

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

Hitachi Metals, Ltd. Announces Transfer of Compound Semiconductor Business
and Accompanying Company Split (Short-Form Absorption-Type Company Split)
and Transfer of Subsidiary Shares

Hitachi Metals, Ltd. (“Hitachi Metals”) announces that it determined on February 3, 2015 to conduct a transaction in which Hitachi Metals will cause SCIOCS COMPANY LIMITED (tentative name), which is a company scheduled to be established as a wholly-owned subsidiary of Hitachi Metals (the “Target Company”), to succeed to the compound semiconductor business of Hitachi Metals by means of an absorption-type company split as of April 1, 2015 (the “Absorption-Type Company Split”) and thereafter transfer all of the issued shares of the Target Company to Sumitomo Chemical Co., Ltd. (“Sumitomo Chemical”) (the “Share Transfer”; together with the “Absorption-Type Company Split,” the “Transaction”), and that Hitachi Metals executed a share transfer agreement with Sumitomo Chemicals as of February 3, 2015.

I. Outline of the Transaction

1. Purpose of the Transaction

In its pursuit of achieving sustained growth as a manufacturer of highly functional materials, Hitachi Metals, in its medium-term management plan for the three year period ending in fiscal 2015, adopted basic policies including strengthening and accelerating global growth strategies, strengthening capabilities to create new products and develop new technologies, using selectivity in domestic operations, and cutting fixed costs. Under these basic policies, Hitachi Metals has been reviewing its business portfolio from the perspective of effectively utilizing limited corporate resources.

In its compound semiconductor business (the “Business”), Hitachi Metals has been utilizing unique technology to pursue business development and expansion of potential markets, such as with next-generation power semiconductors, high-frequency devices, and electronic device applications, but after examining the future growth potential of the Business in response to changes in its operating environment, Hitachi Metals reached the decision that the optimal course of action is to transfer the Business to Sumitomo Chemical, which as a company engaged in the development, manufacture, and sale of products such as semiconductor processing materials, optical products, and color filters possesses a broad range of knowhow and related technology concerning electronic materials.

2. Schedule for the Transaction

The schedule for the Transaction is as follows. Note that a shareholders meeting of Hitachi Metals for approval of absorption-type company split will not be held due to the Absorption-Type Company Split constituting a short-form absorption-type company split as provided for in Article 784(3) of the Companies Act.

Date of determination by executive officer	February 3, 2015
Share purchase agreement execution date	February 3, 2015
Target Company establishment	February 2015 (scheduled)
Absorption-type company split agreement execution date	February 2015 (scheduled)
Shareholders meeting resolution date (Target Company)	February 2015 (scheduled)
Absorption-type company split effective date	April 1, 2015 (scheduled)
Share transfer closing date	April 1, 2015 (scheduled)

3. Future outlook

The impact of the implementation of the Transaction on the business results of the Company will be minor, and because the Transaction will be implemented in or after fiscal 2015, there is no change to the 2014 full fiscal year consolidated results forecast of Hitachi Metals due to the Transaction.

II. Absorption-Type Company Split

1. Summary of the Absorption-Type Company Split

(1) Method of the Absorption-Type Company Split

The Absorption-Type Company Split will be an absorption-type company split (short-form absorption-type company split) in which Hitachi Metals is the splitting company and the Target Company is the succeeding company.

(2) Allotment pertaining to the Absorption-Type Company Split

Upon the Absorption-Type Company Split, the Target Company will newly issue 30,000 shares of common stock and allot these to Hitachi Metals.

(3) Handling related to share options or bonds with share options pursuant to the Absorption-Type Company Split

Not applicable.

(4) Increase or decrease in stated capital due to the Absorption-Type Company Split

There will be no decrease in the stated capital of Hitachi Metals.

(5) Rights and obligations succeeded to by the succeeding company

Upon the Absorption-Type Company Split, the succeeding company will succeed to, of the assets related to the business subject to succession as of the effective date and the rights and obligations incidental to the business subject to succession as of the effective date, those provided for in the Absorption-Type Company Split agreement. However, the succeeding company will assume no liabilities.

(6) Prospects of performance of obligations

Hitachi Metals believes that there is no problem in the prospects of the performance by the Target Company of the obligations to be borne by it on and after the effective date of the Absorption-Type Company Split.

2. Company profiles of parties to the Absorption-Type Company Split

	Splitting company (Hitachi Metals)	Succeeding company (the Target Company)
(1) Name	Hitachi Metals, Ltd.	SCIOCS COMPANY LIMITED (tentative name)
(2) Location	2-1, Shibaura 1-chome, Minato-ku, Tokyo	880 Isagozawacho, Hitachi-shi, Ibaraki
(3) Name and title of representative	Kazuyuki Konishi, Representative Executive Officer , Chairman and Chief Executive Officer	Masahiko Kobayashi, Representative Director and President (scheduled)
(4) Business activities	Manufacture and sale of high-grade metal products and materials; magnetic materials and applications; high-grade functional components and equipment; wires, cables, and related products	Manufacture and sale of compound semiconductors (including piezoelectric thin films)
(5) Stated capital	26,284 million yen (as of the last day of September, 2014)	10 million yen (scheduled)
(6) Date of establishment	April 1956	February 2015 (scheduled)
(7) Number of issued shares	428,904,352 shares (as of the last day of September, 2014)	1,000 shares (scheduled)
(8) Fiscal year end	Last day of March	Last day of March
(9) Major shareholders and their shareholding ratios	Hitachi, Ltd. 52.75% (as of the last day of September, 2014)	Hitachi Metals, Ltd. 100% (as scheduled for February 2015)
(10) Operating results and financial position in the most recent fiscal year		
Consolidated net assets	373,198 million yen	—
Consolidated total assets	840,742 million yen	—
Consolidated net assets per share	848.73 yen	—
Consolidated sales	807,952 million yen	—
Consolidated operating income	59,536 million yen	—
Consolidated ordinary income	60,898 million yen	—
Consolidated net income for the period	39,417 million yen	—
Consolidated net income per share for the period (Yen)	95.65 yen	—

Note: The Target Company is scheduled to be established during February 2015, so all of the above matters relating to the Target Company are as currently scheduled.

3. Outline of business division to be split off or succeeded to

(1) Business activities of the division to be split off or succeeded to

Business relating to GaAs epitaxial wafers, GaN substrates, GaN epitaxial wafers, GaN templates, and piezoelectric thin films.

(2) Operating results (FY 2013) of the division to be split off or succeeded to

Sales of the business to be split off (A)	Results of Hitachi Metals (consolidated) (B)	Ratio (A/B)
3,953 million yen	807,952 million yen	0.5%

(3) Assets and liabilities to be split off or succeeded to, and their book value

Assets		Liabilities	
Item	Book value	Item	Book value
Inventory assets	369 million yen	—	—
Fixed assets	334 million yen	—	—
Total	703 million yen	Total	—

4. Status after the Absorption-Type Company Split

Splitting company (Hitachi Metals)

(1) Name	Hitachi Metals, Ltd.
(2) Location	2-1, Shibaura 1-chome, Minato-ku, Tokyo
(3) Name and title of representative	Kazuyuki Konishi, Representative Executive Officer, Chairman and Chief Executive Officer,
(4) Business activities	Manufacture and sale of high-grade metal products and materials; magnetic materials and applications; high-grade functional components and equipment; wires, cables, and related products
(5) Stated capital	26,284 million yen (as of the last day of September, 2014)
(6) Fiscal year end	Last day of March

Succeeding company (the Target Company)

(1) Name	SCIOCS COMPANY LIMITED
(2) Location	880 Isagozawacho, Hitachi-shi, Ibaraki
(3) Name and title of representative	Masahiko Kobayashi, Representative Director and President (scheduled)
(4) Business activities	Manufacture and sale of compound semiconductors (including piezoelectric thin films)
(5) Stated capital	310 million yen (scheduled)
(6) Fiscal year end	Last day of March

III. Share Transfer

Company profile of the share transfer counterparty

(1) Name	Sumitomo Chemical Co., Ltd.
(2) Location	27-1, Shinkawa 2-chome, Chuo-ku, Tokyo
(3) Name and title of representative	Masakazu Tokura, Representative Director and President
(4) Business activities	Basic chemicals, petrochemicals and plastics, IT-related chemicals, health and crop sciences, pharmaceuticals, and others