



# Hitachi Global Storage Technologies

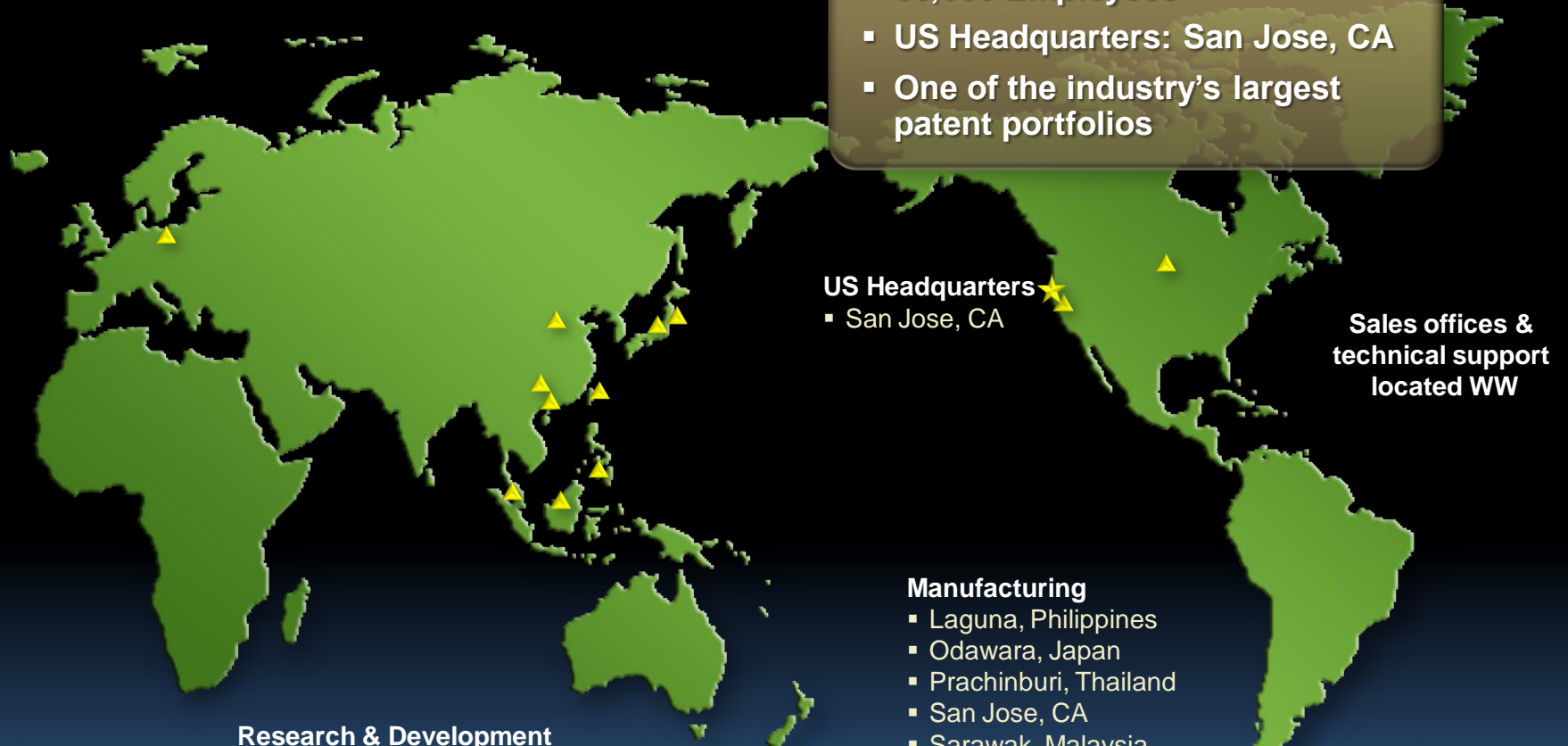
**Steve Milligan**  
**President & Chief Executive Officer**  
April 22, 2010

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this document.

Factors that could cause actual results to differ materially from those projected or implied in any “forward-looking statement” and from historical trends include, but are not limited to economic conditions, including consumer spending and plant and equipment investments in Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors which Hitachi serves, including, without limitation, the information, electronics, automotive, construction and financial sectors; exchange rate fluctuations for the yen and other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated, particularly against the U.S. dollar and the euro; uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing; uncertainty as to general market price levels for equity securities in Japan, declines in which may require Hitachi to write down equity securities that it holds; the potential for significant losses on Hitachi’s investments in equity method affiliates; legislative and regulatory changes enacted by the new Japanese government; increased commoditization of information technology products and digital media-related products and intensifying price competition for such products, particularly in the Information & Telecommunication Systems, the Electronic Devices and the Digital Media & Consumer Products segments; uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technology on a timely and cost-effective basis and to achieve market acceptance for such products; rapid technological innovation; the possibility of cost fluctuations during the lifetime of or cancellation of long-term contracts, for which Hitachi uses the percentage-of-completion method to recognize revenue from sales; fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum and synthetic resins; fluctuations in product demand and industry capacity; uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in product demand, exchange rates and/or price of raw materials; uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business; uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness and other cost reduction measures; general socio-economic and political conditions and the regulatory and trade environment of Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports, or differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations; uncertainty as to the success of alliances upon which Hitachi depends, some of which Hitachi may not control, with other corporations in the design and development of certain key products; uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property rights, particularly those related to electronics and data processing technologies; uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity method affiliates have become or may become parties; the possibility of incurring expenses resulting from any defects in products or services of Hitachi; the possibility of disruption of Hitachi’s operations in Japan by earthquakes or other natural disasters; uncertainty as to Hitachi’s ability to maintain the integrity of its information systems, as well as Hitachi’s ability to protect its confidential information and that of its customers; uncertainty as to the accuracy of key assumptions Hitachi uses to value its significant employee benefit related costs; and uncertainty as to Hitachi’s ability to attract and retain skilled personnel.

The factors listed above are not all-inclusive and are in addition to other factors contained in Hitachi’s periodic filings with the U.S. Securities and Exchange Commission and in other materials published by Hitachi.

- 2009 Revenue: US\$4.8B
- 35,000 Employees
- US Headquarters: San Jose, CA
- One of the industry's largest patent portfolios



### US Headquarters

- San Jose, CA

Sales offices & technical support located WW

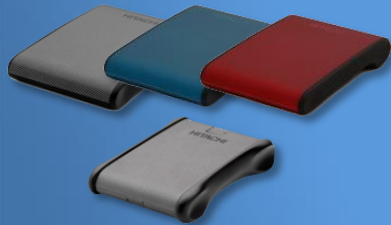
### Manufacturing

- Laguna, Philippines
- Odawara, Japan
- Prachinburi, Thailand
- San Jose, CA
- Sarawak, Malaysia
- Shenzhen, China
- Singapore

### Research & Development

- Fujisawa, Japan
- Odawara, Japan
- Rochester, Minnesota
- San Jose, California

## Personal Storage



SimpleDRIVE,  
SimpleTOUGH and  
G-Technology

## Endurastar



## CinemaStar



## Mobile 2.5-inch



Travelstar series

## Desktop 3.5-inch



Deskstar series

## Solid State Drives (SSD)



## Enterprise 2.5/3.5-inch



Ultrastar series

**2007**

**2008**

**2009**

**2010**

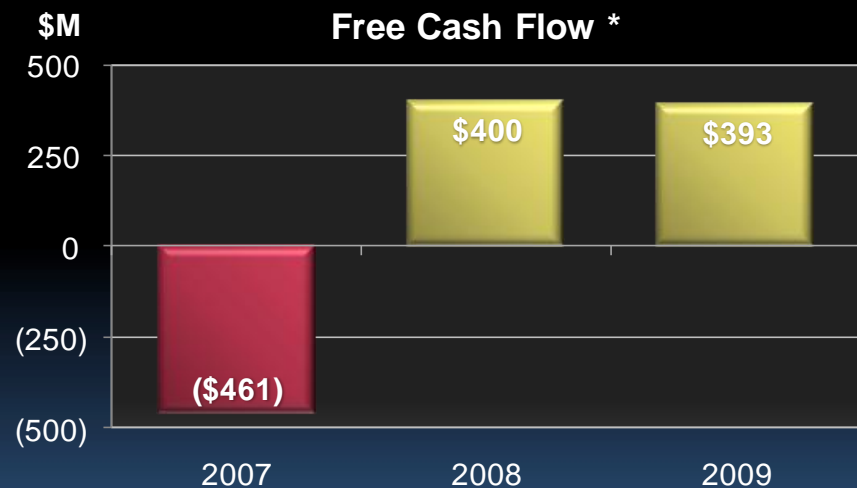
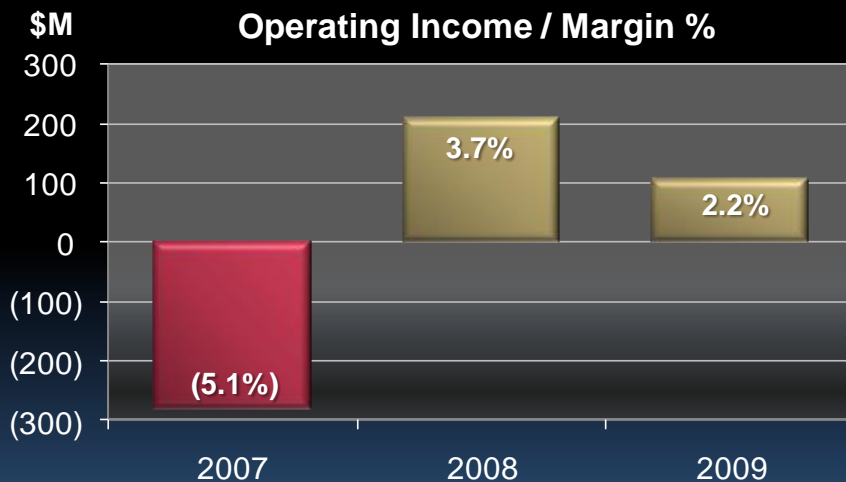
Recruit leadership team

Focus on profitable execution

Accelerate growth

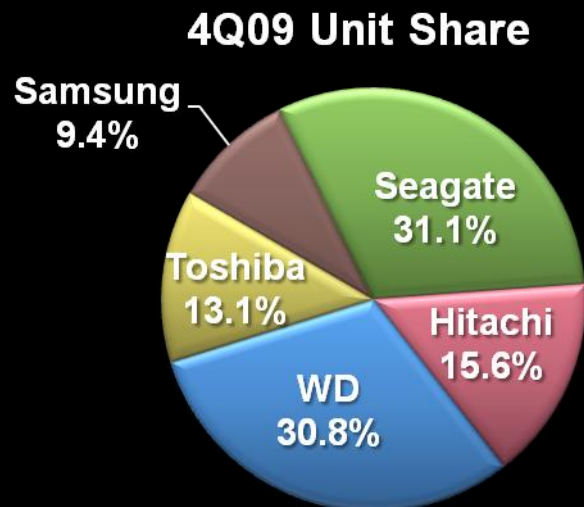
- SSD partnership with Intel
- Branded products acquisition
- Substrate manufacturing acquisition

# Improving Financial Performance



\* Cash flow from operations net of Capex

**Successful Business Transformation During Challenging Economic Period**



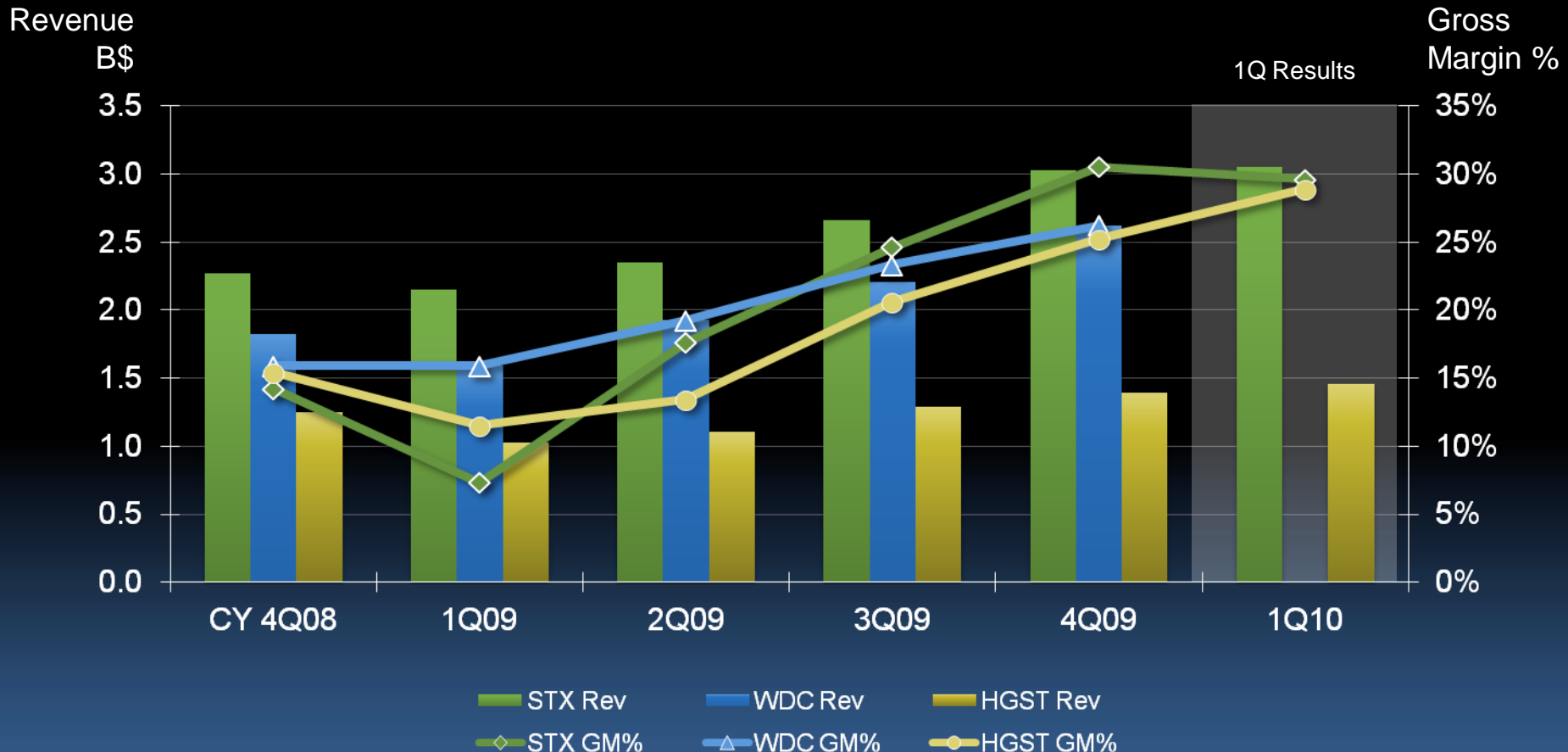
Segment	Hitachi GST Share
Overall	15.6%
Mobile	20.3%
Desktop	10.5%
Enterprise	22.5%

Source: IDC 4Q09 WW HDD Shipments

Segments Competitors	Personal Storage	Mobile	Desktop	Enterprise
<b>HITACHI</b> Inspire the Next	■	■	■	■
<b>Seagate</b>	■	■	■	■
<b>Western Digital</b>	■	■	■	■
<b>Samsung</b>	■	■	■	
<b>Toshiba</b>	■	■		■

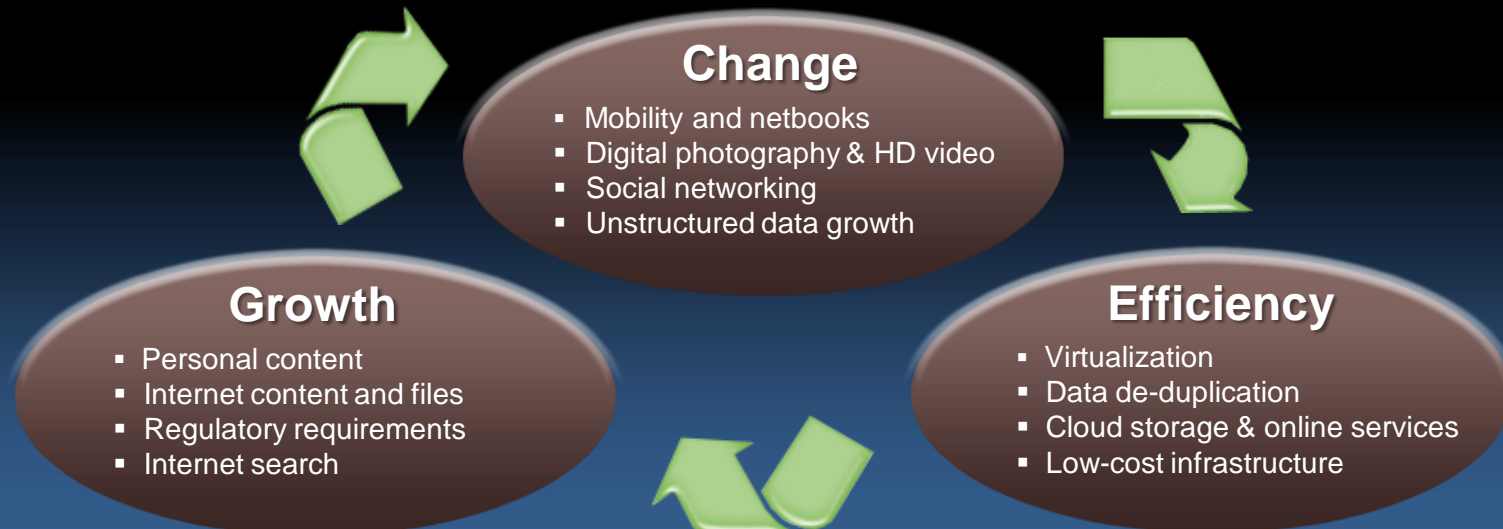
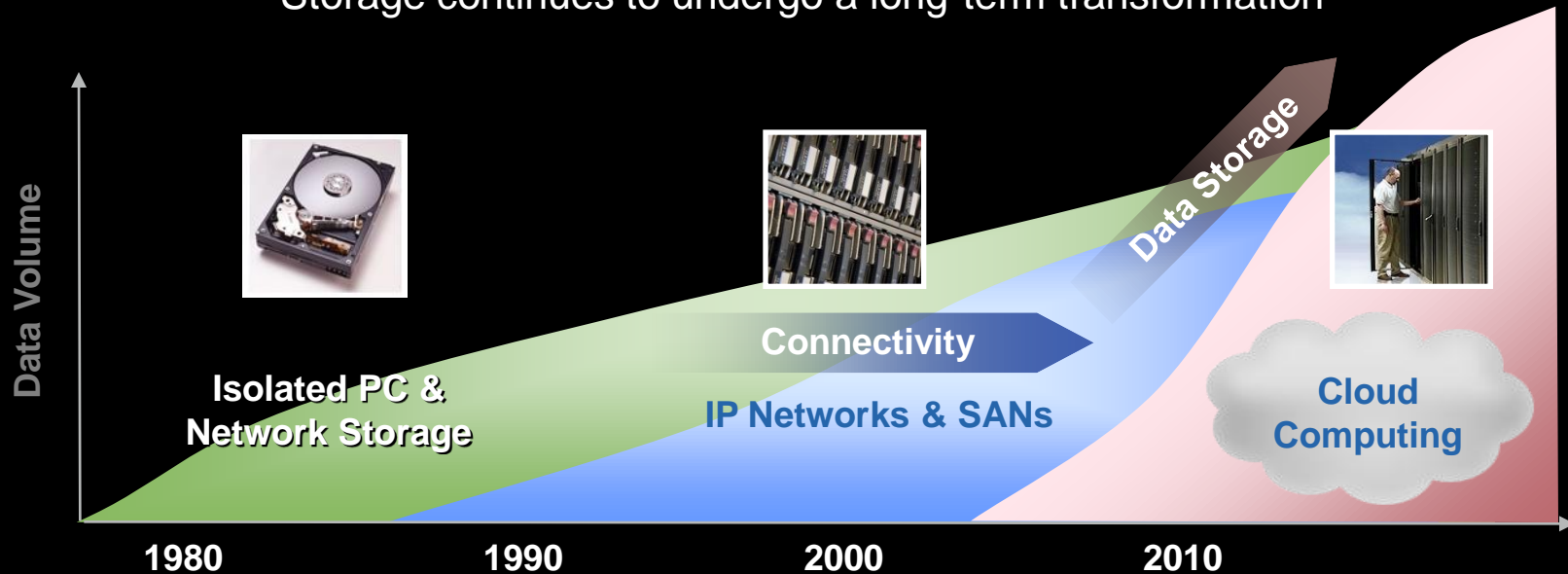
Vertically  
Integrated

Hitachi has the Opportunity to Profitably Expand its Market Presence While Building Long-Term Value











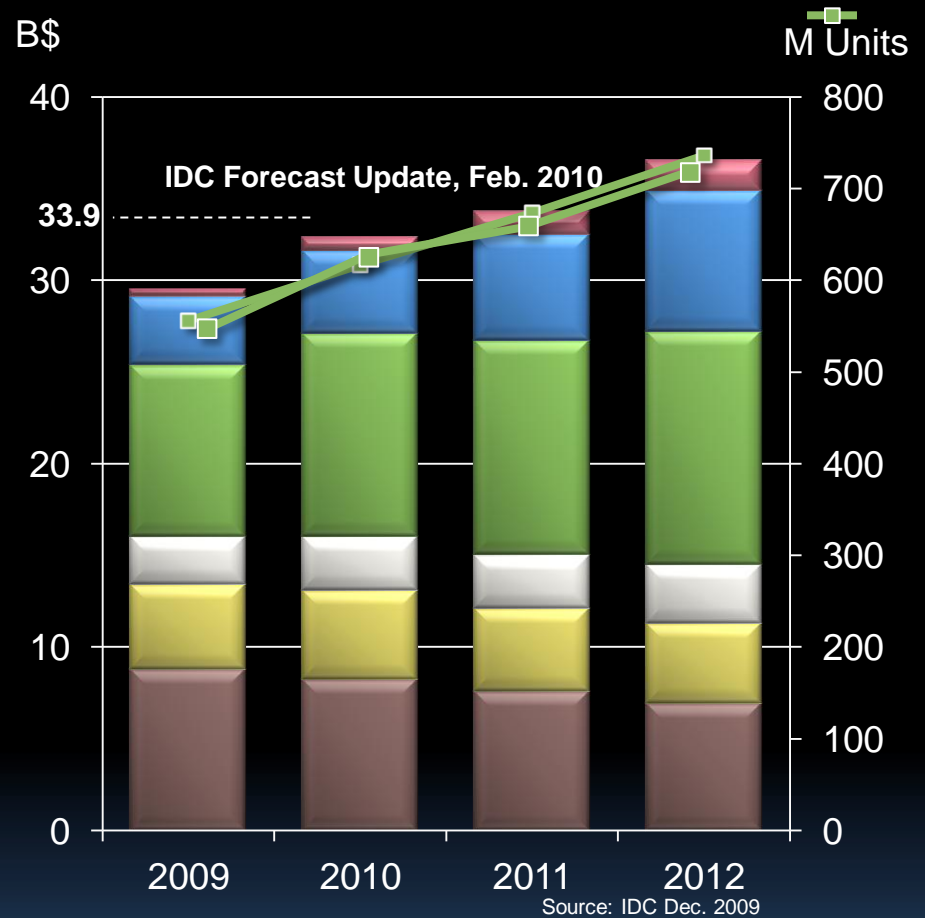
Storage continues to undergo a long-term transformation



## Industry Revenue Growth

(2009-2012 % CAGR)

 Enterprise (SSD)	<b>59.3%</b>
 Personal Storage	<b>27.7</b>
 Mobile	<b>10.5</b>
 Consumer Electronics	<b>7.2</b>
 Enterprise (HDD)	<b>(1.5)</b>
 Desktop	<b>(7.8)</b>
<b>Total</b>	<b>7.4%</b>



**Hitachi GST is Targeting Profitable Gains in High Growth Segments**



## Optimize long-term performance of the core HDD business

- Optimize supply chain
- Improve asset utilization
- Realize profitable growth



## Pursue new storage market opportunities for long-term revenue and earnings growth

- Personal Storage
- Solid State Drives (SSD)

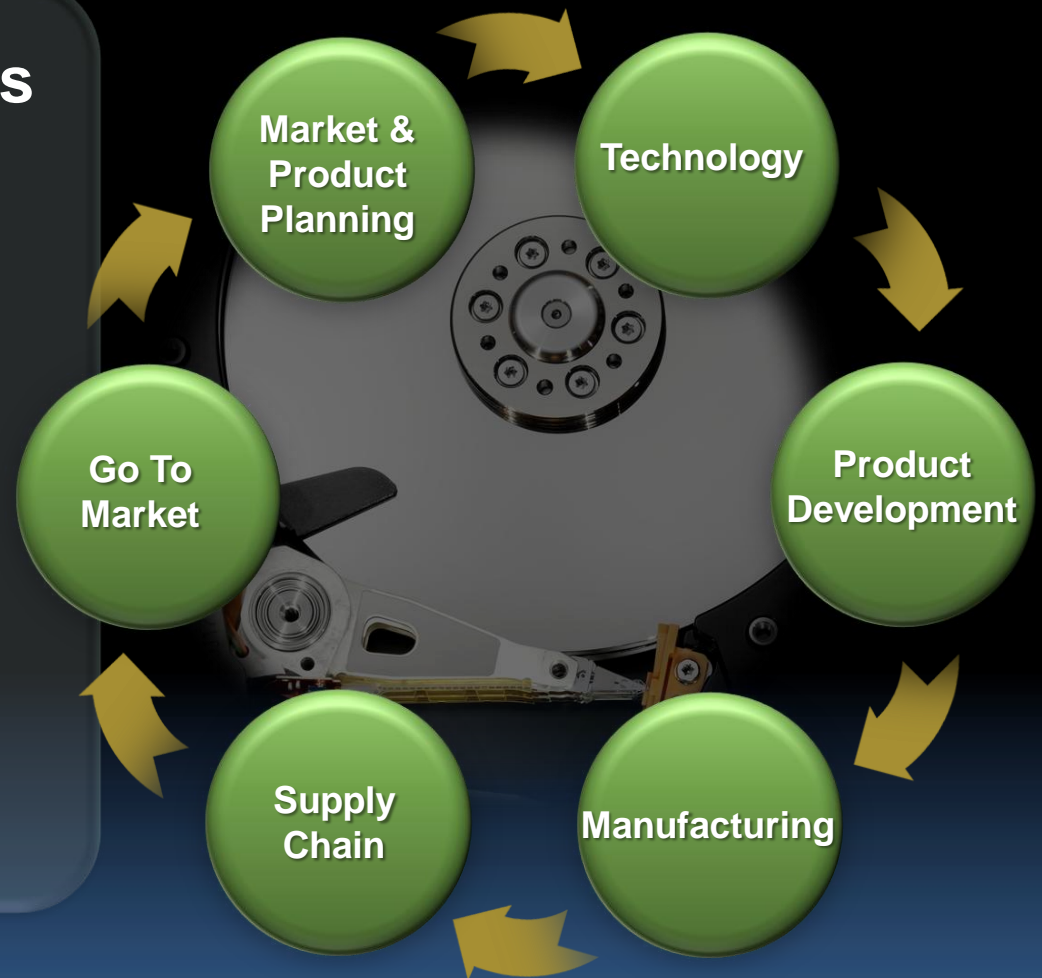


## Continue disciplined investment in technology leadership

- Strategic focus on new technologies and products
- Selective product differentiation

## Hitachi GST Focus Areas

- Market driven product planning
- Technology competitiveness
- Predictable and repeatable development process
- Flexible and responsive manufacturing
- Supply Chain Management (SCM) efficiency
- Effective distribution channels



## Improving Gross Margin and Cost Efficiencies

- Product mix optimization
- Supply chain efficiency
- Manufacturing footprint

## Disciplined Approach to Managing Operating Expense

- Improving operational execution to drive scale
- Selective investments for higher margin opportunities

## Capital Investments for Profitable Growth

- Targeted investments for capacity and technology enhancements
- Productivity improvements and asset optimization

Financial Metrics	Seagate	Western Digital
Gross Margin	22% - 26%	18% - 23%
Operating Expense % to Sales	10% - 12%	9% - 10%
Operating Margin	10% - 14%	10% - 14%
Capital Expense % to Sales	6% - 8%	7%

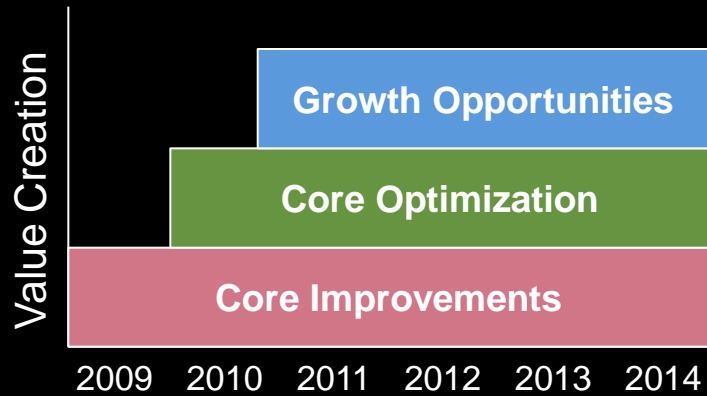
Source: Seagate: NASDAQ Investor Conference (12/1/09) WD: F2Q10 Earnings Call Transcript

**Hitachi GST is Positioned to Have a Highly Competitive Long-Term Financial Model**

Financial Metrics		
	1Q10*	1Q09*
Revenue	\$1.46B +42% YoY	\$1.03B
Gross Margin	\$422M 28.9%	\$118M 11.5%
Operating Profit	\$217M	(\$57M)
Operating Margin	14.9%	(5.6%)

\* Quarterly results are unaudited

**Strong Financial Results and Ongoing Profitable Execution**



## Value Creation Levers

- Complete core HDD optimization
- Expand storage portfolio
- Reduce debt through cash flow
- Invest in new storage technology
- Leverage partnerships & acquisitions





- **Hitachi GST has a highly competitive, vertically-integrated business model**
- **Company transformation continues with improving trends in sustained profitability and cash flow**
- **Focused on responsible and profitable growth**
- **Improving scalability with disciplined cost management**
- **Optimizing core HDD business and building long-term leadership with differentiated, higher margin offerings**

**Hitachi GST is Poised for Industry Leading Growth and Long-Term Value Creation**