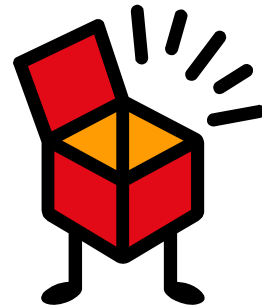


Financial Highlights

the first 3rd quarterly ended December 31, 2007
(Fiscal 2007)



Materials Mag!c

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

Highlights

¥ 100 million

	Fiscal 2006			Fiscal 2007		
	FY06 1H (Actual)	FY06 3rd (Actual)	FY06 (Actual)	FY07 1H (Actual)	FY07 3rd (Actual)	FY07 (Est.)
Net Sales	3,101	4,754	6,463	3,463 (112%)	5,274 (111%)	6,910 (107%)
Operating Income	257	394	547	266 (+9)	442 (+48)	570 (+23)
Income before income taxes	227	362	466	244 (+17)	420 (+58)	503 (+37)
Net Income	117	182	221	126 (+9)	224 (+42)	259 (+38)
ROE (%)	12.7%	13.0%	11.7%	12.2%	14.4%	12.2%
Capital investment	195	281	368	258 (+63)	355 (+74)	460 (+92)
Depreciation costs	116	183	244	140 (+24)	219 (+36)	305 (+61)
Research & Development Expenses	64	95	130	67 (+3)	99 (+4)	141 (+11)

() contain initial forecast comparisons

FY07 3rd Consolidated Net Sales · Operating Income (By Segment)



Net Sales ¥527.4 billion
11% YoY Increase +52 billion

High-Grade Metal Products and Materials: up 8%
Electronics and IT Devices: up 16%
High-Grade Functional Components and Equipment: up 8%

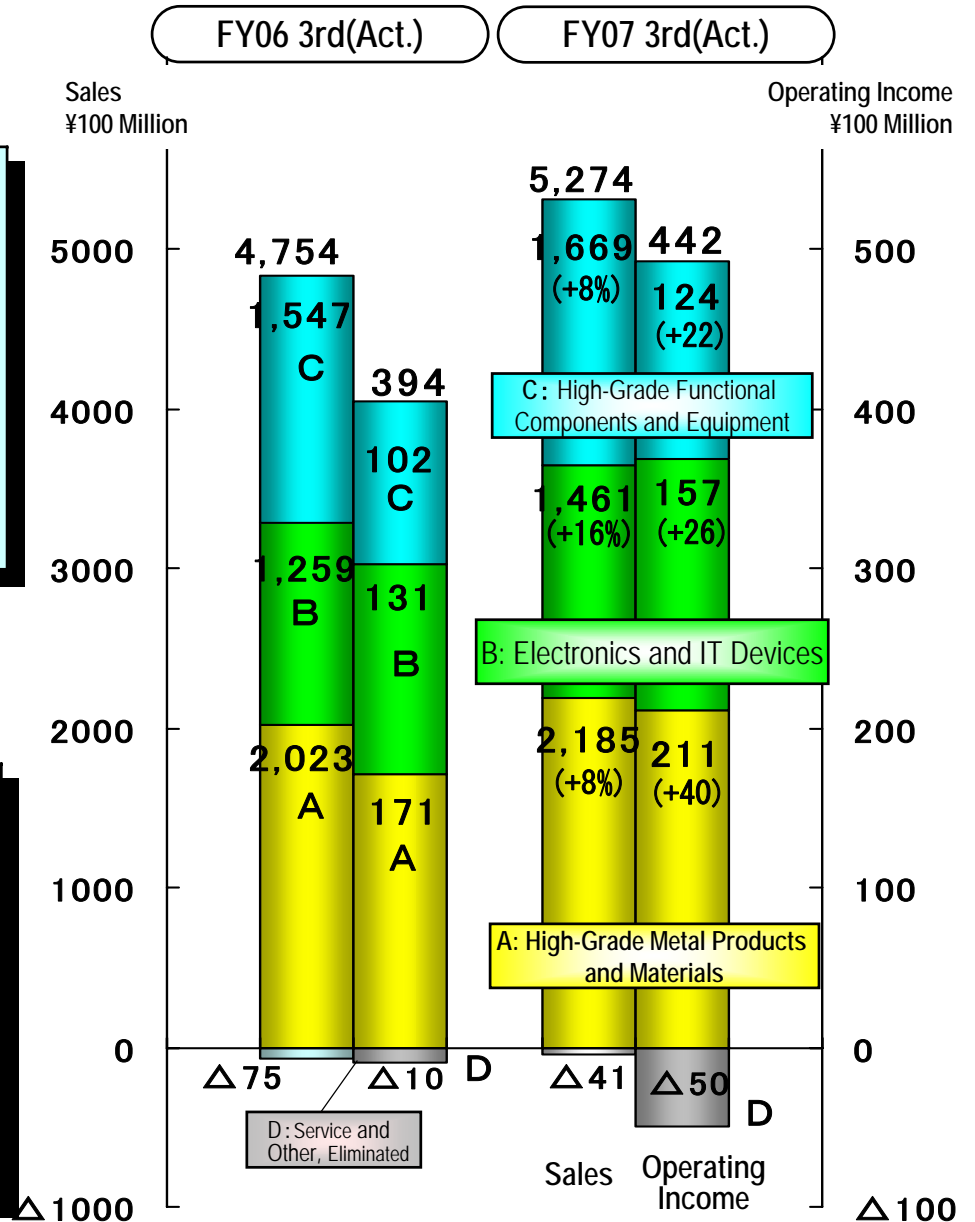
Strong sales, primarily of automotive-, IT- and household appliance-related products

- High-Grade Metal Products and Materials: Robust sales of tool steels, semiconductor and other package materials
- Electronics and IT Devices: Soft magnetic material sales increased, firm sales of rare-earth magnets
- High-Grade Functional Components and Equipment: Strong sales of eco-friendly casting components for automobiles, aluminum wheels
- Overseas sales to total net sales ratio 40%, new product sales ratio 27%

Operating Income ¥44.2 billion
12% YoY Increase +4.8 billion

High-Grade Metal Products and Materials: +¥4.0 bn
Electronics and IT Devices: +¥2.6 bn
High-Grade Functional Components and Equipment: +¥2.2bn

- Despite the impact of raw material price fluctuations, additional investments and an increase in depreciation expenses reflecting revisions to the tax system, sales growth and cost-reduction efforts greatly contributed to improved profits
- The effect of cost-reduction efforts in the High-Grade Metal Products and Materials segment and increased sales of soft magnetic materials in the Electronics and IT Devices segment generated an upswing in profits. Expanding sales of eco-friendly products in the High-Grade Functional Components and Equipment segment also contributed to profit growth



FY07 Consolidated Net Sales · Operating Income Est. (By Segment)



Net Sales ¥691 billion

7% YoY Increase +44.7 billion

High-Grade Metal Products and Materials: up 4%
Electronics and IT Devices: up 14%
High-Grade Functional Components and Equipment: up 5%

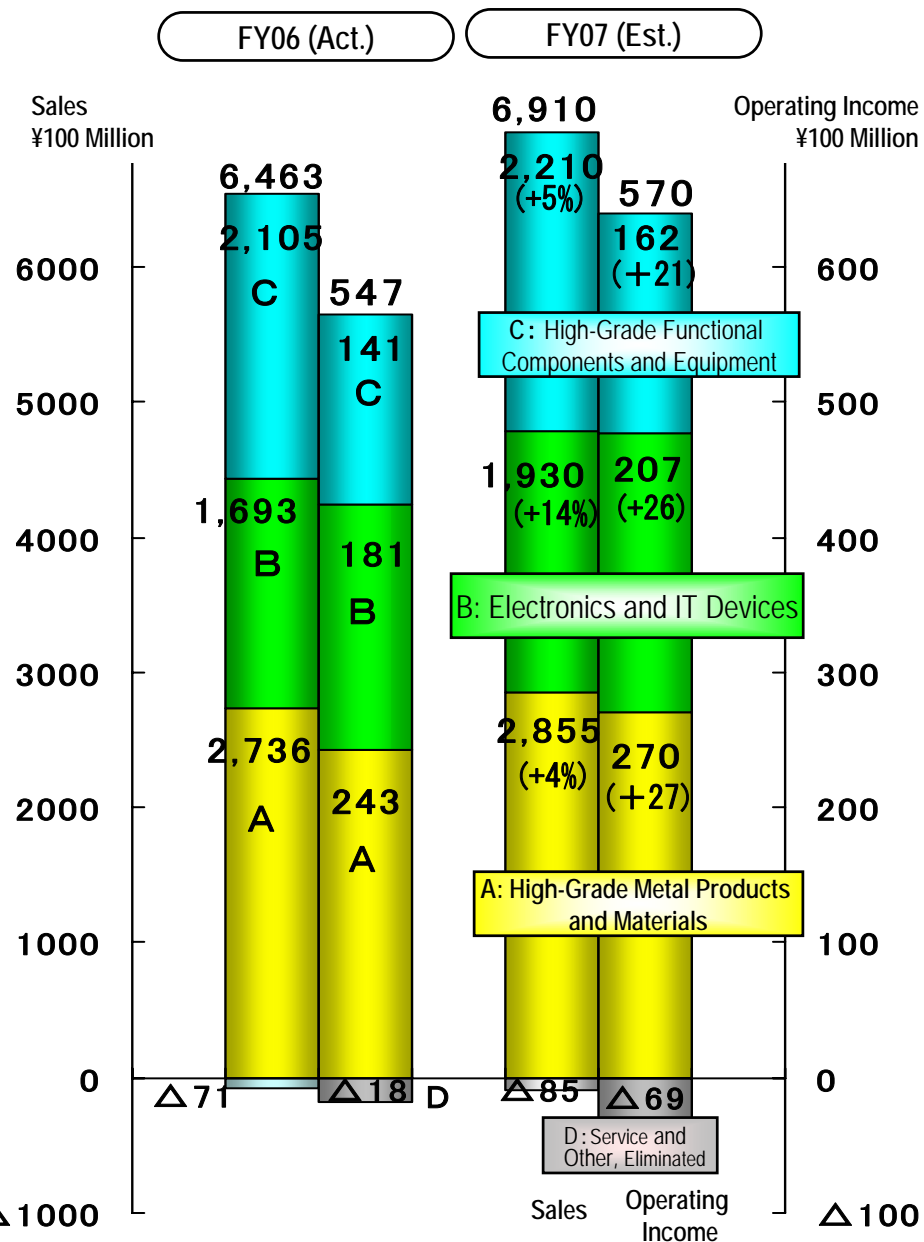
Hitachi Metals expects an increase in sales supported by revision of sales prices. The Company also expects demand to remain strong, particularly for products related to automobiles, IT and household appliances.

Operating Income ¥57 billion

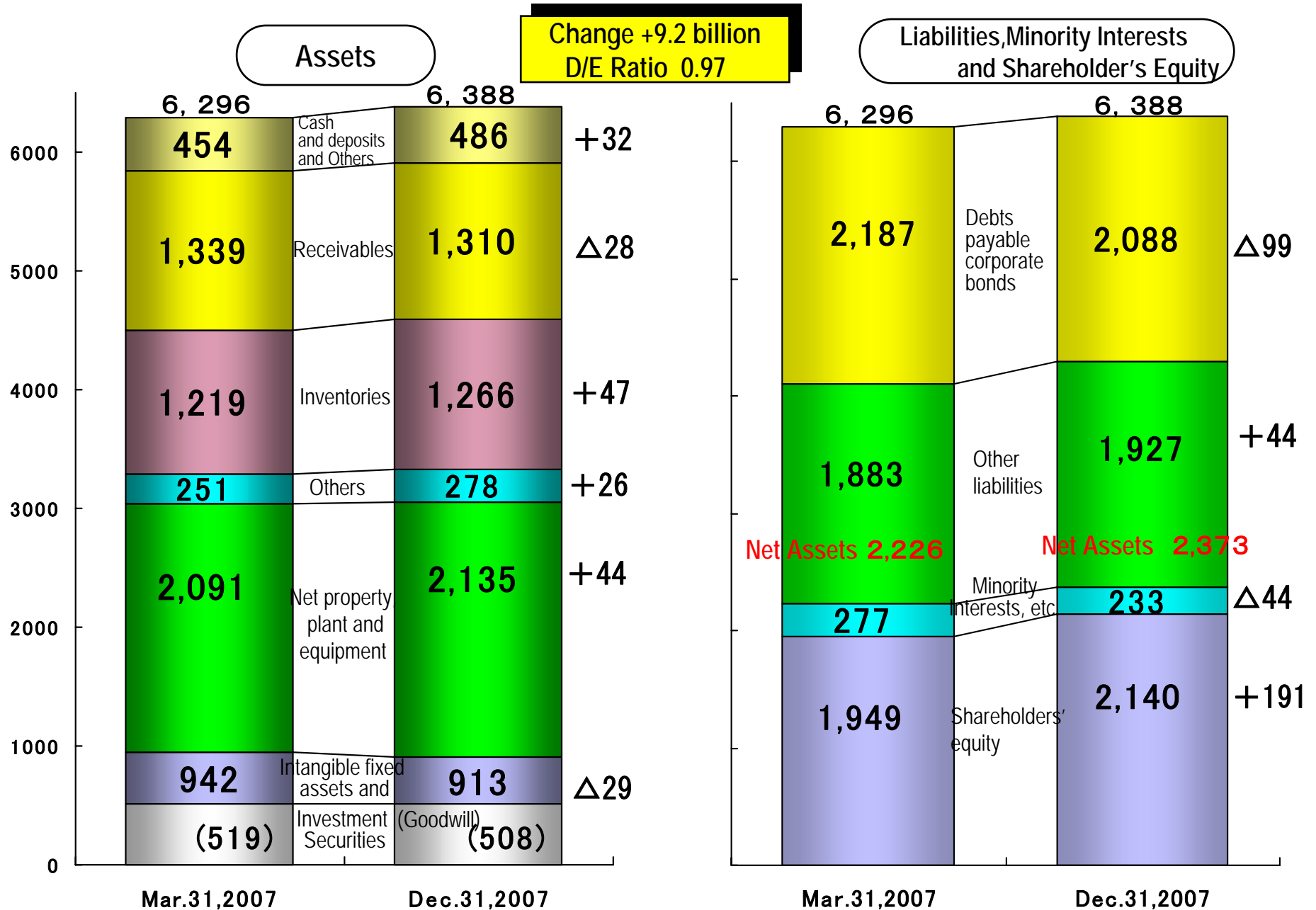
4% YoY Increase +2.3 billion

High-Grade Metal Products and Materials: +¥2.7 bn
Electronics and IT Devices: +¥2.6 bn
High-Grade Functional Components and Equipment: +¥2.1bn

- The positive impacts of increased sales and cost reduction measures are forecast to more than offset higher amortization expenses due to revisions to the tax law as well as costs associated with the amortization of goodwill and other expenses.
- All segments recorded higher profits thanks to increases in sales and the positive effect of cost reduction efforts
- Results in the third quarter remained sound. Business results forecasts identified at the time of interim financial results announcements remain unchanged, taking into consideration fluctuations in the price of raw materials and uncertainties surrounding a variety of factors including trends in the global economy



Consolidated Balance Sheet



Consolidated Cash Flows



¥ 100 million

Item	FY06 3rd	FY07 3rd	(Reference) FY2006
Net income before tax adjustments	362	420	466
Depreciation costs	183	219	244
Capital investment	△240	△364	△339
Purchase of shares in consolidated subsidiary companies	△866	△4	△866
Others	△200	△82	△201
Free cash flow	△761	189	△696
Reducing borrowings	615	△98	569
Dividend payments, others	△53	△52	△60
Effect of exchange rate changes	△7	△2	9
Net increase in cash during Current Period	△206	37	△178

(Reference) Business Segments

High-Grade Metal Products and Materials

Specialty Steel Company

Roll Company

Hitachi Tool Engineering Group

Electronics and IT Devices

NEOMAX Company

Soft Magnetic Materials Company

Information Systems
Components 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**