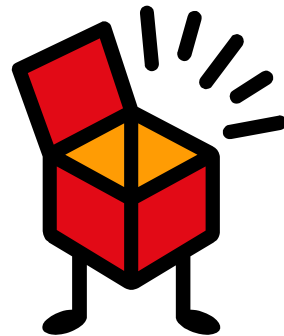


Hitachi Metals

FY2014 Corporate Policies



Materials Mag!c

April 24, 2014

 **Hitachi Metals, Ltd.**

<http://www.hitachi-metals.co.jp/e>

**Accelerate implementation of the action plans
of the Fiscal 2015 Medium-Term Management Plan**

Eliminate underperformance concealed by good performance

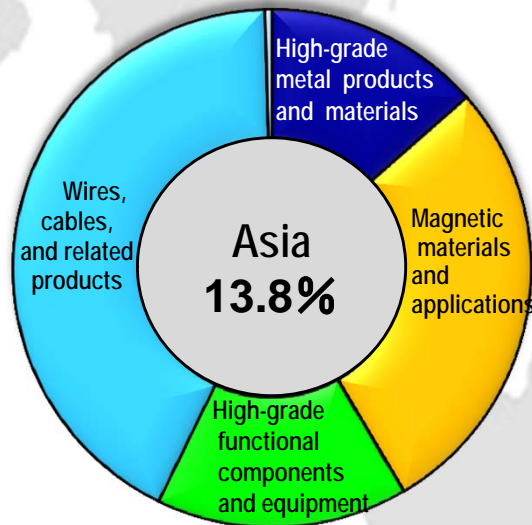
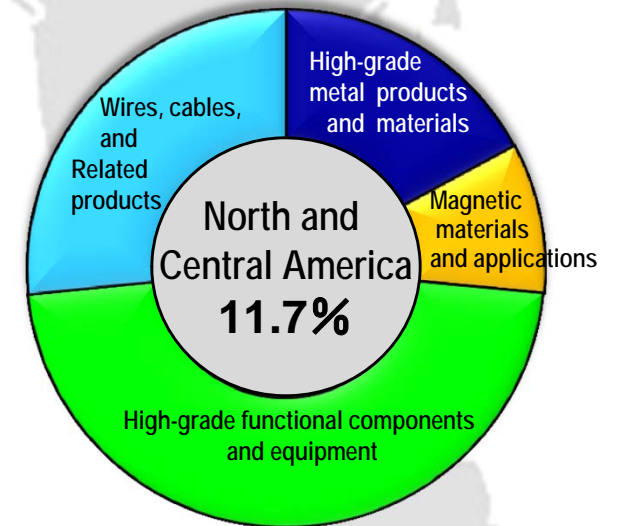
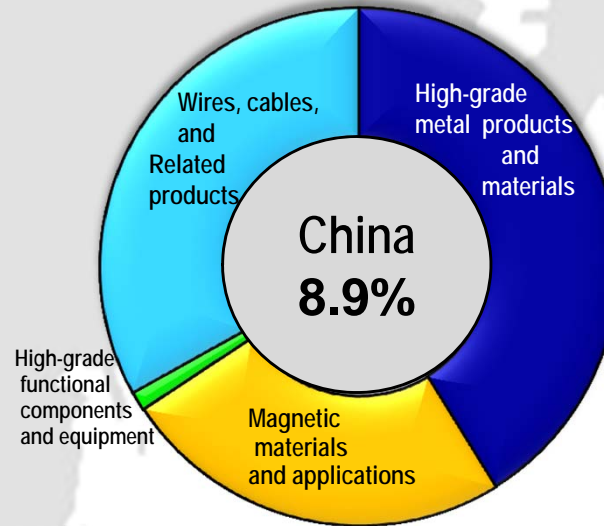
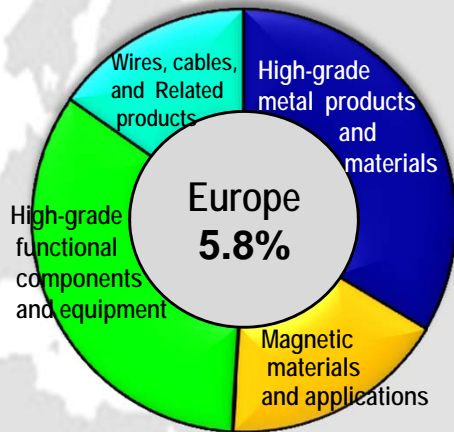
**Switch from
“Defense to Offense”**

- 1. Accelerate Global Strategy**
- 2. Expand and Create Our Business Domain**
- 3. Build a Strong Management Base**

1. Accelerate Global Strategy

- Expand European scope of operations
- Gain footholds in areas to create a fourth pillar of growth

FY2013 overseas sales volume by region



Other: 1.3%

41.5% of sales volume from overseas in FY2013
⇒ Medium-term plan goal: 45%

1. Accelerate Global Strategy

Shift focus of optimization from individual operations to the entire corporate group

- **Strengthen and effectively utilize existing overseas bases**
- **Actively employ M&A and technological alliances**

Europe

Bearing more robust environmental regulations in mind, expand scope of operations, focusing on automotive and energy sectors.

- In addition to automotive casting components, examine and promote expanded sales of specialty steel, amorphous metals, magnets, wire products, etc.
- Create sales networks and structures based on a global perspective, and plant the seeds for a larger customer foundation.

Asia

Strengthen the foundations for integrated manufacturing sites and exploit market needs for emerging countries.

- Use the recently introduced regional oversight functions to strive for overall optimization, in pursuit of regional management efficiency.
- Use and coordinate among former Hitachi Cable's overseas bases (such as in Thailand, Vietnam, India, and Indonesia), expanding the scale of operations while boosting synergies.

North America

Expand scope of operations in a market where local production is for local consumption and pursue increased profitability by reviewing cost structures.

- Improve the profitability of traditional products such as automotive casting components, aluminum wheels, magnets, wire products, etc.
- Strengthen collaboration with Europe, Japan, and the rest of Asia to provide customers global procurement capabilities.

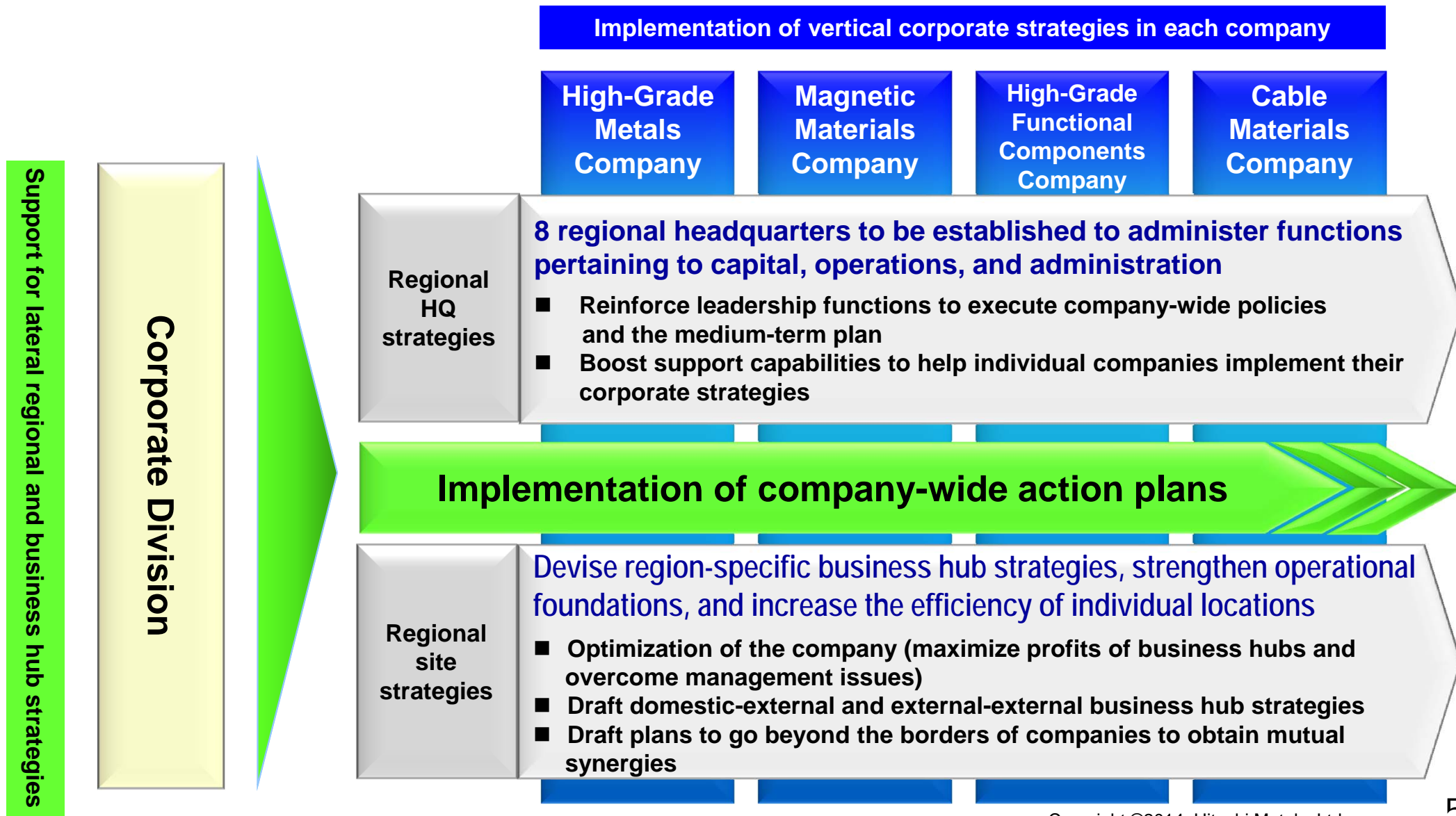
Japan

Create a cost structure that will work worldwide and boost development of new materials and technologies that will contribute to the next growth phase.

- Pursue overall optimization with a global perspective in both manufacturing and sales.
- Strengthen the company's foundations while implementing rationalization investments designed to reinforce the organizational structure.

1. Accelerate Global Strategy

Boost efficiency with a mix of vertical corporate strategies and lateral regional and business hub strategies



2. Expand and Create Our Business Domain

Actively execute growth investments to expand business areas by reaping the benefits of policies that have been implemented

- Expansion of customer bases and creation of new businesses
- Strive to develop new technologies in tandem with expansion into new business areas

Reaping benefits

- Expand scope of operations by implementing global strategies
- Quickly generate effects of management integration
 - Mutual sales support for shared customers and expansion of proposal scopes to acquire orders
 - Effective use of non-overlapping overseas bases in Korea, India, Indonesia, Czech Republic, Mexico, Vietnam, and elsewhere

Sowing seeds

- Gain footholds in areas such as the aircraft and energy sectors to create a fourth pillar of growth
- Promote the creation of sales organizations in untapped regions and markets, such as Europe and India

(FY2013 action plans)

- High-grade metal products and materials : Strengthen specialty steel business operations in the aircraft and energy sectors
 - Install innovative large vacuum induction melting and casting furnace
 - Conclude contract to acquire the shares of MMC Superalloy Corporation
 - Start mass production and shipment of 50-inch titanium turbine blades for steam turbines die forged using the 50,000-ton forging press at Japan Aeroforge, Ltd.
- High-grade functional components and materials : Further strengthen automotive casting component production and supply organization in India
 - Accelerate expansion of operations in India by taking an equity stake in a local automotive casting components manufacturer to create a manufacturing site, tentatively named HNV Castings Private Limited, for high-toughness ductile iron castings HNM®



High-toughness ductile iron castings HNM®

3. Build a Strong Management Base

Build foundations for future growth, not just stopping at cutting fixed costs but also restructuring our framework

- Promote the reformatting of operational structure
- Train and produce the global human resources of the next generation

**Actively implement diversity and personnel exchanges among internal companies
Develop an environment where all employees feel challenged to do their best**

<Example>

Promoting overseas personnel to management positions, not just to direct individual projects but also to carry out strategies

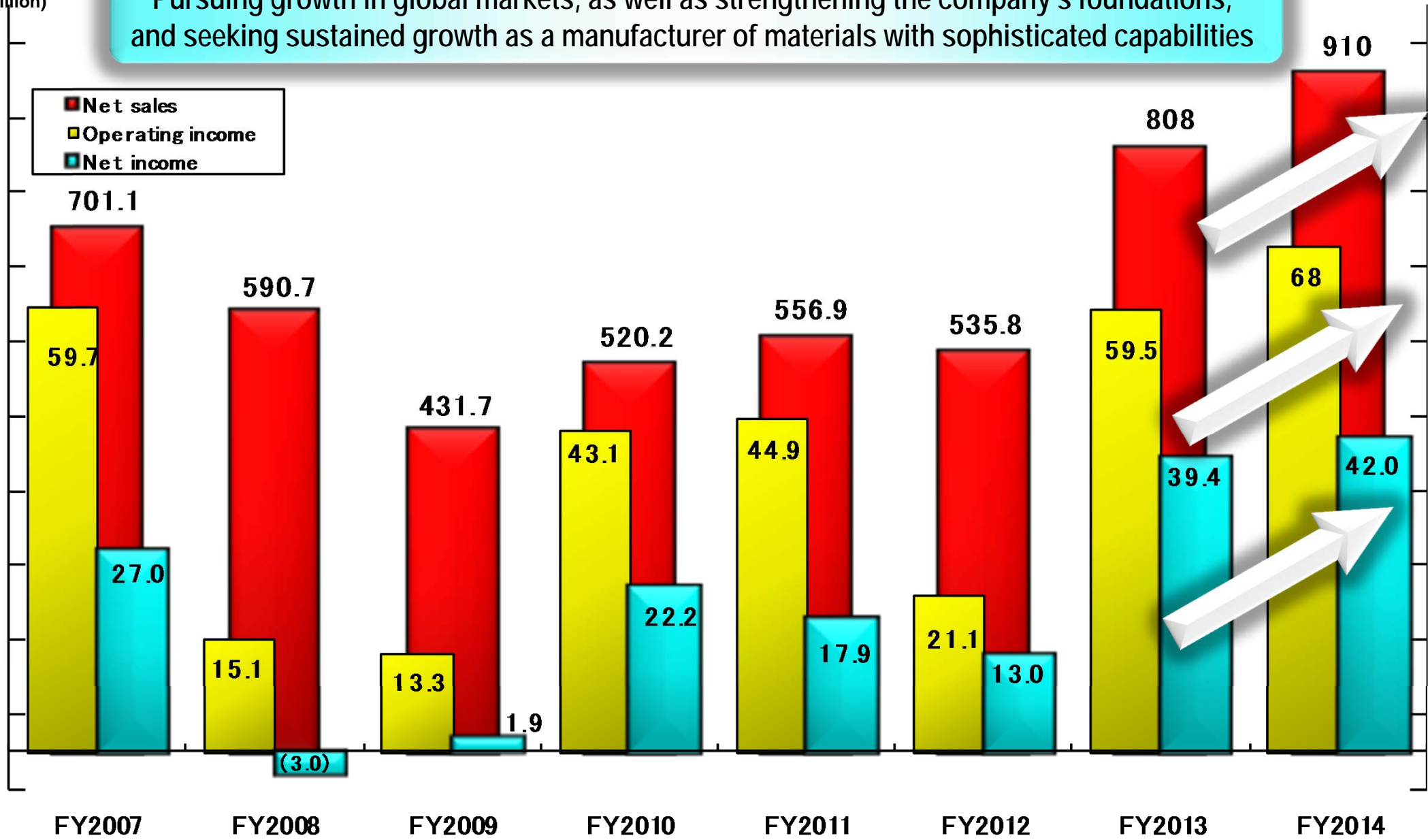
- **Appointed to company officer to carry out global strategies**
 - Two as of April 2014: Representative of Chinese regional headquarters and president of Korean automotive casting components company
- **Appointed to positions related to global strategy implementation**
 - High-Grade Metals Company: Promoted the head of local manufacturing sites to manage the North American region
 - European regional headquarters: Local general manager promoted to manage Europe-wide High-Grade Metals Company operations
 - Indian regional headquarters : Promoted the head of local sales unit to manage all operations in India

Business Performance Trends

(Unit: ¥ billion)

Pursuing growth in global markets, as well as strengthening the company's foundations, and seeking sustained growth as a manufacturer of materials with sophisticated capabilities

- Net sales
- Operating income
- Net income



(projected)

Nonhistoric data contained in these materials pertaining to items such as anticipated performance, business targets, and dividend estimates were determined to be logical for the purposes of forecasting based on certain premises and assumptions at the time the materials were compiled, and actual performance may vary depending on changes in inherent assumptions and conditions, the main factors in which would be as listed below.

- Economic conditions and various regulations in our main markets, particularly Japan, the rest of Asia, the United States, and Europe
- Abrupt changes in technology
- The ability of Hitachi Metals and its subsidiaries to achieve competitive superiority, develop new technologies and products, and turn them into business ventures
- Changes in product markets or market conditions
- Exchange rate fluctuations
- International commodity market fluctuations
- Funds procurement environment
- The ability of Hitachi Metals and its subsidiaries to respond to changes in product supply and demand, product market conditions, exchange rates, and international commodity market conditions
- Hitachi Metals protection of its proprietary patents and acquisition of the use of other firms' patents
- Cooperative relations with other firms on product development, etc.
- Fluctuations in Japan's stock markets