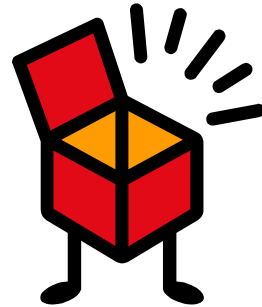


Financial Highlights

the 3-month period ended Jun.30,2011
(Fiscal 2011)



Materials Mag!c

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Hitachi Metals, Ltd.

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First Quarter of Fiscal 2011 (April–June 2011)

Net sales: ¥129.4 billion (98% of FY2010 4Q)

Operating income: ¥10.9 billion (up ¥1.8 billion from FY2010 4Q)

■ Demand Trends

The automobile-related-product sector in Japan recovered in the second half of the quarter, with strong overseas shipments in all areas other than aluminum wheels.

For electronics-related products, demand for LCD-related products continued in an adjustment phase, and demand for semiconductor-related products—especially those for use in smartphones—was strong.

In the infrastructure sector, although demand for industrial machinery-related products declined, the need for piping components and other construction-related products rose in support of moves to rebuild from the Great East Japan Earthquake.

■ Net Sales and Operating Income by Segment

High-Grade Metal Products and Materials: Net sales of ¥56.9 billion (100% of FY2010 4Q) and operating income of ¥6.3 billion (up ¥700 million from FY2010 4Q)

Electronics and IT Devices: Net sales of ¥33.8 billion (104% of FY2010 4Q) and operating income of ¥4.1 billion (up ¥1.9 billion from FY2010 4Q)

High-Grade Functional Components and Equipment: Net sales of ¥38.8 billion (91% of FY2010 4Q) and operating income of ¥2.1 billion (down ¥800 million from FY2010 4Q)

■ Overseas Sales: ¥58.0 billion (overseas sales ratio = 44.8%)

North America: ¥12.9 billion (10.0% of total); the rest of Asia: ¥32.3 billion (25.0%); Europe: ¥10.8 billion (8.3%); others: ¥2.0 billion (1.5%)

Outlook for the First Half of Fiscal 2011

• Demand trends are steadily recovering, and robust results for automobile-, IT-, and household appliance-related products are expected in the second quarter. Although temporary adjustments for information components, amorphous metals, and products in other sectors will continue, overall operations are projected to exceed initial assumptions.

• The price of raw materials continues to rise steeply, and product prices continue to reflect those increases. However, due to difficulties in ascertaining the impact of this development at the current stage, the decision has been made to retain the forecast figures previously announced.

Highlights

¥billion

	Fiscal 2009					Fiscal 2010					Fiscal 2011			
	1Q Actual	2Q Actual	3Q Actual	4Q Actual	Full Year	1Q Actual	2Q Actual	3Q Actual	4Q Actual	Full Year	1Q Actual	Announced on May 30 th 2011		
												1H (Est.)	2H (Est.)	Full Year (Est.)
Net sales	92.5	102.8	112.9	123.5	431.7	126.9	127.3	133.8	132.2	520.2	129.4	243.0	290.0	533.0
Operating income	(4.5)	1.0	7.1	9.7	13.3	12.0	9.9	12.1	9.1	43.1	10.9	15.0	28.0	43.0
Income before income taxes	(5.6)	(3.1)	6.1	8.3	5.7	10.7	7.9	11.3	6.2	36.1	10.0	13.2	23.8	37.0
Net income	(3.7)	(2.0)	2.8	4.8	1.9	5.5	4.8	6.2	5.7	22.2	6.2	7.2	13.7	20.9
Capital investment	5.2	3.4	3.2	4.7	16.5	3.4	4.8	4.9	7.3	20.4	4.2	14.4	13.6	28.0
Depreciation costs	7.4	7.5	7.8	7.8	30.5	6.7	6.8	7.3	7.6	28.4	6.6	13.7	14.9	28.6
R&D expenses	2.4	2.6	2.7	2.9	10.6	2.7	3.0	3.2	3.3	12.2	2.8	6.5	6.5	13.0

Performance Trends in the First Quarter of Fiscal 2011

Net Sales: ¥129.4 Billion (98% of FY2010 4Q)

High-Grade Metal Products and Materials	¥56.9 billion (100% of FY2010 4Q)
Electronics and IT Devices	¥33.8 billion (104% of FY2010 4Q)
High-Grade Functional Components and Equipment	¥38.8 billion (91% of FY2010 4Q)

■ High-Grade Metal Products and Materials

For specialty steel, tool steel sales turned in a strong performance in response to solid overseas automobile-related demand, and Japan's domestic demand recovered in the second half of the quarter under review. For alloys for electronic products, although demand for LCD-related products remained in an adjustment phase, semiconductor-related sales were brisk on the strength of firm smartphone demand. For roll sales, domestic demand remained weak, but overseas sales continued to be robust thanks especially to demand in the rest of Asia.

■ Electronics and IT Devices

Although magnets experienced a decline in sales in the factory automation sector, demand for IT- and household appliance-related products rose primarily from overseas customers. Automobile-related sales were impacted by the major earthquake damage, but this sector recovered faster than expected. Under IT devices, delays in production launches by customers scheduled to adopt new components for smartphones and ongoing inventory adjustments for solar power-related products combined to slow sales.

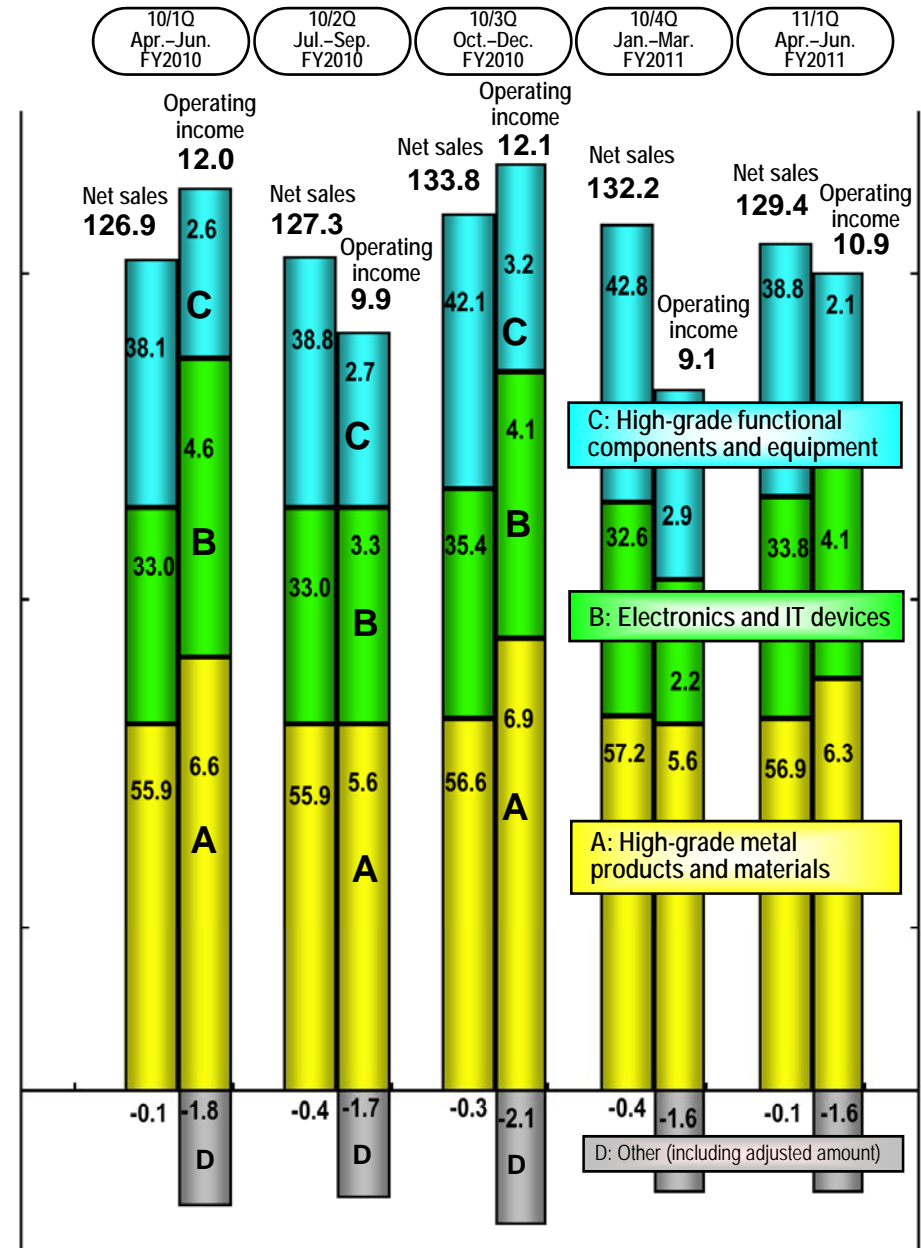
■ High-Grade Functional Components and Equipment

In casting components for automobiles, although sales of ductile iron products in Japan felt the impact of the huge earthquake disaster, overseas demand continued to be robust in the rest of Asia and other markets, supporting the strong performance in this sector. Demand for HERCUNITE® in Europe posted strong figures, but aluminum wheel sales slipped in both Japan and the United States under the influence of the earthquake. Piping-component sales expanded along with demand for temporary housing in the wake of the temblor.

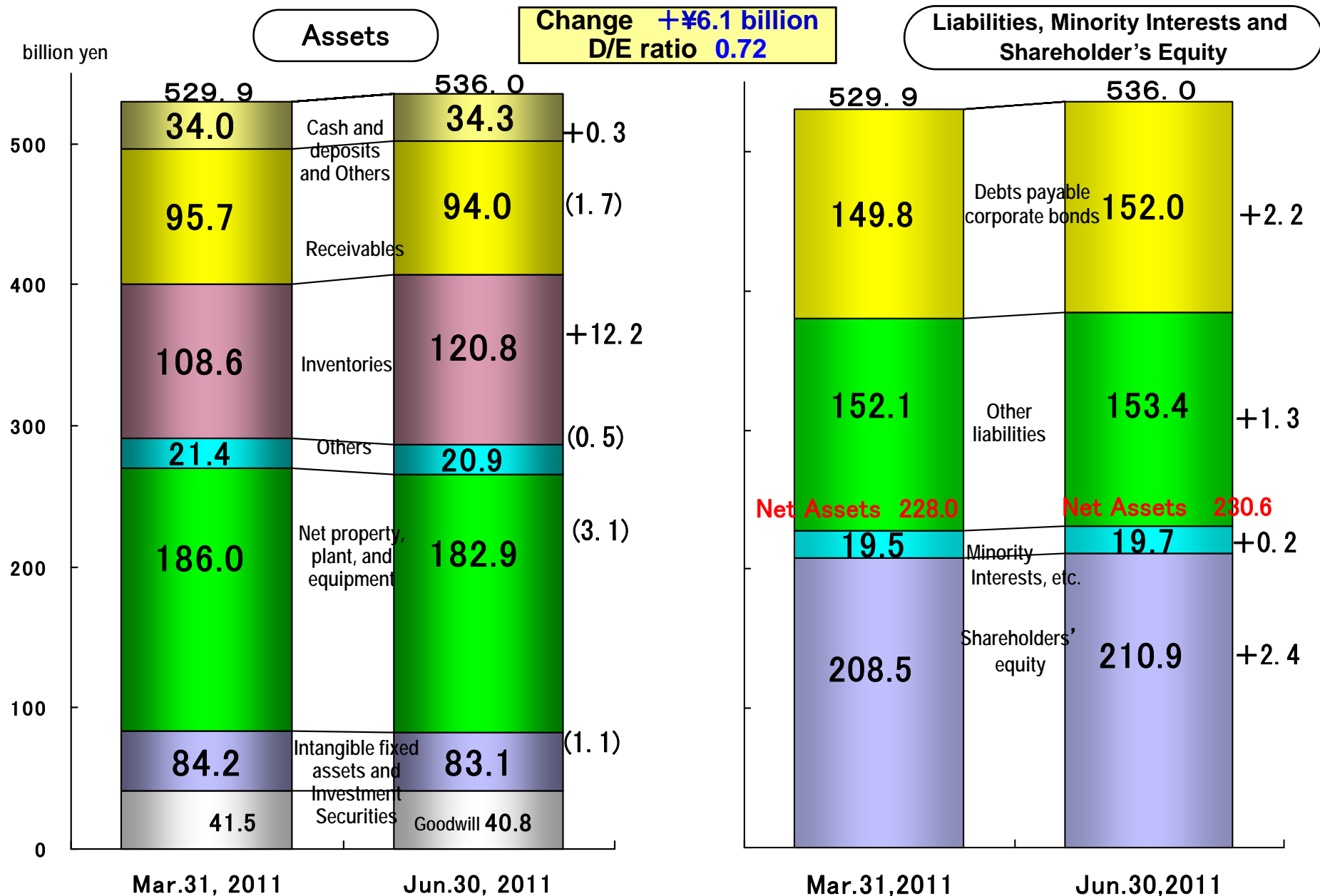
Operating Income: ¥10.9 Billion (Up ¥1.8 Billion from FY2010 4Q)

High-Grade Metal Products and Materials	¥6.3 billion (up ¥700 million from FY2010 4Q)
Electronics and IT Devices	¥4.1 billion (up ¥1.9 billion from FY2010 4Q)
High-Grade Functional Components and Equipment	¥2.1 billion (down ¥800 million from FY2010 4Q)

In the first quarter under review, product prices were slow to reflect rises in raw materials prices. On the other hand, positive developments included increased operations due to accelerated production based on considerations for conditions in the second quarter, the recovering state of automobile-related demand in Japan, and the effects of cutting costs. As a result, there was a ¥1.8 billion gain in operating income in this sector over that in the fourth quarter of fiscal 2010.



Consolidated Balance Sheet



Consolidated Cash Flows



(¥ billion)


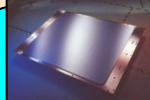

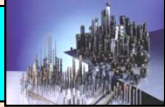
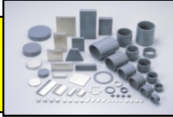




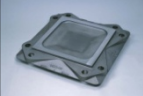

Item	FY2010 1Q	FY2011 1Q
Cash and cash equivalents at beginning of year	43.6	34.0
Income (loss) before income taxes and minority interests	10.7	10.0
Depreciation and amortization	6.7	6.6
Decrease (increase) in inventories	(9.9)	(12.8)
Other	7.1	1.6
Cash flows from operating activities	14.6	5.4
Capital investment*	(3.4)	(4.2)
Other	(1.3)	(0.2)
Free cash flow	9.9	1.0
Borrowings, debts, and bonds	(3.7)	2.7
Dividend payments, etc.	(2.9)	(2.7)
Net cash flow	3.3	1.0
Effect of exchange rate changes, etc.	(2.2)	(0.5)
Net increase (decrease)	1.0	0.5
Cash and cash equivalents at end of year	44.7	34.5

*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