

Hitachi Maxell Consolidated Financial Results for the First Quarter of FY2007

(April 1, 2007-June 30, 2007)

July 30, 2007

The Maxell logo is displayed in a bold, red, lowercase sans-serif font. The letters are thick and closely spaced, with a distinctive design for the 'x' and 'e'.

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1-1. Consolidated Financial Results for 1Q of FY2007

(millions of yen)

	1Q/FY06	1Q/FY07	change
Net sales	48,867	50,766	+3.9%
Operating income	1,386	554	-60.0%
Ordinary income	1,554	1,068	-31.3%
Net income	847	167	-80.3%
Capital expenditure	1,925	2,920	+51.7%
Depreciation	2,543	2,739	+7.7%
R&D costs	2,092	2,331	+11.4%
Exchange rate	\$1=¥114 1Euro=¥145	\$1=¥122 1Euro=¥164	

1-2. Factor Analysis for 1Q of FY2007 (year-on-year)

Change

(1Q/FY06→1Q/FY07)

Factor Analysis

(100 millions of yen)

■ Sales

+19
(489→508)

Volume	24
Unit price	-31
Exchange rate	26

■ Operating income

-8
(14→6)

Volume	8
Unit price	-31
Exchange rate	5
Cost reduction and others	10

1-3. Segment Information (year-on-year)

(millions of yen)

	Sales		Operating income (loss)	
	1Q/FY06	1Q/FY07 (change)	1Q/FY06	1Q/FY07 (change)
Information Storage Media	28,614	27,969 (-2.3%)	1,375	461 (-914)
Battery	10,715	12,938 (+20.7%)	439	368 (-71)
Material-Device-Electronic Appliance	9,538	9,859 (+3.4%)	-428	-275 (+153)
Total	48,867	50,766 (+3.9%)	1,386	554 (-832)

1-4. Segment Information (quater-on-quater)

(millions of yen)

	Sales		Operating income (loss)	
	4Q/FY06	1Q/FY07 (change)	4Q/FY06	1Q/FY07 (change)
Information Storage Media	27,538	27,969 (+1.6%)	1,538	461 (-1,077)
Battery	11,860	12,938 (+9.1%)	1,025	368 (-657)
Material-Device-Electronic Appliance	9,425	9,859 (+4.6%)	-288	-275 (+13)
Total	48,823	50,766 (+4.0%)	2,275	554 (-1,721)

2. Topics

2-1. Three Priority Businesses

2-2. Core Business/Business Projects

2-3. Enhancement of Management Efficiency

2-4. Strengthen Functional Materials

2-1. Three Priority Businesses

Three Priority Business

Batteries

- **Secondary Batteries**: strong sales of cell phone, portable game
Increased production capacity in lithium ion batteries (units/month)
Oct.07' 16.5M (Apr.06' 10.5M→Dec.06' 12.5M→Jun.07' 14.5M)
- **Primary Batteries**: sales rose for high-value-added micro batteries
(heat-resistance CR batteries for automotive use,
cylindrical batteries for home use)

Optical Components

- **Increased sales of pickup lenses and mini camera lens units**
Increased lens production capacity (units/month)
Sep.07' 15M (Apr.06' 7M→Dec.06' 11M→Jun.07' 13M)
- **Started sample shipment for BD lens**

Functional Materials

- **Functional films**
Reinforce marketing PDP film, plans to commercialize LCD film
in 2nd half/ FY2007
Expanded production capacity 5 times (approx. 2 billion capex)
- **High-value-added materials**
Higher sales for commercial-use ink

2-2. Core Businesses / Business Projects

Core Businesses

Computer tape

- Despite of price decline, sales increased due to shipment growth and foreign exchange rate
- Launched LTO4(800GB) in April and its volume shipment will start from 2Q

Optical Discs

- DVD unit price declined more than initial expectation in domestic & overseas market
- Implementing cost reduction rigorously through Super-ODM and MPI
- Developed 8cm Blu-ray Disc for camcorder

Business Projects

Power-source lithium ion rechargeable batteries

- Featuring high power and high safety
- Plans to commercialize in 2nd half of FY2007

SVOD

(Stacked volumetric optical disc)

- 2.4TB (48 discs) prototype by using blue-ray
- Plans to commercialize in FY2008

2-3. Enhancement of Management Efficiency



Promoting MPI (Maxell Process Innovation) initiatives

Objectives

- Enhancement of management efficiency through innovation of management process (procurement-manufacture-sales)
- Strengthen organization power

Initiatives

Shorten lead time by making waste visible and eliminating, reduce product and in-process inventory and manufacturing losses

Examples & Results

- Target: Shorten lead time by 60%
 - Jun.06': Ono Works (micro battery production)
⇒ shorten lead time by 65%, reduced manufacture inventory by 30%
 - Jan.07': Osaka Works (Alkaline dry battery production)
⇒ shorten lead time by 65%, reduced manufacture inventory by 70%
 - Started MPI initiative in Apr.07'
 - :Kyoto Works (magnetic tape production)
 - :Tsukuba Works (optical discs production)
- * Above improvements were measured for each factory's major products

2-3. Enhancement of Management Efficiency

Bolstering Value Engineering (VE) initiative

Objective

Aggressive pursuit of a top-down approach to companywide comprehensive cost reduction activities

Initiatives

Lateral initiatives among development/business/sales divisions and group companies by each themes (reduction for manufacturing losses, process cost, material cost, investment, logistics cost, etc)

Examples & Results

- **Development-VEC (Value Engineering for Customer)**
Rigorously implementing cost project in development phase
⇒ Applying to power-source lithium ion battery
- **Major products Mid-Long term VEV**
Total cost reduction measurement for mid-long term price trend
⇒ Applying to Lithium ion battery, computer tape
- **Companywide laterally initiatives**
Indirect cost reduction (energy lost, shipment fee),
Production/sales VEC (reduction of model numbers, wrapping/
packaging VEC, co- procurement VEC)
- **VEL(VE Leader) qualification 3 years project**
Targeting about 20% of total VE related employees

2-4. Strengthen Functional Materials

Outline

- **Acquiring shares of Sliontec Corporation from Nomura Principal Finance Co., Ltd.**
- **Numbers of shares to be acquired (plan): 93.45%**
- **Agreement of LOI in accordance with Maxell's resolution of the board of directors on July 27**

Mid-term Business Plan

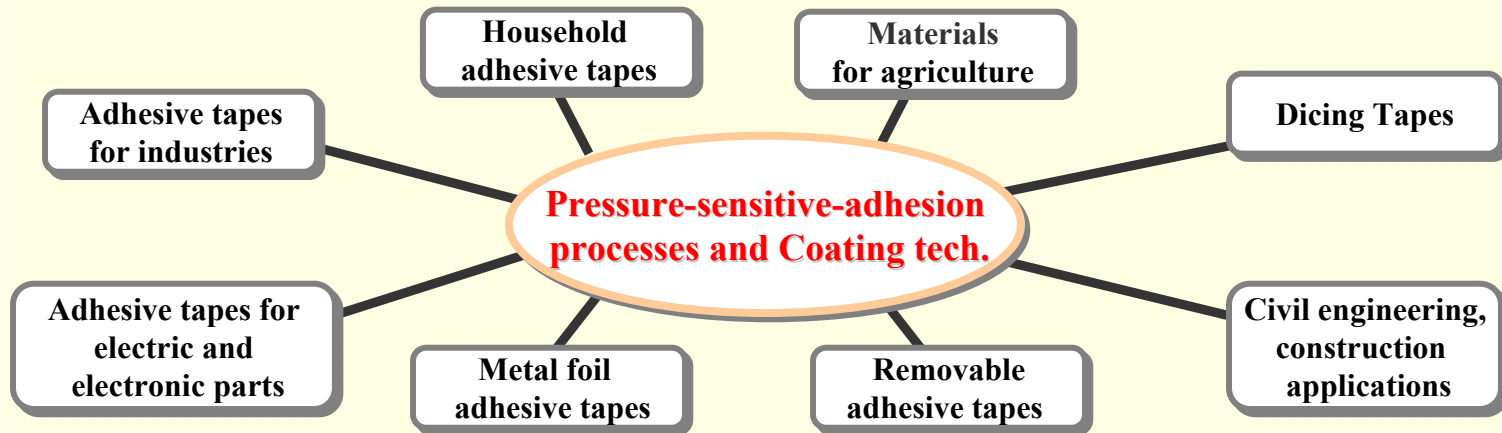
- **Basic Strategy:**
Accelerate reweighting of business portfolio to improve the business results radically by 2010
- **Three Priority Businesses:**
Batteries, Optical Components, **Functional Materials**

2-4. Strengthen Functional Materials

Company outline

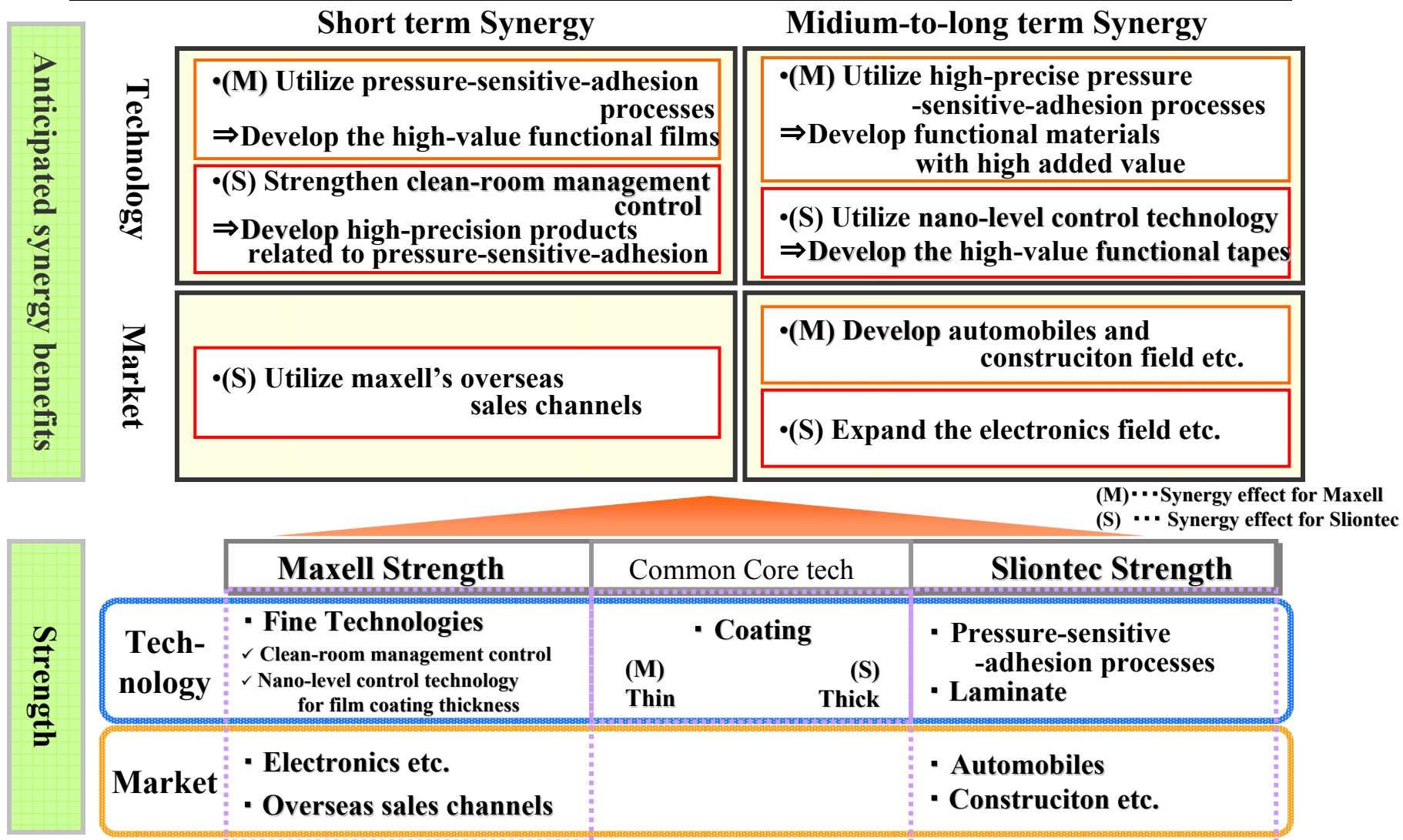
- Establishment in 1954, Adhesive related products manufacturer
- Core tech.: Pressure-sensitive-adhesion processes and Coating tech.
- Major products: Adhesive tapes for electric and electronic parts, metallic foil, dicing applications and general consumer use

Lineup of Major products



2-4. Strengthen Functional Materials

Pursuing synergy benefits on the functional materials business through mutual operations



3. Projection of FY2007

Projection of FY2007

(millions of yen)

(As of April 26)	First Half	Full Year
Net sales	100,500	208,000
Operating income	1,000	4,000
Ordinary income	1,300	4,500
Net income	250	1,300
Exchange rate	\$1=¥110 1Euro=¥140	\$1=¥110 1Euro=¥140

Regarding the acquisition of Slientec shares, we will announce its financial effect when it is determined.

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, Lithium ion primary 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.