

**Hitachi Maxell
Consolidated Results
Year Ended March 2007**

April 26, 2007

maxell

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1. Consolidated Financial Results for Fiscal 2006

Consolidated Financial Results for Fiscal 2006

(millions of yen)

	3/2006	3/2007	change
Net sales	204,131	202,240	- 0.9%
Operating income	5,592	7,940	+ 42.0%
Ordinary income	7,264	9,062	+ 24.8%
Extraordinary gains	888	1,942	+ 118.7%
Extraordinary losses	2,292	1,919	- 16.3%
Income before tax	5,860	9,085	+ 55.0%
Net income	3,235	2,896	- 10.5%

Consolidated Financial Results for Fiscal 2006

(millions of yen)

	Fiscal 2005	Fiscal 2006	change
Capital expenditure	8,971	11,378	+ 26.8 %
Depreciation	10,382	9,792	- 5.7 %
R&D expenses	8,269	8,600	+ 4.0 %
Exchange rate	\$1 =¥114 €1 =¥138	\$1 =¥117 €1 =¥151	

Factor Analysis for Fiscal 2006 (year - on - year)

Change

(Fiscal 2005→Fiscal 2006)

Factor Analysis

(billions of yen)

■ Net Sales

- 1.9

(204.1→202.2)

Volume + 1.1

Unit price - 8.5

Exchange rate + 5.5

■ Operating income

+ 2.3

(5.6→7.9)

Volume + 0.7

Unit price -8.5

Exchange rate + 1.7

Cost reduction
and others + 8.4

Segment Information (year - on - year)

(millions of yen)

	Net sales		Operating income(loss)	
	3/2006	3/2007 (change)	3/2006	3/2007 (change)
Information Storage Media	128,407	116,681 (- 9.1%)	5,929	6,573 (+ 644)
Battery	39,692	47,051 (+ 18.5%)	1,216	2,304 (+ 1,088)
Material-Device-Electronic Appliance	36,032	38,508 (+ 6.9%)	- 1,553	- 937 (+ 616)
Total	204,131	202,240 (- 0.9%)	5,592	7,940 (+ 2,348)

Segment Information (quarter - on - quarter)

(millions of yen)

	Net sales		Operating income(loss)	
	3/2007 Q3	3/2007 Q4 (change)	3/2007 Q3	3/2007 Q4 (change)
Information Storage Media	31,828	27,538 (- 13.5%)	1,597	1,538 (- 59)
Battery	12,700	11,860 (- 6.6%)	412	1,025 (+ 613)
Material- Device- Electronic Appliance	9,760	9,425 (- 3.4%)	- 426	- 288 (+ 138)
Total	54,288	48,823 (- 10.1%)	1,583	2,275 (+ 692)

2. Topics

Medium-Term Business Plan—Action Plans Implemented in FY2006

- (1) Reconstructing and Newly Developing Core Operations**
- (2) Developing Robust New Businesses Early and
Acquiring New Technology for the Future**
- (3) Bolstering and Exploiting Our Organizational Strength**

Reconstructing and Newly Developing Core Operations

Core operations	Initiatives	Results
<p>Computer tapes</p>	<ul style="list-style-type: none"> •Undertook advance development of new products •Pursued cost reductions •Concentrated investment on leading-edge technologies 	<ul style="list-style-type: none"> •Commercialized world's first DLT-S4 (800GB) •Undertook advance investment for practical application of NanoCap
<p>Optical discs</p>	<ul style="list-style-type: none"> •Achieved early contribution to business performance from next-generation discs •Introduced Super ODM (strategic production outsourcing) 	<ul style="list-style-type: none"> •Won BCN Award in three categories for third consecutive year •Advanced Super ODM in stages from Q4
<p>Lithium ion rechargeable batteries</p>	<ul style="list-style-type: none"> •Undertook advance development of high-capacity products •Developed non-cellular-phone and power-source fields aggressively 	<ul style="list-style-type: none"> •Acquired new customers •Increased production capacity (units/month: FY2005 2nd half: 8.5 million →FY2006 1st half: 10.5 million →FY2006 2nd half: 12.5 million)
<p>Primary batteries</p>	<ul style="list-style-type: none"> •Developed new customers through alkaline dry batteries with advanced functionality •Sought micro batteries with even higher added value 	<ul style="list-style-type: none"> •Increased domestic market share for alkaline dry batteries •Grew sales of heat-resistant, coin-type lithium manganese dioxide batteries (sales volumes doubled year on year)

Developing Robust New Businesses Early and Acquiring New Technology for the Future

Core operations	Initiatives	Results
<p>Optical components</p>	<ul style="list-style-type: none"> •Pickup lenses: increased sales •Mini camera lens units: expanded lineup 	<ul style="list-style-type: none"> •Acquired new customers •Increased production capacity (units/month: FY2005 2nd half: 7 million →FY2006 1st half: 9 million →FY2006 2nd half: 11 million)
<p>Functional materials</p>	<ul style="list-style-type: none"> •Functional films for flat panel displays •High-value-added materials 	<ul style="list-style-type: none"> •Commercialized optical films for PDPs •Pigment ink for high-speed optical printers grew
<p>Acquiring New Technology for the Future</p>		
<p>Business projects</p>	<ul style="list-style-type: none"> •Plan to commercialize power-source lithium ion rechargeable batteries in FY2007 •Plan to commercialize SVOD (stacked volumetric optical disc) cartridge in FY2008 	

Bolstering and Exploiting Our Organizational Strength

Initiatives	Results
Strengthened corporate strategies	<ul style="list-style-type: none">•Strengthened group management (promoted global operations)•Reorganized group companies
Issued a clear vision	<ul style="list-style-type: none">•Established Maxell slogans•Bolstered distribution of president's message by using intranet•Implemented regular exchanges of opinion with young employees
Undertook process innovation initiatives	<ul style="list-style-type: none">•Implemented MPI* initiatives (micro batteries, alkaline dry batteries)•Established Value Engineering Advancement Division

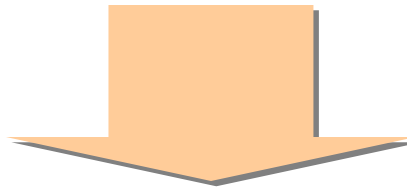
*Maxell Process Innovation

3. Outlook for Fiscal 2007

Business Conditions in FY2007 and Maxell's Stance

Business conditions

- **Falling prices (centered on information storage media such as computer tapes, optical discs)**
- **Hikes in material prices (centered on batteries, cobalt, zinc, silver)**
- **Foreign exchange rate fluctuation (project strong yen in second half of fiscal year)**



Maxell's stance

- **We anticipate challenging earnings conditions centered on information storage media**
- **We will aggressively implement forward-looking R&D investment and capital investment**

Outlook for Fiscal 2007

(millions of yen)

	3/2007 actual results	3/2008 forecast	change
Net sales	202,240	208,000	+ 2.8%
Operating income	7,940	4,000	- 49.6%
Ordinary income	9,062	4,500	- 50.3%
Net income	2,896	1,300	- 55.1%
Capital expenditure	11,378	18,000	+ 58.2%
Depreciation	9,792	12,000	+ 22.5%
R&D expenses	8,600	10,000	+ 16.3%
Exchange rate	\$1 =¥117	\$1 =¥110	
	€1 =¥151	€1 =¥140	

Outlook for Segment Information

(millions of yen)

	Net sales		Operating income(loss)	
	3/2007 actual results	3/2008 forecast (change)	3/2007 actual results	3/2008 forecast (change)
Information Storage Media	116,681	110,000 (- 5.7%)	6,573	2,400 (- 4,173)
Battery	47,051	52,300 (+ 11.2%)	2,304	1,500 (- 804)
Material- Device- Electronic Appliance	38,508	45,700 (+ 18.7%)	- 937	100 (+ 1,037)
Total	202,240	208,000 (+ 2.8%)	7,940	4,000 (- 3,940)

Note: This document contains forward-looking statements which reflect management's current views and judgments with respect to certain future plans, events and strategies based on currently available information and do not constitute promises, commitments or guarantees. The forward-looking statements involve known and unknown risks and uncertainties that can cause actual results to differ materially from those projected or implied therein. Factor that can cause actual results to differ materially from those projected or implied in the forward looking statements and from historical events include, but are not limited to, future economic trends, competition in the industrial sector in which Maxell operates, market demand, rates of exchange (for the yen and other currencies in which Maxell makes significant sales or in which Maxell's assets and liabilities are denominated), and sociopolitical conditions and circumstances.

Reference : Major Business Lines

Segment	Main Products
Information Storage Media	Computer tapes, Broadcasting video tapes, Blu-ray Discs, HD DVDs, DVDs, CDs, MO Disks, Floppy Disks, MiniDiscs, Audio tapes, Video tapes
Battery	Lithium ion rechargeable batteries, Coin-type lithium rechargeable batteries, Silver oxide batteries, Alkaline dry batteries
Material-Device-Electronic Appliance	Optical components, Functional materials, RFID systems, IC cards, Small electric appliances, Electroforming/precision components, Metal/plastic molded products, etc.