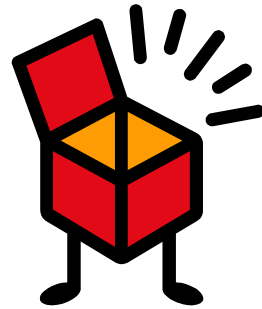


Financial Highlights

the 9-month period ended Dec.31,2010
(Fiscal 2010)



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Hitachi Metals, Ltd.

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

E-Mail : hmir@hitachi-metals.co.jp

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

Performance Overview

Third Quarter of Fiscal 2010 (October–December 2010)

Net sales in the third quarter of FY2010 were ¥133.8 billion (105% of FY2010 2Q).
Operating income was ¥12.1 billion (up ¥2.2 billion from FY2010 2Q).

■ Demand Trends

The automobile-related-product sector saw a lull in Japanese domestic demand with the end of stimulus measures, while overseas demand held strong, especially in North America and the rest of Asia.

Though electronics-related-product demand was solid, particularly in the rest of Asia, adjustments in LCD- and semiconductor-related demand saw that sector slow.

In the industrial infrastructure sector, machinery-related-product demand eased as capital investment in the rest of Asia ran its course.

■ Net Sales and Operating Income by Segment

High-Grade Metal Products and Materials : Net sales of ¥56.6 billion (101% of FY2010 2Q) , Operating income of ¥6.9 billion (up ¥1.3 billion from FY2010 2Q)
⇒ Tool steel sales were solid for both automobiles and household appliances, with alloys for electronic products (LCDs and semiconductors) entering an adjustment phase.

Electronics and IT Devices : Net sales of ¥35.4 billion (107% of FY2010 2Q), Operating income of ¥4.1 billion (up ¥800 million from FY2010 2Q)
⇒ Although adjustments continued in magnet demand for factory automation, the IT, household appliance, and automobile sectors displayed strength, with demand for portable terminal components and amorphous metals vigorous as well.

High-Grade Functional Components and Equipment : Net sales of ¥42.1 billion (109% of FY2010 2Q), Operating income of ¥3.2 billion (up ¥500 million from FY2010 2Q)

⇒ Sales of casting components for automobiles held firm both in Japan and overseas. Piping components demand was impacted by restrained investment.

Outlook for Fiscal 2010 Overall

The company's consolidated performance for the nine-month period of the fiscal year ending March 2011 was supported by robust demand, primarily in the automobile- and IT-related fields, with steady progress made with respect to the company's plans. On the negative side, the steep rise in raw material prices continued, and we are having difficulties ascertaining the impact of that development on our performance at the present stage. In view of these conditions and with regard to performance projections for the full fiscal year ending March 2011 (April 1, 2010, through March 31, 2011), the decision was made to retain the forecast figures announced on October 26, 2010.

Highlights

¥100 million, (): year-on-year

	FY2008				FY2009				FY2010			
	1Q Actual (4-6)	2Q Actual (7-9)	3Q Actual (10-12)	Full Year Actual	1Q Actual (4-6)	2Q Actual (7-9)	3Q Actual (10-12)	Full Year Actual	1Q Actual (4-6)	2Q Actual (7-9)	3Q Actual (10-12)	Full Year Previous Est. *Announced on October 26, 2010
Net sales	1,756	1,781	1,430	5,907	925	1,028	1,129	4,317	1,269	1,273	1,338 (119%)	5,100 (118%)
Operating income	154	143	32	151	△45	10	71	133	120	99	121 (+50)	380 (+247)
Income before income taxes	174	123	△46	△2	△56	△31	61	57	107	79	113 (+52)	273 (+216)
Net income	87	66	△57	△30	△37	△20	28	19	55	48	62 (+34)	140 (+121)
Capital investment	82	115	110	438	52	34	32	165	34	48	49 (+17)	230 (+65)
Depreciation costs	75	78	81	318	74	75	78	305	67	68	73 (△5)	290 (△15)
R&D expenses	33	34	31	131	24	26	27	106	27	30	32 (+5)	130 (+24)

Consolidated Net Sales and Operating Income in the Third Quarter of Fiscal 2010 (By Segment)



Net Sales: ¥133.8 Billion (105% of FY2010 2Q)

High-Grade Metal Products and Materials ¥56.6 billion (101% of FY2010 2Q)
 Electronics and IT Devices ¥35.4 billion (107% of FY2010 2Q)
 High-Grade Functional Components and Equipment ¥42.1 billion (109% of FY2010 2Q)

High-Grade Metal Products and Materials

For specialty steel, tool steel demand in automobile- and household appliance-related fields was strong, and alloys for electronic products (LCDs and semiconductors) moved into an adjustment phase. Roll sales enjoyed robust demand in the rest of Asia and other overseas markets, although recovery in Japan's domestic demand was weak.

Electronics and IT Devices

Though magnet sales entered an adjustment phase for factory automation demand as capital investment ran its course in China, South Korea, and Taiwan, sales in the automobile, IT, and household appliance sectors performed strongly. Under IT devices, demand for mobile phone-related products declined. Sales of amorphous metals (soft magnetic materials) rose under robust demand in China, India, and North America.

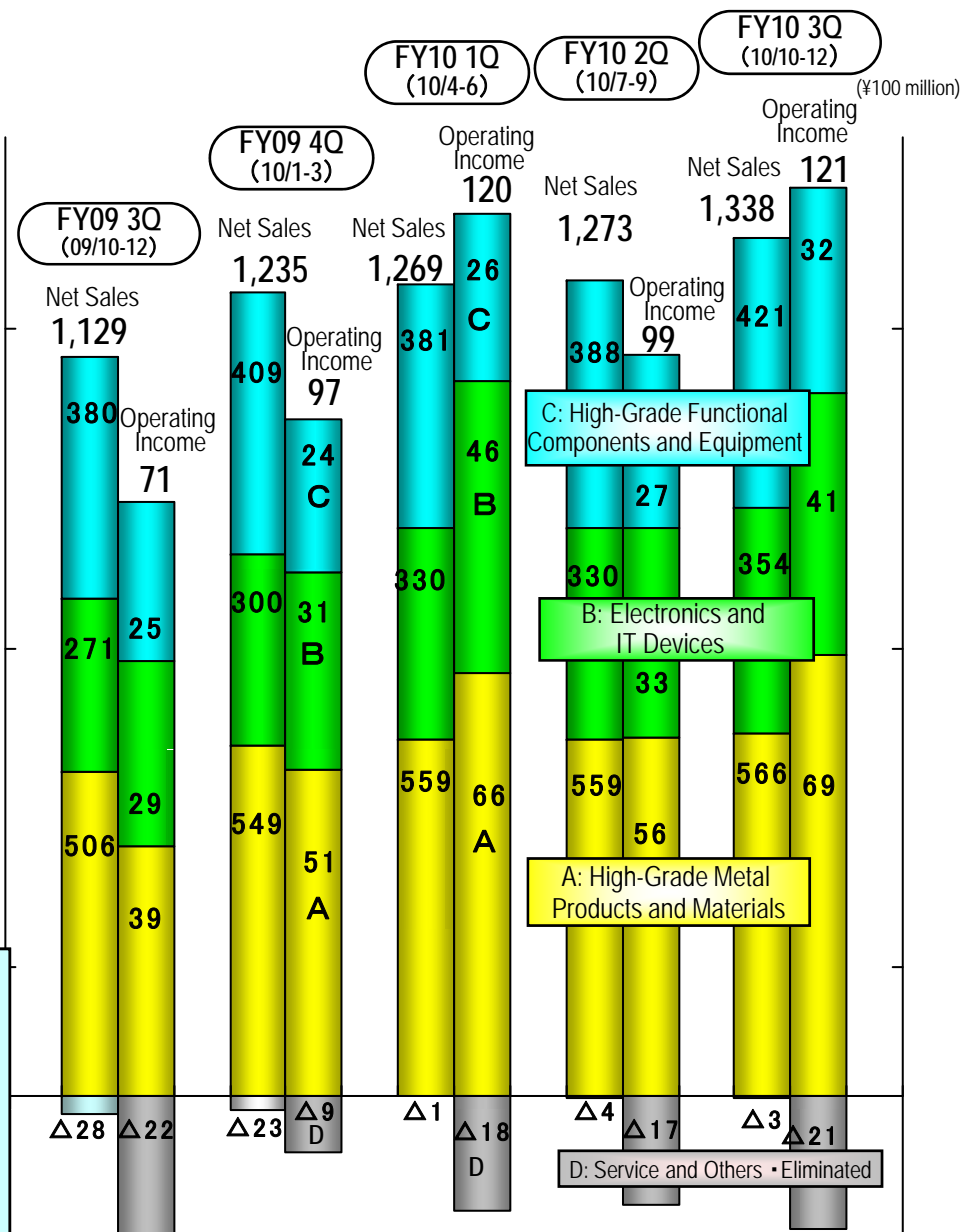
High-Grade Functional Components and Equipment

In casting components for automobiles, sales of ductile iron products shifted into strong territory in both the United States and the rest of Asia. Demand for HERCUNITE® grew in both Europe and North America. Aluminum wheel sales continued to perform well in the United States and the rest of Asia. For piping components, demand remained sluggish under the impact of restrained capital investment, although mass flow control devices sales rose with the effects of M&A and other factors.

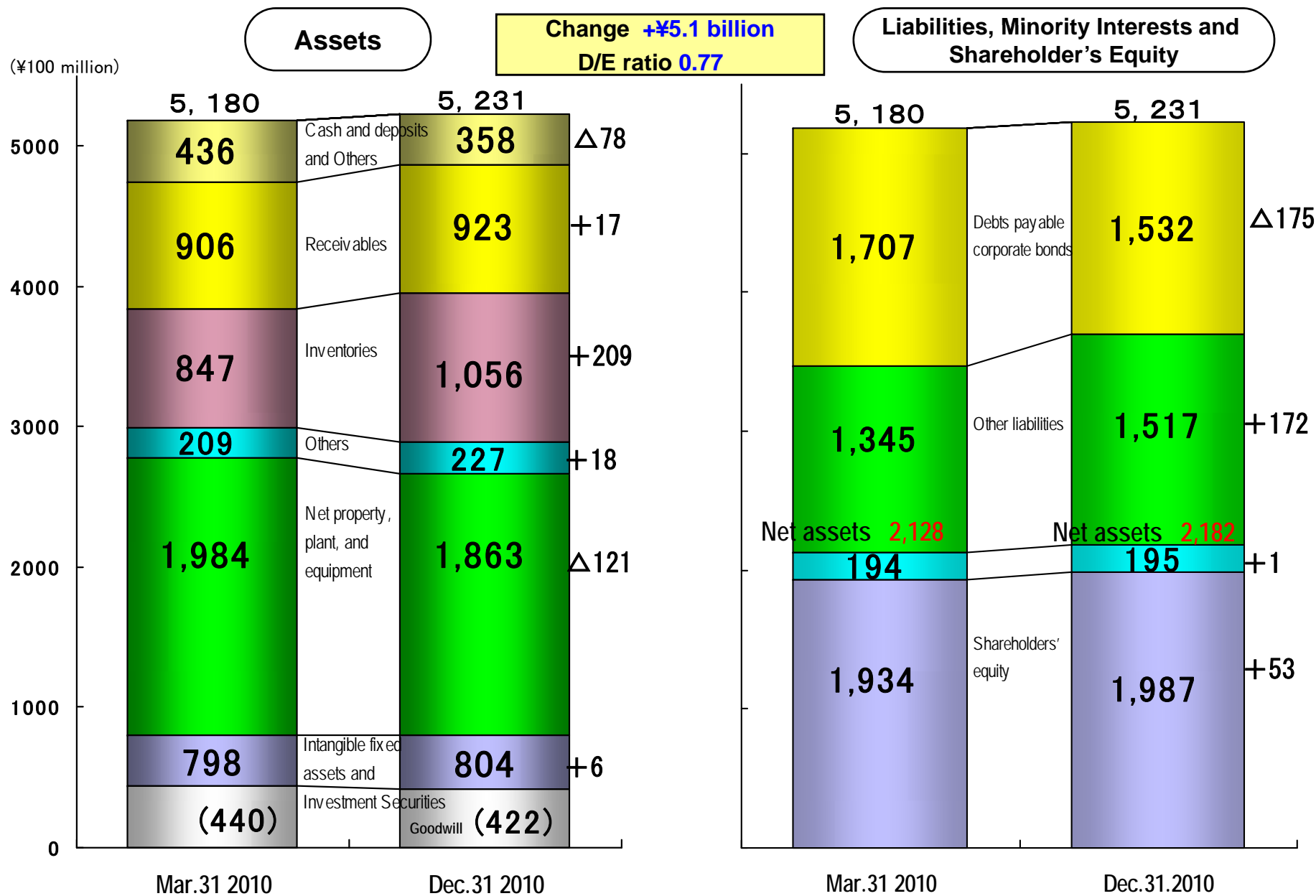
Operating Income: ¥12.1 Billion (Up ¥2.2 Billion from FY2010 2Q)

High-Grade Metal Products and Materials ¥6.9 billion (up ¥1.3 billion from FY2010 2Q)
 Electronics and IT Devices ¥4.1 billion (up ¥800 million from FY2010 2Q)
 High-Grade Functional Components and Equipment ¥3.2 billion (up ¥500 million from FY2010 2Q)

Despite the impact from a steep rise in raw-materials prices, solid demand driven operational-earnings effects helped operating income in all segments gain over both the same quarter the year before (FY2009 3Q) and the previous quarter (FY2010 2Q).



Consolidated Balance Sheet



Consolidated Cash Flows



(¥100 million)

Item	FY2009 3Q	FY2010 3Q
Cash and cash equivalents at beginning of period	335	436
Net income before tax adjustments	△26	299
Depreciation costs	227	208
Capital investment	△118	△131
Other	168	△212
Free cash flow	251	164
Borrowings	△96	△148
Dividend payments, others	△64	△60
Net cash flow	91	△44
Effect of exchange rate changes and others	△5	△34
Cash and cash equivalents at end of period	421	358

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

(Reference) Breakdown by Business Segment

<i>Business Segment</i>	<i>Business Unit</i>	<i>Main Products</i>
High-Grade Metal Products and Materials [FY07 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	Specialty Steel Company	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
	Roll Company	Rolls for steel, nonferrous and non-metal applications, injection molding machine parts, structural ceramic products, steel-frame joints for construction
	Hitachi Tool Engineering, Ltd.	Cutting tools
Electronics and IT Devices [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	NEOMAX Company	Magnets (rare-earth magnets [NEOMAX®], ferrite magnets, other magnets and applied products)
	Information System Components Company	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
	Soft Magnetic Materials Company	Amorphous metals [Metglas®]
High-Grade Functional Components and Equipment [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	Automotive Components Company	High-grade casting components for automobiles (heat-resistant exhaust casting components [HERCUNITE®], ductile iron [HNM™]), aluminum wheels [SCUBA™], other aluminum components
	Piping Components Company	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)
	Hitachi Metals Techno, Ltd.	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**