

February 27, 2008

To Our Shareholders:

Hiroshi Fujinami
President, Executive Officer and Director
Hitachi Powdered Metals Co., Ltd.
2-1, Minoridai 5-chome, Matsudo-shi, Chiba

**ANNOUNCEMENT OF A STOCK-FOR-STOCK EXCHANGE
AND REQUEST FOR SUBMISSION OF SHARE CERTIFICATES**

Hitachi Powdered Metals Co., Ltd. (the “Company”) is pleased to announce that its Board of Directors, at a meeting held on February 26, 2008 (Tuesday), resolved that the Company will conduct a Stock-for-Stock Exchange (*kabushiki-kokan*), whereby Hitachi Chemical Co., Ltd. (1-1, Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo; hereinafter “Hitachi Chemical”) shall become the wholly owning parent company of the Company and the Company shall become a wholly owned subsidiary of Hitachi Chemical, with April 1, 2008 (Tuesday) as the effective date thereof, without receiving approval by resolution of a general meeting of shareholders as set forth in Article 783, Paragraph 1 of the Companies Act pursuant to the provisions under Article 784, Paragraph 1 of the Companies Act.

Accordingly, the Company requests that all holders of share certificates submit all share certificates they currently hold during the period for submission of share certificates as described below, for the reason that shares of Hitachi Chemical will be delivered as consideration for shares of the Company to all the shareholders except Hitachi Chemical whose names are listed or recorded in the final shareholders’ register (including beneficial shareholders; hereinafter the same shall apply) immediately preceding the entering into force of the Stock-for-Stock Exchange, at an exchange ratio of 0.37 shares of Hitachi Chemical’s stock for one (1) share of the Company’s stock, following which all the Company’s shares held by its shareholders other than Hitachi Chemical will be wholly acquired by Hitachi Chemical upon the effective date of the Stock-for-Stock Exchange, thereby making the share certificates of the Company’s stock that the Company has issued by that date completely null and void.

With regard to the method for submitting share certificates, please read the “Notice Regarding Submission of Share Certificates due to the Stock-for-Stock Exchange” which the Company has already sent to all shareholders who need to take steps to submit share certificates.

Shareholders who have kept their share certificates in the safety deposit and custody accounts of any securities company are requested to make inquiries to the securities company concerned. Please note that share certificates need not be submitted for: shares for which share certificates have been deposited to and kept in custody by the Japan Securities Depository Center, Inc. through the custody and transfer system for securities, shares of less than one unit (*tangen-miman-kabushiki*), and shares for which non-holding of share certificates have been reported.

Rule 802 Legend

This exchange offer or business combination is made for the securities of a foreign company. The offer is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial statements included in the document, if any, have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the federal securities laws, since the issuer is located in a foreign country, and some or all of its officers and directors may be residents of a foreign country. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court’s judgments.

You should be aware that the issuer may purchase securities otherwise than under the exchange offer, such as in open market or privately negotiated purchases.

Please also note that shareholders who wish to request that the Company purchase their shares in the Stock-for-Stock Exchange in accordance with Article 785, Paragraph 1 of the Companies Act must, during the period starting from 20 days prior to the effective date and until the day preceding the effective date, make requests to such effect in writing, and include the number of shares for which purchase is requested of the Company.

1. Period for submission of share certificates

From February 29, 2008 (Friday) to April 1, 2008 (Tuesday)

2. Office for the processing of paperwork related to the submission of share certificates

Transfer Agent, office for the processing of paperwork

Tokyo Securities Transfer Agent Co., Ltd., Headquarters

6-2, Otemachi 2-chome, Chiyoda-ku, Tokyo (Nippon Building, 4th Flr.)

Mailing address with regard to this subject and information number

Tokyo Securities Transfer Agent Co., Ltd., Agency Head office (*Daiko Honbu*)

7-1, Izumi 2-chome, Suginami-ku, Tokyo 168-0063

TEL: 0120-49-7009 (toll-free dial in Japan)

Liaison offices

Head office and branches nationwide (excluding Consul Plaza)

The Chuo Mitsui Trust and Banking Company, Limited