Hitachi Metals, Ltd.

News Release

Contact: Shigeru Ishigay, General Manager
Corporate Communications Department
Hitachi Metals, Ltd.
Tel: 03-5765-4075
shigeru_ishige@hitachi-metals.co.jp

Hitachi Metals Announces Breakup of Subsidiaries

Tokyo, Japan, February 26, 2002—Hitachi Metals, Ltd. is currently implementing a range of structural reforms in response to the volatile operating environment of today's economy. During the meeting of the Company's Directors Committee held today, the decision was made to break up the following subsidiaries or withdraw from their operations.

1. Breakup of Hitachi Metals Intec, Ltd.

(1) Background

The subsidiary's predecessor, Hitachi Metals Technox, Ltd. was established in 1989 for the "dynamic application of specialized technologies." Its operations were subsequently expanded to include such fields as patents and environmental activities, and it has continued to support the Hitachi Metals Group's business to the present day. In the interest of strengthening overall Group soundness, we have decided to absorb such planning and proposal operations into the parent company.

(2) Company Profile

Name: Hitachi Metals Intec, Ltd.
Location: 3-7-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
President and Representative Director: Rikizo Watanabe
Operations Content: Technical consulting, patents, environmental consulting, and training
Date Est.: November 1, 1989
Total Assets: ¥264 million (as of December 31, 2001)
Settlement Period: March 31
Employees: 31 (as of December 31, 2001)
Capital and Ownership Ratio: ¥40 million (held entirely by the Hitachi Metals Group)
Past Three Years' Results:

	Fiscal 1998	Fiscal 1999	Fiscal 2000
Net Sales	¥252 million	¥292 million	¥529 million
Ordinary Profit	¥36 million	¥36 million	¥73 million
Net Income	¥20 million	¥22 million	¥41 million

(3) Upcoming Agenda: Designated for breakup on March 31, 2002

(4) Influence on Business Results

Consolidated Results: Special retirement benefits of ¥147 million
Non-consolidated Results: Negligible
(The subsidiary's breakup has been factored into the business results forecast.)

2. Breakup of Sort Industries, Ltd.

(1) Background

The subsidiary was acquired in 1998 to reinforce automotive plastic molds operations. However, domestic demand for OA equipment plastic molds—which comprised its core business—has declined due to principal customers' shift to overseas operations, thus necessitating the downsizing of production. Hence, the decision was made to break up Sort Industries, with moldings operations to be absorbed into Tokyo Seimitsu Kogyo, Ltd., another Hitachi Metals subsidiary.

(2) Company Profile

Name: Sort Industries, Ltd.
Location: 22-12 Oaza Hirai, Hinode-cho, Nishi-Tama-Gun,Tokyo
President and Representative Director: Masamitsu Kodama
Operations Content: Manufacture and sale of plastic molds
Date Est.: March 3, 1969 (acquired by Hitachi Metals on January 29, 1998)
Total Assets: ¥1,143 million (as of December 31, 2001)
Settlement Period: March 31
Employees: 42 (as of December 31, 2001)
Capital and Ownership Ratio: ¥37 million (held entirely by the Hitachi Metals Group)
Past Three Years' Results:

	Fiscal 1998	Fiscal 1999	Fiscal 2000
Net Sales	¥1,011 million	¥662 million	¥786 million
Ordinary (Loss)	(¥36 million)	(¥154 million)	(¥152 million)
Net (Loss)	(¥39 million)	(¥153 million)	(¥135 million)

(3) Upcoming Agenda: Designated for breakup on March 31, 2002

(4) Influence on Business Results

Consolidated Results: Property, plant and equipment disposal loss and retirement benefits equaling ¥147 million
Non-consolidated Results: Loss on liquidation of subsidiary of ¥809 million
(The subsidiary's breakup has been factored into the business results forecast.)

3. Breakup of Denshi Tech, Ltd.

(1) Background

The subsidiary has traditionally conducted commissioned manufacture of electronic components. However, in addition to the policy of emphasizing overseas development of new products, maturity of the subsidiary's traditionally commissioned products led to decline in its performance. Hence, the decision was made to dissolve the subsidiary as part of Hitachi Metal's domestic restructuring efforts.

(2) Company Profile

Name: Denshi Tech, Ltd.
Location: 18 Matsuyama-cho, Moka-shi, Tochigi-Prefecture
President and Representative Director: Masami Tamura
Operations Content: Processing and assembly of electronic components
Date Est.: July 1, 1995
Total Assets: ¥1,959 million (as of December 31, 2001)
Settlement Period: March 31
Employees: 107 (as of December 31, 2001)
Capital and Ownership Ratio: ¥50 million (held entirely by the Hitachi Metals)

Past Three Years' Results:

	Fiscal 1998	Fiscal 1999	Fiscal 2000
Net Sales	¥1,244 million	¥1,984 million	¥4,754 million
Ordinary Profit (Loss)	(¥179 million)	(¥121 million)	¥392 million
Net Income (Loss)	(¥179 million)	¥615 million	¥180 million

(3) Upcoming Agenda: Designated for breakup on March 31, 2002, and liquidation during fiscal 2002.

(4) Influence on Business Results
Consolidated Results: Retirement benefits equaling ¥150 million
Non-consolidated Results: Loss on liquidation of subsidiary of ¥50 million
(The subsidiary's breakup has been factored into the business results forecast.)

4. Withdrawal from Operations of Hitachi Metals Electronics Malaysia (MEM)

(1) Background

The subsidiary has traditionally produced GMR heads, but after the transfer of the business to Hitachi, Ltd. in March 2000, produced high-volume FDD heads. However, the abrupt decline in demand and strong requirement of price down, the decision was made to withdraw from operations in Malaysia.

(2) Company Profile
Name: Hitachi Metals Electronics (Malaysia) Sdn. Bhd.
Location: Penang, Malaysia
President and Representative Director: Shigetoshi Morita
Operations Content: Processing of electronic and IT components
Date Est.: September 2, 1988
Total Assets: 49 million Malaysian ringgits (approx. ¥1.7 billion, as of December 31, 2001)
Settlement Period: March 31
Employees: 442 (as of December 31, 2001)
Capital and Ownership Ratio: 187 million Malaysian ringgits
(approx. ¥5.6 billion, held entirely by the Hitachi Metals)
Past Three Years' Results:

	Fiscal 1998	Fiscal 1999	Fiscal 2000
Net Sales	¥2,552 million	¥4,365 million	¥2,351 million
Ordinary Profit (Loss)	(¥1,553 million)	(¥751 million)	¥238 million
Net Income (Loss)	(¥1,553 million)	(¥1,775 million)	¥231 million

(3) Upcoming Agenda: Official decision for withdrawal scheduled for March 2002

(4) Influence on Business Results
Consolidated Results: Property, plant and equipment disposal loss and retirement benefits equaling ¥600 million
Non-consolidated Results: None
(The subsidiary's breakup has been factored into the business results forecast.)

5. Breakup of MEM Trading & Consultancy

(1) Background

The subsidiary was established as a sub-subsidiary of MEM to support purchasing and sales operations in Malaysia for the Hitachi Metals Group. However, no significant business development was subsequently forthcoming, and the decision was made to liquidate the firm following the withdrawal from operations of its parent company, MEM.

(2) Company Profile
Name: MEM Trading & Consultancy Sdn. Bhd.
Location: Penang, Malaysia
President and Representative Director: Abu Bakar Omar
Operations Content: Business support for Hitachi Metals Group sales in Malaysia and other trading operations.
Date Est.: September 19, 1997
Total Assets: 131,000 Malaysian ringgits (approx. ¥5 million, as of December 31, 2001)
Settlement Period: March 31
Employees: 0 (as of December 31, 2001)

Capital and Ownership Ratio: 5,000 Malaysian ringgits (approx. ¥200,000, held entirely by MEM)
Past Three Years' Results:

	Fiscal 1998	Fiscal 1999	Fiscal 2000
Net Sales	¥19 million	¥17 million	¥12 million
Ordinary Profit	¥1 million	¥2 million	¥1 million
Net Income	¥1 million	¥2 million	¥1 million

(3) Upcoming Agenda: Breakup decision made in February 2002

(4) Influence on Business Results
Consolidated Results: Negligible
Non-consolidated Results: None

Reference: Merger of Sub-subsidiaries
The two domestic subsidiaries of Hitachi Tool Engineering, Ltd. have been merged. Details are as follows. (Announcement of this merger was made by Hitachi Tool Engineering, Ltd. on February 5, 2002.)

(1) Merged Subsidiaries
① Nichiwa Co., Ltd. (wholly owned subsidiary of Hitachi Tool Engineering)
② Sun tools Tech, Ltd. (wholly owned subsidiary of Hitachi Tool Engineering)

(2) Effects of Merger
The manufacturing and sales operations of the two subsidiaries will be consolidated for the purpose of expanding and strengthening Hitachi Tool Engineering's business operations.

(3) Conditions of Merger
① Nichiwa is to be the remaining company, with Sun tools Tech to be dissolved.
② Merger ratio: 1 : 1
③ Date of Merger: April 1, 2002

(4) Profile of New Subsidiary
① Name: Tool Tech, Ltd.
② Head Office Location: 4-1-13 Toyo-cho, Koto-ku, Tokyo
③ Capital: ¥60 million (held entirely by Hitachi Tool Engineering)
④ President and Representative Director: Katsuhito Kodama
⑤ Employees: 70