



January 18, 2017

To whom it may concern:

Company Name: Hitachi Metals, Ltd.
Name of Representative: Hideaki Takahashi
President and Chief Executive Officer
(Code: 5486; First Section of the Tokyo Stock Exchange)
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Notice Concerning the Reorganization of Subsidiaries Including Company Split (Simplified Absorption-type Split) of Subsidiary's Casting Operations

We hereby inform you that Hitachi Metals, Ltd. (hereafter, "Hitachi Metals") has decided to transfer the casting operations of Hitachi Magnet Wire Corp. (hereafter, "Hitachi Magnet Wire"), a wholly-owned subsidiary of Hitachi Metals, to Hitachi Metals using the company-split (simplified absorption-type split) method, and perform an absorption-type merger involving wholly-owned subsidiaries of Hitachi Metals with Hitachi Magnet Wire as the absorbed company and Ibaraki Technos, Ltd. (hereafter, "Ibaraki Technos,") a wholly-owned subsidiary of Hitachi Metals, as the surviving company.

Please note that because this company split is a simplified absorption-type split involving Hitachi Metals and a wholly-owned subsidiary of Hitachi Metals, the disclosures contained herein omit certain matters and details that must normally be disclosed in the case of company splits.

I. Summary

1. Purpose

Hitachi Metals is currently implementing our FY2018 Medium-term Management Plan to concentrate on high-revenue, high-growth fields and enhance efficiency in the use of corporate resources. Cable Materials Company, to which Hitachi Magnet Wire and Ibaraki Technos belong, has positioned rolling stock, medical devices, and automobile electrical components as growth fields and is investing in them aggressively to ensure that they grow. It is also endeavoring to improve the profitability of its core wire and cable products, which are used in construction, devices, etc., by improving business efficiency.

Amid these circumstances, Hitachi Magnet Wire has hitherto been casting and manufacturing copper wire, which is used as a conductor in wires and cables, as well as producing wire and cable products such as magnet wires.

This decision was made with two aims. The first was to integrate Hitachi Magnet Wire's casting operations, which of its businesses, play a central role in the development and manufacture of cable materials, with Hitachi Metals in order to strengthen our cable-material manufacturing capabilities and accelerate the development of new products. The second was to enhance business efficiency by concentrating other operations at Ibaraki Technos, which like Hitachi Magnet Wire manufactures cables in Hitachi City, Ibaraki.

2. Details

- (1) Hitachi Magnet Wire's casting operations will be passed to Hitachi Metals using the company-split (simplified absorption-type split) method (hereafter, "the absorption-type split").
- (2) Hitachi Magnet Wire (excluding its casting operations) will be absorbed by and merged with Ibaraki Technos, a wholly-owned subsidiary of Hitachi Metals (hereafter "the absorption-type merger").

3. Schedule

The schedule for the transactions are as follows. Note that because the absorption-type split constitutes a simplified absorption-type split under Article 796(2) of the Companies Act, a shareholders meeting of Hitachi Metals will not be convened to approve the absorption-type split.

Date of conclusion of absorption-type split and absorption-type merger contracts	January 18, 2017
Date of execution of absorption-type split	April 1, 2017 (planned)
Date of execution of absorption-type merger	April 1, 2017 (planned)

4. Impact on financial results

The transactions will not affect Hitachi Metal's consolidated financial results.

II. About the Absorption-type Split

1. Summary of the Absorption-type Split

(1) Form of the Absorption-type Split

This is an absorption-type split (simplified absorption-type split) whereby Hitachi Magnet Wire will be the absorption-type splitting company and Hitachi Metals will be the absorption-type split inheriting company.

(2) Details of Allocation under the Absorption-type Split

Because the absorption-type split involves the parent company and a wholly-owned subsidiary, no allocation of shares or delivery of other consideration will take place.

(3) Treatment of Share Options and Bonds with Share Options in Conjunction with the Absorption-type Split

Not applicable.

(4) Changes in Stated Capital due to the Absorption-type Split

The stated capital of Hitachi Metals will not change.

(5) Rights and Obligations to Be Inherited by the Inheriting Company

At the time of the absorption-type split, the assets relating to casting operations and the rights and obligations pertaining to casting operations on the date of execution that are specified in the absorption-type split contract will be inherited by Hitachi Metals.

(6) Outlook for Fulfillment of Obligations

Hitachi Metals will not assume any obligations so the fulfillment of obligations will not be hindered following the absorption-type split.

2. Profiles of the Companies Involved in the Absorption-type Split

	Absorption-type splitting company (Hitachi Magnet Wire)	Absorption-type split inheriting company (Hitachi Metals)
(1) Name	Hitachi Magnet Wire Corp.	Hitachi Metals, Ltd.
(2) Address	4-10-1 Kawajiri-cho, Hitachi-shi, Ibaraki-ken	1-2-70 Konan, Minato-ku, Tokyo
(3) Name and title of representative	Masaru Kuriyama, Representative Director and President	Hideaki Takahashi, Representative Executive Officer, President and Chief Executive Officer
(4) Business details	Manufacture and sale of conductors, magnet wires, etc. for wires and cables	Manufacture and sale of high-grade metal products and materials; magnetic materials; high-grade functional components; and wires and cables
(5) Stated capital	300 million yen (as of March 31, 2016)	26,284 million yen (as of March 31, 2016)
(6) Date of incorporation	July 1947	April 1956
(7) No. of shares issued	6,000,000 shares (as of March 31, 2016)	428,904,352 shares (as of March 31, 2016)
(8) Book-closing date	March 31	March 31
(9) Major shareholders and percentage holdings thereof	Hitachi Metals, Ltd. 100% (as of March 31, 2016)	Hitachi, Ltd. 52.75% (as of March 31, 2016)
(10) Financial results and financial condition of the absorption-type splitting company in the most recent business year (year to March 2016, Japanese GAAP)		
	Net assets	2,319 million yen
	Total assets	14,178 million yen
	Net assets per share	386.4 yen
	Sales	42,780 million yen
	Operating income	1,358 million yen
	Ordinary income	1,389 million yen
	Net income	960 million yen
	Earnings per share (yen)	160.0 yen
(11) Financial results and financial condition of the absorption-type split inheriting company in the most recent business year (year to March 2016, consolidated, IFRS)		
	Total assets	1,033,311 million yen
	Total capital	504,675 million yen
	Amount per share attributable to owners of the parent company	1,159.70 yen
	Revenues	1,017,584 million yen
	Adjusted operating income*	76,061 million yen
	Income before income taxes	96,233 million yen
	Net income attributable to shareholders of the parent company	69,056 million yen
	Basic earnings per share (yen)	161.50 yen

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

3. Outline of the Business Division to Be Inherited

(1) Business of the Division to Be Inherited

Casting of materials for wire and cable conductors

(2) Operating Performance of the Division to Be Inherited (Year to March 2016, Japanese GAAP)

Revenues of the business to be split off (A)	Hitachi Metals nonconsolidated revenues (B)	Ratio (A/B)
22,011 million yen	441,103 million yen	5.0%

(3) Assets, Liabilities, and Book Value of the Business to Be Inherited (Year to March 2016)

Assets		Liabilities	
Account	Book value	Account	Book value
Current assets	543 million yen	Current liabilities	—
Noncurrent assets	260 million yen	Noncurrent liabilities	—
Total	803 million yen	Total	—

(4) Situation after the Absorption-type Split

Absorption-type splitting company (Hitachi Magnet Wire)

① Name	Hitachi Magnet Wire Corp.
② Address	4-10-1 Kawajiri-cho, Hitachi-shi, Ibaraki-ken
③ Name and title of representative	Masaru Kuriyama, Representative Director and President
④ Business details	Manufacture and sale of conductors, magnet wires, etc. for wires and cables
⑤ Stated capital	300 million yen (as of March 31, 2016)
⑥ Book-closing date	March 31

Hitachi Magnet Wire is scheduled to be dissolved on the date of execution of the absorption-type merger with Ibaraki Technos, which is the same day as the date of execution of the absorption-type split.

Absorption-type split inheriting company (Hitachi Metals)

① Name	Hitachi Metals, Ltd.
② Address	1-2-70 Konan, Minato-ku, Tokyo
③ Name and title of representative	Hideaki Takahashi, Representative Executive Officer, President and Chief Executive Officer
④ Business details	Manufacture and sale of high-grade metal products and materials; magnetic materials; high-grade functional components; and wires and cables
⑤ Stated capital	26,284 million yen (as of March 31, 2016)
⑥ Book-closing date	March 31

End

Reference:

Ibaraki Technos, Ltd.

① Name	Ibaraki Technos, Ltd.
② Address	5-1-1 Hidaka-cho, Hitachi-shi, Ibaraki-ken
③ Name and title of representative	Wataru Nakatani, Representative Director and President
④ Business details	Manufacture and sale of wire and cable connectors, components, etc.
⑤ Stated capital	100 million yen (as of March 31, 2016)
⑥ Book-closing date	March 31

Because the absorption-type merger constitutes a simplified absorption-type merger under Article 796(2) of the Companies Act, a shareholders meeting of Ibaraki Technos will not be convened to approve the absorption-type merger. Because the absorption-type merger involves wholly-owned subsidiaries, no allocation of shares or delivery of other consideration by Ibaraki Technos will take place.

Hitachi Metals Consolidated Financial Forecast (Announced October 27, 2016) and Financial Results in Previous Term (Unit: million yen)

	Revenues	Operating income after adjustments	Income before income taxes	Net income attributable to shareholders of the parent company
Consolidated financial forecast (Year to March 2017)	880,000	67,000	63,000	45,000
Consolidated financial results (Year to March 2016)	1,017,584	76,061	96,233	69,056

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