



October 24, 2017

To whom it may concern:

Company Name: Hitachi Metals, Ltd.
Name of Representative: Akitoshi Hiraki
President and Chief Executive Officer
(Code: 5486; First Section of the Tokyo Stock Exchange)
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Notice Concerning the Absorption-type Merger (Simplified Merger and Short-form Merger) of Consolidated Subsidiary (Hitachi Metals MMC Superalloy, Ltd.)

Hitachi Metals, Ltd. (hereinafter, “Hitachi Metals”), hereby announces today that it has decided to merge with Hitachi Metals MMC Superalloy, Ltd. (hereinafter, “Hitachi Metals MMC Superalloy”), a consolidated subsidiary of Hitachi Metals, in the form of an absorption-type merger (hereinafter, “this Merger.”) Since this Merger is an absorption-type merger of a wholly-owned subsidiary, the disclosure contained herein omits certain matters and details.

1. Purpose of this Merger

By positioning the aircraft and energy materials business as a core business for the next generation, Hitachi Metals’ Specialty Steel Company has been taking measures to further solidify and expand this business. To accelerate our measures towards the medium- to long-term growth of this business, we have decided to merge with Hitachi Metals MMC Superalloy, a wholly-owned subsidiary of Hitachi Metals, in the form on an absorption-type merger, in an effort to achieve further integration of business operations.

Following this Merger, Hitachi Metals MMC Superalloy’s head office and Okegawa Works will take on part of the aircraft and energy materials business as Okegawa Works of Hitachi Metals’ Specialty Steel Company (provisional name).

2. Summary of this Merger

(1) Schedule of this Merger

Date of decision by Hitachi Metals	October 24, 2017
Board of directors’ resolution at Hitachi Metals MMC Superalloy	October 24, 2017
Conclusion date of merger agreement	October 24, 2017
Effective date	April 1, 2018 (scheduled)

Pursuant to the provisions of simplified mergers as prescribed in Article 796, Paragraph 2 of the Companies Act and short-form mergers as prescribed in Article 784, Paragraph 1 of the Companies Act, this Merger will be carried out without obtaining approval on the merger agreement at the general meetings of shareholders of Hitachi Metals and Hitachi Metals MMC Superalloy.

(2) Form of this Merger

This is an absorption-type merger whereby Hitachi Metals will be the surviving company and Hitachi Metals MMC Superalloy will be the absorbed company.

(3) Details of Allocation under this Merger

Because this Merger involves the parent company and a wholly-owned subsidiary, no allocation of shares or delivery of other consideration by Hitachi Metals will take place.

(4) Treatment of Share Options and Bonds with Share Options of the Absorbed Company in Conjunction with this Merger

No share options and bonds with share options have been issued by the absorbed company.

3. Outline of the Companies Involved in this Merger

	Surviving company (Hitachi Metals)	Absorbed company (Hitachi Metals MMC Superalloy)
(1) Company name	Hitachi Metals, Ltd.	Hitachi Metals MMC Superalloy, Ltd.
(2) Location	2-70, Konan 1-chome, Minato-ku, Tokyo	1230 Kamihideya, Okegawa, Saitama
(3) Name and title of representative	Akitoshi Hiraki, Representative Executive Officer, President and Chief Executive Officer	Yoshitaka Suda, President
(4) Business details	Manufacturing and sales of specialty steel products, magnetic materials and applications, functional components and equipment, wires, cables, and related products	Manufacturing and sales of heat resistant alloys, corrosion resistant alloys, wear resistant alloys and special copper alloys
(5) Stated capital	26,284 million yen (as of March 31, 2017)	3,808 million yen (as of March 31, 2017)
(6) Date of incorporation	April 10, 1956	July 1, 2010
(7) Number of shares issued	428,904,352 shares (as of March 31, 2017)	62,000 shares (as of March 31, 2017)
(8) Book-closing date	March 31	March 31
(9) Major shareholders and percentage holdings thereof	Hitachi, Ltd. 52.75% (as of March 31, 2017)	Hitachi Metals, Ltd. 100% (as of October 2, 2017)
(10)	Financial results and financial condition of the surviving company in the most recent business year (year to March 2017, consolidated, IFRS)	
	Total assets	1,040,390 million yen
	Total capital	548,746 million yen
	Amounts per share attributable to owners of the parent company	1,254.89 yen
	Revenues	910,486 million yen
	Adjusted operating income*	65,983 million yen
	Income before income taxes	66,016 million yen
	Net income attributable to shareholders of the parent company	50,593 million yen
	Basic earnings per share (yen)	118.32 yen
(11)	Financial results and financial condition of the absorbed company in the most recent business year (year to March 2017, Japanese GAAP)	
	Net assets	11,513 million yen
	Total assets	26,437 million yen
	Net assets per share	185,705.77 yen
	Sales	18,674 million yen
	Operating income	275 million yen
	Ordinary income	244 million yen
	Net income	256 million yen
	Earnings per share (yen)	4,136.44 yen

*Adjusted operating income is calculated by deducting cost of sales and SG&A (sales, general and administrative expenses) from revenues.

4. Situation following this Merger

There will be no changes to Hitachi Metals' company name, location, name and title of representative, business details, stated capital and book-closing date in line with this Merger.

5. Impact on Financial Results

This Merger will have no impact on Hitachi Metals' consolidated financial results.

(Reference)

Hitachi Metals' Consolidated Financial Forecast (Announced on April 28, 2017) and Financial Results in Previous Term
(Unit: million yen)

	Revenues	Adjusted operating income	Income before income taxes	Net income attributable to shareholders of the parent company
Consolidated financial forecast (Year to March 2018)	950,000	80,000	63,000	45,000
Consolidated financial forecast (Year to March 2017)	910,486	65,983	66,016	50,593

For inquiries regarding this matter: Corporate Communications, Hitachi Metals, Ltd. E-mail: hmcc.sa@hitachi-metals.com