

Hitachi Maxell
Consolidated Results
1ST Half of Fiscal Year March 2007

October 27, 2006

maxell

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1. Consolidated Results for 1st Half FY 3/2007

Consolidated Results for 1st Half of FY 3/2007

(millions of yen)

	1 st Half of FY 3/06	1 st Half of FY3/07 Projection on April	Actual	Change	Change previous forecast to actual for FY 3/2006
Net sales	97,943	100,000	99,129	+1.2%	- 0.9%
Operating income	1,585	2,100	4,082	+157.5%	+94.4%
Ordinary income	2,668	2,600	4,426	+65.9%	+70.2%
Net income	1,169	1,000	1,375	+17.6%	+37.5%
Capital expenditure	3,467		6,168	+77.9%	
Depreciation	4,988		4,705	- 5.7%	
R&D expenses	4,114		4,367	+6.1%	
Exchange rate	\$1=¥110	\$1=¥110	\$1=¥115		
	€1=¥136	€1=¥132	€1=¥147		

Factor Analysis for FY 3/2007 (year-on-year)

Change

(1st Half of FY 3/2005)

→ (1st Half of FY 3/2006)

Factor Analysis

(millions of yen)

■ Sales

+12
(979→991)

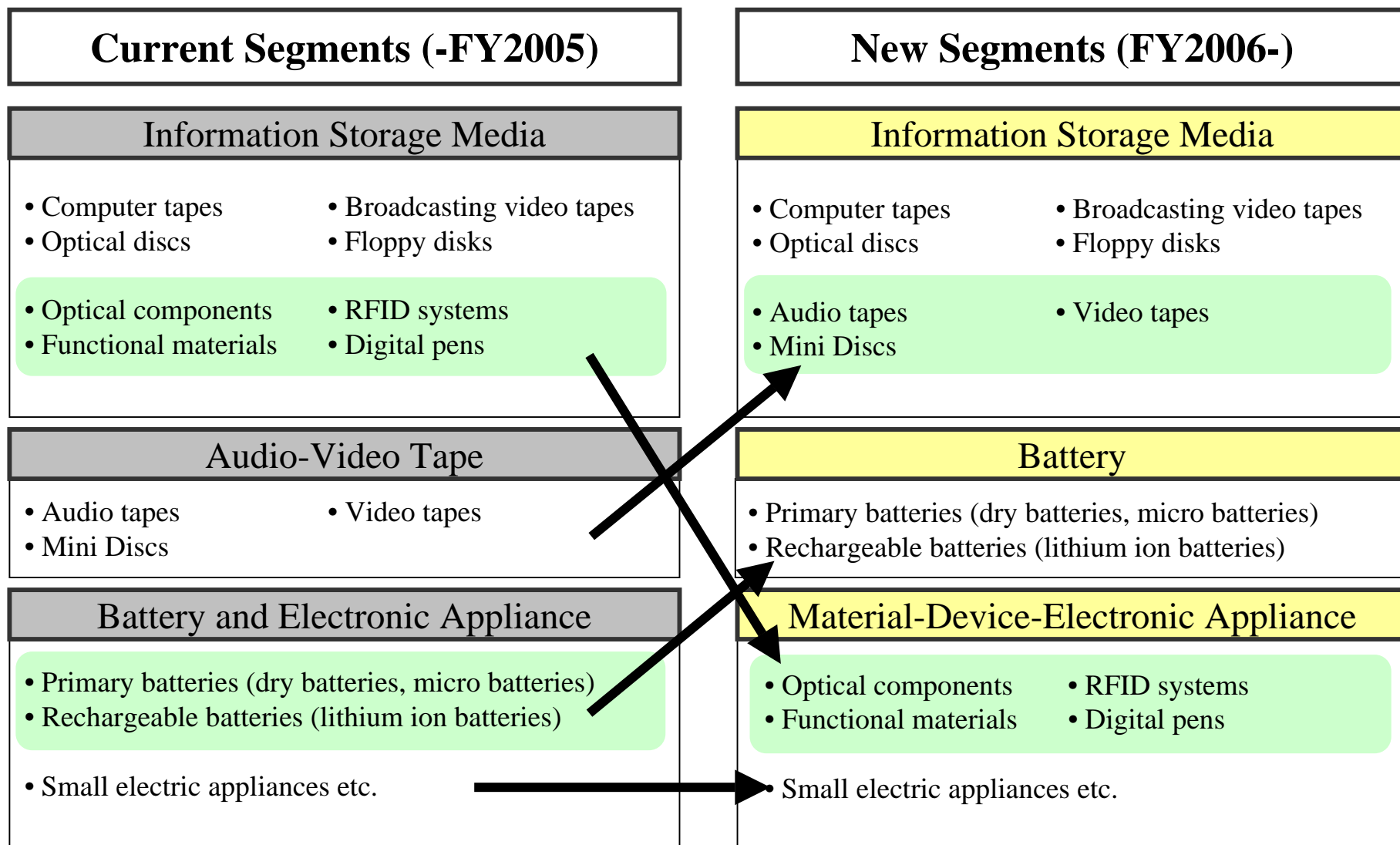
Volume	+26
Unit price	- 44
Exchange rate	+30

■ Operating income

+25
(16→41)

Volume	+8
Unit price	- 44
Exchange rate	+11
Cost reduction and others	+50

Overview of New Segments



Segment Information (year-on-year)

1st Half of FY 3/2007

(millions of yen)

	Sales		Operating income	
	Q2/FY2006	Q2/FY2007 (change)	Q2/FY2006	Q2/FY2007 (change)
Information Storage Media	61,762	57,315 (- 7.2%)	2,612	3,438 (+826)
Battery	18,036	22,491 (+24.7%)	- 120	867 (+987)
Material-Device-Electronic Appliance	18,145	19,323 (+6.5%)	- 907	- 223 (+684)
Total	97,943	99,129 (+1.2%)	1,585	4,082 (+2,497)

Segment Information (quater-on-quater)

	1 st Half of FY 3/2007		(millions of yen)	
	Sales		Operating Income	
	Q1/FY2007	Q2/FY2007 (change)	Q1/FY2007	Q2/FY2007 (change)
Information Storage Media	28,614	28,701 (+0.3%)	1,375	2,063 (688)
Battery	10,715	11,776 (+9.9%)	439	428 (- 11)
Material-Device-Electronic Appliance	9,538	9,785 (+2.6%)	- 428	205 (633)
Total	48,867	50,262 (+2.9%)	1,386	2,696 (1,310)

2. Topics – 1st Half of FY 3/2007

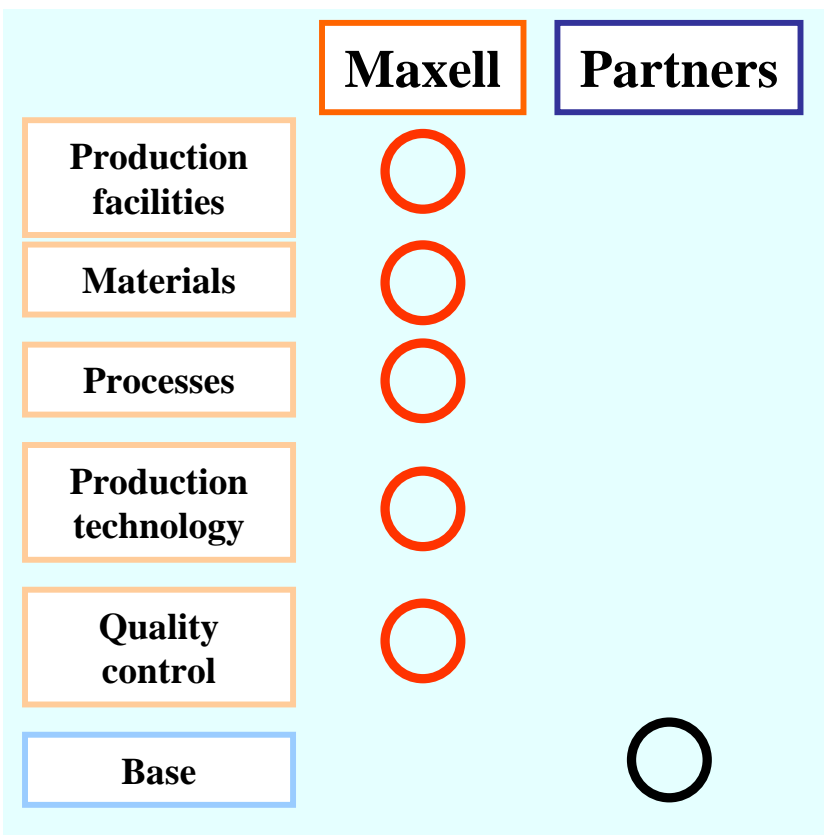
Reconstructing and Newly Developing Core Operations

Core operations	Market conditions and Maxell's initiatives
Computer Tapes	<ul style="list-style-type: none">■ 2Q: Steady shift to high-storage-capacity products■ 3Q: Between product life cycles, LTO prices drop, volumes decrease more than initial projections■ Efforts underway through process innovation to commercialize next-generation high-storage-capacity tape LTO4 (800GB) as No.1 for characteristics/quality
Optical disks	<ul style="list-style-type: none">■ 2Q: Overseas markets continue to expand In domestic market, seek strategic balance between price and market share■ Steadily develop strategic production outsourcing (Super ODM) from beginning of 2007
Lithium ion rechargeable batteries	<ul style="list-style-type: none">■ 2Q: Brisk shipments of cellular telephones with advanced functionality■ 3Q and beyond: Higher volumes expected as sales of highly reliable products with high storage capacities increase
Primary batteries	<ul style="list-style-type: none">■ Micro batteries: promote high-value-added products■ Alkaline dry batteries: grow market share by strategically expanding sales

Optical disks: Recordable DVDs (1)

Change business model by strategically outsourcing production “Super ODM”

Features of Super ODM



ODM : Original Design Manufacturing

- Target product category: write-once DVDs
- Steady introduction to domestic market from beginning of 2007

Tsukuba Works to become AD technology center

Role

- Specializing in development and production of high-value-added optical disks compatible with blue lasers, rewritable DVDs, and write-once DVDs
- Mother plant providing support worldwide for Maxell-brand optical media



Blu-ray Disc



HD DVD-R



DVDs for Camcorder (Easy select series)

Optical disks: Recordable DVDs (2)

Strengths: high quality and outstanding reliability

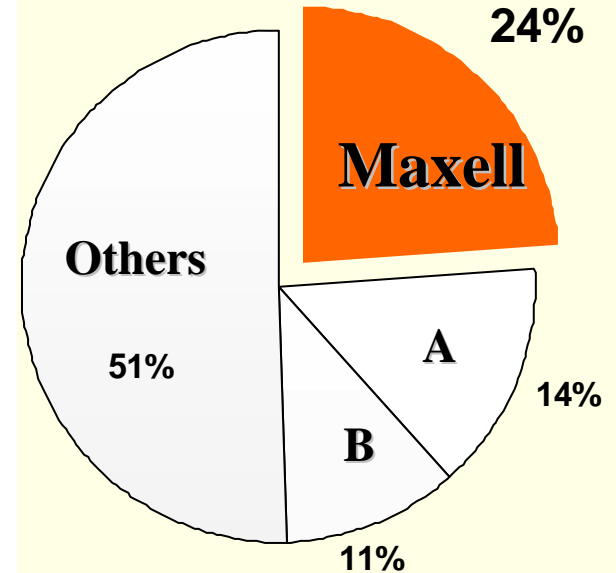
		(years)		
Media		25°C	30°C	Reference
DVD-R	Domestic A media	178	74	
	Domestic B media	-	-	No advancement of degradation, cannot be measured
	Domestic C media	15	9	
	Domestic D media	34	18	
	Overseas E media	-	-	In initial stages PI errors pronounced, cannot be measured
	Overseas F media	-	-	Variation among media pronounced, cannot be measured
	Overseas G media	-	-	In initial stages PI errors pronounced, cannot be measured
	Overseas H media	-	-	In initial stages PI errors pronounced, cannot be measured

Sources: Nikkei Personal Computing, September 25, 2006, page 52

DVD lifespan tests conducted by Digital Content Association of Japan

Measurement of the lifespan of DVD media by brand at 25°C and 30°C (period for PI error to become 280, humidity of 80% for both)

**BCN Award,*
No.1 again for 2006 first half**



*BCN Award: Presented to vendor with greatest sales volume, calculated based on POS data from major PC stores in Japan

Seeking quality and volume

Lithium ion rechargeable batteries

Strengthening supply capabilities and growing market share by increasing production

- Developments in application markets

- Growth in demand continues for advanced functionality thin-type cellular telephones (one-segment compatible etc.)
- Amusement devices become even more advanced

- 2Q developments

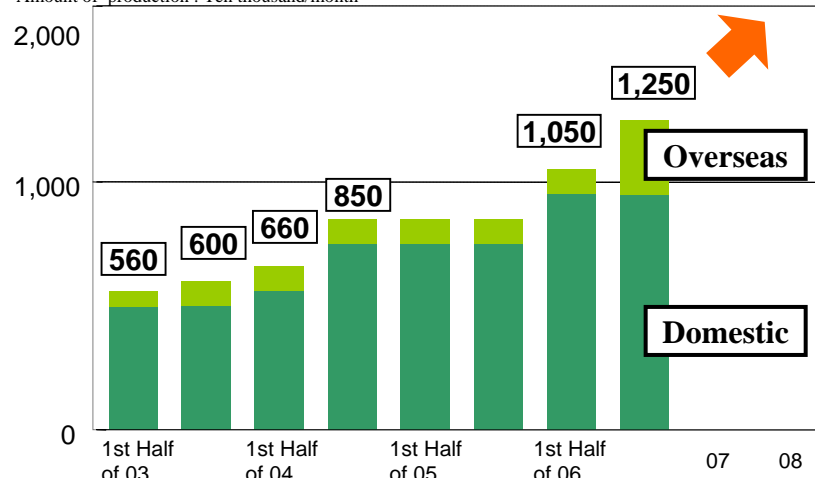
- Customers highly evaluate thin-type, high-capacity prismatic lithium ion rechargeable batteries with an emphasis on quality, performance, and safety
- Thickness of customer base increases

- Outlook for 3Q and beyond

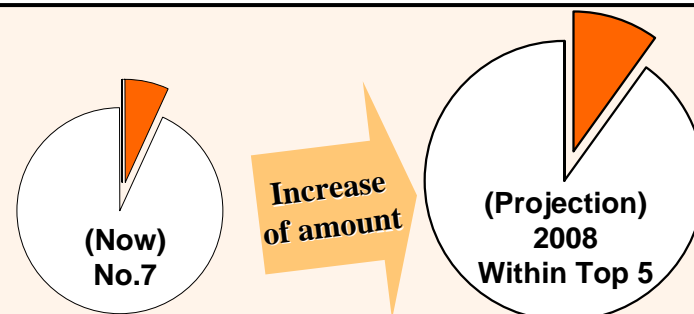
- Demand arising from increasingly advanced cellular telephones and amusement market expected to rise
- Grow market share by increasing production capacity in line with rise in demand

Transition of maxell's production capacity

Amount of production : Ten thousand/month



Expansion of share of prismatic lithium ion rechargeable batteries



* : Our estimate, world shipment share of prismatic lithium ion rechargeable battery.

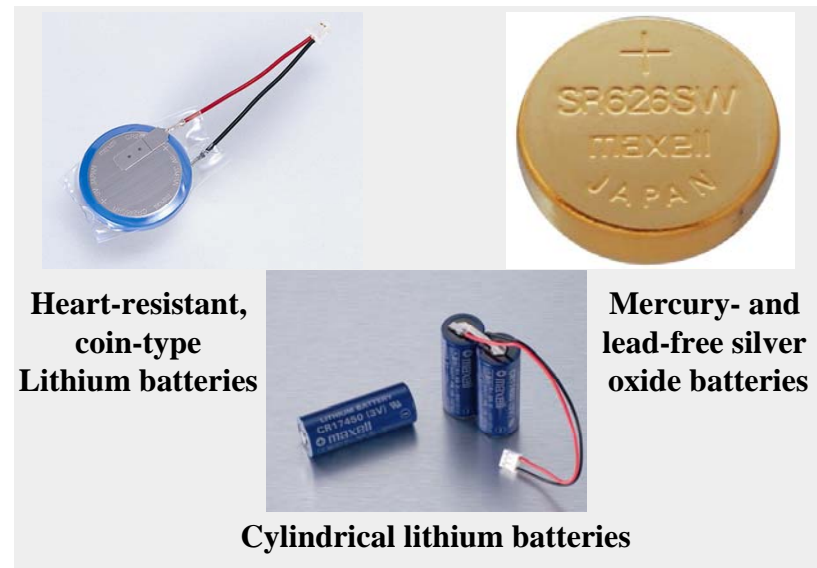
Primary batteries

Micro: pursue high-value-added products, alkaline: target top market share

Micro batteries

- Maxell's initiatives and outlook for 3Q and beyond

- Develop/increase sales of high-value-added products
 - Heat-resistant, coin-type lithium batteries
 - Mercury- and lead-free silver oxide batteries etc.
(Complete elimination of mercury and lead for domestic market)
- Silver oxide batteries for clocks weaken
- Effect of hikes in raw material costs



Alkaline dry batteries

- Maxell's initiatives and outlook for 3Q and beyond

- Leverage advanced products to expand market share of AA and AAA
- Continue expanding sales at existing outlets and step up efforts to develop new outlets



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

**Development of new businesses will concentrate on optical components and functional materials,
Maxell will also advance new technology acquisition**

Optical components

- Pickup lenses for DVDs and mini camera lens units for cellular telephones and for vehicle mounting perform solidly in 2Q
- Subsidiary in Malaysia makes favorable start-up

Functional materials : specializing in functional materials for displays

- Offerings for flat panel displays perform well
- Bolster production capacity going forward to cater to rapidly expanding market
- Continue to pursue production efficiency to improve earnings

Acquiring new technology for future

- Launch of second business project
Following on from SVOD (Stacked Volumetric Optical Disks), establish mid-size lithium ion rechargeable batteries as business project
- Demonstration of fuel cell at CEATEC (October 3-7)

Developing Robust New Businesses Early: Optical Components

Exploit differentiated technology (thin-type design, wide viewing angle, high resolution, advanced aspherical) to realize high-value-added products

- Trends in application markets

- Firm demand for mini camera lens units for cellular telephones
- Growing demand for vehicle-mounted micro cameras for back monitoring
- Increasing demand for slimmer DVD drives
- Full-scale start up of blu-laser compatible drives from 2008

- 2Q developments

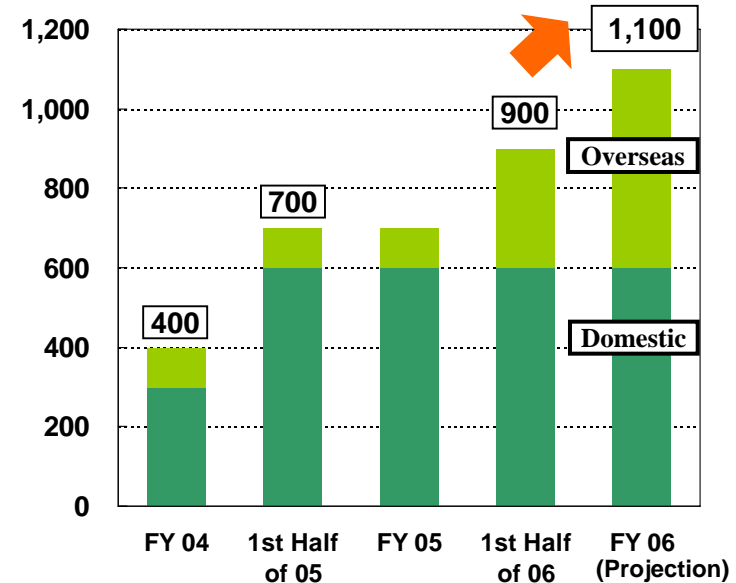
- Lens: pickup lenses for DVDs perform steadily
- Micro cameras: cater to heavier demand for vehicle-mounted products

- Outlook for 3Q and beyond

- Lens: expand sales of ultra-thin type
- Strengthen and increase production facilities in Malaysia, heighten efficiency of production and distribution by manufacturing at most suitable locations
- Continue rigorous cost reductions initiatives

Transition of maxell's lens production capacity

Amount of production : Ten thousand/month



Mini camera lens unit for vehicle mounting



Advanced aspherical surface shape (DVDs, CD compatible)

Acquiring New Technology for the Future

Business PT
underway

SVOD



- Target market: commercial-users handling large volumes of data (medical treatment providers etc.)
- Distinctive features: realization of 92-micron, thin-type disc by using original stamping technology and nanoimprint technology
TB-class storage capacity (940GB-5TB)
TB-class back-up, archive systems can be constructed
- Commercialization: 2007

Note: SVOD: Stacked Volumetric Optical Disks

Business PT
underway

Mid-size lithium ion rechargeable batteries

- Target market: cordless electric power tools
- Distinctive features: outstanding safety achieved through materials and quality control
High output (uniform mixing, highly filled electrodes)
- Sample: 2007



Fuel cells



- Distinctive features: system that produces hydrogen through reaction of water and aluminum
Industry-leading power density achieved through the development of high-performance membrane-electrode assembly
- CEATEC: demonstration of use as power source for laptop computer*. Attracting attention as a next-generation power source (booth visitors: more than 195,000 people)
- Sample: 2007

* Laptop computer demonstration (at CEATEC)

3. FY2007 Management Measures

Revision of Business Forecast for the FY 3/2007

(millions of yen)

	Projection on April(A)	Projection on October(B)	year-on- year	(B)-(A)
Net sales	206,000	206,000	+0.9%	±0
Operating income	5,700	6,800	+21.6%	1,100
Ordinary income	6,600	7,400	+1.9%	800
Net income	3,300	3,300	+2.0%	±0
Capital Expenditure	15,600	15,600	+73.9%	±0
Depreciation	11,200	11,200	+7.9%	±0
R&D expenses	9,100	9,100	+10.0%	±0
Exchange rate	\$1=¥110 €1=¥132	\$1=¥113 €1=¥140		

Revision of Segment Information

(millions of yen)

	Sales (change)	Operating income (change)	Comparison with the previous projection	
			Sales	Operating income
Information Storage Media	119,300 (- 7.1%)	5,000 (- 929)	- 2,500	+700
Battery	47,000 (+18.4%)	1,800 (+584)	+2,500	+400
Material- Device- Electronic Appliance	39,700 (+10.2%)	0 (+1,553)	±0	±0
Total	206,000 (+0.9%)	6,800 (+1,208)	±0	+1,100

Revision of dividends projections

Dividend per share

Standard	Interim	Year-end	Full year
Previous forecast (April 26,2006)	¥9.50	¥9.50	¥19.00
New forecast (October 27,2006)	¥10.00	¥10.00	¥20.00
Result for the year just ended (April 1, 2005 through March 31, 2006)	¥9.50	¥9.50	¥19.00

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.