

February 3, 2015

To whom it may concern

Company Name: Hitachi Metals, Ltd.
Name of Representative: Kazuyuki Konishi,
Chairman and Chief Executive Officer
(Code: 5486; First Section of the Tokyo Stock Exchange)
Contact: Kazutsugu Kamatani,
Division Head, Corporate Communications Division

Notice Concerning a Tender Offer for the Shares of a Subsidiary

February 3, 2015, Hitachi Metals, Ltd. (the “Company”), decided to accept a tender offer for the shares of Hitachi Metals Techno, Ltd., a consolidated subsidiary of the Company, (hereinafter called the “Target Company”) made by CK Holdings Ltd. (hereinafter called the “Tender Offeror”).

When this Tender Offer is completed, the Target Company will be excluded from the scope of consolidation.

1. Overview of Tender Offer bid

The Company accepts a tender offer (hereinafter called the “Tender Offer”) for shares of the Target Company by the Tender Offeror for the purpose of a privatization of the Target Company by Management Buy Out (MBO) which was announced today by the Offeror whose stocks are 100% owned by the investment fund affiliated with The Carlyle Group.

(1) Shares subject to application	Common shares of 11,863,875 shares (% of voting rights owned: 64.82%) (Note)The figure in the parentheses above is the ratio to the number of shares (18,304,026 shares) calculated by “Outstanding shares of the Target Company as of February 3, 2015 (18,399,566 shares) - Treasury shares owned by the Target Company as of the same day (95,540 shares)” and is rounded off to two decimal places.
(2) Tender offer price	JPY 1,600 per share
(3) Tender offer period	Between February 4, 2015 and March 18, 2015 (if the Tender Offer Period is extended in accordance with laws and regulations, then until the end of extended period).
(4) Settlement start date	March 25, 2015 (if the Tender Offer Period is extended in accordance with laws and regulations, then the settlement start date after the change).

2. Reason for accepting Tender Offer

The Target Company is a company that develops parts and equipment in the area of materials and equipment for construction/industrial machinery, and engages in the sale and manufacture of Access Floor Systems (free access floors, seismic isolation floor systems, etc.), Structural Systems (joint members for building construction, reinforced members for building construction, members for vibration control, solar power systems, heat-insulating panels, etc.), and Material Handling Systems (roller chains for power transmission, various conveyor chains, and water treatment chain, etc.), as well as ancillary businesses such as construction work, etc. related to each business.

The Target Company has so far implemented measures to improve profit, such as carefully identifying less profitable businesses and products, while promoting a shift of management resources to the Structural System Business. Its business structure mainly consists of domestic businesses (Structural System Business, Access Floor System Business, and Material Handling System Business), with most demand linked to domestic construction

investment and private capital investment. While domestic demand is expected to peak, its long-term outlook will be challenging if there continues to be insufficient expansion into overseas businesses.

Meanwhile, the Company, as a manufacturer of high functional materials, aims to achieve sustainable growth and maintain the fundamental policy of strengthen and accelerate global growth strategies, strengthen capabilities to create new products and develop new technologies, use selectivity in domestic operations and fixed costs, etc., as described in the medium-term management plan ending in FY2015. Based on this fundamental policy, the Company is reviewing its business portfolio from the perspective of the need to more effectively use limited management resources on important businesses with growth potential on a global platform. In the process, it was found the allocation of our Company Group's management resources to the Target Company may no longer match the sustainable development strategy as a manufacturer of high functional materials.

Under these circumstances, options that are conducive to long-term growth and improvement of corporate value of the Target Company were proposed in the process of discussing capital strategy with The Carlyle Group: collaboration between The Carlyle Group and the Target Company or transfer of the Target Company shares by our Company. As a result of reviewing these options, the Company decided to accept the Tender Offer based on the grounds that privatization by MBO would lead to further growth of the Target Company and the Tender Offer Price turned out to add a significant premium to the current stock price.

3. Overview of Hitachi Metals Techno, Ltd.

(1) Company name	Hitachi Metals Techno, Ltd.		
(2) Location	2-4-2 Toyo, Koto-ku, Tokyo Japan		
(3) Title and name of representative	President and Representative Director: Nobuyasu Kasahara		
(4) Business details	Manufacture and sale of building materials, equipment, and chains and related construction work		
(5) Stated capital	3,635,988 thousand yen(September 30, 2014)		
(6) Date of incorporation	April 1, 1972		
(7) Historical operating results and financial position of Hitachi Metals Techno, Ltd.			
Accounting period	Fiscal year ended March 2012	Fiscal year ended March 2013	Fiscal year ended March 2014
Consolidated net assets	14,563 million yen	15,764 million yen	17,407 million yen
Consolidated total assets	22,124 million yen	22,252 million yen	24,439 million yen
Consolidated net sales	24,608 million yen	23,125 million yen	26,706 million yen
Consolidated operating income	2,191 million yen	1,826 million yen	2,727 million yen
Consolidated Ordinary income	2,189 million yen	1,810 million yen	2,682 million yen
Consolidated net income	1,242 million yen	1,364 million yen	1,613 million yen

4. Impact on future performance

When this Tender Offer is completed, the Target Company will be excluded from the scope of consolidation, and the gain or loss from the transfer will be recorded in our financial statements. We will inform you as soon as the impact on future performance becomes clear after the Tender Offer is completed.

Inquiries:

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