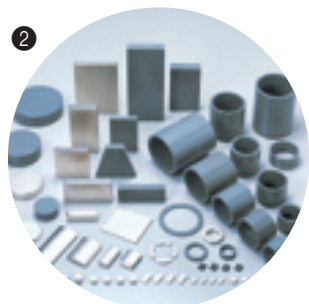


Growth Strategies for Environmental Responsiveness



Metglas®
Amorphous Metals for
Electric Power Transformers

Ongoing demand growth, particularly in China and India for high-performance power distribution transformers



NEOMAX®
Rare-Earth Magnets

Energy-saving automobile needs drive demand for rare-earth magnets and ferrite magnetic materials

Hitachi Metals is a manufacturer of highly functional components and materials, boasting unique and sophisticated technology development capabilities. In its continued pursuit of materials development, the Group is active across nine core operating fields, comprising specialty steel, rolls for steel mills, cutting tools, permanent magnets, soft magnetic materials, information system components, casting components for automobiles, piping components and construction materials. The Company's activities in these nine core operating fields ultimately converge on three broad markets: automobiles, electronics and infrastructure. Broken down by market, the composition of our net sales is roughly 40%, 30% and 30%, respectively.

Measures to address environmental protection also comprise a key component of Hitachi Metals' business strategies. Conscious of growing market concerns voiced in this area, we create and release products that are distinguished for their eco-friendly properties in all nine fields. A few specific examples will help to illustrate.

Recognizing the potential for infrastructure-related markets in emerging Asian markets, such as China and India, Hitachi Metals has developed amorphous metals (Metglas®, photo 1), for which demand is expanding due to their contribution to energy conservation. In this context, the Company is raising market expectations by delivering highly efficient power distribution transformers. With a view to new market expansion in the United States and Europe as well, we expect Metglas® to spur demand in various regions globally on the back of its eco-friendly properties. In fiscal 2007, Hitachi Metals undertook investments aimed at boosting production capacity. This investment activity was continued throughout fiscal 2008. As a driver of future growth, we will work diligently to expand our global business.

Energy Conservation and Environmental Concerns Driving Increased Magnet Demand (Automotive Business)

HEV, EV

Drive motors, Generators
(Nd-Fe-B magnets NEOMAX®)
Reduces fuel consumption

Engine Controls

Alternators (NEOMAX®)
Starter motors (Ferrite magnets)
Cooling fan motors
(Ferrite magnets)
**Reduces fuel consumption,
Lowers emissions**

Intake/Exhaust Systems

Exhaust gas recirculation (EGR)
(NEOMAX®, Ferrite magnets)
Electric intake valves (NEOMAX®, Ferrite magnets)
Reduces fuel consumption, Lowers emissions

Brake Controls

Antilock brake systems (ABS)
(NEOMAX®, Ferrite magnets)
Electric brake motors* (NEOMAX®)
Electric suspensions* (NEOMAX®)
Auxiliary brake systems (Retarders) (NEOMAX®)
Reduces fuel consumption, Reduces size and weight, Improves safety

*A system currently under development.

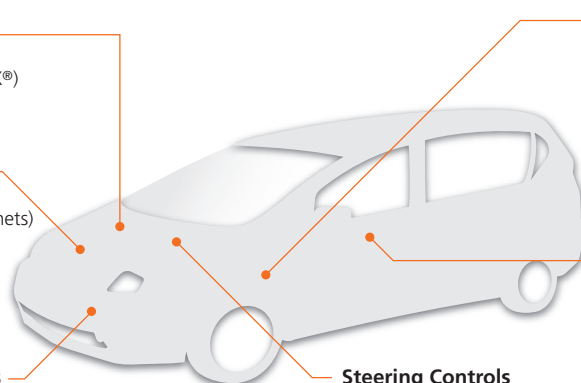
Utility

HVAC systems** (NEOMAX®, Ferrite magnets)
HDD/DVD for navigation systems (NEOMAX®)
Power window motors (Ferrite magnets)
**Reduces size and weight,
Lowers power consumption**

**Heating, ventilating and air conditioning system

Steering Controls

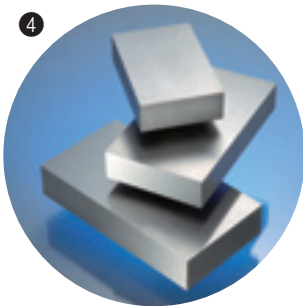
Electric power steering (EPS)
(NEOMAX®, Ferrite magnets)
**Reduces fuel consumption,
Reduces size and weight**





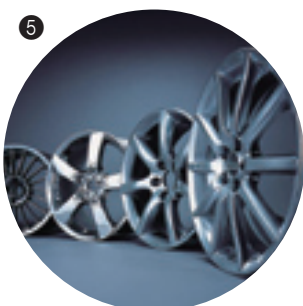
MANITURBO™
(HERCUNITE® Series)

Compliant with environmental regulations while offering improved fuel efficiency



SLD-MAGIC®
Cold-Working Die Steel

By considerably prolonging mold life span, cold-working die steel, SLD-MAGIC® contributes to lowering automobile development and manufacturing costs



SCUBA™ Aluminum Wheels

Advanced design and wide-rimmed wheels created using proprietary lightweight technologies

In the **automobile market**, where technological innovation continues to advance in response to environmental concerns, Hitachi Metals provides environmentally conscious **rare-earth magnets (NEOMAX®, photo 2)** for hybrid vehicles and **heat-resistant exhaust casting components (HERCUNITE®, photo 3)** for diesel and gasoline vehicles. In addition, our specialty steels business provides **cold-working die steel (SLD-MAGIC®, photo 4)** and **automotive piston ring materials, Continuously Variable Transmission (CVT) belt materials** for transmission components, advanced design, wide-rimmed lightweight **aluminum wheels (SCUBA™, photo 5)** and **permanent magnets (rare-earth magnets and ferrite magnetic materials)** for electric power steering systems, which are becoming standard electronic accessories for automobiles.

Apart from the automotive industry, **the electronics sector** is showing growing demand for permanent magnets as energy-saving, environmentally conscious materials. NEOMAX® rare-earth magnets are particularly in demand for use in motors, not only for their compact and lightweight properties, but also to halve power consumption in comparison with other motors.

Synonymous with “heavy industry,” the manufacturing processes for molds and specialty steel have historically contributed to significant energy consumption. Both from the perspectives of energy and resource conservation, however, existing manufacturing processes provide the opportunity for new technology and process development. By extension, efforts to raise efficiency in the manufacturing process contribute to improved productivity and reduced costs.

Under these circumstances, and as a manufacturer of highly functional components and materials, Hitachi Metals recognizes that efforts to protect the global environment serve as a wellspring for innovation and abundant growth opportunities. Accordingly, the Group’s lineup of eco-friendly products is expected to provide a major source of growth from both the medium- and long-term perspectives.

The continued development and evolution of materials will play an increasingly important role in resolving a wide range of issues and in creating a host of exciting new markets. Looking ahead, we will accelerate the development and release of eco-friendly products and invest in manufacturing process reform while endeavoring to secure sustainable growth.