflect deterioration in profitability)

(f) Property, Plant and Equipment

Property, plant and equipment are stated at cost and depreciated over the estimated useful lives of the respective assets by the declining-balance method, except for certain buildings, which were acquired on or after April 1, 1998, being depreciated by the straight-line method.

(Additional Information)

In accordance with the revised Japanese Corporation Tax Law and its regulation concerning the useful life of machinery and equipment, the Company and its domestic subsidiaries reviewed the status of use of assets and consequently changed the useful life of some assets for the year ended March 31, 2009.

The effect of adoption of the new useful life of machinery and equipment on income before income taxes and minority interests was not material.

(g) Intangible Assets

Intangible assets are principally amortized by the straight-line method over estimated useful lives.

(h) Allowance for Doubtful Receivables

The allowance for doubtful receivables is established at amounts considered to be appropriate based on the Company's history of credit losses, and an evaluation of potential losses for specific doubtful receivables.

(i) Provision for Product Warranty Expenses

The provision for product warranty expenses is estimated and recorded at the time of sales to provide for future potential costs, such as costs related to after-sales services, at amounts considered to be appropriate based on the Company's past experience.

(j) Accrued Retirement and Severance Benefits

Accrued retirement and severance benefits for employees is provided based on the estimated retirement benefit obligation and the pension assets.

Prior service benefits and costs are recognized as income or expense on a straight-line basis over certain years (7 to 17 years) not exceeding the expected average remaining service periods of the employees active at the date of the amendment. Actuarial gains and losses are recognized as income or expense on a straight-line basis from the next year over certain years (7 to 18 years) not exceeding the expected average remaining service periods of the employees participating in the plans.

Accrued retirement and severance benefits for directors and statutory auditors of some of domestic subsidiaries have been provided for the vested benefits to which they are entitled if they were to retire or sever immediately at the balance sheet date.

(Additional Information)

To prepare for the payment of retirement benefits for directors and executive officers, the Company had recorded the amount payable under its internal rules on retirement and severance benefits for directors and executive officers until the year ended March 31, 2008. At the meeting of the Compensation Committee held on January 25, 2008, the Committee passed a resolution to abolish the system of accruing retirement benefits for directors and executive officers effective April 1, 2008, and at the meeting of the Compensation Committee convened on April 24, 2008, the Committee passed a resolution on the determined amount of payment of accrued retirement benefits for directors and executive officers. The amount of accrued retirement benefits for directors and executive officers according to the tenure until the abolition of the system is recorded in "Other liabilities" as a component of long–term liabilities, as the decision was made to pay the benefits at the time of resignation of each directors and executive officers.

(k) Income Taxes

Deferred income taxes are accounted for under the asset and liability method in accordance with "Accounting Standard for Deferred Income Taxes" issued by the Business Accounting Deliberation Council. Under such method, deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

(l) Translation of Foreign Currency Accounts

The Company accounts for or translates foreign currency accounts under the "Accounting Standard for Foreign Currency Transaction" issued by the Business Accounting Deliberation Council. Under this standard, foreign currency transactions are translated into yen at the rates in effect at the transaction date. Foreign currency transactions, for which firm forward exchange contracts are held, are translated into yen at such contract rates, only if the relation between a foreign currency transaction and a related firm forward exchange contract meets the criteria of hedge accounting as regulated in "Accounting Standard for Financial Instruments." At year-end, monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, except for those, as described above, translated at related contract rates. Gains or losses resulting from the translation of foreign currencies, including gains and losses on settlement, are credited or charged to income as incurred.

The financial statements of the consolidated foreign subsidiaries are translated into the reporting currency of yen as follows: all assets and liabilities are translated at the rates of exchange in effect at the balance sheet date; net assets accounts are translated at historical rates; income and expenses are translated at the rates of exchange in effect at the balance sheet date; and a comprehensive adjustment resulting from translation of assets, liabilities and net assets is reported as "Foreign currency translation adjustments," a separate component of net assets.

(m) Derivative Financial Instruments

Under the "Accounting Standard for Financial Instruments" issued by the Accounting Standards Board of Japan, in principle, derivative financial instruments are measured at fair value, with unrealized gains or losses included in earnings. Hedging transactions, which meets the criteria of hedge accounting as prescribed in "Accounting Standard for Financial Instruments," are accounted for using deferral hedge accounting, which requires the unrealized gains or losses to be deferred as a component of net assets until gains or losses relating to the hedge objects are recognized.

The Company and its consolidated subsidiaries have entered into derivative transactions in order to manage certain risk arising from adverse fluctuation in foreign currency exchange rates; hedging instruments are derivative transactions and hedged items are primarily forecast sales denominated in foreign currencies.

The derivative transactions are managed in accordance with the companies' internal policies for risk management.

(n) Treasury Stock

Under the "Accounting Standard for Treasury Shares and Appropriation of Legal Reserve" issued by the Accounting Standards Board of Japan, treasury stock is recorded at cost as a deduction of net assets. When the Company reissues the treasury stock, the difference between the issuance price and the cost of the treasury stock is credited or charged to capital surplus.

(o) Research and Development Expenses

Research and development expenses are charged to income as incurred.

(p) Net Income Per Share

The Company computes and discloses net income per share under the "Accounting Standard for Earnings per Share" issued by the Accounting Standards Board of Japan. Under this standard, basic net income per share is computed by dividing net income available to common shareholders by the weighted average number of shares of common shares outstanding during the respective years. Diluted net income per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock.

(q) Reclassifications

Certain reclassifications have been made in prior year's consolidated financial statements to conform to classification used in current year.

(r) Accounting Changes

1) Change in Accounting Standard for Construction Contracts

Until the year ended March 31, 2009, the Company applied the completed–contract method for recognizing revenues of variable construction contracts. Effective the year ended March 31, 2010, the Company has applied the “Accounting Standard for Construction Contracts” and the “Guidance on Accounting Standard for Construction Contracts” issued by the Accounting Standards Board of Japan and accounted for construction contracts entered into on or after April 1, 2009 for which the outcome of the construction activity is deemed certain by the end of the fiscal year by the percentage–of–completion method (using the percentage of the cost incurred to the estimated total cost to estimate completion percentage of construction) and the other contracts by the completed–contract method.

This change had no effect on the consolidated financial statements.

2) Change in Accounting Standard for Measurement of Inventories

Effective the year ended March 31, 2009, the Company adopted the “Accounting Standard for Measurement of Inventories” issued by the Accounting Standards Board of Japan. As a result, losses on devaluation of inventories and losses on disposal of inventories, which were recorded as other expenses in the previous fiscal year, are now recorded as a component of cost of sales.

The resulting decrease compared to the amount determined by the pre–existing accounting method was ¥4,309 million in gross profit and operating profit, and ¥1,891 million in income before income taxes and minority interests for the year ended March 31, 2009. The impact of the change on segment information is included in the relevant section.

3) Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Effective the year ended March 31, 2009, the Company adopted the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” issued by the Accounting Standards Board of Japan.

The effect of adoption of the new accounting policy on income before income taxes and minority interests was not material.

4) Accounting Standard for Lease Transactions

The Company and its domestic consolidated subsidiaries had conventionally accounted for financial leases except for those where the legal title of the underlying property are transferred from the lessor to the lessee in a manner similar to the accounting method for rental transactions. However, the “Accounting Standard for Lease Transactions” and the “Guidance on Accounting Standard for Lease Transactions” issued by the Accounting Standards Board of Japan have been adopted to account for such transactions in a manner similar to the accounting method for ordinary sale and purchase transactions, on or after April 1, 2008.

There was no effect of the adoption of new accounting policy.

5) Change in Revenue Recognition Criteria

Effective April 1, 2008, the Company has changed its revenue recognition criteria with regard to products such as semiconductor manufacturing equipment and LCD manufacturing equipment which require post–shipment installation. In principle, revenue is now recognized on completion of installation, rather than on shipment.

Recent advances in finer patterning technology have led to more sophisticated semiconductor manufacturing equipment and progressively larger LCD manufacturing equipment. As a result, the period between shipment and full installation of the Company’s products can be long, while they account for an increasingly large share of revenues. At the same time, improvements on the Company’s IT system have enabled the Company to obtain data regarding the completion of installation work. In light of these developments, therefore, the Company changed its revenue recognition criteria to more accurately reflect revenues in the financial statements.

The decrease resulting from the change in revenue recognition criteria compared to the conventional accounting method was ¥18,900 million in net sales and ¥3,581 million each in operating profit and income before income taxes and minority interests.

The impact of the change in revenue recognition criteria on segment information is included in the relevant section.

(s) Additional Information

Change in Accounting Classification for Cost of Sales, Selling, General and Administrative (SG&A) Expenses

Up until the year ended March 31, 2008, the Company and some of consolidated subsidiaries had recorded packing and delivery expenses relating to in–house products as SG&A expenses. However, they have decided to record such expenses in cost of sales to further clarify their relationship with revenue effective the year ended March 31, 2009, prospectively.

The decrease resulting from the change in accounting method was ¥2,758 million in gross profit for the year ended March 31, 2009; however, there was no impact on operating profit and other earnings.

2. U.S. DOLLAR AMOUNTS

The accompanying consolidated financial statements are expressed in yen and, solely for the convenience of the reader, have been translated into the U.S. dollars at the rate of ¥93.04=$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of March 31, 2010. This translation should not be construed as a representation that any amounts shown could be converted into U.S. dollars.

3. CASH AND CASH EQUIVALENTS

Reconciliations between consolidated balance sheet captions and cash and cash equivalents as of March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Cash	¥ 26,123	¥ 22,685	$ 280,766
Time deposits with maturity over three months	(45)	(50)	(484)
Deposits to Hitachi Group cash management fund	75,621	67,281	812,775
Deposits to Hitachi Group cash management fund with maturity over three months	(17,000)	(15,000)	(182,717)
Other deposits in other current assets	5,489	4,712	59,006
Cash and cash equivalents	¥ 90,188	¥ 79,628	$ 969,346

4. SHORT-TERM INVESTMENTS AND INVESTMENTS IN SECURITIES

Investments in securities as of March 31, 2010 and 2009 are classified as available-for-sale securities. A summary of cost, unrealized holding gross gains, unrealized holding gross losses and aggregate fair value by major type of securities are as follows:

	Millions of yen							
	2010				2009			
	Cost	Gross gains	Gross losses	Aggregate fair value	Cost	Gross gains	Gross losses	Aggregate fair value
Available–for–sale securities:								
Equity securities	¥ 975	¥6,180	¥ –	¥7,155	¥1,264	¥4,407	¥ (51)	¥5,620
Debt securities	1,502	14	(16)	1,500	1,503	–	(65)	1,438
Other securities	93	–	–	93	98	–	–	98
	¥2,570	¥6,194	¥(16)	¥8,748	¥2,865	¥4,407	¥(116)	¥7,156

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	Thousands of U.S. dollars			
	2010			
	Cost	Gross gains	Gross losses	Aggregate fair value
Available–for–sale securities:				
Equity securities	$10,484	$66,426	$ –	$76,910
Debt securities	16,144	150	(177)	16,117
Other securities	998	–	–	998
	$27,626	$66,576	$(177)	$94,025

Debt securities consist mainly of corporate bonds. Other securities consist mainly of investment trusts. It is not practicable to estimate the fair value of investments in non-marketable securities because of the lack of market prices and difficulty in estimating fair value without incurring excessive cost.

The proceeds from sales of available-for-sale securities (including extremely difficult to determine the fair value) for the year ended March 31, 2010 amounted to ¥920 million ($9,888 thousand), and the gross realized gains and losses on the sales of those securities for the year ended March 31, 2010 amounted to ¥554 million ($5,952 thousand) and ¥0 million ($0 thousand), respectively.

The proceeds from sales of available-for-sale securities (including extremely difficult to determine the fair value) for the year ended March 31, 2009 amounted to ¥1,475 million and the gross realized gains and losses on the sales of those securities for the year ended March 31, 2009 amounted to ¥61 million and ¥158 million, respectively.

5. BALANCES AND TRANSACTIONS WITH RELATED PARTY

51.7% of the Company's outstanding common stock is directly and indirectly owned by Hitachi, Ltd. (the parent company). Balances and transactions with the parent company and its affiliated companies as of and for the years ended March 31, 2010 and 2009 are summarized as follows:

Balances and Transactions with Hitachi, Ltd.

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Principal balances:			
Trade accounts receivable	¥ 4,641	¥ 6,620	$ 49,883
Advances to suppliers	169	22	1,813
Deposits to Hitachi Group cash management fund	75,621	67,281	812,775
Trade accounts payable	583	1,856	6,262
Advances from customers	335	405	3,605
Principal transactions:			
Sales	¥21,431	¥39,455	$230,339
Purchases and commissions	3,590	6,656	38,583
Cash deposits	8,340	21,324	89,637
Interest income	277	260	2,980

Balances and Transactions with Renesas Technology Corporation

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Principal balances:			
Trade accounts receivable	¥ 6,594	¥ 3,372	$ 70,870
Principal transactions:			
Sales	¥13,218	¥13,031	$142,067

Balances and Transactions with Hitachi Plant Technologies, Ltd.

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Principal balances:			
Trade accounts payable	¥5,735	$8,780	$61,644
Principal transactions:			
Purchases	¥6,417	$8,637	$68,967

Hitachi America Capital, Ltd.

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Principal balances:		
Other current assets	¥4,466	$48,000
Principal transactions:		
Cash deposits	¥ 340	$ 3,657
Interest income	8	85

6. INCOME TAXES

Reconciliations between the statutory tax rate and the effective income tax rate as a percentage of income before income taxes and minority interests are as follows:

	2009
Statutory tax rate	40.7%
Expenses not deductible for tax purpose	4.6
Tax credit	(3.3)
Valuation allowance	8.0
Other, net	(1.2)
Effective income tax rate	48.8%

For the year ended March 31, 2010, a reconciliation between the statutory tax rate and the effective income tax rate is not presented since the Company recorded loss before income taxes and minority interests.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of March 31, 2010 and 2009 are presented below:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Total gross deferred tax assets:			
Allowance for doubtful receivables	¥ 1,228	¥ 1,330	$ 13,198
Accrued bonus	3,290	3,561	35,361
Accrued business tax	196	83	2,111
Accrued expenses	1,586	2,384	17,044
Intercompany profit on inventories	464	1,046	4,988
Devaluation of inventories	2,352	3,024	25,278
Depreciation	1,257	1,524	13,509
Membership deposit	354	345	3,800
Investments in securities	447	476	4,800
Accrued retirement and severance benefits	8,650	8,219	92,973
Net operating losses carryforwards	7,285	5,104	78,295
Other	3,118	2,544	33,519
	30,227	29,640	324,876
Less valuation allowance	(6,720)	(7,941)	(72,222)
	23,507	21,699	252,654
Total gross deferred tax liabilities:			
Business tax receivable	–	(221)	–
Net unrealized holding gains on securities	(2,500)	(1,733)	(26,873)
Other	(97)	(305)	(1,046)
	(2,597)	(2,259)	(27,919)
Net deferred tax assets	¥20,910	¥19,440	$224,735

Net deferred tax assets as of March 31, 2010 and 2009 are reflected in the consolidated balance sheets under the following captions:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Deferred tax assets—current	¥11,967	¥11,482	$128,620
Deferred tax assets—noncurrent	8,943	8,152	96,115
Other liabilities	–	(194)	–
Net deferred tax assets	¥20,910	¥19,440	$224,735

7. RETIREMENT AND SEVERANCE BENEFITS

The Company and subsidiaries have the following defined benefit pension plans to provide pension benefits to substantially all employees:

- Corporate Pension Fund (funded defined benefit pension plan)
- Retirement and Severance Benefit Plan (unfunded defined benefit pension plan)

The funded status of the Company and subsidiaries' pension plans as of March 31, 2010 and 2009 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Projected benefit obligation	¥(104,171)	¥(100,893)	$(1,119,632)
Plan assets at fair value	60,644	55,704	651,805
Funded status	(43,527)	(45,189)	(467,827)
Unrecognized actuarial loss	26,570	29,510	285,581
Unrecognized prior service cost	(4,610)	(5,126)	(49,551)
Amounts recognized in the consolidated balance sheets	¥ (21,567)	¥ (20,805)	$ (231,797)
Amounts recognized in the consolidated balance sheets consist of:			
Investment and other assets- other assets	¥ 3,703	¥ 4,604	$ 39,804
Accrued retirement and severance benefits	(25,270)	(25,409)	(271,601)
	¥ (21,567)	¥ (20,805)	$ (231,797)

Net periodic benefit cost for the Company and subsidiaries' pension plans for the years ended March 31, 2010 and 2009 consisted of the following components:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Service cost	¥ 3,846	¥ 4,158	$ 41,336
Interest cost	2,883	2,630	30,985
Expected return on plan assets for the period	(1,571)	(2,353)	(16,887)
Amortization of unrecognized actuarial loss	3,038	2,696	32,653
Amortization of unrecognized prior service cost	(520)	(520)	(5,583)
	7,676	6,611	82,504
Other, net	134	134	1,438
	¥ 7,810	¥ 6,745	$ 83,942

In addition to the cost above, extra retirement payments amounting to ¥1,556 million ($16,721 thousand) were recorded for the year ended March 31, 2010.

Other, net includes contributions to defined contribution pension plan.

Actuarial assumptions used in accounting for the Company and subsidiaries' plans are principally as follows:

	2010	2009
Discount rates	2.2–2.6%	2.5–2.8%
Expected rates of return on plan assets	2.5%	3.5%

The programs described above do not cover directors and statutory auditors. To prepare for the payment of retirement benefits for directors and statutory auditors, some domestic consolidated subsidiaries recorded the amount payable at the balance sheet date based on their internal rules on retirement and severance benefits for directors and statutory auditors. At March 31, 2010 and 2009, such obligation recognized as accrued retirement and severance benefits amounted to ¥212 million ($2,283 thousand) and ¥276 million, respectively.

8. COMMON STOCK

Through May 1, 2006, the Company and its domestic subsidiaries were subjected to the Japanese Commercial Code (JCC). The JCC requires that at least 50% of the issue price of new shares be designated as stated capital, and proceeds in excess of amount designated as stated capital be credited to capital surplus.

On May 1, 2006, a new corporate law (the Law) became effective, which reformed and replaced the JCC with various revisions that would, for the most part, be applicable to events or transactions which occur on or after May 1, 2006 and for the fiscal years ending on or after May 1, 2006.

Authorized shares and issued shares as of March 31, 2010 and 2009 are summarized as follows:

	2010	2009
Authorized shares	350,000,000	350,000,000
Issued shares	137,738,730	137,738,730

9. LEGAL RESERVE AND DIVIDENDS

The JCC requires an amount of equal to at least 10% of appropriations of retained earnings to be paid in cash be appropriated as a legal reserve until total of capital surplus and legal reserve equals 25% of stated capital. In addition to reduction of a deficit and transfer to stated capital, either capital surplus or legal reserve may be available for dividends by resolution of the shareholders' meeting to the extent that the amount of total capital surplus and legal reserve exceeds 25% of stated capital.

The Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (of retained earnings) or as additional paid-in capital (of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation of threshold that the JCC provided. The Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders' meeting.

Cash dividends and legal reserve reflected as appropriations of retained earnings during the years ended March 31, 2010 and 2009 represent dividends paid out during those periods and the related appropriations to the legal reserve. The accompanying consolidated financial statements do not include any provision for the dividend of ¥10.00 ($0.11) per share approved at the Board of Directors' meeting held on May 21, 2010, aggregating ¥1,375 million ($14,783 thousand) in respect of the year ended March 31, 2010.

10. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral at March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Cash	¥45	¥50	$484
Investments in securities	23	20	244
	¥68	¥70	$728

Related debts secured with the above assets at March 31, 2010 are as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Trade notes and accounts payable	¥85	$919

11. COMMITMENTS AND CONTINGENT LIABILITIES

At March 31, 2010 and 2009, the Company and its subsidiaries are contingently liable for following amounts:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Export bills discounted	¥ 117	¥ 125	$ 1,256
Trade notes receivable endorsed to suppliers	62	197	667
Guarantees given for employees' housing loans	839	1,045	9,018
	¥1,018	¥1,367	$10,941

12. AMOUNT PER SHARE

The Company adopted "Accounting Standard for Earnings per Share" issued by the Accounting Standards Board of Japan as described in note 1(p). The Company has no potentially dilutive securities for the years ended March 31, 2010 and 2009.

Net income per share computed for the years ended March 31, 2010 and 2009 are as follows:

	Number of shares	
	2010	2009
Weighted average number of shares on which basic net income per share is calculated	137,543,063	137,547,064

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Net (loss) income	¥(2,827)	¥7,075	$(30,381)
Net (loss) income attributable to common shareholders	(2,827)	7,075	(30,381)

	Yen		U.S. dollars
	2010	2009	2010
Net (loss) income per share:			
Basic	¥(20.55)	¥51.44	$(0.22)

Net assets per share computed as of March 31, 2010 and 2009 are as follows:

	Number of shares	
	2010	2009
Number of shares on which net assets per share is calculated	137,541,825	137,544,516

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Total net assets	¥229,399	¥234,278	$2,465,591
Amounts deducted from total net assets:			
Minority interests	254	213	2,728
Net assets attributable to common shareholders	¥229,145	¥234,065	$2,462,863

	Yen		U.S. dollars
	2010	2009	2010
Net assets per share	¥1,666.00	¥1,701.74	$17.91

13. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses charged to income for the years ended March 31, 2010 and 2009 amounted to ¥19,276 million ($207,175 thousand) and ¥21,483 million, respectively.

14. DERIVATIVE FINANCIAL INSTRUMENTS

The notional amounts, estimated fair values and unrealized gains (losses) of the derivative financial instruments for which deferral hedged accounting has not been applied for the years ended March 31, 2010 and 2009 are as follows:

	Millions of yen					
	2010			2009		
	Notional amounts	Estimated fair values	Unrealized losses	Notional amounts	Estimated fair values	Unrealized gains (losses)
Forward exchange contracts:						
To sell foreign currency	¥14,061	¥(33)	¥(33)	¥11,593	¥217	¥217
To buy foreign currency	4,138	(49)	(49)	2,138	(57)	(57)

	Thousands of U.S. dollars		
	2010		
	Notional amounts	Estimated fair values	Unrealized losses
Forward exchange contracts:			
To sell foreign currency	$151,124	$(356)	$(356)
To buy foreign currency	44,481	(529)	(529)

The notional amounts, estimated fair values and unrealized gains (losses) of the derivative financial instruments for which deferral hedged accounting has been applied for the years ended March 31, 2010 is as follows:

	Millions of yen			Thousands of U.S. dollars		
	2010			2010		
	Notional amounts	Estimated fair values	Unrealized losses	Notional amounts	Estimated fair values	Unrealized losses
Forward exchange contracts:						
To sell foreign currency	¥12,865	¥(299)	¥(299)	$138,272	$(3,215)	$(3,215)
To buy foreign currency	2,052	(19)	(19)	22,051	(203)	(203)

15. LEASE

As lessee:

Finance leases, which had been contracted until March 31, 2008, except for those where the legal title of the underlying property would be transferred from the lessor to the lessee at the end of the lease term, were accounted for as operating lease.

Future minimum lease payments under non-cancelable operating lease arrangements as of March 31, 2010 and 2009 are ¥579 million ($6,227 thousand) and ¥637 million due within one year, ¥1,104 million ($11,865 thousand) and ¥1,558 million due after one year, respectively.

Finance leases (without transfer of legal title) are accounted for as operating leases. For the years ended March 31, 2010 and 2009, lease payments of ¥616 million ($6,616 thousand) and ¥916 million, respectively, under such finance leases were included in earnings. On a pro forma basis, leased property, lease obligation and related expenses, with assumed capitalization of such finance leases are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Leased property:			
Equipment and other, at cost	¥1,691	¥2,582	$18,172
Less accumulated depreciation (Note a)	1,224	1,542	13,151
Net equipment and other	¥ 467	¥1,040	$ 5,021
Depreciation expense (Note a)	¥ 572	¥ 853	$ 6,152
Interest expense (Note b)	16	27	169
Lease obligation:			
Within one year	¥ 303	¥ 567	$ 3,258
After one year	174	494	1,874
	¥ 477	¥1,061	$ 5,132

Notes: a. Leased property is depreciated over the lease term by the straight–line method with no residual value.

b. Excess of total lease payments over the assumed acquisition costs is regarded as assumed interest payable and is allocated to each period using the interest method.

16. IMPAIRMENT LOSSES

When determining indicators of impairment, the Company and its consolidated subsidiaries classify the assets according to the categories used for their managerial accounting based on business units.

In the fiscal year ended March 31, 2010, the Company and its consolidated subsidiaries recognized impairment losses for the following assets:

Location	Purpose	Type	Impairment Loss
Naka Division of the Company	Manufacturing facilities for Biotechnology equipment	Tools, furniture and fixtures, Software	¥93 million ($997 thousand)
	Asset held for disposal	Buildings, Structures, Machinery and equipment, Tools, furniture and fixtures	¥173 million ($1,861 thousand)
Kasado Division of the Company	Asset held for disposal	Machinery and equipment	¥120 million ($1,293 thousand)
Shonan Division of the Company	Idle asset	Buildings	¥1 million ($7 thousand)
		Structures, Machinery and equipment, Tools, furniture and fixtures	¥27 million ($295 thousand)
Other	Asset held for disposal	Tools, furniture and fixtures	¥3 million ($28 thousand)
Total			¥417 million ($4,481 thousand)

The book value of the assets has been reduced to the recoverable amount measured based on the present value of the expected future cash flows resulting from the use of the assets due to the decline in profitability stemming from the severe downturn in market conditions in the case of manufacturing facilities for biotechnology equipment. The book value of these assets has been fully written off as impairment losses due to the lack of prospects for generating sufficient cash flow in the future. Regarding asset held for disposal, the book value has been reduced to the recoverable value measured based on utility value and their book value has been fully written off as impairment losses. This was because they are no longer serving their previous usage and recovery of investment cost can no longer be expected due to the decision to dispose them.

With regard to idle assets, for buildings and structures the difference between the appraisal price of the assets obtained from a real estate appraiser that was calculated using the net selling price and their book value has been recorded as impairment loss. All other idle assets have been deemed unrecoverable and their book value was fully written off as impairment losses.

In the year ended March 31, 2009, the Company recognized impairment losses for the following assets:

Location	Purpose	Type	Impairment Loss
Naka Division of the Company	Manufacturing facilities for Semiconductor manufacturing equipment	Tools, furniture and fixtures, etc.	¥ 813 million
	Manufacturing facilities for Biotechnology equipment		
Shonan Division of the Company	Manufacturing facilities for HD manufacturing equipment	Machinery and equipment, Tools, furniture and fixtures	¥ 148 million
	Manufacturing facilities for wafer bump equipment		
Total			¥ 961 million

The book value of the assets has been reduced to the recoverable amount measured based on utility value due to the deterioration in profitability stemming from the severe downturn in market conditions in the case of semiconductor manufacturing equipment and manufacturing facilities, biotechnology equipment and manufacturing facilities, and HD manufacturing equipment and manufacturing facilities, and in conjunction with the decision to withdraw from business in the case of wafer bump manufacturing facilities.

The assets have been written off, at book value in full, as impairment losses as a component of other expense, due to the lack of prospects for generating sufficient cash flow in the future.

17. RESTRUCTURING CHARGES

Restructuring charges primarily account for additional retirement benefits associated with the Company and its consolidated subsidiaries' preferential measures for early retirement.

18. FINANCIAL INSTRUMENTS

Overview

(a) Policy for Financial Instruments

When investing funds, the Company and its consolidated subsidiaries (the Group) focus first and foremost on the safety of principal and income, and also on ensuring proper liquidity. In financing, the Group limits procurement to the minimum amount necessary while maintaining appropriate liquidity. Derivative transactions are utilized mainly to mitigate the risk of changes in cash flow due to foreign currency fluctuations. The Group does not enter into speculative derivative transactions.

(b) Types of Financial Instruments and Related Risk

Trade notes and accounts receivable are exposed to the counterparty credit risks. Short-term investments and investments in securities, which are mainly comprised of bonds for the purpose of investment of funds, shares held for business promotion purposes and other investment of funds, are exposed to credit risk, market risk, and liquidity risk.

The majority of trade notes and accounts payable are due within one year. As of March 31, 2010, the Group has no interest-bearing debt.

Foreign currency-denominated transactions are exposed to the risk of changes in cash flows due to foreign currency fluctuations, and the Group enters into forward exchange contracts as hedging instruments against such risks. Forward exchange contracts are exposed to credit risk of losses due to the non-performance of contracts because of factors such as the bankruptcy of financial institutions, and market risk of losses due to market changes such as interest and foreign exchange rates. The forward exchange contracts into which the Group enters are primarily to hedge future risk of changes in cash flow due to foreign exchange fluctuations related to future foreign currency-denominated monetary receivables and payables. Such future foreign currency-denominated transactions entail market risk due to cancellation or modification, but the Group has judged these risks to be limited in nature. Information regarding the method of hedge accounting, hedging instruments and hedged items, and hedging policy is described in Note 1 (m).

(c) Risk Management System for Financial Instruments

1) Management of Risk Related to Trade Notes and Accounts Receivable and Trade Notes and Accounts Payable (Counterparties' Non-performance of Contract, etc.)

Based on its credit management regulations, the Group manages risk by due date and balance for each counterparty, and continuously monitors the credit status of its major counterparties, or as needed.

2) Management of Risk Related to Short-term Investments and Investments in Securities

The Group establishes remaining periods and rating guidelines for bonds for the purpose of investment of funds, and manages risk by periodically checking the fair values and ratings. For shares held for business promotion purposes and other investment of funds, the Group periodically checks fair values and the financial condition of issuers.

3) Management of Liquidity Risk Related to Financing

The Group manages liquidity risk by creating a monthly cash management plan.

4) Management of Risk Related to Derivative Transactions

For derivative transactions, the Company deals with financial institutions with high credit ratings. Execution and management of derivative transactions are conducted through double checks and mutual checks by the Finance Department according to the Company internal regulations approved by the relevant executive. In management of the balance of forward exchange contracts, the Company regularly requests documents from financial institutions, and compares these with its own balances. The status of forward exchange contracts and positions of foreign currency-denominated monetary receivables and payables is reported to the officer in charge of finance in a timely manner.

The Company's subsidiaries also enter into forward exchange contracts based on internal management rules, including risk management policies similar to those of the Company. The Company's Finance Department receives regular reports on the status of forward exchange contracts and positions of foreign currency-denominated monetary receivables and payables from the subsidiaries, and confirms whether the management of the subsidiaries is being conducted in accordance with internal management regulations such as the risk management policy.

In addition, the Company's Internal Auditing Division periodically checks the status of the Company's subsidiaries' observance of regulations and limits, the effectiveness and independence of risk management functions, and the reliability of reporting.

(d) Supplementary Explanation of the Estimated Fair Value of Financial Instruments

Fair values of listed shares are based on market price, while the fair values of bonds are measured by the prices obtained from financial institutions. The forward exchange contracts into which the Group enters are for the purpose of hedging risk of changes in cash flow from foreign currency-denominated transactions and valuation gains or losses on derivative transactions offset with high degree of effectiveness valuation gains or losses generated by foreign currency-denominated monetary receivables and payables, which are the hedged items.

Estimated Fair Value of Financial Instruments

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2010 and unrealized gains and losses are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value. (Please refer to Note 2 below.)

			Millions of yen
			2010
	Carrying value	Estimated fair value	Unrealized gains (losses)
Assets:			
Cash	¥ 26,123	¥ 26,123	¥ –
Trade notes and accounts receivable	144,528		
Less allowance for doubtful receivables (*1)	(2,477)		
	142,051	142,040	(11)
Deposits to Hitachi Group cash management fund	75,621	75,621	–
Short-term investments and investments in securities	8,748	8,748	–
	¥252,543	¥252,532	¥(11)
Liabilities:			
Trade notes and accounts payable	¥110,037	¥110,037	¥ (0)
	¥110,037	¥110,037	¥ (0)
Derivatives transactions (*2) :			
Those to which hedge accounting is not applied	¥ (82)	¥ (82)	¥ –
Those to which hedge accounting is applied	(318)	(318)	–
	¥ (400)	¥ (400)	¥ –

	Carrying value	Estimated fair value	Unrealized gains (losses)
	Thousands of U.S. dollars		
	2010		
Assets:			
Cash	$ 280,766	$ 280,766	$ –
Trade notes and accounts receivable	1,553,402		
Less allowance for doubtful receivables (*1)	(26,625)		
	1,526,777	1,526,663	(114)
Deposits to Hitachi Group cash management fund	812,775	812,775	–
Short-term investments and investments in securities	94,026	94,026	–
	$2,714,344	$2,714,230	$(114)
Liabilities:			
Trade notes and accounts payables	$1,182,689	$1,182,687	$ (2)
	$1,182,689	$1,182,687	$ (2)
Derivatives transactions (*2) :			
Those to which hedge accounting is not applied	$ (885)	$ (885)	$ –
Those to which hedge accounting is applied	(3,418)	(3,418)	–
	$ (4,303)	$ (4,303)	$ –

*1: This represents allowance for doubtful receivables provided for trade notes and accounts receivable.

*2: These represent net assets or liabilities arising from derivative transactions. The figures in parentheses indicate net liabilities.

Note:

1. Method to Determine the Estimated Fair Value of Financial Instruments and Other Matters Related to Securities and Derivative Transactions

Assets

Cash

The fair value approximates the carrying amount because of the short-term nature. Thus, the carrying amount is used as fair value.

Trade Notes and Accounts Receivable

The fair value is based on the present value calculated by discounting receivables reflecting credit risk for each receivable categorized by time to maturity by an interest rate for the time to maturity.

Deposits to Hitachi Group Cash Management Fund

The fair value approximates the carrying amount because of the short-term nature. Thus, the carrying amount is used as fair value.

Short-term Investments and Investments in Securities

While the fair values of listed shares are measured by quoted market prices, the fair values of bond securities are measured by the prices obtained from financial institutions.

Please refer to Note 4 for information regarding securities by holding purpose.

Liabilities

Trade Notes and Accounts Payable

The fair value is based on the present value calculated by discounting future cash flows for payables classified by time to repayment by an interest rate taken into account the time to the repayment and credit risk.

Derivative Transactions

Please refer to the Note 14.

2. Financial Instruments for Which It Is Extremely Difficult to Determine the Fair Value

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Unlisted equity securities	¥175	$1,876
Unlisted foreign bonds	0	2
Investments in limited investment partnerships	22	234

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above financial instruments are not included in short-term investments and investments in securities.

3. Redemption Schedule for Receivables and Marketable Securities with Maturities at March 31, 2010

				Millions of yen
				2010
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	Over 10 years
Cash	¥ 26,120	¥ –	¥ –	¥ –
Trade notes and accounts receivable	141,862	2,666	–	–
Deposits to Hitachi Group cash management fund	75,621	–	–	–
Short-term investments and investments in securities:				
Held–to–maturity corporate bonds	–	–	500	–
Other	93	22	–	–
	¥243,696	¥2,688	¥500	¥ –

				Thousands of U.S. dollars
				2010
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	Over 10 years
Cash	$ 280,741	$ –	$ –	$ –
Trade notes and accounts receivable	1,524,741	28,661	–	–
Deposits to Hitachi Group cash management fund	812,775	–	–	–
Short-term investments and investments in securities:				
Held–to–maturity corporate bonds	–	–	5,374	–
Other	998	234	–	–
	$2,619,255	$28,895	$5,374	$ –

(Additional Information)

Effective the year ended March 31, 2010, the Company has applied the revised "Accounting Standard for Financial Instruments" and the "Guidance on Disclosures about Fair Value of Financial Instruments" issued in March 2008 by the Accounting Standards Board of Japan.

19. SEGMENT INFORMATION

Business Segment Information

The Company has divided its operations into four reportable segments: "Electronic Device Systems," "Life Sciences," "Information Systems and Electronic Components" and "Advanced Industrial Products." Following is a tabulation of business segment information as of and for the years ended March 31, 2010 and 2009.

							Millions of yen
							2010
	Electronic Device Systems	Life Sciences	Information Systems & Electronic Components	Advanced Industrial Products	Total	Elimination	Consolidated
Net sales:							
External customers	¥114,060	¥95,459	¥159,544	¥247,814	¥616,877	¥ –	¥616,877
Intersegment sales	13	15	3,323	1,378	4,729	(4,729)	–
	114,073	95,474	162,867	249,192	621,606	(4,729)	616,877
Operating expenses	131,076	79,635	165,042	247,467	623,220	(4,717)	618,503
Operating (loss) profit	¥ (17,003)	¥15,839	¥ (2,175)	¥ 1,725	¥ (1,614)	¥ (12)	¥ (1,626)
Total assets	¥109,530	¥45,259	¥ 60,270	¥ 83,329	¥298,388	¥112,661	¥411,049
Depreciation	5,083	2,117	1,475	933	9,608	–	9,608
Impairment losses	215	200	–	2	417	–	417
Capital expenditure	4,952	2,408	1,350	665	9,375	–	9,375

							Millions of yen
							2009
	Electronic Device Systems	Life Sciences	Information Systems & Electronic Components	Advanced Industrial Products	Total	Elimination	Consolidated
Net sales:							
External customers	¥168,324	¥97,725	¥203,758	¥305,143	¥774,950	¥ –	¥774,950
Intersegment sales	44	167	79	1,453	1,743	(1,743)	–
	168,368	97,892	203,837	306,596	776,693	(1,743)	774,950
Operating expenses	173,184	78,485	205,430	304,717	761,816	(1,775)	760,041
Operating (loss) profit	¥ (4,816)	¥19,407	¥ (1,593)	¥ 1,879	¥ 14,877	¥ 32	¥ 14,909
Total assets	¥130,167	¥44,515	¥ 69,591	¥ 82,298	¥326,571	¥101,005	¥427,576
Depreciation	5,042	1,889	1,560	997	9,488	–	9,488
Impairment losses	743	218	–	–	961	–	961
Capital expenditure	6,399	2,996	1,753	1,346	12,494	–	12,494

(Accounting Changes)

Change in Revenue Recognition Criteria

As indicated in Note 1 (r) 5), effective the year ended March 31, 2009, the Company changed its revenue recognition criteria for products such as semiconductor manufacturing equipment and LCD manufacturing equipment that require post–shipment installation. Revenue is now recognized on completion of installation, rather than on shipment.

The resulting decreases in net sales and operating profit for the year ended March 31, 2009 compared to the amounts measured by the pre–existing accounting method were as follows: Electronic Device Systems: ¥15,828 million and ¥3,234 million; Life Sciences: ¥192 million and ¥47 million; Information Systems & Electronic Components: ¥713 million and ¥88 million; and Advanced Industrial Products: ¥2,167 million and ¥212 million.

Change in Accounting Standard for Measurement of Inventories

As indicated in Note 1 (r) 2), effective the year ended March 31, 2009, the Company adopted the "Accounting Standard for Measurement of Inventories" issued by the Accounting Standards Board of Japan.

The resulting decreases in operating profit for the year ended March 31, 2009 compared to the pre–existing accounting method were as follows: Electronic Device Systems: ¥2,328 million; Life Sciences: ¥176 million; Information Systems & Electronic Components: ¥1,763 million; and Advanced Industrial Products: ¥42 million.

							Thousands of U.S. dollars
							2010
	Electronic Device Systems	Life Sciences	Information Systems & Electronic Components	Advanced Industrial Products	Total	Elimination	Consolidated
Net sales:							
External customers	$1,225,927	$1,026,003	$1,714,784	$2,663,526	$6,630,240	$ –	$6,630,240
Intersegment sales	137	162	35,716	14,809	50,824	(50,824)	–
	1,226,064	1,026,165	1,750,500	2,678,335	6,681,064	(50,824)	6,630,240
Operating expenses	1,408,810	855,928	1,773,885	2,659,797	6,698,420	(50,703)	6,647,717
Operating (loss) profit	$ (182,746)	$ 170,237	$ (23,385)	$ 18,538	$ (17,356)	$ (121)	$ (17,477)
Total assets	$1,177,240	$ 486,451	$ 647,782	$ 895,628	$3,207,101	$1,210,880	$4,417,981
Depreciation	54,635	22,757	15,853	10,025	103,270	–	103,270
Impairment losses	2,307	2,146	–	28	4,481	–	4,481
Capital expenditure	53,219	25,885	14,507	7,151	100,762	–	100,762

The major products and goods of each business segment are as follows:

Electronic Device Systems:

- Semiconductor Process Equipment (Etching System)
- Semiconductor Metrology and Inspection System
- Electron Microscopes
- Liquid Crystal Display (LCD) Manufacturing Equipment
- Hard Disk (HD) Manufacturing Equipment
- Semiconductor Back-end Process Equipment (Die Bonders)
- Others

Life Sciences:

- Biotechnology Equipment
  (DNA Sequencers and General-Purpose Analysis Equipment)
- Clinical Analyzers
  (Clinical Chemistry and Immunodiagnostic Analyzer)
- Nuclear Magnetic Resonance Equipment (NMR)
- Gas Chromatography Mass Spectrometers (GC-MS)
- Reagents
- Others

Information Systems & Electronic Components:

- Chip Mounters
- Measuring Equipment
- Design and Manufacturing Solutions
- Semiconductor Device Products
- IT-related Equipment
- Thin Film Transistor (TFT) Liquid Crystal Displays
- Others

Advanced Industrial Products:

- Steel, Non-ferrous Materials, and Plastic
- Silicon Wafers
- Procurement Solution Businesses
- Optical Devices and Materials
- Automotive-related Devices and Materials
- Others

Geographic Segment Information

Geographic segment information as of and for the years ended March 31, 2010 and 2009 are as follows:

								Millions of yen
								2010
	Japan	North America	Europe	Asia	Other areas	Total	Elimination	Consolidated
Net sales:								
External customers	¥412,043	¥71,013	¥63,207	¥69,979	¥635	¥616,877	¥ –	¥616,877
Intersegment sales	147,670	2,987	1,248	16,044	88	168,037	(168,037)	–
	559,713	74,000	64,455	86,023	723	784,914	(168,037)	616,877
Operating expenses	564,934	72,970	63,590	83,956	728	786,178	(167,675)	618,503
Operating (loss) profit	¥ (5,221)	¥ 1,030	¥ 865	¥ 2,067	¥ (5)	¥ (1,264)	¥ (362)	¥ (1,626)
Total assets	¥383,019	¥17,480	¥13,718	¥32,002	¥506	¥446,725	¥ (35,676)	¥411,049

								Millions of yen
								2009
	Japan	North America	Europe	Asia	Other areas	Total	Elimination	Consolidated
Net sales:								
External customers	¥542,193	¥92,116	¥74,019	¥66,245	¥377	¥774,950	¥ –	¥774,950
Intersegment sales	173,842	2,967	1,044	19,842	96	197,791	(197,791)	–
	716,035	95,083	75,063	86,087	473	972,741	(197,791)	774,950
Operating expenses	704,705	93,811	74,336	84,806	457	958,115	(198,074)	760,041
Operating profit	¥ 11,330	¥ 1,272	¥ 727	¥ 1,281	¥ 16	¥ 14,626	¥ 283	¥ 14,909
Total assets	¥398,824	¥23,104	¥14,872	¥21,938	¥441	¥459,179	¥ (31,603)	¥427,576

(Accounting Changes)

Change in Revenue Recognition Criteria

As previously indicated, effective the year ended March 31, 2009, the Company changed its revenue recognition criteria for products such as semiconductor manufacturing equipment and LCD manufacturing equipment that require post–shipment installation. Revenue is now recognized on completion of installation, rather than on shipment.

The resulting decreases in net sales and operating profit for the year ended March 31, 2009 compared to the amounts measured by the pre–existing accounting method were as follows: Japan: ¥12,555 million and ¥2,699 million; North America: ¥6,331 million and ¥824 million; Europe: ¥13 million and ¥1 million; and Asia: ¥1 million and ¥57 million.

Change in Accounting Standard for Measurement of Inventories

As previously indicated, effective the year ended March 31, 2009, the Company adopted the “Accounting Standard for Measurement of Inventories” issued by the Accounting Standards Board of Japan.

The resulting decreases in operating profit for the year ended March 31, 2009 compared to the pre–existing accounting method were as follows: Japan: ¥4,245 million; and Asia: ¥64 million.

								Thousands of U.S. dollars
								2010
	Japan	North America	Europe	Asia	Other areas	Total	Elimination	Consolidated
Net sales:								
External customers	$4,428,672	$763,252	$679,352	$752,141	$6,823	$6,630,240	$ –	$6,630,240
Intersegment sales	1,587,172	32,103	13,413	172,442	946	1,806,076	(1,806,076)	–
	6,015,844	795,355	692,765	924,583	7,769	8,436,316	(1,806,076)	6,630,240
Operating expenses	6,071,954	784,285	683,468	902,372	7,823	8,449,902	(1,802,185)	6,647,717
Operating (loss) profit	$ (56,110)	$ 11,070	$ 9,297	$ 22,211	$ (54)	$ (13,586)	$ (3,891)	$ (17,477)
Total assets	$4,116,715	$187,870	$147,439	$343,964	$5,441	$4,801,429	$ (383,448)	$4,417,981

Major countries and areas included in each geographic segment are as follows:

North America : United States and Canada
Europe : Germany, United Kingdom and so forth
Asia : Singapore, Korea, China, Hong Kong, Taiwan and so forth
Other areas : Brazil and Israel

Overseas Sales

Export sales of the Company and its domestic subsidiaries and foreign subsidiaries' sales other than sales to Japan are summarized as follows:

					Millions of yen
					2010
	North America	Europe	Asia	Other areas	Total
Net sales:	¥66,290	¥71,258	¥168,503	¥13,900	¥319,951
Percentage of consolidated net sales	10.7%	11.6%	27.3%	2.3%	51.9%

					Millions of yen
					2009
	North America	Europe	Asia	Other areas	Total
Net sales:	¥83,570	¥82,961	¥185,703	¥18,980	¥371,214
Percentage of consolidated net sales	10.8%	10.7%	24.0%	2.4%	47.9%

(Accounting Change)

Change in Revenue Recognition Criteria

As previously indicated, effective the year ended March 31, 2009, the Company changed its revenue recognition criteria for products such as semiconductor manufacturing equipment and LCD manufacturing equipment that require post–shipment installation. Revenue is now recognized on completion of installation, rather than on shipment.

The resulting decreases in overseas net sales for the year ended March 31, 2009 compared to the amounts measured by the pre–existing accounting method were as follows: North America: ¥5,648 million; Europe: ¥62 million; Asia: ¥6,650 million; and Other areas: ¥648 million.

					Thousands of U.S. dollars
					2010
	North America	Europe	Asia	Other areas	Total
Net sales:	$712,493	$765,880	$1,811,086	$149,396	$3,438,855
Percentage of consolidated net sales	10.7%	11.6%	27.3%	2.3%	51.9%

Major countries and areas included in each geographic area are as follows:

North America : United States and Canada
Europe : Germany, United Kingdom and so forth
Asia : Singapore, Korea, China, Hong Kong, Taiwan and so forth
Other areas : Brazil and Israel

REPORT OF INDEPENDENT AUDITORS

Report of Independent Auditors

The Board of Directors
Hitachi High-Technologies Corporation

We have audited the accompanying consolidated balance sheets of Hitachi High-Technologies Corporation and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hitachi High-Technologies Corporation and consolidated subsidiaries at March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Supplemental Information

As discussed in Note 1. (r) 5) to the consolidated financial statements, the Company changed its criteria of accounting for revenue recognition effective April 1, 2008.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Ernst & Young ShinNihon LLC

Tokyo, Japan
June 25, 2010

INVESTOR INFORMATION

CORPORATE DATA (As of March 31, 2010)

Date of Establishment
April 12, 1947

Paid-in Capital
¥7,938 million

Number of Employees
9,931 (Hitachi High-Technologies Group Total)

Number of Common Shares
137,738,730 (Issued and Outstanding)

Stock Exchange Listings
Tokyo Stock Exchange, First Section;
Osaka Securities Exchange, First Section

Annual Shareholders' Meeting
June

Independent Auditors
Ernst & Young ShinNihon

Number of Shareholders
8,054

TRANSFER AGENT

Transfer Agent
Tokyo Securities Transfer Agent Co., Ltd.

Office of the Transfer Agent
6-2, Otemachi 2-chome, Chiyoda-ku,
Tokyo 100-0004, Japan

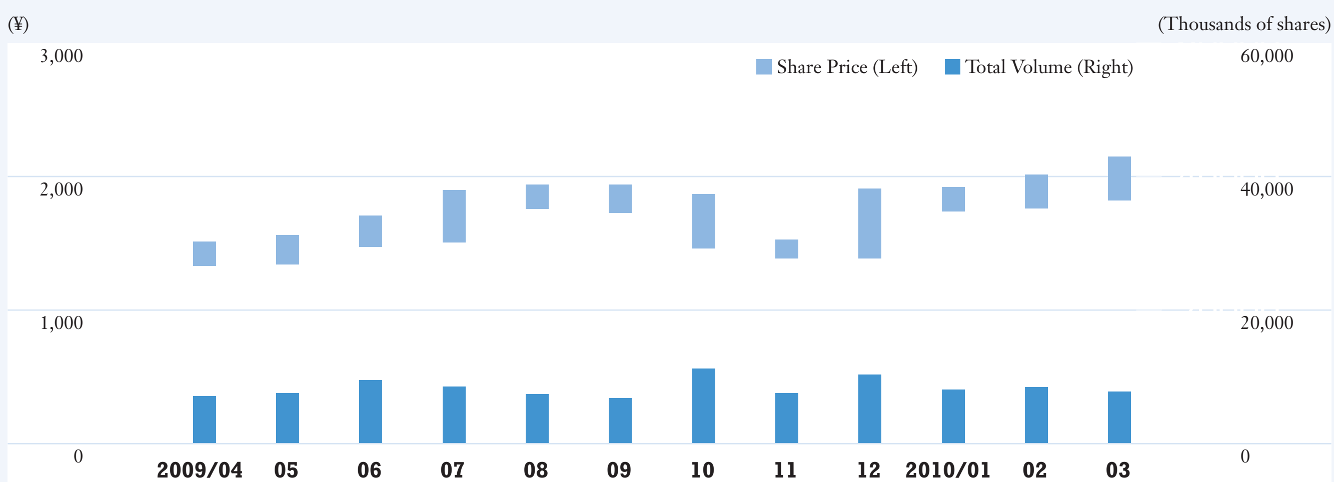
MAJOR SHAREHOLDERS (As of March 31, 2010)

Name	Number of shares	Percentage of total equity (%)
Hitachi, Ltd.	71,037,389	51.57
The Master Trust Bank Of Japan, Ltd. (Trust Account)	6,396,100	4.64
Japan Trustee Services Bank, Ltd. (Trust Account)	6,276,100	4.55
Japan Trustee Services Bank, Ltd. (Trust Account 9G)	3,546,100	2.57
Employees' Stockholding	2,090,436	1.51
NIPPONVEST	1,675,000	1.21
HAYAT	1,656,900	1.20
Mellon Bank, N.A. as Agent for Its Client Mellon Omnibus US Pension	1,105,949	0.80
SAJAP	1,057,500	0.76
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	909,900	0.66

TYPE OF SHAREHOLDERS (As of March 31, 2010)

	Number of shareholders	Percentage of total equity (%)	Number of shares (Thousands)	Percentage of total equity (%)
Government and municipality	1	0.0	1	0.0
Securities firms	27	0.3	209	0.2
Financial institutions	52	0.6	24,149	17.5
Other domestic corporations	141	1.8	72,748	52.8
Foreign corporations, etc.	339	4.2	30,335	22.0
Individuals and others	7,494	93.1	10,297	7.5
Total	8,054	100.0	137,739	100.0

SHARE PRICE AND TOTAL VOLUME



VISION
INNOVATION
SUSTAINABLE CITIZENSHIP
FINANCIAL INFORMATION

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