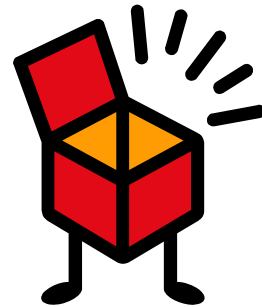


Financial Highlights

the 12-month period ended Mar.31,2010
(Fiscal 2009)



Materials Mag!c

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

■ Demand Trends

The automobile-related field was lackluster early in 1Q, but showed a distinct recovery through to the latter half of 3Q, and trended upward on a volume basis. Electronics-related demand was steady on the back of continued robust demand for LCDs and semiconductors, particularly in Asia. In the industrial infrastructure field, certain products for FA entered a recovery trend, despite lingering effects from cutbacks in capital investment.

■ Net Sales and Operating Income

• Net sales ¥431.7 billion (73% of FY08)

⇒ Automobile-related demand was slow to recover, making forecasts somewhat difficult

• Operating income ¥13.3 billion (Δ¥1.8 billion YoY)

⇒ The effect of cost cutting (down ¥36.4 billion from FY08) and effect of increased sales volume and operations led to improvement over initial estimates

■ Net Sales and Operating Income by Segment

• High-Grade Metal Products and Materials: Net sales ¥194.0 billion (73% of FY08), Operating income ¥6.4 billion (+ ¥0.7 billion YoY)

⇒ Although tool steels and rolls felt the impact of inventory adjustments, alloys for electronic products including LCD and semiconductors were robust. Earnings increased as the result of cost cutting.

• Electronics and IT Devices: Net sales ¥102.9 billion (75% of FY08), Operating income ¥6.3 billion (Δ¥3.0 billion YoY)

⇒ Permanent magnet sales were firm for both the IT household appliance and automotive sectors, although sales of amorphous metals fell as demand from the Chinese market came to a standstill. Overall, earnings increased.

• High-Grade Functional Components and Equipment: Net sales ¥141.6 billion (75% of FY08), Operating income ¥4.7 billion (+¥0.5 million YoY)

⇒ Piping components felt the impact of ongoing restrained investments in Japan, while sales of casting components for automobiles were robust in overseas markets. Earnings increased as the result of cost cutting.

■ Other

Capital investments ¥16.5 billion (down ¥27.3 billion YoY), Depreciation costs ¥30.5 billion (down ¥1.3 billion YoY), R&D expenses ¥10.6 billion (down ¥2.5 billion YoY), Inventories were down ¥15.3 billion from March 31, 2009 (end of 9/2008: ¥130.2 billion ⇒ end of 3/2009: ¥100.0 billion ⇒ end of 3/2010: ¥84.7 billion), Free cash flows ¥35.5 billion (up ¥40.1 billion from FY08)

Highlights



¥100 million, (): year-on-year

	Fiscal 2007			Fiscal 2008			Fiscal 2009			Fiscal 2010	
	1H (Actual)	2H (Actual)	Full Year (Actual)	1H (Actual)	2H (Actual)	Full Year (Actual)	1H (Actual)	2H (Actual)	Full Year (Actual)	1H (Est.)	Full Year (Est.)
Net sales	3,463	3,548	7,011	3,537	2,370	5,907	1,953 (55%)	2,364 (100%)	4,317 (73%)	2,430 (124%)	5,000 (116%)
Operating income	266	331	597	297	△146	151	△35 (△332)	168 (+314)	133 (△18)	154 (+189)	330 (+197)
Income before income taxes	244	270	514	297	△299	△2	△87 (△384)	144 (+443)	57 (+59)	127 (+214)	270 (+213)
Net income	126	144	270	153	△183	△30	△57 (△210)	78 (+261)	19 (+49)	64 (+121)	140 (+121)
Capital investment	258	235	493	197	241	438	86 (△111)	79 (△162)	165 (△273)	110 (+25)	230 (+65)
Depreciation costs	140	154	294	153	165	318	149 (△4)	156 (△9)	305 (△13)	140 (△9)	290 (△15)
R&D expenses	67	66	133	67	64	131	50 (△17)	56 (△8)	106 (△25)	65 (+15)	130 (+24)

FY09 Consolidated Net Sales and Operating Income by Segment



Net Sales ¥431.7 billion (73% of FY08)

High-Grade Metal Products and Materials ¥194.0 billion (73% of FY08)
 Electronics and IT Devices ¥102.9 billion (75% of FY08)
 High-Grade Functional Components and Equipment ¥141.6 billion (75% of FY08)

***Recent Conditions**

■ High-Grade Metal Products and Materials

Specialty steel alloys for electronic products continued to see robust sales for both semiconductors and LCD use. Tool steels saw steady recovery with the elimination of distribution stock and based on real demand. Demand for rolls had continued to decline due to the impact of inventory adjustments, but rebounded from 4Q.

■ Electronics and IT Devices

Permanent magnet sales were firm in the PC and household appliance sector, while sales related to environmental countermeasures, primarily EPS for automobiles, held steady. FA-related sales improved gradually. Sales for information systems components declined on the impact of factors such as the appreciation of the yen. Sales of amorphous metals (soft magnetic materials) came to a standstill as demand from the Chinese market fell, but sales commenced to new markets.

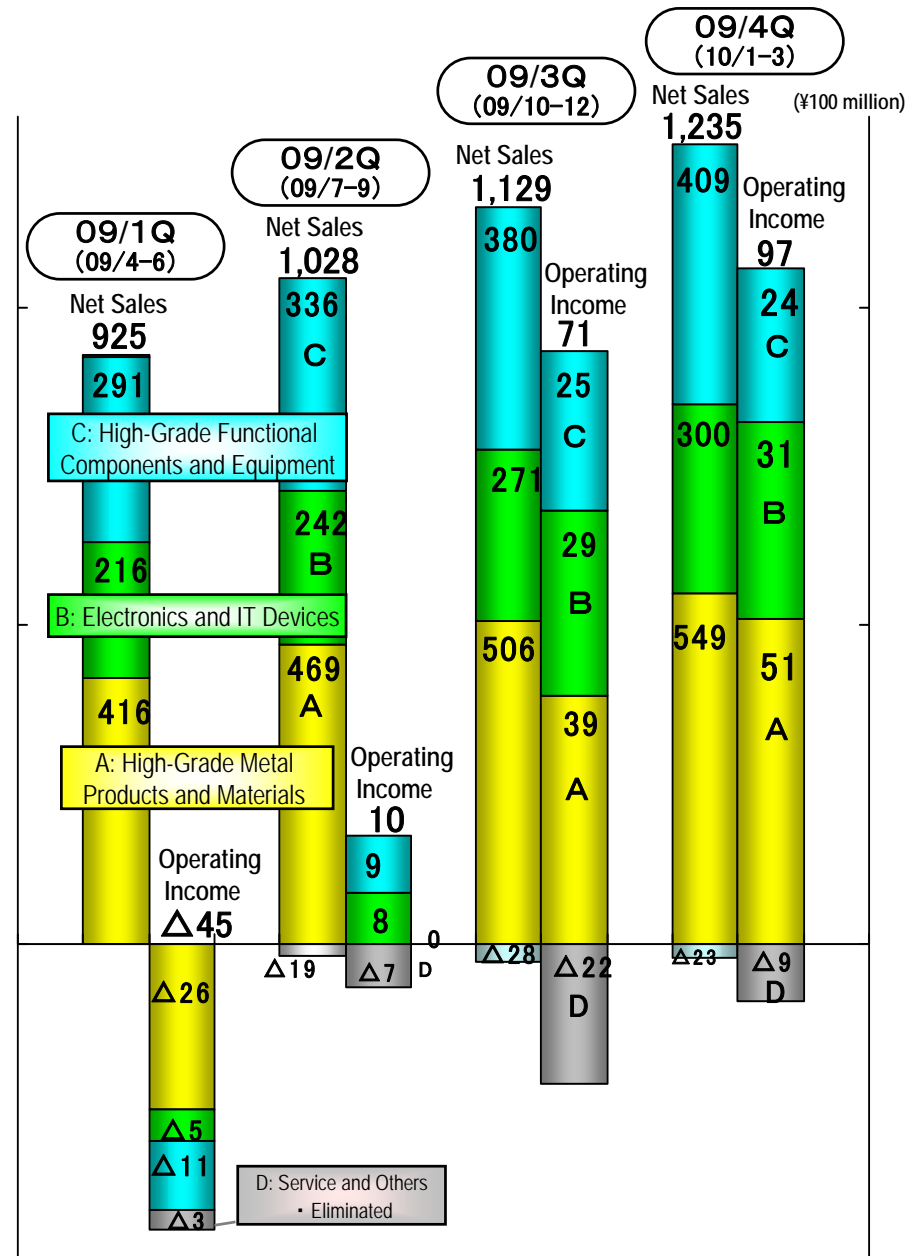
■ High-Grade Functional Components and Equipment

In casting components for automobiles, sales of ductile iron products were robust, primarily in the United States, and production volume in Japan, the United States and South Korea surpassed forecasts. Sales of HERCUNITE® increased, mainly in Europe. Sales of aluminum wheels continued to be robust in both Japan and the United States. Demand for piping components continued to slump due to the effects of cutbacks in capital investment.

Operating Income ¥13.3 billion (down ¥1.8 billion from FY08)

High-Grade Metal Products and Materials ¥6.4 billion (up ¥0.7 billion from FY08)
 Electronics and IT Devices ¥6.3 billion (down ¥3.0 billion from FY08)
 High-Grade Functional Components and Equipment ¥4.7 billion (up ¥0.5 billion from FY08)

In addition to the effect of cost cutting, the effect of increased sales volume and operations led to steady recovery from 2Q. Operating income in the second half of 2009 amounted to ¥16.8 billion, an improvement of ¥31.4 billion from the second half of 2008 and ¥20.3 billion from the first half of 2009.



Forecast of Results for FY10 By Segment

Net Sales ¥500.0 billion (116% of FY09)
Operating Income ¥33.0 billion (up ¥19.7 billion YoY)

High-Grade Metal Products and Materials

Net Sales ¥223.0 billion (115% of FY09)
Operating Income ¥18.0 billion (up ¥11.6 billion YoY)

Electronics and IT Devices

Net Sales ¥130.0 billion (126% of FY09)
Operating Income ¥12.5 billion (up ¥6.2 billion YoY)

High-Grade Functional Components and Equipment

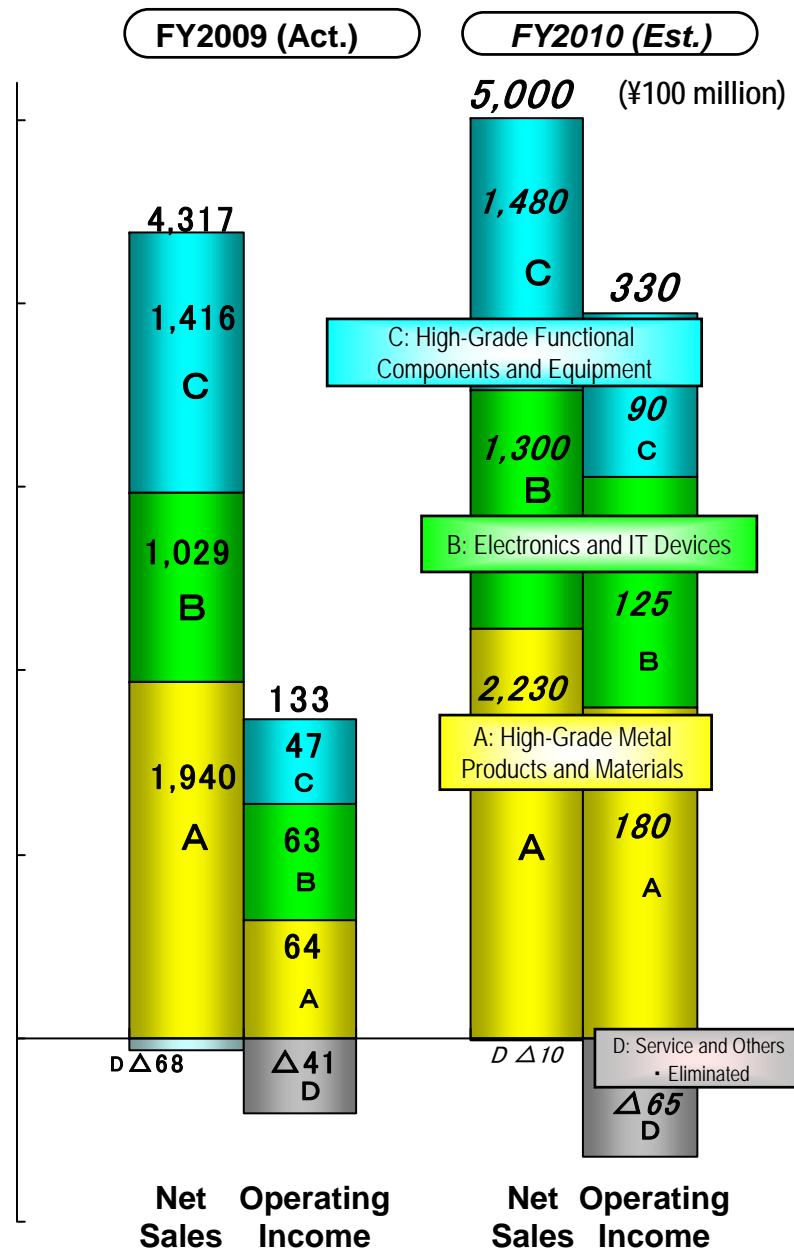
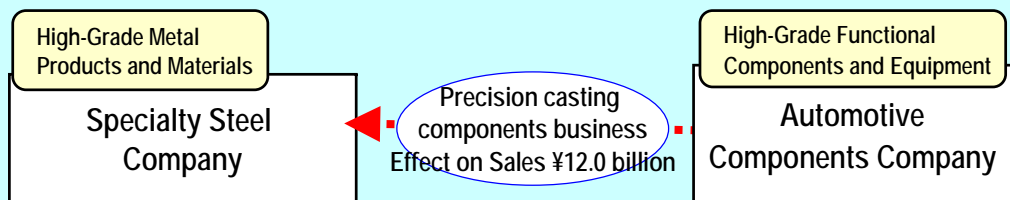
Net sales ¥148.0 billion (105% of FY09)
Operating Income ¥9.0 billion (up ¥4.3 billion YoY)

Service and Others - Eliminated

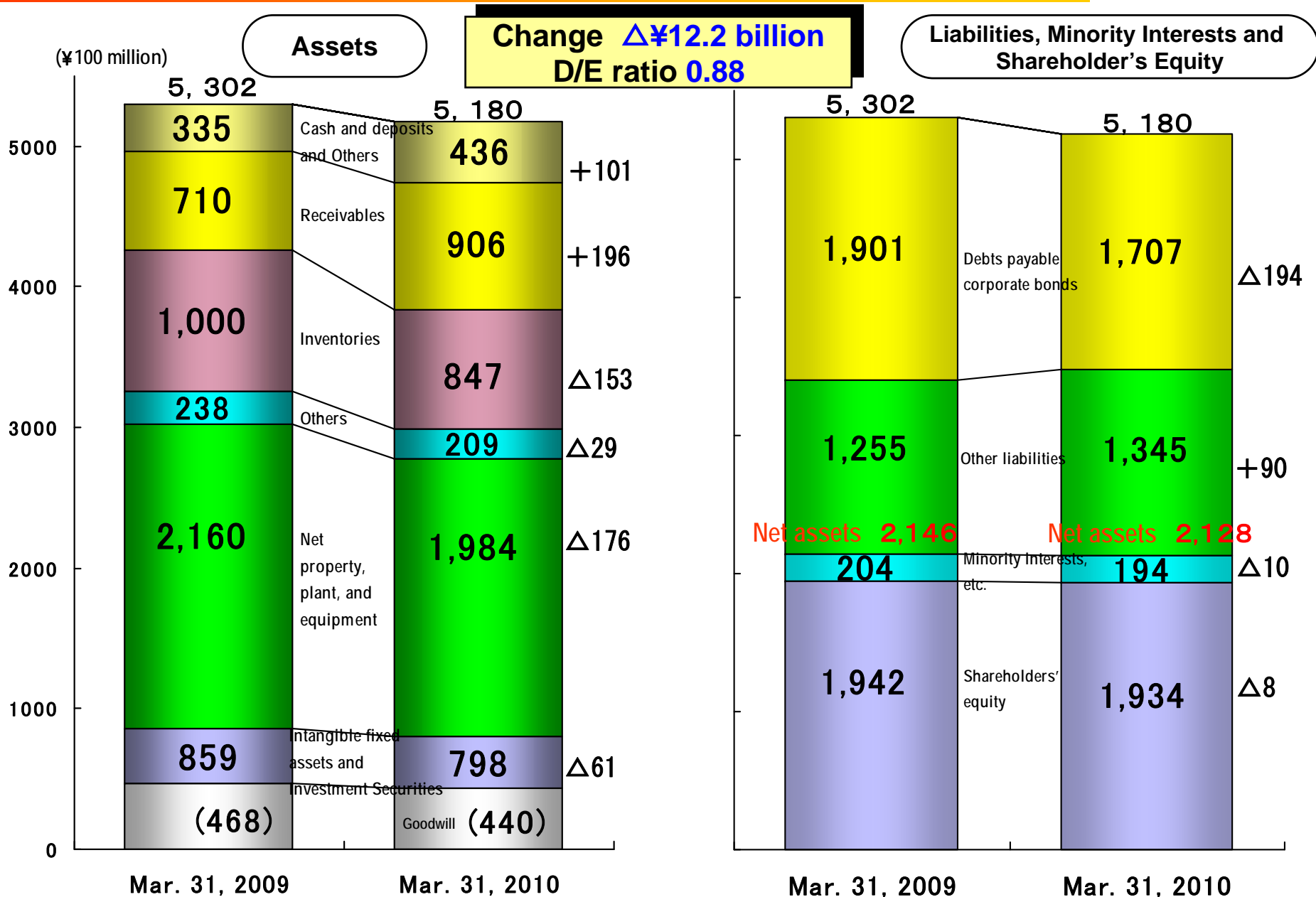
Net Sales Δ¥1.0 billion
Operating Income Δ¥6.5 billion

Demand in both the automobile and electronics-related fields is expected to recover steadily. Hitachi Metals sees inventory adjustments for tool steels and certain other products progressing, with demand increasing on an actual demand basis.

From fiscal 2010, Hitachi Metals will shift its precision casting components business subsidiary in the High-Grade Functional Components and Equipment segment to its High-Grade Metal Products and Materials segment. In so doing, synergies will be generated with the specialty steel business and sales of eco-friendly products expanded.



FY09 Consolidated Balance Sheet



Consolidated Cash Flows



(¥100 million)

Item	Fiscal 2008	Fiscal 2009
Cash and cash equivalents at beginning of period	478	335
Net income before tax adjustments	△2	57
Depreciation costs	318	305
Capital investment	△437	△226
Other	75	219
Free cash flow	△46	355
Borrowings	18	△184
Dividend payments, others	△83	△69
Net cash flow	△111	102
Effect of exchange rate changes and others	△32	△1
Cash and cash equivalents at end of period	335	436

(Note) Capital investment is based on receipt and inspection. FY08 results follow recalibration of interest income, dividends and interest paid.

(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**