

October 19, 2011

Dear Hitachi Customer:

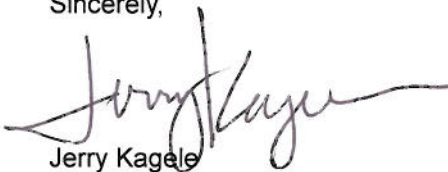
The flooding disaster in Thailand continues to worsen, it now appears that the supply situation for the quarter will be severely affected. We are working hard to bring up alternate sources for the various parts shortage caused by the flooding, but we will not fully recover during CQ4. The full extent or duration of the supply disruption is not known at this time and will not be known until our component suppliers can re-enter their currently flooded factories and/ or our alternative sources can ramp production to meet our demands. The pricing models for the industry are based on near full utilization of all fixed assets including the factories, and when our production is reduced, our costs increase dramatically. Hitachi will be adjusting our prices to recover a portion of the increased costs we will absorb. This price increase will only recover a small portion of our increased costs.

Your Distributor has received increased pricing for all desktop/ Deskstar and mobile/ Travelstar products. You will need to work with them to determine how this change will affect you as Distributors independently set their pricing. I would like to apologize, in advance, for any supply disruptions we may cause you. We are working hard to minimize the impact to our customers, but we will be very supply constrained. Hitachi sales personnel are available to discuss this situation with you. If you have an assigned Hitachi sales representative you may contact them directly or request your distribution partner to arrange a call or meeting if you do not have an assigned Hitachi sales representative.

This action is based on our current understanding of the market situation and immediate impacts Hitachi has suffered. Future direction will be evaluated as the effects of these events become more clear.

We will continue to communicate with you proactively as the situation evolves.

Sincerely,



Jerry Kagele
Vice President
Worldwide Distribution, Branded Business and International Sales

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