

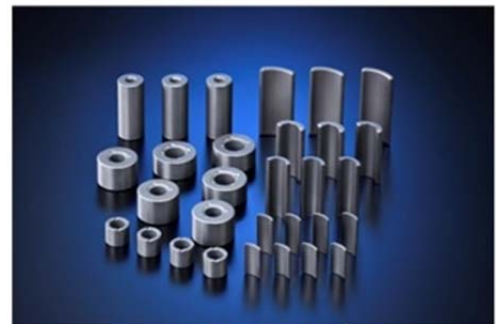
October 13, 2016
Hitachi Metals, Ltd.

Investment of Innovative Production Lines for Neodymium-Iron-Boron Magnets and Ferrite Magnets

Hitachi Metals, Ltd., (hereafter, “Hitachi Metals”) hereby announces its decision that its Magnetic Materials Company will introduce innovative production lines for Neodymium-Iron-Boron magnet and ferrite magnet at the Kumagaya Works with the aim of satisfying surging demand for automotive-related motors as well as various electric motors for hybrid and electric vehicles. The lines are scheduled to commence operation in FY2018.

1. Purpose of Investment

In recent years, growing environmental awareness has driven increasing demand for downsized, light weight motors with higher performance in the automotive-related, industrial infrastructure-related and electronics-related markets, as well as in other fields. Hitachi Metal’s Magnetic Materials Company provides “NEOMAX[®],” a Neodymium-Iron-Boron magnet among the most powerful in the world, and ferrite magnet “NMFTM” to a wide range of markets, thus contributing to the improvement of environmental performance in ways such as downsizing motors. Hitachi Metals forecasts that environmental performance requirements will become stricter over the years to come, and that the demand for Neodymium-Iron-Boron magnets and ferrite magnets—materials which contribute to these requirements—will grow further.

Neodymium-Iron-Boron Magnet NEOMAX[®]Ferrite Magnet NMFTM

Hitachi Metals will increase its production capacity with leading technologies to satisfy expanding demand. A new building will be established at the Kumagaya Works to introduce innovative production lines for Neodymium-Iron-Boron magnets and ferrite magnets. The newly introduced innovative production lines will achieve high production efficiency by adopting new production technologies and IoT, meeting rising market needs. Concurrently, we will accelerate technological development by relocating the Magnetic Materials Research Laboratory, which is currently located in the Yamazaki District of Mishima-gun, Osaka Prefecture, to Kumagaya with the aim of capturing customer needs through combined efforts with the plant.

By implementing the above-mentioned measures, the Kumagaya Works is positioned as the “mother plant,” that fulfills the control functions of the Neodymium-Iron-Boron magnet business and the ferrite magnet business. In addition, the information system components business of the Magnetic Materials Company will also be integrated into the Kumagaya Works. Through promoting the concentration of its production plants, Hitachi Metals will seek to expand its business by pursuing innovation in its monozukuri systems and accelerating the roll out of new production technologies to its production plants in Japan and other countries.

Going forward, Hitachi Metals will move ahead with the goal of sustainable growth in the magnetic materials business by focusing on enhancement of its domestic and overseas production sites and the research and development.

2. Outline of Investment

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| (1) Target facilities: | Kumagaya Works (Kumagaya City, Saitama Prefecture) |
| (2) Amount of investment: | Approx. 18 billion yen |
| (3) Start of operation: | In FY2018 |

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