Establishment
Hitachi Chemical Co., Ltd. was established in 1962 and began its operations in 1963 with the transfer of the business assets of the Chemical Products Division of Hitachi, Ltd.

Corporate Vision
Our vision is to contribute to society through the development of superior technologies and products.

<table>
<thead>
<tr>
<th>Paid-in Capital</th>
<th>¥15,410 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Issued Shares</td>
<td>207,411,608</td>
</tr>
<tr>
<td>Percentage of Voting Rights held by Hitachi, Ltd.</td>
<td>51.2%</td>
</tr>
<tr>
<td>Number of Consolidated Subsidiaries</td>
<td>61 (Domestic: 33; Overseas: 28)</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>17,212</td>
</tr>
</tbody>
</table>

(As of September 30, 2006)
Consolidated Financial Highlights

Net Sales (Billions of Yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2000</td>
<td>586.3</td>
<td>45.8</td>
</tr>
<tr>
<td>FY 2001</td>
<td>480.8</td>
<td>13.0</td>
</tr>
<tr>
<td>FY 2002</td>
<td>494.2</td>
<td>24.9</td>
</tr>
<tr>
<td>FY 2003</td>
<td>521.4</td>
<td>33.8</td>
</tr>
<tr>
<td>FY 2004</td>
<td>555.6</td>
<td>46.9</td>
</tr>
<tr>
<td>FY 2005</td>
<td>602.7</td>
<td>53.8</td>
</tr>
<tr>
<td>FY 2006</td>
<td>627.0 (Forecast)</td>
<td>55.0</td>
</tr>
</tbody>
</table>

Note: Amounts are rounded to nearest 100 million yen.

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Segment Information

Share of Net Sales (Fiscal 2005)

- System Bathrooms: 45.2%
- System Kitchens: 40.4%
- Domestic Wastewater Treatment Systems: 14.4%
- Others:

Share of Operating Income

- Electronics Related Products: 70.1%
- Advanced Performance Products: 27.7%
- Housing Equipment and Environmental Facilities: 1.7%
- Eliminations: 0.5%

- Electronics Related Products:
  - Semiconductor and Display Related Materials
  - Printed Wiring Boards and Related Products
  - Others

- Advanced Performance Products:
  - Industrial Materials
  - Carbon and Ceramics
  - Automotive Parts
  - Advanced Functional Films
  - Others

- Housing Equipment and Environmental Facilities:
  - System Bathrooms
  - System Kitchens
  - Domestic Wastewater Treatment Systems
  - Natural Refrigerant Heat Pump Water Heaters
  - Others

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Technological and Business Fields

Main Product Groups
- Carbon Brushes
- Porcelain Insulators
- Industrial Laminates
- Insulating Varnishes

Material Technology
- Molecular and Particle Design
- Organic and Inorganic Synthesis
- Purification, Extraction, Growth
- Nanotechnology
- Function Design

Process Technology
- Molding
- Impregnation and Coating
- Lamination
- Dispersion
- Surface Treatment and Interface Control
- Micro Interconnection

Evaluation Technology
- Material Property Evaluation
- Electronics Packaging Process Evaluation
- Electronics Packaging Reliability Evaluation
- Analysis

Technology Platform
- Original Products
- Carbon Brushes
- Industrial Laminates
- Porcelain Insulators

Combination and Harmonizing the Technology Platform
- Incubation from Market Trends and Customer Needs

Targeting Markets
- Telecommunications & Displays
- Energy
- Life Sciences
- Automobiles
- Diagnostics
- Housing Equipment and Environmental Facilities
- Advanced Functional Films
- Organic and Inorganic Chemical Products
- Printed Wiring Boards and Materials for Printed Wiring Boards
- Semiconductor- and Display-Related Materials
- Automotive Parts

Technological and Business Fields
Overview of Automotive Related Business

- **Electronic Components**: ¥30.0 billion
- **Molded Products**: ¥52.7 billion
- **Friction Materials**: ¥24.0 billion
- **Powdered Metallurgy Products**: ¥29.0 billion
- **Batteries**: ¥20.5 billion
- **Others**: ¥8.8 billion

**Fiscal 2005 Net Sales**: ¥165.0 billion
# Main Automotive Related Business Bases

<table>
<thead>
<tr>
<th>Region</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>Hitachi Chemical Co., Ltd. (Yamazaki Works (Sakuragawa), Goshomiya Works)</td>
</tr>
<tr>
<td></td>
<td>Hitachi Chemical Automotive Products Co., Ltd.</td>
</tr>
<tr>
<td></td>
<td>Shin-Kobe Electric Machinery Co., Ltd. (Saitama Works, Nabari Works, Hikone Works)</td>
</tr>
<tr>
<td></td>
<td>Hitachi Powdered Metals Co., Ltd. (Head Office (Matsudo Plant), Katori Plant)</td>
</tr>
<tr>
<td></td>
<td>Japan Brake Industrial Co., Ltd. (Head Office, Chiba Factory, Hiroshima Factory)</td>
</tr>
<tr>
<td></td>
<td>Namie Japan Brake Co., Ltd.</td>
</tr>
<tr>
<td>U.S.</td>
<td>Hitachi Chemical Co. America, Ltd. (Detroit Business Office)</td>
</tr>
<tr>
<td></td>
<td>Sintering Technologies, Inc.</td>
</tr>
<tr>
<td>China</td>
<td>Hitachi Storage Battery (Dongguan) Co., Ltd.</td>
</tr>
<tr>
<td></td>
<td>Hitachi Powdered Metals (Dongguan) Co., Ltd.</td>
</tr>
<tr>
<td></td>
<td>Foshan J.B. Automotive Products Co., Ltd.</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>Hitachi Chemical Automotive Products (Thailand) Co., Ltd.</td>
</tr>
<tr>
<td></td>
<td>Japan Brake (Thailand) Co., Ltd.</td>
</tr>
<tr>
<td></td>
<td>Hitachi Powdered Metals (Singapore) Pte. Ltd.</td>
</tr>
</tbody>
</table>
Molded Products for Automotive Interiors and Exteriors (Hitachi Chemical)

**Instrument Panels**

Hitachi Chemical uses materials and molding technologies to make molded instrument panels of all sizes. We had developed environmentally friendly olefin-based materials, which are used to make the instrumental panels.

【Used in the Nissan Murano and Other Vehicles】

**Backdoor Modules**

The backdoors of vehicles have conventionally been made of sheet metals. In comparison, our plastic backdoor modules offer the benefits of vehicle weight reduction, while maintaining strength.

【Used in the Nissan X-TRAIL and Other Vehicles】

Automotive Molded Products – Fiscal 2005 Net Sales: ¥38.5 billion
Combining evaluation and analytical technologies, Hitachi Chemical has developed disk brake pads that both improve braking efficacy and offer good anti-noise characteristics. They also promote environmental safety, notably by being asbestos- and lead-free.

The mechanism for generating the braking force has conventionally used a two-shoe structure. We employ a single roll shoe structure, enabling a 30% reduction in the number of parts, a 20% reduction in weight, over 20% increase in efficacy and improved maintenance characteristics.
We use our original antenna structure together with material technology to offer a small millimeter-wave high-gain antenna. This antenna helps to improve the reliability of a vehicle’s crash-prevention system, thanks to its strong detection capability and its superior installation characteristics.

Millimeter-Wave Antenna – Target Fiscal 2010 Net Sales: ¥1.2 billion
Automotive Batteries
(Shin-Kobe Electric Machinery)

**CYBOX**
Self-diagnosis AI Battery

CYBOX is a battery with self-diagnosis function that monitors battery's state at all time and alert the driver by buzzer when trouble is detected.

**e-power Box**
Top Performance Battery

The e-power box battery does not need to be refilled with water throughout its working life and comes with a warranty for 36 months or 100,000 kilometers. This high-performance battery boasts excellent startup, durability and charging characteristics.

Batteries for Vehicles – Fiscal 2005 Net Sales: ¥20.5 billion
High-Strength Plastic Gears
(Shin-Kobe Electric Machinery)

Balance Shaft Gears

The high-strength plastic gears are lighter in weight and reduce noise and vibration as well as increase durability, when compared with the conventional metal gears. These benefits become possible by injecting high-strength, high heat-resistance polyaminoamide resin into aramid-reinforced fiber and hardening them.

Molded Plastics – Fiscal 2005 Net Sales: ¥14.2 billion*

*Note: Figure includes gears used for other purposes besides vehicles.
Powder Metallurgy Products
(Hitachi Powdered Metals)

Valve-operation Parts
- Valve Guides
- Valve Seat Inserts
- Parts for Turbo Charger System

Magnetic Parts
- Stator Cores for DE Fuel Injector
- Injector Cores for LPG
- Connecting Rods of PM Forged Al Alloy

Structural Parts
- Carriers for Step AT & CVT
- Inner Hubs of DL Pulley for Car A/C Compressor
- Sprockets for Silent Chain Systems
- Parts for VTC Systems

HEV/EV/FCV Related Products
- Reactors for HEV

No. 1 Share World Wide
No. 1 Share Japan

Powdered Metal Products – Fiscal 2005 Net Sales: ¥29.0 billion
Upcoming Issues

1. Develop Distinctive Next-generation Products
   - Develop and Propose Lighter-weight Parts made from Substitute Materials
   - Further Expansion of the Module Business
   - Respond to Increasing Demands to Save Fuels and Use Electric Motors and Electronics

2. Globalizing Business
   - Targeting Markets: North America and Asia
   - Establish Marketing Bases and Expand Customer Base

3. Pursue Group Synergies
   - Strengthen the Management Framework within the Hitachi Chemical Group
   - Utilizing the Technologies and Information of and Continue Working with Hitachi, Ltd.
   - Identify Further Business Opportunities in the Automotive Market
Disclaimer

Projections contained in this document are derived from information available at the time such projections are posted, and changes in various factors could cause actual results to differ materially from future projections stated herein.