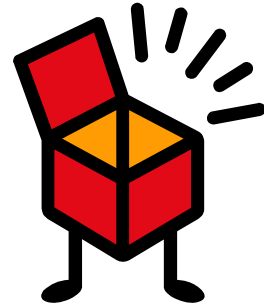


Financial Highlights

Fiscal 2007
(April 1, 2007 to March 31, 2008)



Materials Mag!c

May 1, 2008

Hitachi Metals, Ltd.

<http://www.hitachi-metals.co.jp>

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Notes: "△" signs ahead of figures mean "minus".

FY07 Consolidated Net Sales · Operating Income (By Segment)



Net Sales ¥701.1 billion

8% YoY Increase + ¥54.8 billion

High-Grade Metal Products and Materials: up 7%
 Electronics and IT Devices: up 13%
 High-Grade Functional Components and Equipment: up 6%

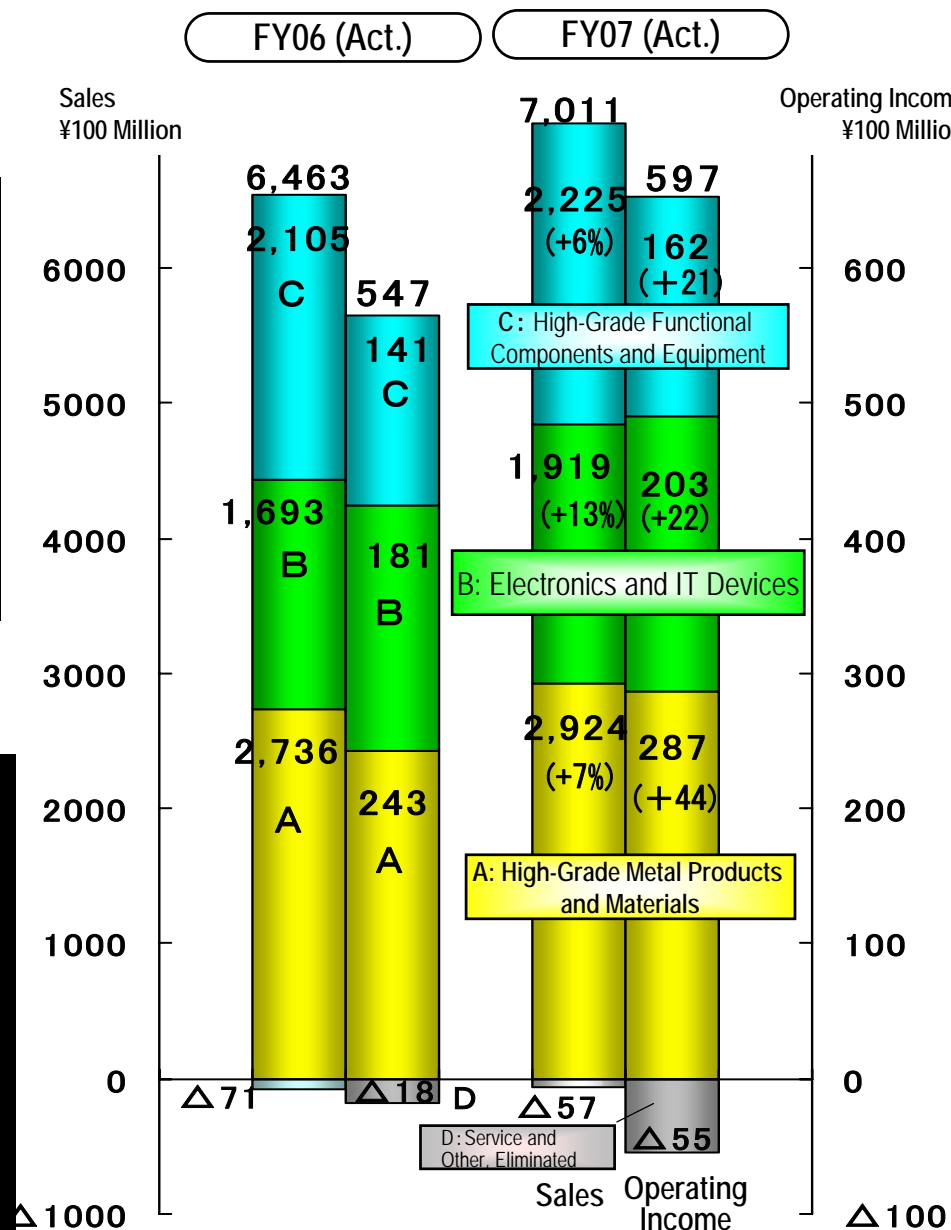
- In addition to favorable adjustments in sales prices, net sales increased owing to firm demand primarily for automotive-, IT- and household appliance-related products
- High-Grade Metal Products and Materials: Business units (Specialty Steel Company, Roll Company, Hitachi Tool Engineering) experienced steady demand
- Electronics and IT Devices: Substantial increase in Soft Magnetic Materials Company's amorphous metals sales
- High-Grade Functional Components and Equipment: Automotive Components Company performed strongly, decline in Piping Components Company' sales
- New products sales ratio 27%; overseas sales to total sales ratio 40%

Operating Income ¥59.7 billion

9% YoY Increase + ¥5.0 billion

High-Grade Metal Products and Materials: +¥4.4 billion
 Electronics and IT Devices: +¥2.2 billion
 High-Grade Functional Components and Equipment: +¥2.1 billion

- Sales growth coupled with cost-reduction efforts offset the impacts of increased depreciation expenses attributed to tax system revisions and raw material price fluctuations.
- High-Grade Metal Products and Materials: Substantial contributions from Specialty Steel Company sales growth and cost reductions
- Electronics and IT Devices: Despite a sharp rise in raw material prices, profit growth on the back of increased Soft Magnetic Materials Company sales and other factors
- High-Grade Functional Components and Equipment: Contributions from increased Automotive Components Company sales and cost reductions, which exceeded the decrease in construction-related earnings



Highlights

¥ 100 million

	Fiscal 2006		Fiscal 2007		Fiscal 2008	
	FY06 1H (Actual)	FY06 (Actual)	FY07 1H (Actual)	FY07 (Actual)	FY08 1H (Est.)	FY08 (Est.)
Net Sales	3,101	6,463	3,463 (112%)	7,011 (108%)	3,490 (101%)	7,100 (101%)
Operating Income	257	547	266 (+9)	597 (+50)	280 (+14)	610 (+13)
Income before income taxes	227	466	244 (+17)	514 (+48)	258 (+14)	566 (+52)
Net Income	117	221	126 (+9)	270 (+49)	134 (+8)	297 (+27)
ROE (%)	12.7%	11.7%	12.2%	13.1%	12.3%	13.1%
Capital investment	195	368	258 (+63)	493 (+125)	218 (Δ40)	430 (Δ63)
Depreciation costs	116	244	140 (+24)	294 (+50)	160 (+20)	340 (+46)
Research & Development Expenses	64	130	67 (+3)	133 (+3)	71 (+4)	146 (+13)

() contain initial forecast comparisons

FY08 Consolidated Net Sales · Operating Income Est. (By Segment)



Net Sales ¥710 billion

1% YoY Increase +¥8.9 billion

High-Grade Metal Products and Materials: up 7 %
 Electronics and IT Devices: down 7 %
 High-Grade Functional Components and Equipment: up 4 %

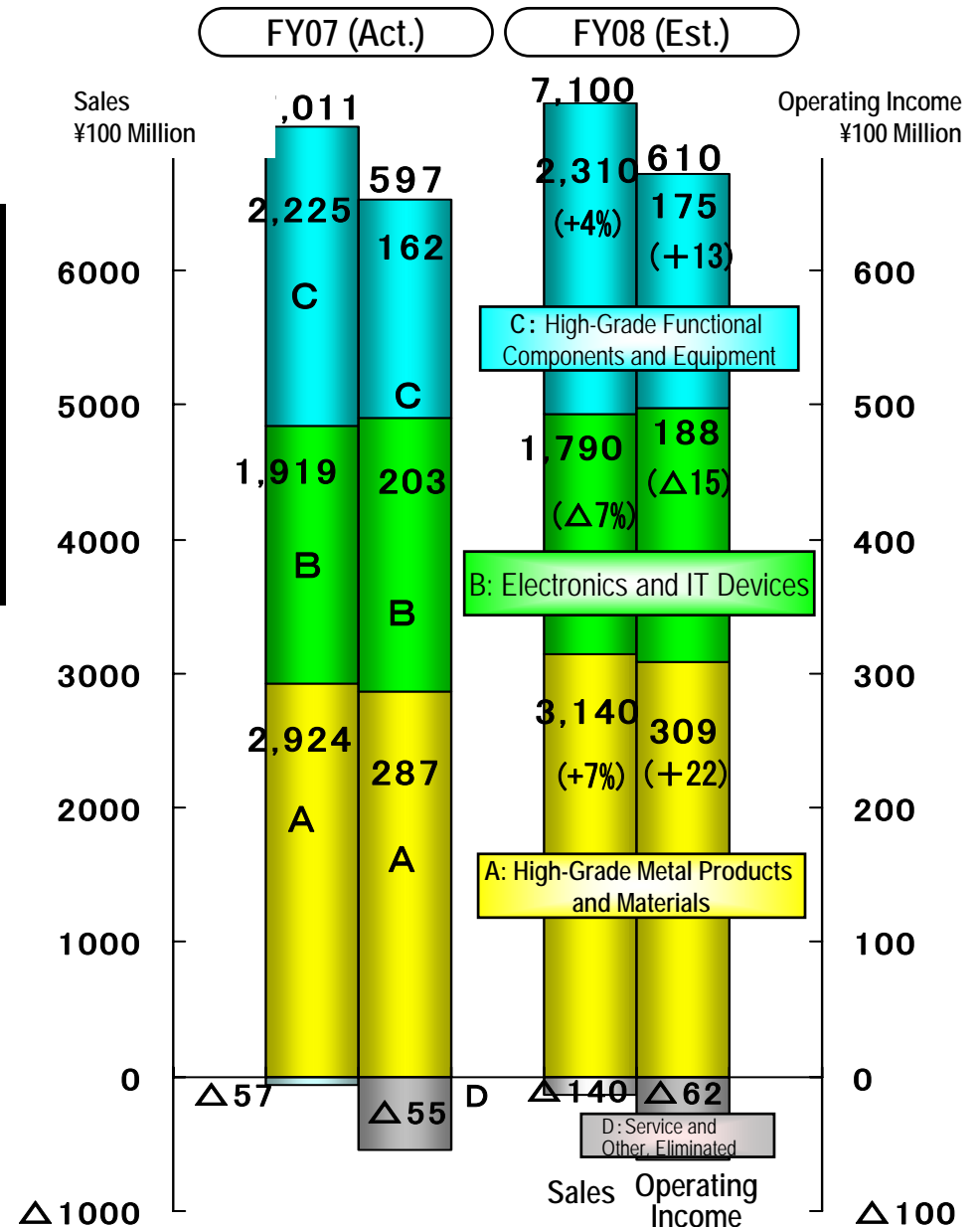
- Expectations of continued steady demand mainly for eco-friendly products as well as automotive-, IT- and household appliance-related products
- Electronics and IT Devices: Despite the appearance of a sales decline owing to the transfer of the electronic materials business, real sales are expected to climb due to steady demand

Operating Income ¥61 billion

2% YoY Increase +¥1.3 billion

High-Grade Metal Products and Materials: +¥2.2 billion
 Electronics and IT Devices: Δ¥1.5 billion
 High-Grade Functional Components and Equipment: +¥1.3 billion

- Ongoing efforts to reduce costs and implement sales prices revisions in the face of persistent sharp increases in the cost of raw materials
- Undertake continued investment in FY2008 as the springboard for future growth (FY2007 ¥49.3 billion; FY2008 ¥43.0 billion)
- The impact of depreciation and amortization expenses compared with FY 2007: +¥4.7 billion



Consolidated Balance Sheet

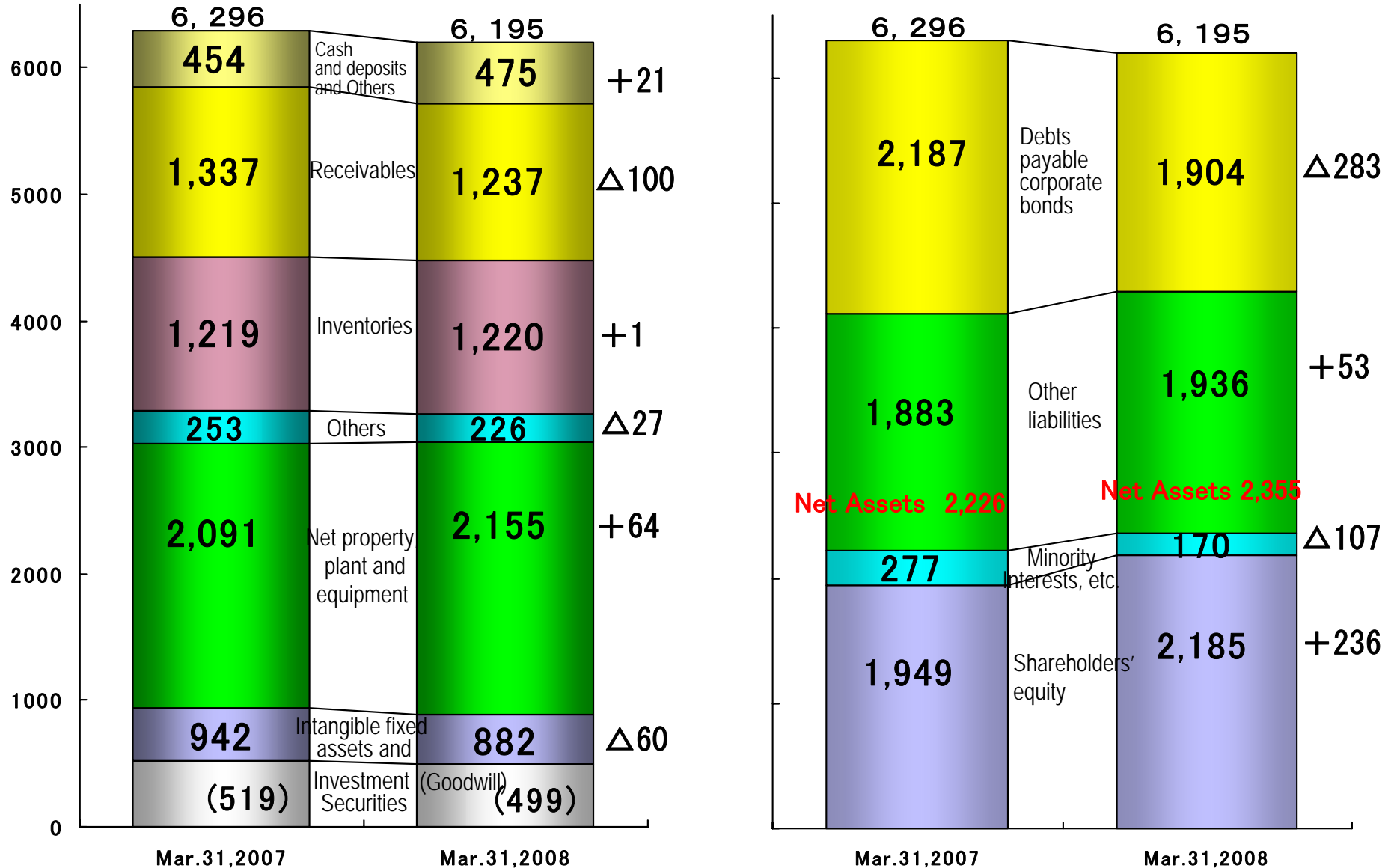


Assets

Change $\Delta 10.1$ billion
D/E Ratio 0.89

Liabilities, Minority Interests and Shareholder's Equity

¥100 Million



Consolidated Cash Flows



¥ 100 million

Item	Fiscal 2006	Fiscal 2007
Net income before tax adjustments	466	514
Depreciation costs	244	294
Capital investment	△339	△462
Purchase of shares in consolidated subsidiary companies	△866	△4
Others	△201	△2
Free cash flow	△696	340
Reducing borrowings	569	△263
Dividend payments, others	△60	△52
Effect of exchange rate changes	9	△17
Net increase in cash during Current Period	△178	8



This document contains forward-looking statements, such as results forecasts and management plans, which are not historical facts. All such forward-looking statements were based upon all available information and upon assumptions and projections that were deemed rational at the time the Company prepared this document. Changes to the underlying assumptions or circumstances could cause actual results to differ substantially. Factors for causing such differences include, but are not limited to, the following:

- **Changes in economic conditions and regulations in main markets where the Company operates, particularly Japan, the United States, Asia and Europe**
- **Sudden changes in technological trends**
- **Changes in competitive advantage and the capabilities of the Company and its subsidiaries and affiliates to develop and commercialize new products and businesses**
- **Fluctuation in status and conditions of product markets, exchange rates or international commodity markets**
- **Changes in financing environments**
- **Capability of the Company and its subsidiaries and affiliates to cope with fluctuations in product supply and demand, status and conditions of product markets, exchange rates or international commodity markets**
- **Protection of the Company's intellectual property, and securing of licenses to use intellectual property of other parties**
- **Changes in status of alliances with other parties for product development, etc.**
- **Fluctuation of Japanese stock markets**