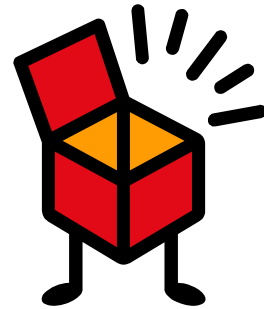


Financial Highlights

the 6-month period ended Sep.30,2009
(Fiscal 2009)



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

FY09 First Half

■ Demand Trends

Electronics-related product demand rapidly recovered and remained steady for semiconductors and LCD use from early in the fiscal year, primarily in China.

The automobile-related field was lackluster in the 1Q, while showing signs of recovery in the 2Q. However, inventory adjustments continued for some products.

The industrial infrastructure field stagnated at a low level due to cutbacks in domestic capital investment.

■ Net Sales and Operating Income

Reductions in fixed costs brought operating income into the black from 2Q, although sales did not meet initial forecasts.

■ Reinforcing The Group's Operating Platform

1. Strengthening profitability ⇒ Lowering the breakeven point through cost structure reform
2. Reduction of working capital ⇒ Continuing to cut inventory (down ¥17.2 billion from the fiscal year ended March 31, 2009) and carefully selecting investments

Outlook for FY09

- Net sales are expected to fall short of initial estimates due to delays in recovery of actual demand for tool steels, etc. (Initial forecast: ¥460.0 billion ⇒ current forecast: ¥440.0 billion)
- The forecast for operating income remains unchanged from initial forecasts owing to the effect of reductions in fixed costs.
- On a sales volume basis, the 2H of FY09 is expected to be at about 75% that of the 1H of FY08, excluding the impact of foreign currency exchange rates and material prices. Hitachi Metals will continue to implement cost structure reforms and reinforce the Group's operating platform to secure new growth.

Highlights

¥ 100 million

	Fiscal 2007			Fiscal 2008			Fiscal 2009		
	FY07 1Q (Actual)	FY07 1H (Actual)	FY07 (Actual)	FY08 1Q (Actual)	FY08 1H (Actual)	FY08 (Actual)	FY09 1Q (Actual)	FY09 1H (Actual.)	FY09 (Est.)
Net Sales	1,724	3,463	7,011	1,756	3,537	5,907	925 98% of 4Q FY08 53% of 1Q FY08	1,953 82% of 2H FY08 55% of 1H FY08	4,400 74% of FY08
Operating Income	125	266	597	154	297	151	Δ45 +133 from 4Q FY08 Δ199 from 1Q FY08	Δ35 +111 from 2H FY08 Δ332 from 1H FY08	100 Δ51 from FY08
Income before income taxes	171	244	514	174	297	Δ2	Δ56 (Δ230)	Δ87 (Δ384)	25 (+27)
Net Income	86	126	270	87	153	Δ30	Δ37 (Δ124)	Δ57 (Δ210)	10 (+40)
Capital investment	156	258	493	82	197	438	52 (Δ30)	86 (Δ111)	198 (Δ240)
Depreciation costs	73	140	294	75	153	318	74 (Δ1)	149 (Δ4)	307 (Δ11)
Research & Development Expenses	31	67	133	33	67	131	24 (Δ9)	50 (Δ17)	108 (Δ23)

() contain initial forecast comparisons

FY09 First Half Consolidated Net Sales · Operating Income (Loss) (By Segment)



Net Sales: ¥195.3 billion 55% of 1H FY08 (82% of 2H FY08)

High-Grade Metal Products and Materials	¥88.5 billion	56% of 1H FY08 (82% of 2H FY08)
Electronics and IT Devices	¥45.8 billion	54% of 1H FY08 (87% of 2H FY08)
High-Grade Functional Components and Equipment	¥62.7 billion	57% of 1H FY08 (80% of 2H FY08)

■ High-Grade Metal Products and Materials

Specialty steel alloys for electronic products continued to see robust sales for both semiconductor and LCD use. Tool steels saw declines and ongoing adjustments of distribution stock, although a gradual recovery after the 3Q is expected. Sales of rolls declined due to poor demand, despite signs of recovery in crude steel production.

■ Electronics and IT Devices

Permanent magnet sales in the automobile sector recovered slightly from the 2Q despite the impact of production adjustments, while recovery was firm in the PC and household appliance sector. Environmental countermeasures such as for EPS, held steady. Declines were seen as a result of cutbacks in FA-related capital investment, and future demand is expected to be subdued. Sales of mobile phone-related information systems components were robust. Sales of amorphous metals (soft magnetic materials) were stable, with market recovery seen in India. Steady sales are expected for the 2H.

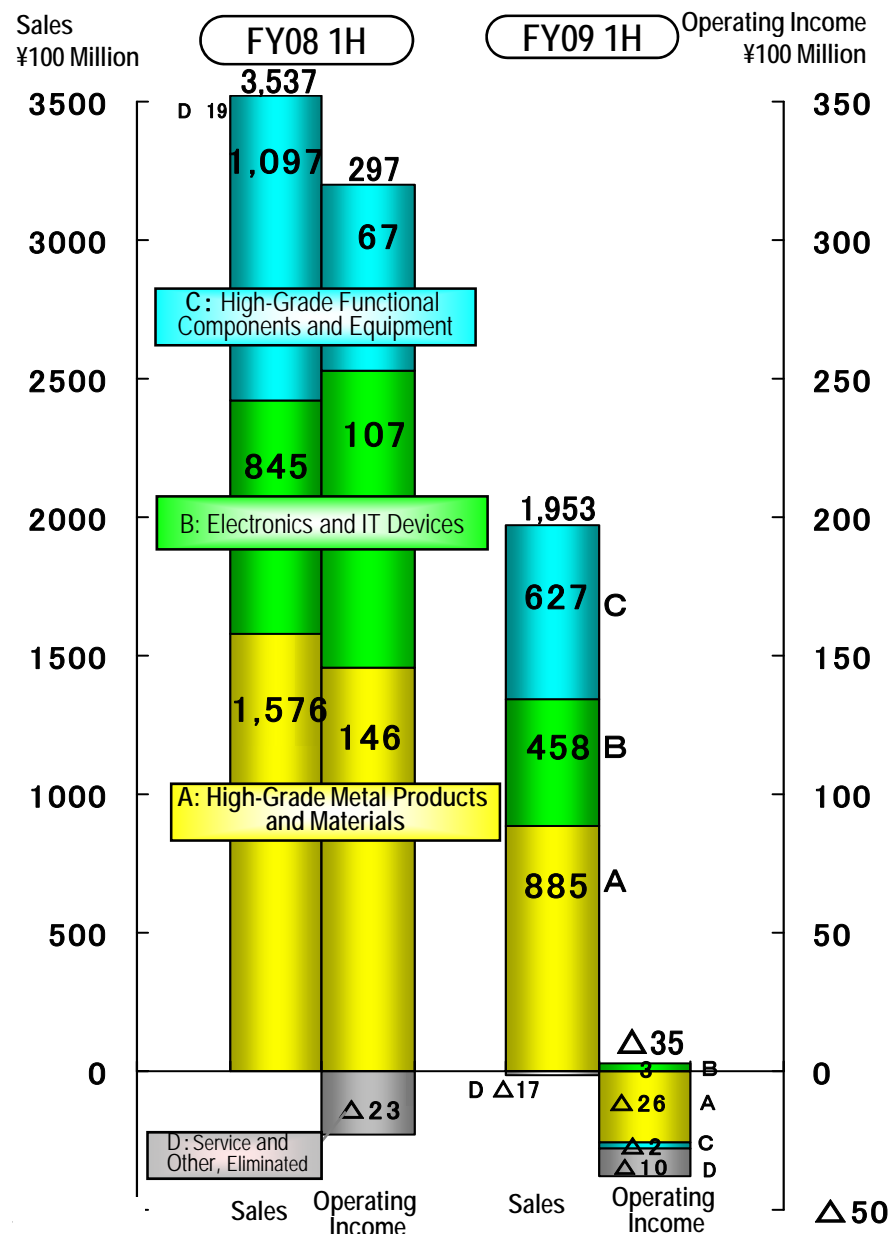
■ High-Grade Functional Components and Equipment

In casting components for automobiles, sales of ductile iron products declined considerably due to the drop in automobile production. Sales of HERCUNITE® for large-size automobiles in the United States fell, while Europe turned the corner toward recovery. Aluminum wheels entered into recovery from the 2Q, and steady future demand is expected. Reflecting the impact of cutbacks in capital investment, demand for piping components remained lackluster.

Operating income Δ¥3.5 billion Δ¥33.2 billion YoY (+¥11.1 billion from 2H FY08)

High-Grade Metal Products and Materials	¥2.6 billion	¥17.2 billion YoY (+¥6.3 billion from 2H FY08)
Electronics and IT Devices	¥0.3 billion	¥10.4 billion YoY (+¥1.7 billion from 2H FY08)
High-Grade Functional Components and Equipment	¥0.2 billion	¥6.9 billion YoY (+¥2.3 billion from 2H FY08)

Operating income declined ¥33.2 billion year on year as a result of a decline in sales due to inventory adjustments in the automobile-related field and stagnant demand. However, an improvement of ¥11.1 billion, compared to the 2H of FY08, was seen owing to reductions in fixed costs.



FY09 Consolidated Net Sales - Operating Income Estimates (By Segment)



Net Sales ¥440.0 billion
74% of FY08 (Down ¥20.0 billion from initial estimate)
Operating income ¥10.0 billion
Down ¥5.1 billion YoY (Unchanged from initial estimate)

■ High-Grade Metal Products and Materials

Net Sales ¥190.0 billion (72% of FY08, Δ¥15.0 billion from initial estimate)
Operating income ¥3.6 billion (Δ¥2.1 billion YoY, Δ¥0.2 billion from initial estimate)

■ Electronics and IT Devices

Net Sales ¥110.0 billion (80% of FY08, Δ¥5.0 billion from initial estimate)
Operating income ¥7.5 billion (Δ¥1.8 billion YoY, Δ¥1.2 billion from initial estimate)

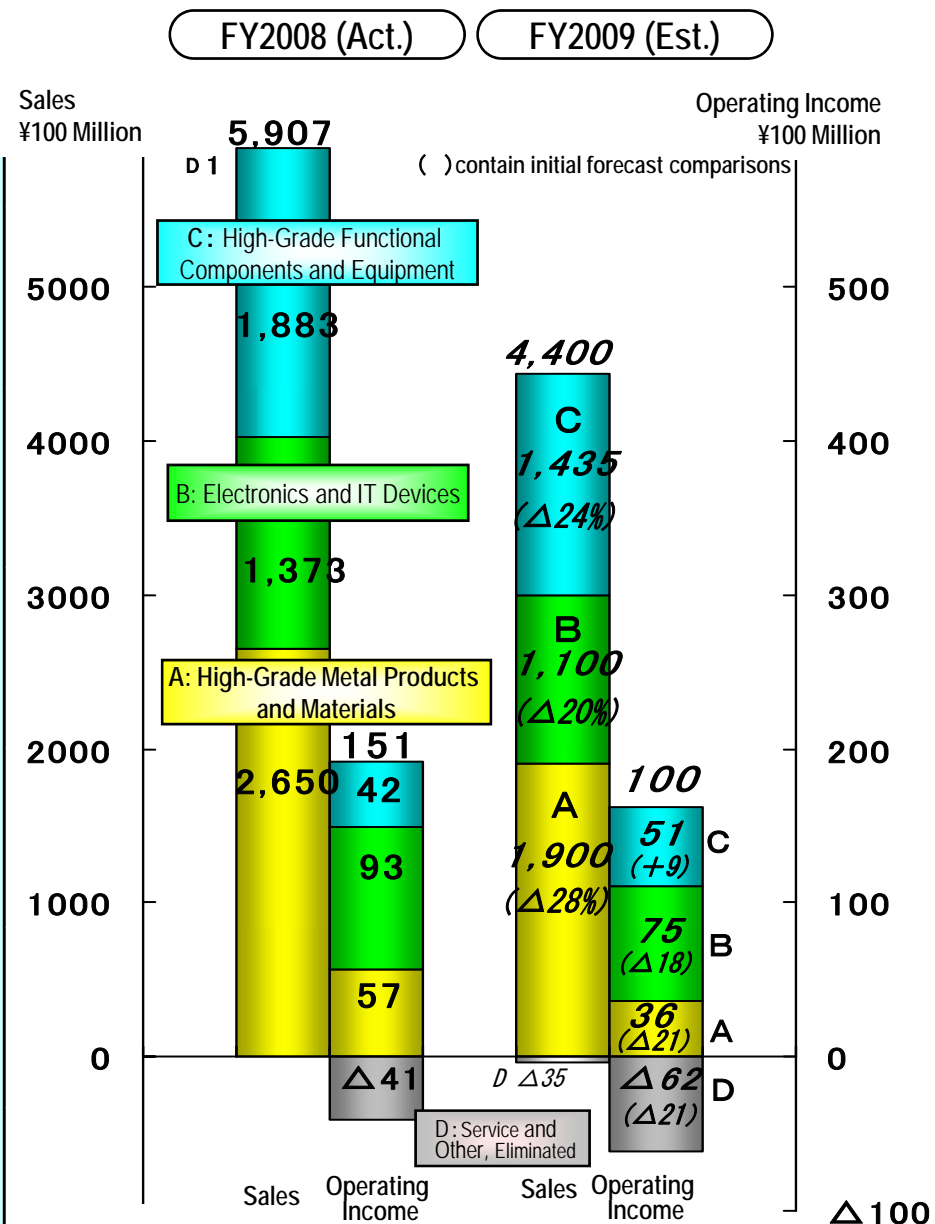
■ High-Grade Functional Components and Equipment

Net Sales ¥143.5 billion (76% of FY08, Δ¥1.5 billion from initial estimate)
Operating income ¥5.1 billion (+¥0.9 billion YoY, +¥0.8 billion from initial estimate)

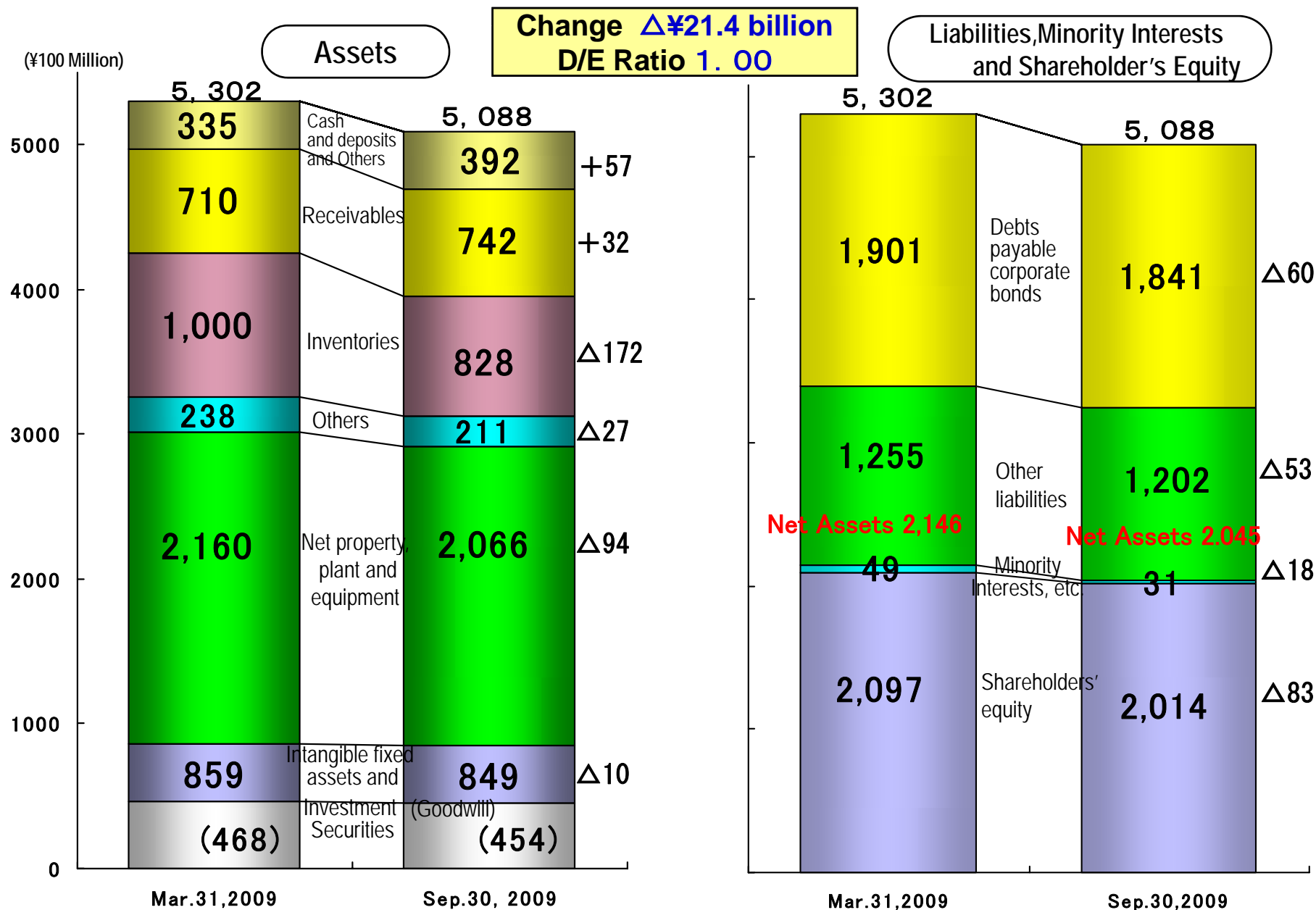
■ Services and Other, Eliminated

Net Sales Δ¥3.5 billion (+¥1.5 billion from initial estimate)
Operating income Δ¥6.2 billion (+¥0.6 billion from initial estimate)

Demand for electronics-related products, including semiconductors and LCDs, recovered and is holding steady, particularly in China. Inventory adjustments in such areas as tool steels continue and actual demand recovery is expected to take longer than initially estimated. As a result, the net sales projection is less than initial estimates. In terms of operating income, however, no revision is needed thanks to reductions to fixed costs. Hitachi Metals will continue to reinforce the Group's business structure with the aim of securing further growth.



Consolidated Balance Sheet



Consolidated Cash Flows



¥ 100 million

Item	End of 9/2008	End of 9/2009
Net income before tax adjustments	297	△87
Depreciation costs	153	149
Capital investment	△197	△86
Others	△210	171
Free cash flow	43	147
Reducing borrowings	25	△44
Dividend payments, others	△42	△36
Effect of exchange rate changes	△9	△10
Net increase in cash during Current Period	17	57

(Reference) Business Segments

High-Grade Metal Products and Materials

Specialty Steel Company

Roll Company

Hitachi Tool Engineering Group

Electronics and IT Devices

NEOMAX Company

Information Systems
Components Company

Soft Magnetic Materials Company

High-Grade Functional Components and Equipment

Automotive Components Company

Piping Components Company

Hitachi Metals Techno Group

Service and Others

Sales, Services Division

Other Manufacturing Company



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**