Hitachi Global Storage Technologies

Steve Milligan
President & Chief Executive Officer
April 22, 2010
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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.
Hitachi GST Global Operations

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

Research & Development
- Fujisawa, Japan
- Odawara, Japan
- Rochester, Minnesota
- San Jose, California

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

Sales offices & technical support located WW

US Headquarters
- San Jose, CA
Complete Product Portfolio

- **Personal Storage**
  - SimpleDRIVE,
  - SimpleTOUGH and
  - G-Technology

- **Endurastar**

- **CinemaStar**

- **Mobile 2.5-inch**
  - Travelstar series

- **Desktop 3.5-inch**
  - Deskstar series

- **Enterprise 2.5/3.5-inch**
  - Ultrastar series

- **Solid State Drives (SSD)**

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Recent Key Milestones

2007
Recruit leadership team

2008
Focus on profitable execution

2009
Accelerate growth
- SSD partnership with Intel
- Branded products acquisition
- Substrate manufacturing acquisition

2010
Improving Financial Performance

Revenue

- 2007: $5.6B
- 2008: $5.6B
- 2009: $4.8B

Gross Margin

- 2007: 8.9%
- 2008: 17.8%
- 2009: 18.3%

Operating Income / Margin %

- 2007: (5.1%)
- 2008: 3.7%
- 2009: 2.2%

Free Cash Flow *

- 2007: ($461)
- 2008: $400
- 2009: $393

Successful Business Transformation During Challenging Economic Period

* Cash flow from operations net of Capex
## Competitive Overview

### 4Q09 Unit Share

<table>
<thead>
<tr>
<th>Segment</th>
<th>Hitachi GST Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>15.6%</td>
</tr>
<tr>
<td>Mobile</td>
<td>20.3%</td>
</tr>
<tr>
<td>Desktop</td>
<td>10.5%</td>
</tr>
<tr>
<td>Enterprise</td>
<td>22.5%</td>
</tr>
</tbody>
</table>

Source: IDC 4Q09 WW HDD Shipments

### Segments Competitors

<table>
<thead>
<tr>
<th>HITACHI Inspire the Next</th>
<th>Personal Storage</th>
<th>Mobile</th>
<th>Desktop</th>
<th>Enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seagate</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Western Digital</td>
<td></td>
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<tr>
<td>Samsung</td>
<td></td>
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<tr>
<td>Toshiba</td>
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Hitachi has the Opportunity to Profitably Expand its Market Presence While Building Long-Term Value
Evolving Storage Markets – Threats & Opportunities

Storage continues to undergo a long-term transformation

Change
- Mobility and netbooks
- Digital photography & HD video
- Social networking
- Unstructured data growth

Growth
- Personal content
- Internet content and files
- Regulatory requirements
- Internet search

Efficiency
- Virtualization
- Data de-duplication
- Cloud storage & online services
- Low-cost infrastructure
Hitachi GST is Targeting Profitable Gains in High Growth Segments

Industry Revenue Growth (2009-2012 % CAGR)

- Enterprise (SSD)  59.3%
- Personal Storage  27.7
- Mobile  10.5
- Consumer Electronics  7.2
- Enterprise (HDD)  (1.5)
- Desktop  (7.8)

Total  7.4%

Source: IDC Dec. 2009

IDC Forecast Update, Feb. 2010
Strategic Focus Areas: 2010 and Beyond

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
Focus on Profitable Execution

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
Long-Term Financial Models

<table>
<thead>
<tr>
<th>Financial Metrics</th>
<th>Seagate</th>
<th>Western Digital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Margin</td>
<td>22% - 26%</td>
<td>18% - 23%</td>
</tr>
<tr>
<td>Operating Expense % to Sales</td>
<td>10% - 12%</td>
<td>9% - 10%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>10% - 14%</td>
<td>10% - 14%</td>
</tr>
<tr>
<td>Capital Expense % to Sales</td>
<td>6% - 8%</td>
<td>7%</td>
</tr>
</tbody>
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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
### Hitachi GST 1Q10 Results

<table>
<thead>
<tr>
<th>Financial Metrics</th>
<th>1Q10*</th>
<th>1Q09*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$1.46B</td>
<td>$1.03B</td>
</tr>
<tr>
<td></td>
<td>+42% YoY</td>
<td></td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>$422M</td>
<td>$118M</td>
</tr>
<tr>
<td></td>
<td>28.9%</td>
<td>11.5%</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>$217M</td>
<td>($57M)</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>14.9%</td>
<td>(5.6%)</td>
</tr>
</tbody>
</table>

* Quarterly results are unaudited

**Strong Financial Results and Ongoing Profitable Execution**
Integrated Value Creation Model

Value Creation Levers

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

- 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