

**Hitachi Maxell
Consolidated Results
Year Ended March 2009**

April 27, 2009

maxell

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1-1. Consolidated Financial Results for FY 2008

(millions of yen)

	FY 2007	FY 2008	change
Net sales	209,359	172,652	-17.5%
Operating income (loss)	6,464	- 2,336	-
Ordinary income (loss)	5,534	- 1,524	-
Extraordinary gains	7,385	1,164	- 84.2%
Extraordinary losses	9,769	12,359	+ 26.5%
Income (loss) before tax	3,150	- 12,719	-
Net income (loss)	1,671	- 24,146	-

1-1. Consolidated Financial Results for FY 2008

(millions of yen)

	FY 2007	FY 2008	change
Capital expenditure	12,451	14,745	+ 18.4%
Depreciation	11,120	10,559	- 5.0%
R&D expenses	9,310	7,668	- 17.6%
Exchange rate	\$1 = ¥114 €1 = ¥162	\$1 = ¥101 €1 = ¥143	

1-2. Factor Analysis for FY 2008 (year-on-year)

Change
(FY 2007 → FY 2008)

Factor Analysis

(billions of yen)

■ **Net sales**

- 36.7

(209.4 → 172.7)

Volume - 16.2

Unit price - 6.2

Exchange rate - 14.3

■ **Operating income (loss)**

- 8.8

(6.5 → - 2.3)

Volume - 6.4

Unit price - 6.2

Exchange rate - 3.6

**Cost reduction
and others + 7.4**

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

(millions of yen)

Net Sales

Operating income (loss)

	FY 2007	FY 2008 (change)	FY 2007	FY 2008 (change)
Information Storage Media	105,934	75,170 (- 29.0%)	4,133	2,345 (- 1,788)
Battery	54,588	49,626 (- 9.1%)	2,732	- 3,083 (- 5,815)
Material-Device-Electronic Appliance	48,837	47,856 (- 2.0%)	- 401	- 1,598 (- 1,197)
Total	209,359	172,652 (-17.5%)	6,464	- 2,336 (- 8,800)

1-4. Segment Information of Q4 / FY2008 (quarter-on-quarter)

(millions of yen)

Net Sales

Operating income (loss)

	Q3 / FY2008	Q4 / FY2008 (change)	Q3 / FY2008	Q4 / FY2008 (change)
Information Storage Media	17,995	14,582 (- 19.0%)	1,004	- 771 (- 1,775)
Battery	12,362	8,257 (- 33.2%)	46	- 3,671 (- 3,717)
Material-Device-Electronic Appliance	12,049	9,082 (- 24.6%)	- 457	- 880 (- 423)
Total	42,406	31,921 (- 24.7%)	593	- 5,322 (- 5,915)

2. Overview of FY2008

2-1. Market Trend

2-2. Problems to Be Addressed and Achievements

Global Depression after 2H/FY08

◇ Financial crisis : attacked the real economy

Market Environment

Battery	Rechargeable batteries : market slowdown of cellular phones and PNDs Primary batteries : significantly dropped sales of new cars in North America
Optical Components	Pickup lenses : decreased sales of PCs with optical disc drives Camera Lens Units : market slowdown of cellular phone
Functional Materials	Functional Films : lower demand by market slowdown of PDP
Information Media	Professional-use Tapes : falling price by fiercer competition Optical Discs : falling price, slowdown of personal consumption

◇ Rapid fluctuations in exchange rates

2-2. Problems to Be Addressed and Achievements

Problems to be addressed

- ◇ Delay in realization of plans for optical components businesses, functional materials businesses
- ◇ Inadequate cost reduction
- ◇ Sales efforts not adaptable enough

Achievements

- ◇ Streamlined management through emergency project for business results countermeasures in 2H/FY08

(1) Strengthening “Monozukuri” manufacturing capabilities

- Curbed new capital investment by improving production efficiency

(2) Reducing fixed costs with no exceptions

2H/FY08
¥4 billion

In FY2009, will continue contributing to business results by making management leaner

- ◇ Regorous selection and concentration: Withdrawal from optical films for PDPs
- ◇ Restructuring operations:
 - Merger of four domestic subsidiaries
 - Integration of head office functions, R&D Division, and Intellectual Property Division in Kansai region
- ◇ Increased and improved activities for “Monozukuri” manufacturing foundations

MPI

Significantly reduced lead times, inventories for broadcasting video tapes/alkaline batteries

VEC

Reduced consumer-brand product types by 50% (compared with 1H/FY07)

Six Sigma

Improved yield for pickup lenses: reduced production loss by 60% (Sep. 07 - Sep. 08)

3. Outlook for FY2009

3-1. Measures to Improve Business Results

3-2. Radical Management Reform Project

3-3. Measures

3-4. Outlook for FY2009

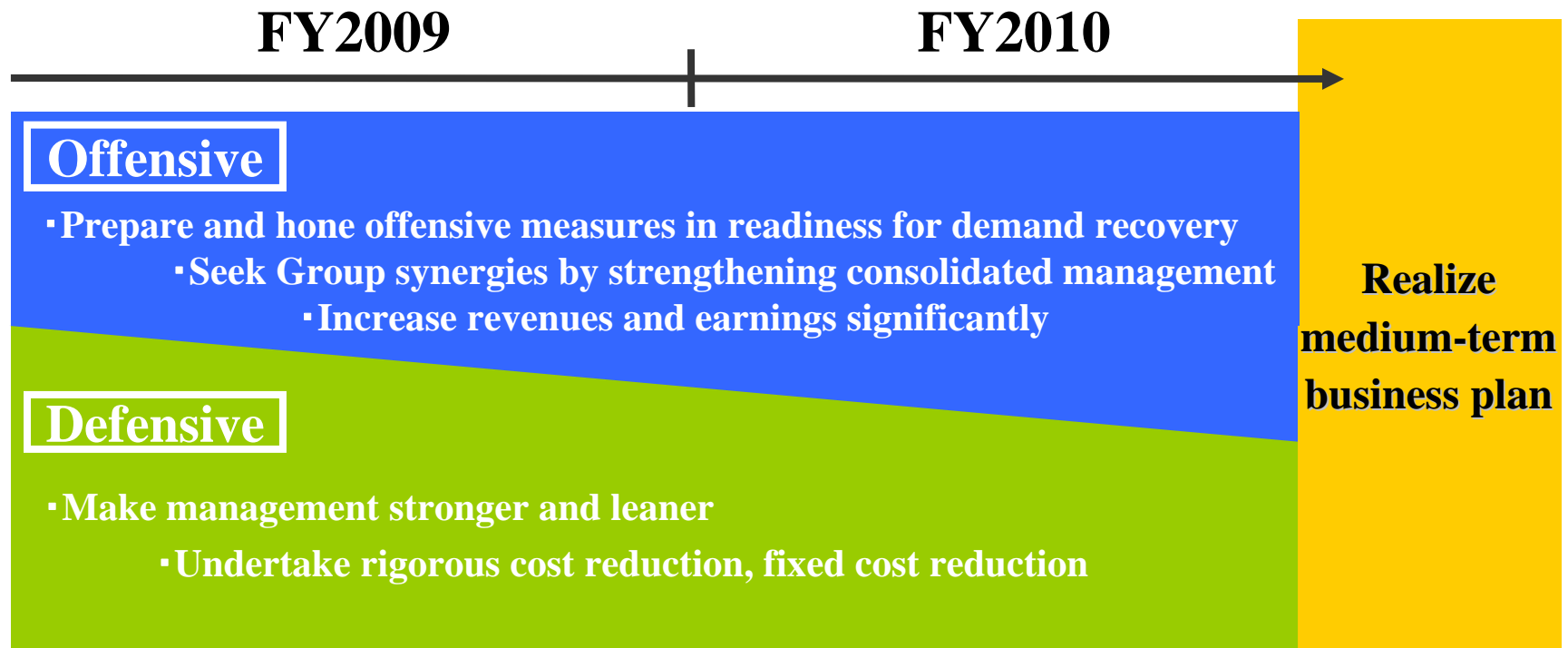
3-5. Segment Information

3-6. Profitability improvement (change)

3-1. Measures to Improve Business Results

“Radical Management Reform Project”

- **Thoroughly advance Radical Management Reform Project**
- **Focus efforts on defensive measures in FY2009, offensive measures in FY2010, overcome crisis**



Vertical axis: degree of focus on offensive and defensive measures

3-2. Radical Management Reform Project: Defensive Measures

Defensive Measures (FY2009)

1. Rigorously reduce administrative expensive (continuing from 2H/FY08)

- Deploy personnel more appropriately and right-size workforce, implement work sharing
- Reduce range of costs significantly through radical revision

2. Comprehensive cost reduction

- Rigorously high efficiency, establish low-cost production, reduce production loss cost

3. Reorganize/rebuild Group businesses

- Strengthen optical components business by new company “Maxell Finetech Ltd.”(Jul. 09)
- Strengthen battery business through merger with Maxell Hokuriku Seiki (Oct. 09)

3-2. Radical Management Reform Project: Offensive Measures

Offensive Measures (FY2009, FY2010)

1. Concrete Group Formation of Three Priority Businesses

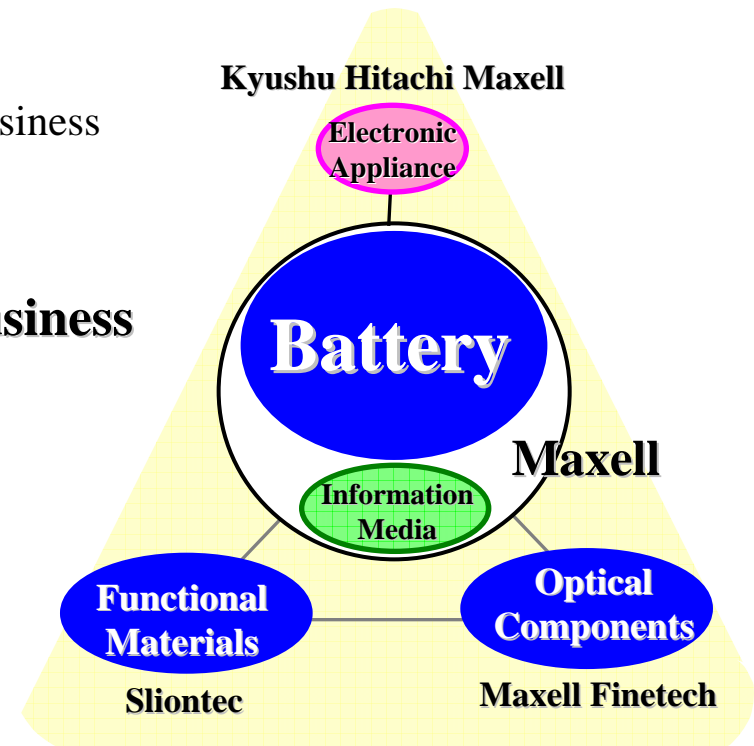
- Accelerate Expansion of Battery Business
- Integrate / Strengthen Optical Components Business
- Strengthen Functional Material Business

2. Strengthen Earning Power of Core Business

3. Strengthen Group Sales Capabilities

4. Strengthen “Monozukuri” manufacturing Capabilities

5. Make R&D State-of-the-Art



Maxell Group formation
of Three priority Businesses

3-3. Three Priority Businesses: Battery

Use new electrode plant for wide-ranging market roll-out

◆ Prismatic lithium ion rechargeable batteries

- Acquire new large-volume customers, open up new markets

◆ High-power-source-type lithium ion rechargeable batteries

- Commercialize new series compatible with 30A discharge (1H/FY09)

◆ Electrodes for automobiles

- Completed new electrode plant (Feb. 09), preparation underway for mass production

◆ Develop compatible products through collaboration with Hitachi (Battery Systems Division)

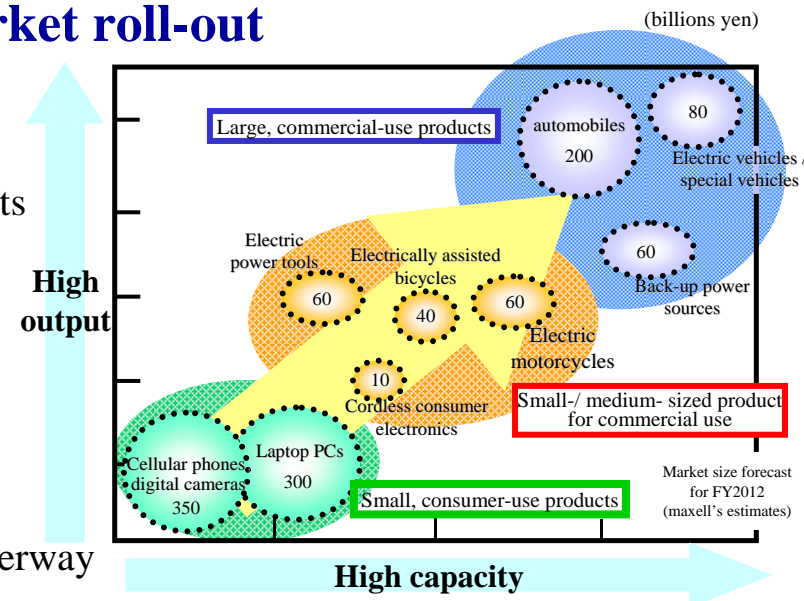
- From small consumer-use products to small- and medium- size products for commercial use

Acquire new markets / new customers for micro batteries

◆ Begin shipments of coin-type lithium ion rechargeable batteries (1H/FY09)

- For small handheld devices with telecommunication functions

◆ Develop new, large-volume customers for heat-resistant CR batteries, cylindrical batteries



New electrode plant at the Kyoto Works



A coin-type lithium ion rechargeable battery

3-3. Three priority businesses: Optical Components

New company “Maxell Finetech Ltd.” (Jul. 09)

Integrate Maxell (optical components business), Toshin Seiko, Nagano Optics Laboratory

Accelerate, strengthen competitiveness of optical components business

◆ Company summary

- Head office: Watari-gun, Miyagi
- Representative: Yoshihiro Senzai (plan)
- Capital: 1.0 billion yen
- Employees: approx. 350 (in Oct. 09)

Net sales: 8 billion yen* (FY2009) ⇒ 13 billion yen (FY2010) ⇒ 15 billion yen (FY2011)

*April to June: Maxell optical components business, Toshin Seiko and Nagano Optics Laboratory, July to March: Maxell Finetech

	Component business (Miyagi region)	Unit business (Nagano region)
Technologies	<ul style="list-style-type: none"> • design / production of pickup lenses • production of precision plastic, press components 	<ul style="list-style-type: none"> • Design, development, trial production of lens units • Design, development of optical devices
Products	<ul style="list-style-type: none"> • plastic pickup lenses for BD • DVD compatible pickup lenses • silicon lenses for LED light sources 	<ul style="list-style-type: none"> • precision lens barrels • lens units for high-definition cellular phones • small / thin-type lens units for vehicle mounting

◆ Undertake selection and concentration of component business and unit business in profitable areas

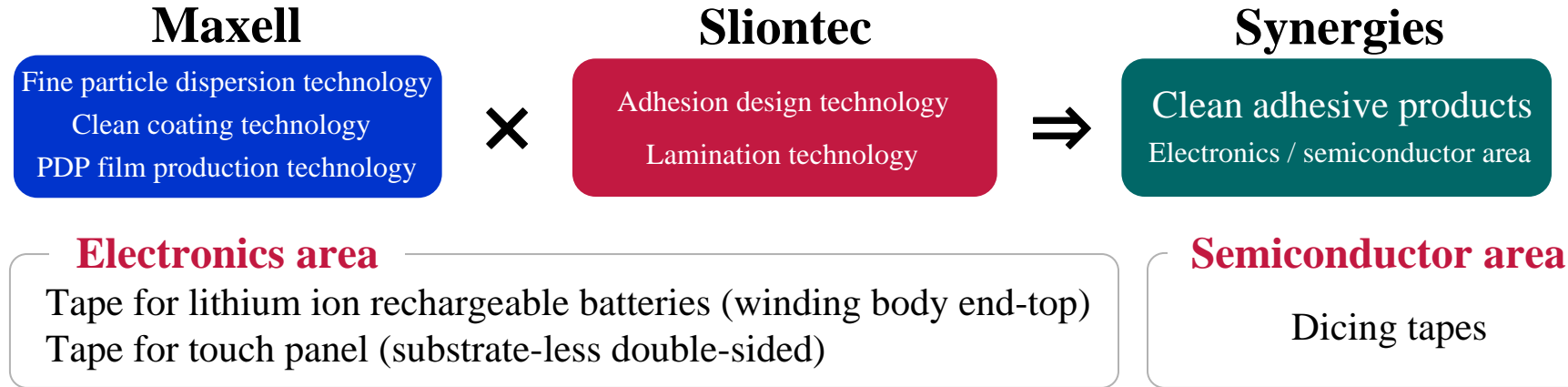
◆ Strengthen competitiveness by concentrating on highly profitable products

- Pickup lenses: Give priority to strengthening plastic pickup lenses for BD
- Micro camera lenses: Strengthen non-cellular phone area through high definition/AF/zoom functions

3-3. Three Priority Businesses: Functional Materials

Rigorously strengthen business with Sliontec as main pillar

◆ Increase business size and earning capabilities in new products areas



➤ Percentage accounted for by new product areas: 20%(FY2009) to 30%(FY2010)

◆ Create unique products through original process / materials technologies

➤ Develop all-silicon-rubber adhesive tapes



All-silicon-rubber adhesive tape

Features

Heat resistance / transparency
Flexibility and cushioning properties over wide temperature range

Applications

Tapes for heat-resistant transportation trays
of electronic chip components

◆ Expand overseas sales

➤ Percentage accounted for by overseas sales: 20%(FY2009) to 30%(FY2010)

3-3. Core Business: Information Storage Media

Increase earning power

by strengthening “Monozukuri” manufacturing capabilities

- ◆ Vigorously move forward cost reduction activities (MPI activities)
- ◆ Improve overall productivity
- ◆ Rigorously high efficiency, establish low-cost production, reduce production loss costs

Enable high-value-added products to contribute even further to business results through leading-edge high-density technologies

- ◆ Achieve early commercialization of high-storage-capacity products (LTO5)
- ◆ Advance practical applications of NanoCAP* magnetic particles, which enable 10TB-class storage capacity

Media diversification

- ◆ Professional broadcasting iVDRs, P2 cards, Professional Discs



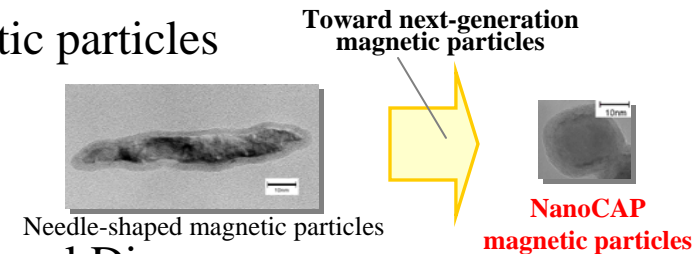
iVDR Xtreme



Semiconductor memory cards “P2 cards”



Professional Discs



*NanoCAP: Nano Composite Advanced Particles

3-3. Group Sales, “Monozukuri” Manufacturing Capabilities and R&D

[Strengthen Group sales capabilities]

Strengthen Group collaboration and actively develop global sales

- Establish worldwide battery solutions sales organization (establish New Business Development Department etc.)
- Rigorously strengthen efforts to increase Group company product sales:
Optical components, functional materials
- Strengthen sales of B-to-C products in Japan and overseas:
Significantly increase market share for New “Voltage”, Blu-ray Discs



Packaging tapes

[Strengthen “Monozukuri” manufacturing capabilities]

MPI, VEC, Six Sigma

- Building production planning system that can adapt to demand fluctuations
- Reform “Monozukuri” manufacturing processes through operational reform projects (significantly reduce lead times, inventories)
- Strengthen “Monozukuri” manufacturing education



New “Voltage”



Blu-ray Disc

[Make R&D state-of-the-art]

Become state-of-the-art through selection and concentration

- Significantly strengthen battery development
- Development and Group support based on awareness of productivity / cost

3-4. Outlook for FY 2009

(millions of yen)

	FY2008 result	FY2009 forecast	change
Net sales	172,652	150,000	-13.1%
Operating income (loss)	-2,336	2,000	-
Ordinary income (loss)	-1,524	2,400	-
Net income (loss)	-24,146	100	-
Capital expenditure	14,745	8,000	-45.7%
Depreciation	10,559	10,000	-5.3%
R&D expenses	7,668	7,000	-8.7%
Exchange rate	\$1 = ¥101	\$1 = ¥ 95	
	€1 = ¥143	€1 = ¥ 120	

3-5. Segment information

(millions of yen)

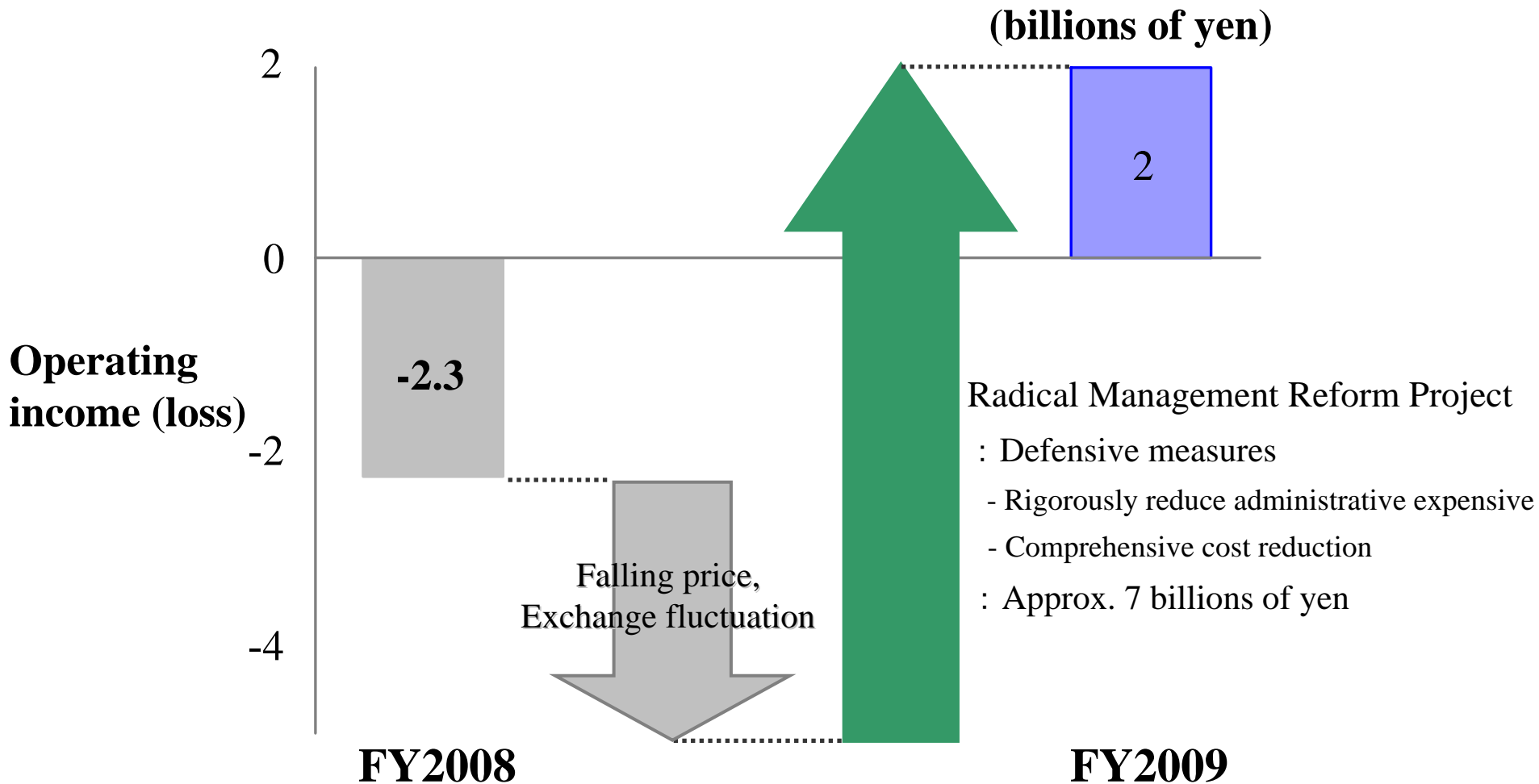
Net Sales

Operating income (loss)

	FY2008 actual results	FY2009 forecast (change)	FY2008 actual results	FY2009 forecast (change)
Information Storage Media	75,170	54,000 (-28.2%)	2,345	1,500 (-845)
Battery	49,626	50,000 (+0.8%)	-3,083	-500 (+2,583)
Material- Device-Electronic Appliance	47,856	46,000 (-3.9%)	-1,598	1,000 (+2,598)
Total	172,652	150,000 (-13.1%)	-2,336	2,000 (+4,336)

3-6. Profitability improvement (change)

Vigorously move forward defensive measures for improving profitability



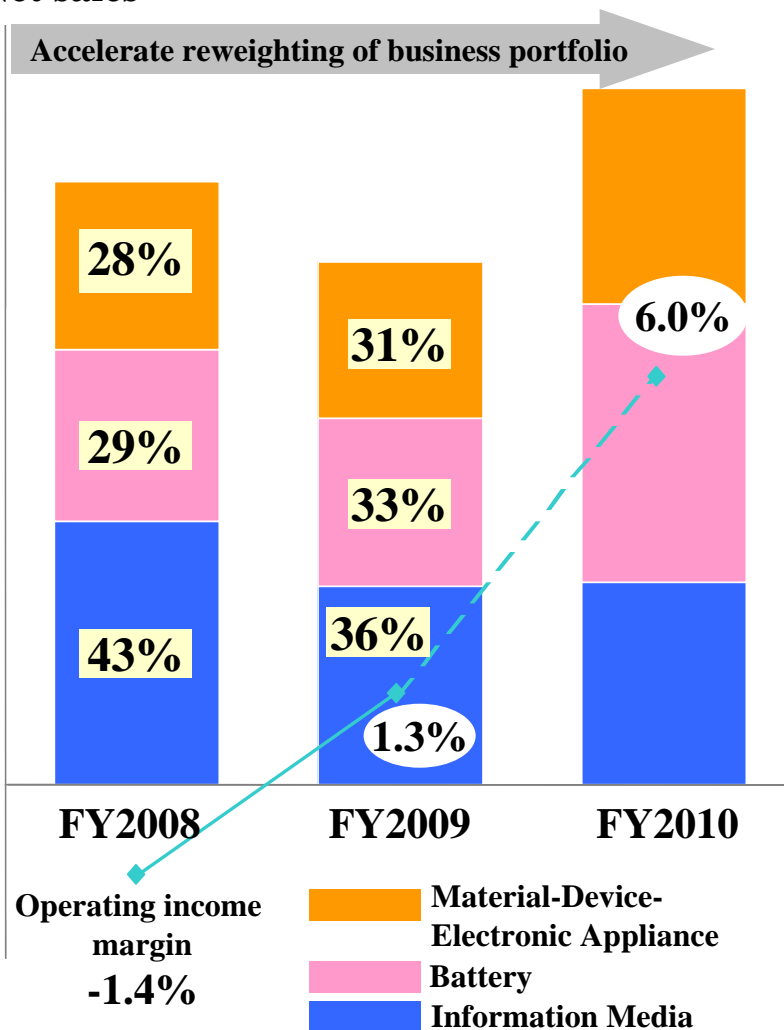
4. For Achieving Mid-term Business Plan

4. Toward Achievement of Medium-Term Business Plan

Target

6% operating income margin FY2010

Net sales



▪ Accelerate realization of stronger, leaner management, rigorously lower break-even point

◆ Variable cost

- : Comprehensive cost reduction
- : Increasing earning power of core operations
- : Strengthen “Monozukuri” manufacturing foundations

◆ Fixed cost

- : Rigorously reduce administrative expenses
- : Reorganize / rebuild Group businesses

▪ Reap benefits of aggressive measures in earnest, restore sales to normal level

▪ Accelerate reweighting of business portfolio

◆ Increase sales

- : Accelerate expansion of battery businesses
- : Strengthen optical components, functional materials businesses
- : Strengthen Group sales capabilities
- : R&D organization directly linked to business

4. For Achieving Mid-term Business Plan

**Implement Radical Management Reform Project
for “Change for the Growth”**

Further acceleration of strong business

More speedy action

Revolution of our mindset

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, 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, Small electric appliances, Electroforming/precision components, Metal/plastic molded products, etc.

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