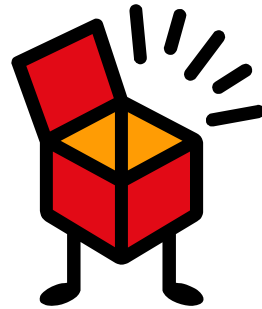


# Financial Highlights

the 3-month period ended Jun.30,2010  
(Fiscal 2010)



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

## FY 10 1Q (April-June 2010)

### ■ Demand Trends

The automobile-related field recovered on an actual demand basis, with steady improvement both in Japan and overseas. Electronics-related demand was steady on the back of continued robust demand, primarily in Asia for LCDs and semiconductors. In the industrial infrastructure field, demand for industrial machinery and certain other products recovered rapidly, despite the lingering effects of cutbacks in capital investment.

### ■ Net Sales and Operating Income

• Net sales ¥126.9 billion (103% of FY09 4Q) • Operating income ¥12.0 billion (up ¥2.3 billion from FY09 4Q)

⇒ Supported by steady demand, both sales and income were firm.

### ■ Net Sales and Operating Income by Segment

• High-Grade Metal Products and Materials: Net sales ¥55.9 billion (102% of FY09 4Q), Operating income ¥6.6 billion (up ¥1.5 billion from FY09 4Q)

⇒ Tool steels recovered on an actual basis, alloys for electronic products, including LCDs and semiconductors, continued to be robust.

• Electronics and IT Devices: Net sales ¥33.0 billion (110% of FY09 4Q), Operating income ¥4.6 billion (up ¥1.5 billion from FY09 4Q)

⇒ Permanent magnet sales were firm for both the IT household appliance and automotive sectors, and information systems components were also favorable. Amorphous metals also recovered as sales increased.

• High-Grade Functional Components and Equipment: Net sales ¥38.1 billion (93% of FY09 4Q), Operating income ¥2.6 billion (up ¥0.2 billion from FY09 4Q)

⇒ Sales of casting components for automobiles held steady both in Japan and overseas, while sales of piping components declined due to ongoing restrained investment in Japan.

## Forecast for 2Q and Remainder of the Fiscal Year

2Q demand in both the automobile and electronics-related fields is expected to remain brisk, lifting first half results projections. The performance outlook for the second half and the full fiscal year is clouded due to uncertainty about the business environment in the second half. Given the difficulty of developing a clear picture of the situation, Hitachi Metals will not revise its outlook at the present time. Hitachi Metals will disclose any revisions to its outlook immediately should business environment conditions become clearer.

¥100 million, ( ): year-on-year

	Fiscal 2008				Fiscal 2009				Fiscal 2010		
	1Q (Actual)	2Q (Actual)	1H (Actual)	Full Year (Actual)	1Q (Actual)	2Q (Actual)	1H (Actual)	Full Year (Actual)	1Q (Actual)	2Q (Est.)	1H (Est.)
Net sales	1,756	1,781	3,537	5,907	925	1,028	1,953	4,317	1,269 (137%)	1,261 (123%)	2,530 (130%)
Operating income	154	143	297	151	△45	10	△35	133	120 (+165)	80 (+70)	200 (+235)
Income before income taxes	174	123	297	△2	△56	△31	△87	57	107 (+163)	66 (+97)	173 (+260)
Net income	87	66	153	△30	△37	△20	△57	19	55 (+92)	35 (+55)	90 (+147)
Capital investment	82	115	197	438	52	34	86	165	34 (△18)	76 (+42)	110 (+24)
Depreciation costs	75	78	153	318	74	75	149	305	67 (△7)	73 (△2)	140 (△9)
R&D expenses	33	34	67	131	24	26	50	106	27 (+3)	38 (+12)	65 (+15)

# FY10 1Q Consolidated Net Sales / Operating Income (By Segment)



## Net sales ¥126.9 billion (103% of FY09 4Q)

High-Grade Metal Products and Materials	¥55.9 billion (102% of FY09 4Q)
Electronics and IT Devices	¥33.0 billion (110% of FY09 4Q)
High-Grade Functional Components and Equipment	¥38.1 billion (93% of FY09 4Q)

### High-Grade Metal Products and Materials

In specialty steels, tool steels saw brisk demand, fueled by the automobile and household appliance-related markets, while alloys for electronic products continued to see favorable demand for both semiconductors and LCDs. Demand for rolls was steady owing to progress with inventory adjustments, although construction-related demand was anemic.

### Electronics and IT Devices

Permanent magnet sales were firm in the automobile, IT and household appliance sectors and FA-related sales showed rapid recovery. Sales of solar power generation-related information systems components were brisk and demand for information communication components held steady. Sales of amorphous metals (soft magnetic materials) recovered on growing demand from the Chinese market.

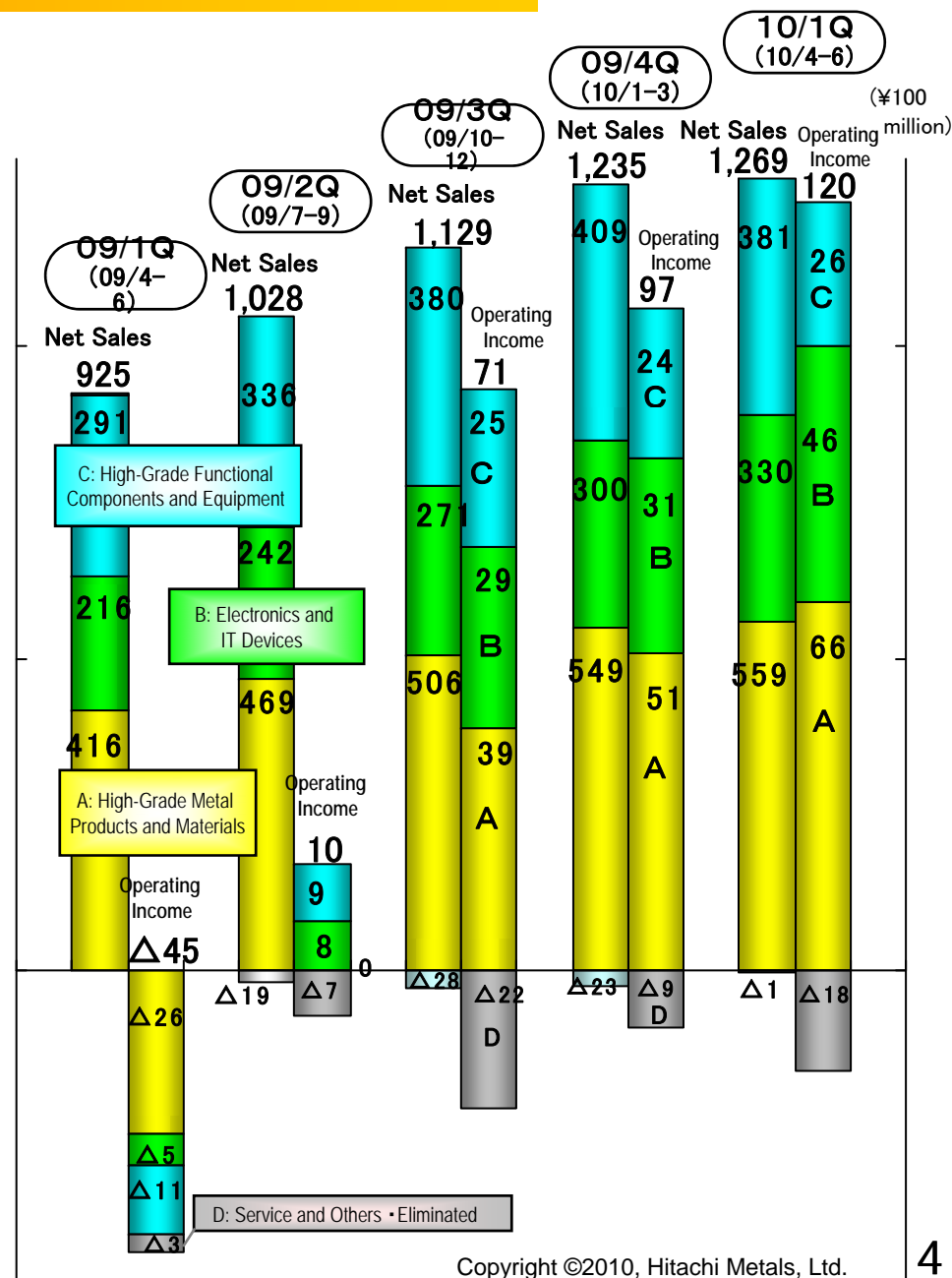
### High-Grade Functional Components and Equipment

In casting components for automobiles, sales of ductile iron products were robust in both the United States and Asia. Demand for HERCUNITE® increased in Europe. Demand for aluminum wheels in both Japan and the United States continued to be brisk. Demand for piping components continued to feel the impact of cutbacks in capital investment.

## Operating Income ¥12.0 billion (+¥2.3 billion from FY09 4Q)

High-Grade Metal Products and Materials	¥ 6.6 billion (+¥1.5 billion from FY09 4Q)
Electronics and IT Devices	¥ 4.6 billion (+¥1.5 billion from FY09 4Q)
High-Grade Functional Components and Equipment	¥ 2.6 billion (+¥0.2 billion from FY09 4Q)

Income in all segments increased, reflecting the operational earnings effect gained from steady demand. Operating income improved ¥16.5 billion compared with the same period of the previous fiscal year (FY09 1Q).



# FY10 1H Consolidated Net Sales / Operating Income Estimates (By Segment)



**Net Sales ¥253.0 billion** (up ¥10.0 billion from previous estimates)

107% of FY09 2H, 130% of FY09 1H

**Operating Income ¥20.0 billion** (up ¥4.6 billion from previous estimates)

Up ¥3.2 billion from FY09 2H, up ¥23.5 billion from FY09 1H

## ■ High-Grade Metal Products and Materials

Net sales ¥111.0 billion (up ¥2.5 billion from previous estimates)  
105% of FY09 2H, 125% of FY09 1H

Operating Income ¥11.2 billion (up ¥2.4 billion from previous estimates)  
Up ¥2.2 billion from FY09 2H, up ¥13.8 billion from FY09 1H

## ■ Electronics and IT Devices

Net sales ¥67.0 billion (up ¥4.0 billion from previous estimates)  
117% of FY09 2H, 146% of FY09 1H

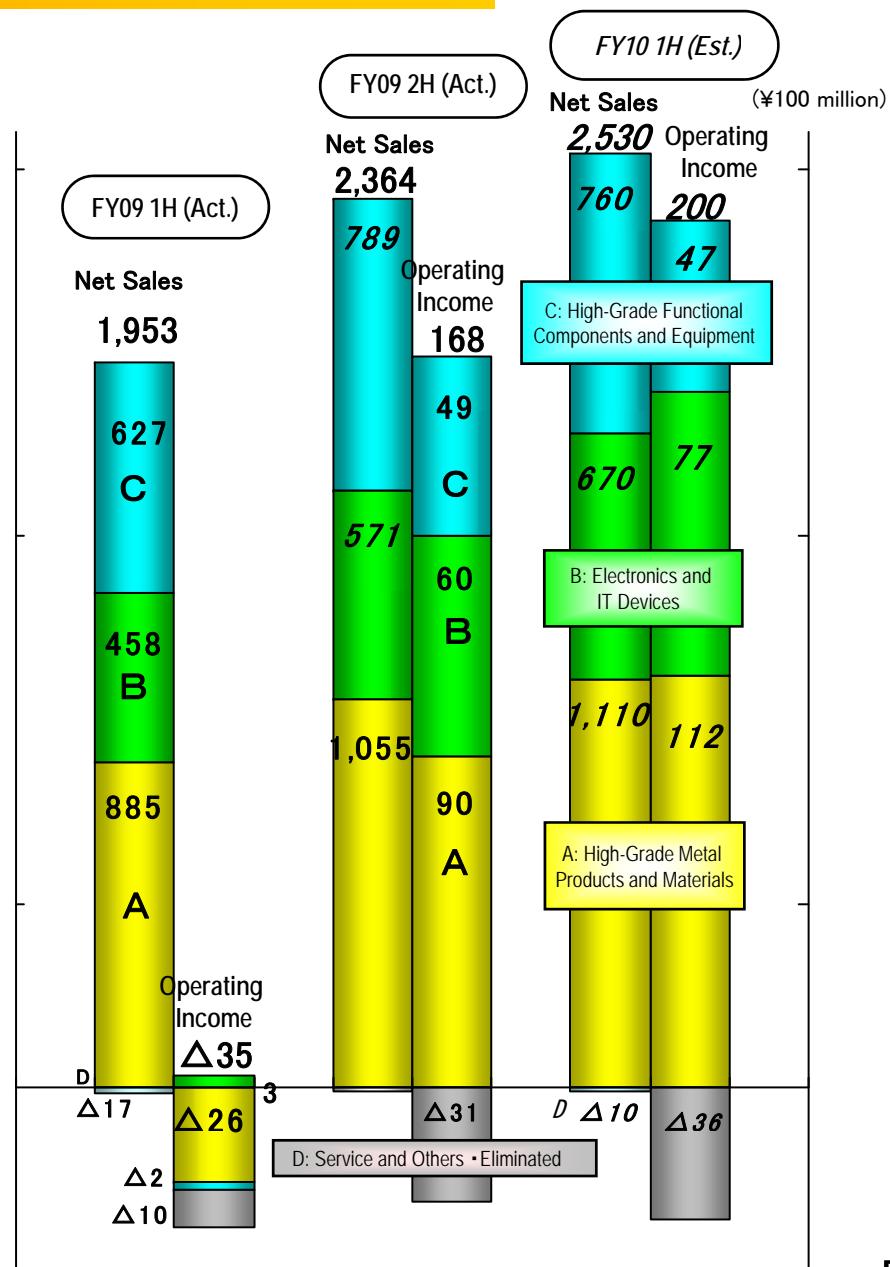
Operating income ¥7.7 billion (up ¥1.6 billion from previous estimates)  
Up ¥1.7 billion from FY09 2H, up ¥7.4 billion from FY09 1H

## ■ High-Grade Functional Components and Equipment

Net Sales ¥76.0 billion (up ¥4.0 billion from previous estimates)  
96% of FY09 2H, 121% of FY09 1H

Operating income ¥4.7 billion (up 0.7 billion from previous estimates)  
Down ¥0.2 billion from FY09 2H, up ¥4.9 billion from FY09 1H

Demand in both the automobile and electronics-related fields is expected to continue to be steady in 2Q.  
Performance forecasts for 1H have therefore been raised.





## Consolidated Cash Flows



(¥100 million)

Item	FY2009 1Q	FY2010 1Q
Cash and cash equivalents at beginning of period	335	436
<b>Net income before tax adjustments</b>	<b>△56</b>	<b>107</b>
<b>Depreciation costs</b>	<b>74</b>	<b>67</b>
<b>Capital investment</b>	<b>△52</b>	<b>△34</b>
<b>Other</b>	<b>△15</b>	<b>△41</b>
<b>Free cash flow</b>	<b>△49</b>	<b>99</b>
<b>Borrowings</b>	<b>55</b>	<b>△37</b>
<b>Dividend payments, others</b>	<b>△32</b>	<b>△29</b>
<b>Net cash flow</b>	<b>△26</b>	<b>33</b>
Effect of exchange rate changes and others	△1	△22
Cash and cash equivalents at end of period	308	447

(Note) Capital investment is based on receipt and inspection.

## (Reference) Breakdown by Business Segment

<b>Business Segment</b>	<b>Business Unit</b>	<b>Main Products</b>
<b>High-Grade Metal Products and Materials</b> [Fiscal 2007 Actual] Net sales ¥292.4 billion, operating income ¥28.7 billion [Fiscal 2008 Actual] Net sales ¥265.0 billion, operating income ¥5.7 billion [Fiscal 2009 Actual] Net sales ¥194.0 billion, operating income ¥6.4 billion	<b>Specialty Steel Company</b>	High-grade specialty steels [YSS™] (molds and tool steels, alloys for electronic products (display-related, semiconductor and other packages), industrial equipment and energy-related materials, razor and blade materials), precision cast components
	<b>Roll Company</b>	Rolls for steel, nonferrous and non-metal applications, injection molding machine parts, structural ceramic products, steel-frame joints for construction
	<b>Hitachi Tool Engineering, Ltd.</b>	Cutting tools
<b>Electronics and IT Devices</b> [Fiscal 2007 Actual] Net sales ¥191.9 billion, operating income ¥20.3 billion [Fiscal 2008 Actual] Net sales ¥137.3 billion, operating income ¥9.3 billion [Fiscal 2009 Actual] Net sales ¥102.9 billion, operating income ¥6.3 billion	<b>NEOMAX Company</b>	Permanent magnets (rare-earth magnets [NEOMAX®], ferrite magnets, other permanent magnets and applied products)
	<b>Information System Components Company</b>	Components for information and telecommunication equipment (multilayered devices, isolators), IT materials and components, materials and components for medical equipment, soft ferrite core and applied products, nanocrystalline magnetic material [FINEMET®] and applied devices, amorphous metals [Metglas®] and applied products
	<b>Soft Magnetic Materials Company</b>	Amorphous metals [Metglas®]
<b>High-Grade Functional Components and Equipment</b> [Fiscal 2007 Actual] Net sales ¥222.5 billion, operating income ¥16.2 billion [Fiscal 2008 Actual] Net sales ¥188.3 billion, operating income ¥4.2 billion [Fiscal 2009 Actual] Net sales ¥141.6 billion, operating income ¥4.7 billion	<b>Automotive Components Company</b>	High-grade casting components for automobiles (heat-resistant exhaust casting components [HERCUNITE®], ductile iron [HNM™]), aluminum wheels [SCUBA™], other aluminum components
	<b>Piping Components Company</b>	Piping and infrastructure components (Gourd® brand pipe fittings, stainless steel and plastic piping components, water cooling equipment, precision mass flow control devices, sealed expansion tanks)
	<b>Hitachi Metals Techno, Ltd.</b>	Construction components (access floor systems, structural systems, material handling systems)





**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**