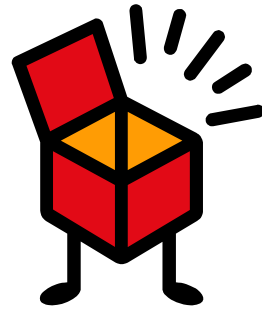


Financial Highlights

the 12-month period ended Mar.31,2011
(Fiscal 2010)



Materials Mag!c

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Highlights

¥billion, (): year-on-year

	Fiscal 2008					Fiscal 2009					Fiscal 2010				
	1Q Actual	2Q Actual	3Q Actual	4Q Actual	Full Year	1Q Actual	2Q Actual	3Q Actual	4Q Actual	Full Year	1Q Actual	2Q Actual	3Q Actual	4Q Actual	Full Year
Net sales	175.6	178.1	143.0	94.0	590.7	92.5	102.8	112.9	123.5	431.7	126.9	127.3	133.8	132.2	520.2 (121%)
Operating income	15.4	14.3	3.2	(17.8)	151	(4.5)	(1.0)	(7.1)	(9.7)	13.3	12.0	9.9	12.1	9.1	43.1 (+29.8)
Income before income taxes	17.4	12.3	(4.6)	(25.3)	(0.2)	(5.6)	(3.1)	6.1	8.3	5.7	10.7	7.9	11.3	6.2	36.1 (+30.4)
Net income	8.7	6.6	(5.7)	(12.6)	(3.0)	(3.7)	(2.0)	2.8	4.8	1.9	5.5	4.8	6.2	5.7	22.2 (+20.3)
Capital investment	8.2	11.5	11.0	13.1	43.8	5.2	3.4	3.2	4.7	16.5	3.4	4.8	4.9	7.3	20.4 (+3.9)
Depreciation costs	7.5	7.8	8.1	8.4	31.8	7.4	7.5	7.8	7.8	30.5	6.7	6.8	7.3	7.6	28.4 (Δ2.1)
R&D expenses	3.3	3.4	3.1	3.3	13.1	2.4	2.6	2.7	2.9	10.6	2.7	3.0	3.2	3.3	12.2 (+1.6)

Fiscal 2010 Performance Overview



Fiscal 2010 (April 2010–March 2011)

■ Net Sales and Operating Income

Net sales: ¥520.2 billion (121% of FY2009) Operating income: ¥43.1 billion (up ¥29.8 billion from FY2009)

■ Demand Trends

For the automobile-related product sector, domestic demand in Japan was lulled with the end of economic stimulus measures. However, overseas sales remained strong, primarily in North America and the rest of Asia.

For electronics-related products, although demand for semiconductor- and LCD-related products was in an adjustment phase during the year, overall demand remained strong, especially in the rest of Asia.

In the industrial infrastructure sector, domestic sales in Japan staged a gentle recovery, and energy-related products were supported by strong overseas demand.

■ Trends by Segment (FY2009 figures used for comparison have been adjusted as per the management approach.)

High-Grade Metal Products and Materials: Net sales of ¥225.6 billion (120% of FY2009) and operating income of ¥24.7 billion (up ¥18.2 billion from FY2009)

⇒ Sales of tool steel for both automobile and household appliance use were strong. Sales of electronic materials for semiconductors and LCDs entered an adjustment phase in the third quarter but showed signs of recovery in the latter half of the fourth quarter.

Electronics and IT Devices: Net sales of ¥134.0 billion (127% of FY2009) and operating income of ¥14.2 billion (up ¥7.1 billion from FY2009)

⇒ Magnet sales were solid in the automobile, household appliance, and factory automation sectors. IT component-related demand advanced on the strength of solar power generation components, and sales of amorphous metals likewise rose in the wake of new-market development.

High-Grade Functional Components and Equipment: Net sales of ¥161.8 billion (117% of FY2009) and operating income of ¥11.4 billion (up ¥5.9 billion from FY2009)

⇒ Sales of automobile-use casting components were solid both in Japan and overseas. Although sales of piping components were affected by restrained investment trends in pipe fittings, machinery demand increased under the effects of M&A and other market developments.

■ Net Income and ROE

Net income: ¥22.2 billion (up ¥20.3 billion from FY2009) ROE: 11.0% (up 10.0% from FY2009)

■ Capital Investment, Depreciation and Amortization, and R&D Expenses

Capital investment: ¥20.4 billion (up ¥3.9 billion from FY2009)

Depreciation and amortization: ¥28.4 billion (down ¥2.1 billion from FY2009)

R&D expenses: ¥12.2 billion (up ¥1.6 billion from FY2009)

■ Overseas Sales Ratio 43.2% (42.7% in FY2009) ■ New-Product Sales Ratio 24% (25% in FY2009)

Fiscal 2010 Consolidated Net Sales and Operating Income(By Segment)



Net Sales: ¥520.2 Billion (121% of FY2009)

High-Grade Metal Products and Materials	¥225.6 billion (120% of FY2009)
Electronics and IT Devices	¥134.0 billion (127% of FY2009)
High-Grade Functional Components and Equipment	¥161.8 billion (117% of FY2009)

■High-Grade Metal Products and Materials

For specialty steel, tool steel sales were buoyed by strong demand for household appliances as well as automobile-use molds in connection with model changeovers. Although demand for electronic metal materials for use in semiconductors and LCDs moved into an adjustment phase in the third quarter, sales recovered in the latter half of the fourth quarter. For roll sales, the recovery in Japan's domestic demand remained weak, but overseas sales were robust in the rest of Asia and other markets.

■Electronics and IT Devices

Although magnets were impacted by a surge in raw materials prices, sales in the automobile, IT, household appliance, and factory automation sectors were strong. Under IT devices, demand for solar power generation-related products expanded, with the effects of the new adoption of telecommunications terminals contributing to performance. Sales of amorphous metals (soft magnetic materials) rose on the force of healthy demand from China, India, and North America.

■High-Grade Functional Components and Equipment

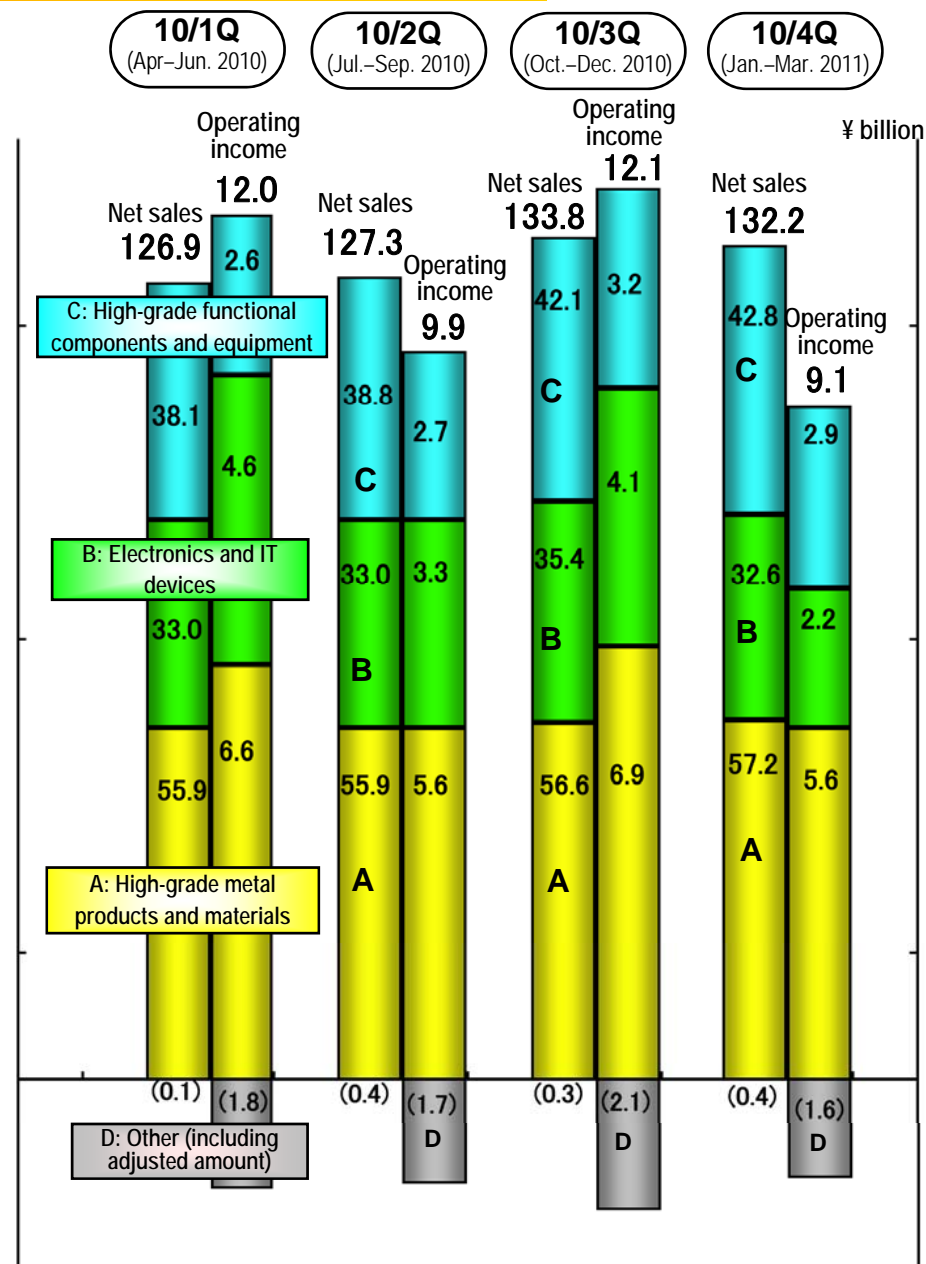
In casting components for automobiles, sales of ductile iron products showed strength in both the United States and the rest of Asia. Demand for HERCUNITE® picked up in North America, and solid sales of the product were recorded in Europe. Sales of aluminum wheels continued to gain ground in both the United States and the rest of Asia. Piping-component demand remained sluggish under the continued impact of restrained capital investment in pipe fittings, although machinery demand increased under the effects of M&A and other market developments.

Operating Income: ¥43.1 Billion (Up ¥29.8 Billion from FY2009)

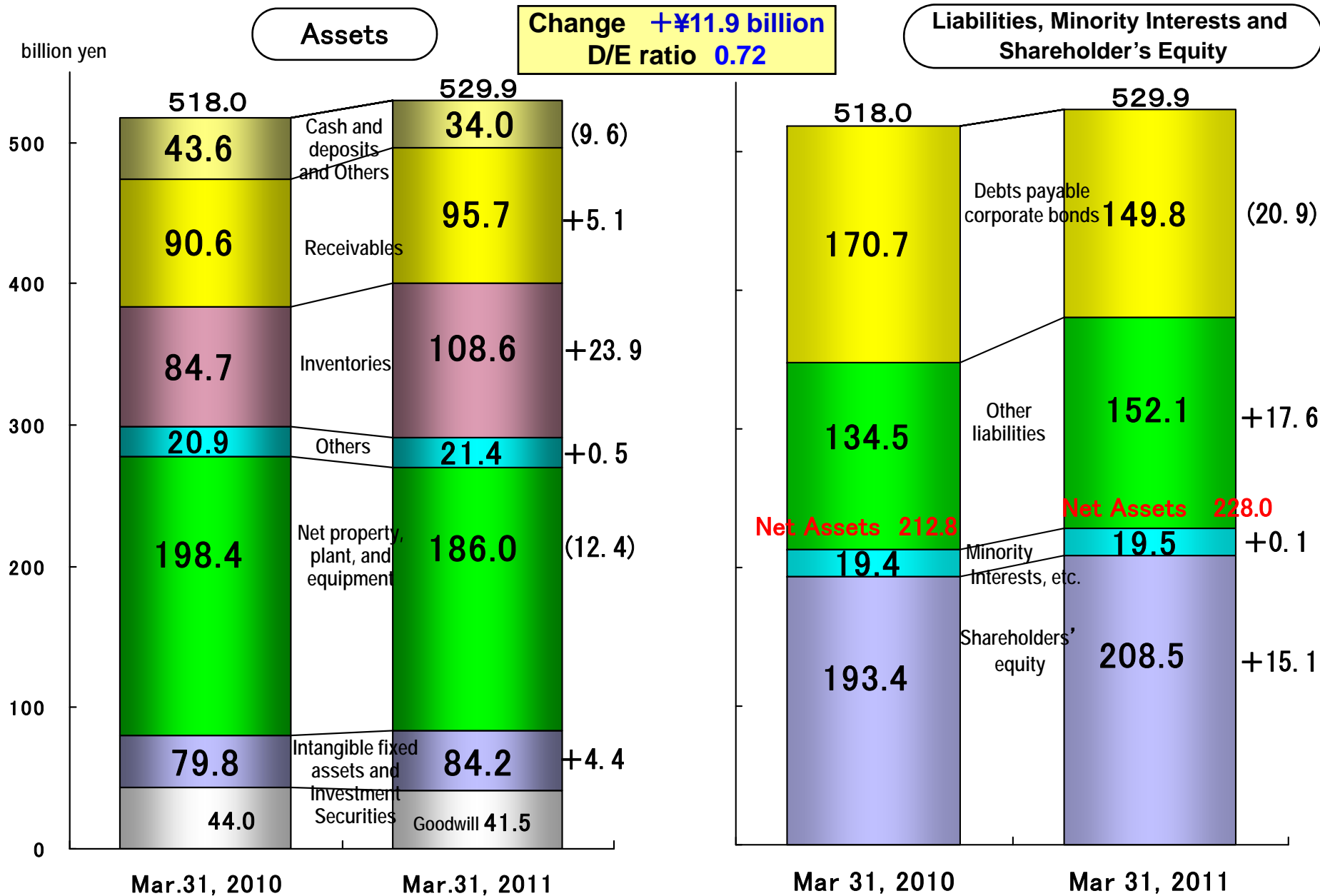
High-Grade Metal Products and Materials	¥24.7 billion (up ¥18.2 billion from FY2009)
Electronics and IT Devices	¥14.2 billion (up ¥7.1 billion from FY2009)
High-Grade Functional Components and Equipment	¥11.4 billion (up ¥5.9 billion from FY2009)

In the fourth quarter, there was a decline in operations due to a time lag in price adjustments to deal with the higher costs of raw materials prices, cutbacks in inventory assets, and other factors. The strength of operational-earnings effects fueled by firm demand throughout the year, however, supported a healthy gain in operating income in FY2010 over that in FY2009.

Note: FY2009 figures used for comparison have been adjusted as per the management approach.



Consolidated Balance Sheet



Consolidated Cash Flows



(¥ billion)


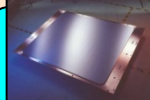

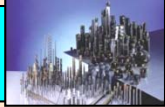
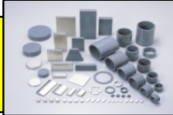




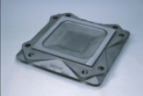

Item	Fiscal 2009	Fiscal 2010
Cash and cash equivalents at beginning of year	33.5	43.6
Income (loss) before income taxes and minority interests	5.7	36.1
Depreciation and amortization	30.5	28.4
Decrease (increase) in inventories	14.4	(25.1)
Other	6.4	3.3
Cash flows from operating activities	57.0	42.7
Capital investment*	(22.6)	(19.7)
Other	1.1	(4.9)
Free cash flow	35.5	18.1
Borrowings, debts, and bonds	(18.4)	(18.6)
Dividend payments, etc.	(6.8)	(6.6)
Net cash flow	10.3	(7.1)
Effect of exchange rate changes, etc.	(0.2)	(2.5)
Net increase (decrease)	10.1	(9.6)
Cash and cash equivalents at end of year	43.6	34.0

*On an accrual basis (i.e., expenditures are recognized upon receipt and inspection of items)

(Ref.) Hitachi Metal's Business Portfolio

Hitachi Metals is a materials manufacturer that offers quality in a wide range of industrial fields based on materials development.

Market

Segment	Industrial Infrastructure	Automobiles	Electronics
<p>High-Grade Metal Products and Materials</p>	 <p>High-grade specialty steel (Specialty Steel Company)</p>		 <p>Alloys for electronic products (Specialty Steel Company)</p>
	<p>Rolls (Roll Company)</p> 		
		<p>Cutting tools (Hitachi Tool Engineering, Ltd.)</p>	
<p>Electronics and IT Devices</p>		<p>Magnets (NEOMAX Company)</p>	
		<p>Soft magnetic materials (Soft Magnetic Materials Company)</p>	
		<p>Information system components (Information System Components Company)</p> 	
<p>High-Grade Functional Components and Equipment</p>	 <p>Piping components (Piping Components Company)</p>		
	 <p>Construction Components (Hitachi Metals Techno, Ltd.)</p>	<p>Casting components for automobiles (Automotive Components Company)</p> 	

(Ref.) Business Operations by Segment



Business Segment	Business Units	Principal Products
High-Grade Metal Products and Materials Fiscal 2009 Results: Net sales of ¥187.9 billion Operating income of ¥6.5 billion Fiscal 2010 Results: Net sales of ¥225.6 billion Operating income of ¥24.7 billion	Specialty Steel Company	High-grade specialty steel (YSS™): Molds and tool steel, alloys for electronic products (display-related materials and semiconductor and other package materials), industrial equipment and energy-related materials, and razor and blade materials
	Roll Company	Rolls for steel, nonferrous, and nonmetal applications; injection molding machine parts; structural ceramic products; and steel-frame joints for construction
	Hitachi Tool Engineering, Ltd.	Cutting tools
Electronics and IT Devices Fiscal 2009 Results: Net sales of ¥105.9 billion Operating income of ¥7.1 billion Fiscal 2010 Results: Net sales of ¥134.0 billion Operating income of ¥14.2 billion	NEOMAX Company	Magnets (rare earth magnets [NEOMAX®], ferrite magnets, and other magnets and applied products)
	Information System Components Company	Components for information and telecommunications equipment (multilayered devices and isolators), IT materials and components, materials and components for medical equipment, soft ferrite cores and applied products, nanocrystalline magnetic material (FINEMET®) and applied devices, and amorphous metals (Metglas®) and applied products
	Soft Magnetic Materials Company	Amorphous metals (Metglas®)
High-Grade Functional Components and Equipment Fiscal 2009 Results: Net sales of ¥138.0 billion Operating income of ¥5.5 billion Fiscal 2010 Results: Net sales of ¥161.8 billion Operating income of ¥11.4 billion	Automotive Components Company	High-grade casting components for automobiles (heat-resistant exhaust casting components [HERCUNITE®], ductile iron [HNM™]), aluminum wheels (SCUBA™), and 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, and sealed expansion tanks)
	Hitachi Metals Techno, Ltd.	Construction components (access floor systems, structural systems, and material handling systems)

All forward-looking statements in this document, such as results forecasts, management plans, and dividend forecasts, are not historical facts but are based upon all available information as well as assumptions and projections that were deemed rational at the time the Company prepared this document. Changes to underlying assumptions or circumstances could cause actual results to differ substantially. Factors that cause 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, the rest of 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 the status and conditions of product markets, exchange rates, or international commodity markets
- Changes in financing environments
- The capability of the Company and its subsidiaries and affiliates to cope with fluctuations in product supply and demand and the status and conditions of product markets, exchange rates, or international commodity markets
- The protection of the Company's intellectual property and the securing of licenses to use the intellectual property of other parties
- Changes in the status of alliances with other parties for product development, etc.
- Fluctuation in Japanese stock markets