

January 29, 2014

To whom it may concern:

Company Name: Hitachi Metals, Ltd.
Name of Representative: Hiroyuki Fujii,
President and Chief Executive Officer
(Code: 5486; First Section of the Tokyo Stock Exchange)
Contact: Kazutsugu Kamatani,
Division Head, Corporate Communications Division
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Notice Regarding Acquisition of Subsidiary (MMC Superalloy Corporation)

Hitachi Metals, Ltd. (President and Chief Executive Officer: Hiroyuki Fujii; “Hitachi Metals”) hereby announces that the board of directors of Hitachi Metals resolved at its meeting held on January 29, 2014 to conduct a transaction in which Hitachi Metals will acquire shares equivalent to 51% of the issued shares in MMC Superalloy Corporation (its company name is planned to be changed to “Hitachi Metals MMC Superalloy, Ltd.” (tentative name) after the Transaction is effected; “MMC Superalloy”), a wholly owned subsidiary of Mitsubishi Materials, through (i) the transfer of a portion of shares in MMC Superalloy from Mitsubishi Materials Corporation (President: Hiroshi Yao; “Mitsubishi Materials”) to Hitachi Metals and (ii) the issuance of shares for subscription by way of a third party allotment by MMC Superalloy to Hitachi Metals (the “Transaction”) for the purpose of strengthening the aircraft and energy materials business and Hitachi Metals executed a share purchase agreement with Mitsubishi Materials on the same day, as these details are further described below. Please note that, after the Transaction, Mitsubishi Materials will remain as a shareholder holding 49% of the issued shares of MMC Superalloy and Hitachi Metals and Mitsubishi Materials will jointly operate MMC Superalloy.

1. Purpose of Transaction

Hitachi Metals has developed its business on a global scale in the automobiles-, electronics-, and infrastructure-related market as a premier manufacturer of high-functional materials based on materials development. In particular, the Specialty Steel Business has been the core of Hitachi Metals’ business and Hitachi Metals has been providing high-functional materials that sustain the foundations of all sorts of industries with steel manufacturing technology that allows the production of high purity steels and alloys as well as materials and technology development capabilities in response to the needs of the age, all of which are represented by the brand known as Yasugi Specialty Steel (YSS) that has been built on its traditional steel-making technologies. Hitachi Metals is now expanding these technologies into the aircraft and energy areas, aiming to achieve growth in these areas over the medium-to-long term.

As a measure for achieving such growth, Hitachi Metals made investment in Japan Aeroforge, Ltd. (located in Kurashiki-shi, Okayama Prefecture) in 2011 to participate in capital investment in an advanced hydraulic die forging press capable of processing a maximum load of 500 million newton, one of the largest in the world for hydraulic presses, and is now moving ahead with the project.

On the other hand, for over 70 years since 1944, Mitsubishi Materials has fostered world-class unique technologies at the former Mitsubishi Materials Corporation Okegawa Plant for processing nickel base alloys and other nonferrous metals. In order to carry out more responsive business operations, MMC Superalloy Corporation was split off from Mitsubishi Materials and incorporated as an independent entity in 2010. MMC Superalloy assumed the ability to deliver high-quality products as well as advanced technological and development capabilities cultivated over the span of half a century, and this has enabled Mitsubishi Materials to provide high performance products such as heat resistant alloys, corrosion resistant alloys, and special copper alloys for the key industries including the aircraft, industrial gas turbines, and automobiles sectors.

Under these circumstances, Hitachi Metals has reached a decision that, based on the strong business foundation of Specialty Steel Business Hitachi Metals has fostered over its long years of operation, with the abundant track record and technological capabilities of MMC Superalloy in the aircraft materials area, Hitachi Metals will successfully compete against global competition in the aircraft and energy markets, which are expected to experience increasing development on a global scale going forward and achieve medium-to-long-term growth.

Hitachi Metals will facilitate the business operations of MMC Superalloy jointly with Mitsubishi Materials. Hitachi Metals is also determined to endeavor to strengthen its international competitiveness and to provide new products, services, and solutions that are expected by markets and customers so that its customer bases will be further strengthened and expanded in the future.

2. Outline of subsidiary to be acquired (MMC Superalloy)

(1)	Company name	MMC Superalloy Corporation	
(2)	Location	1230 Kamihideya, Okegawa, Saitama	
(3)	Title and name of representative	Takeshi Itaba, Representative Director and President	
(4)	Business details	Business related to manufacturing, R&D, and sales of heat resistant alloys, corrosion resistant alloys, special copper alloys and other nonferrous metal materials, and other business incidental to these.	
(5)	Stated capital	2 billion yen	
(6)	Date of incorporation	July 1, 2010	
(7)	Major shareholders and shareholding ratio	Mitsubishi Materials: 100%	
(8)	Relationship between Hitachi Metals and MMC Superalloy	Capital Relationship	There is no capital relationship to be noted between Hitachi Metals and MMC Superalloy. In addition, there is no capital relationship to be specially noted between persons concerned and affiliates of Hitachi Metals and persons concerned and affiliates of MMC Superalloy.
		Personnel Relationship	There is no personnel relationship to be noted between Hitachi Metals and MMC Superalloy. In addition, there is no personnel relationship to be specially noted between persons concerned and affiliates of Hitachi Metals and persons concerned and affiliates of MMC Superalloy.
		Business Relationship	There is no business relationship to be noted between Hitachi Metals and MMC Superalloy. In addition, there is no business relationship to be specially noted between persons concerned and affiliates of Hitachi Metals and persons concerned and affiliates of MMC Superalloy.

(9) Operating results and financial position of MMC Superalloy for past three years			
Accounting period	Fiscal year ended March 2011	Fiscal year ended March 2012	Fiscal year ended March 2013
Net assets	5,451 million yen	5,672 million yen	6,209 million yen
Total assets	17,511 million yen	18,671 million yen	19,749 million yen
Net asset per share	136,275.28 yen	141,804.34 yen	155,242.76 yen
Net sales	11,486 million yen	15,798 million yen	16,459 million yen
Operating income	385 million yen	449 million yen	1,025 million yen
Ordinary income	391 million yen	447 million yen	1,000 million yen
Net income	642 million yen	386 million yen	765 million yen
Net income per share	16,062.60 yen	9,654.58 yen	19,132.91 yen
Dividend amount per share	3,650 yen	- yen	15,641 yen

Note: The above financial indices are shown on a non-consolidated basis because MMC Superalloy does not record consolidated financial indices.

3. Outline of company from which subsidiary is acquired (Mitsubishi Materials)

(1)	Company name	Mitsubishi Materials Corporation																				
(2)	Location	3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo																				
(3)	Title and name of representative	Hiroshi Yao, President																				
(4)	Business details	Manufacturing and sale of cement and secondary cement products, smelting, processing, and sale of copper, gold, silver, and other metals, manufacturing and sale of cemented carbide tools and other products, manufacturing and sale of various electronic materials and components, and manufacturing and sale of aluminum beverage cans, and rolled, processed or other aluminum products																				
(5)	Stated capital	119,457 million yen (As of the end of September 2013)																				
(6)	Date of incorporation	April 1, 1950																				
(7)	Consolidated net assets	466,231 million yen (As of the end of March 2013)																				
(8)	Consolidated total assets	1,811,767 million yen (As of the end of March 2013)																				
(9)	Major shareholders and shareholding ratio	<table> <tr> <td>Japan Trustee Service Bank, Ltd. (Trust account)</td> <td>6.69%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust account)</td> <td>5.26%</td> </tr> <tr> <td>National Mutual Insurance Federation of Agricultural Cooperatives (Standing proxy: The Master Trust Bank of Japan, Ltd.)</td> <td>2.58%</td> </tr> <tr> <td>Meiji Yasuda Life Insurance Co. (Standing proxy: Trust & Custody Services Bank, Ltd.)</td> <td>2.36%</td> </tr> <tr> <td>Japan Trustee Service Bank, Ltd. (Trust account 9)</td> <td>2.26%</td> </tr> <tr> <td>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</td> <td>1.87%</td> </tr> <tr> <td>Mitsubishi Heavy Industries, Ltd.</td> <td>1.46%</td> </tr> <tr> <td>Nippon Life Insurance Company</td> <td>1.39%</td> </tr> <tr> <td>Mitsubishi Estate Co., Ltd.</td> <td>1.32%</td> </tr> <tr> <td>Mitsubishi Electric Corporation</td> <td>1.14%</td> </tr> </table> <p>(As of the end of September 2013)</p>	Japan Trustee Service Bank, Ltd. (Trust account)	6.69%	The Master Trust Bank of Japan, Ltd. (Trust account)	5.26%	National Mutual Insurance Federation of Agricultural Cooperatives (Standing proxy: The Master Trust Bank of Japan, Ltd.)	2.58%	Meiji Yasuda Life Insurance Co. (Standing proxy: Trust & Custody Services Bank, Ltd.)	2.36%	Japan Trustee Service Bank, Ltd. (Trust account 9)	2.26%	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1.87%	Mitsubishi Heavy Industries, Ltd.	1.46%	Nippon Life Insurance Company	1.39%	Mitsubishi Estate Co., Ltd.	1.32%	Mitsubishi Electric Corporation	1.14%
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(10)	Relationship between Hitachi Metals and Mitsubishi Materials	
Capital relationship	There is no capital relationship to be noted between Hitachi Metals and Mitsubishi Materials. There is no capital relationship to be specially noted between persons concerned and affiliates of Hitachi Metals and persons concerned and affiliates of Mitsubishi Materials.	
Personnel relationship	There is no personnel relationship to be noted between Hitachi Metals and Mitsubishi Materials. There is no personnel relationship to be specially noted between persons concerned and affiliates of Hitachi Metals and persons concerned and affiliates of Mitsubishi Materials.	
Business relationship	There is no business relationship to be noted between Hitachi Metals and Mitsubishi Materials. There is no business relationship to be specially noted between persons concerned and affiliates of Hitachi Metals and persons concerned and affiliates of Mitsubishi Materials.	
Whether the companies are related parties	Mitsubishi Materials is not a related party of Hitachi Metals.	

4. Number of shares to be acquired, acquisition price and status of shareholding before and after acquisition

Number of shares held before transfer	0 shares (Number of voting rights: 0) (Shareholding ratio: 0%)
Number of shares to be acquired	31,620 shares (Number of voting rights: 31,620) Breakdown: Number of shares to be acquired by share transfer: 9,620 shares Number of shares to be acquired by subscription of shares for subscription to be issued: 22,000 shares
Acquisition price	Amount to be paid as consideration for shares: 5,198 million yen Advisory fees and other expenses (estimation): 60million yen Total (estimation): 5,258million yen
Number of shares held after transfer	31,620 shares (Number of voting rights: 31,620) (Shareholding ratio: 51.00%)

Note: The amount to be paid as consideration for shares will be finalized in accordance with the price adjustment provisions under the share purchase agreement.

5. Timeline

(1) Boards of directors' resolutions (at Hitachi Metals and Mitsubishi Materials)	January 29, 2014
(2) Execution date of share purchase agreement	January 29, 2014
(3) Effective date of Transaction	July 1, 2014 (scheduled)

Note: The effective date of the Transaction is scheduled to be July 1, 2014, but if any procedures related to the Antimonopoly Act of Japan, competition law in China, or competition law in Europe are not completed by then, the effective date of the Transaction will be a date after these procedures are completed.

6. Future prospects

No changes will be made to the forecasts for consolidated operating results of Hitachi Metals for the fiscal year ending March 2014 as a result of the Transaction because the Transaction will be effected during or after the fiscal year ending March 2015.

Contact for inquiries on this matter:

Hitachi Metals, Ltd. Corporate Communications Division Tel: +81-3-5765-4075

End

Reference: Forecasts for consolidated operating results of Hitachi Metals for the current fiscal year (information published on October 28, 2013) and the actual consolidated operating results for the previous fiscal year

(Unit: million yen)

	Consolidated net sales	Consolidated operating income	Consolidated ordinary income	Consolidated net income
Forecasts for consolidated operating results for current fiscal year (Fiscal year ending March 2014)	790,000	56,000	54,000	35,500
Actual consolidated operating results for previous fiscal year (Fiscal year ended March 2013)	535,779	21,079	21,251	12,955