

December 21, 2007

To whom it may concern

Company Name: Hitachi Powdered Metals Co., Ltd.
 Representative: Hiroshi Fujinami
 President , Executive Officer and
 Director
 (Code Number: 5944, First Section of the Tokyo Stock
 Exchange)
 Contact: Shinichi Nishikawa
 General Manager
 Corporate Planning Office
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**ANNOUNCEMENT OF AN OPINION
 ON HITACHI CHEMICAL CO., LTD.'S TENDER OFFER
 FOR SHARES OF HITACHI POWDERED METALS CO., LTD.**

Hitachi Powdered Metals Co., Ltd. (the "Company"), is pleased to announce that the Company, at its meeting of the Board of Directors held on December 21, 2007, resolved that it will express an opinion on a tender offer for shares of the Company by Hitachi Chemical Co., Ltd. (the "Offeror" or "Hitachi Chemical"), as follows.

1. Outline of the Offeror

(1) Company Name	Hitachi Chemical Co., Ltd.																					
(2) Description of Business	Manufacture and sales of electronics-related products and advanced performance products																					
(3) Date of Incorporation	October 10, 1962																					
(4) Address of Head Office	1-1, Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo																					
(5) Name and Title of the Representative	Yasuji Nagase, President and Chief Executive Officer																					
(6) Capital	¥15,439 million (as of September 30, 2007)																					
(7) Major Shareholders and Shareholding Ratio (as of March 31, 2007)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Hitachi, Ltd.</td> <td style="text-align: right;">51.13%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td style="text-align: right;">4.61%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account)</td> <td style="text-align: right;">4.27%</td> </tr> <tr> <td>Nippon Life Insurance Co.</td> <td style="text-align: right;">2.02%</td> </tr> <tr> <td>Dai-ichi Mutual Life Insurance Co.</td> <td style="text-align: right;">1.45%</td> </tr> <tr> <td>ACM Global Investments (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</td> <td style="text-align: right;">1.05%</td> </tr> <tr> <td>Pictet & Cie (Europe) SA (Standing proxy: Sumitomo Mitsui Banking Corporation)</td> <td style="text-align: right;">0.97%</td> </tr> <tr> <td>The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)</td> <td style="text-align: right;">0.90%</td> </tr> <tr> <td>National Mutual Insurance Federation of Agricultural Cooperatives</td> <td style="text-align: right;">0.83%</td> </tr> <tr> <td>State Street Bank and Trust Company 505103 (Standing proxy: Mizuho Corporate Bank, Ltd.)</td> <td style="text-align: right;">0.82%</td> </tr> </table>		Hitachi, Ltd.	51.13%	The Master Trust Bank of Japan, Ltd. (Trust Account)	4.61%	Japan Trustee Services Bank, Ltd. (Trust Account)	4.27%	Nippon Life Insurance Co.	2.02%	Dai-ichi Mutual Life Insurance Co.	1.45%	ACM Global Investments (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	1.05%	Pictet & Cie (Europe) SA (Standing proxy: Sumitomo Mitsui Banking Corporation)	0.97%	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	0.90%	National Mutual Insurance Federation of Agricultural Cooperatives	0.83%	State Street Bank and Trust Company 505103 (Standing proxy: Mizuho Corporate Bank, Ltd.)	0.82%
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(8) Relationships between the Offeror and the Company	Capital Relationship	The Offeror holds 52.57% of issued and outstanding shares of the Company, which equaled 17,072,340 shares, as of September 30, 2007, and is the parent company of the Company.																				

	Personnel Relationship	The Company has two Directors who are on assignment from the Offeror.
	Transaction Relationship	There are no significant transactions between the Company and the Offeror or its officers.
	Status as a Related Party	The Company is a consolidated subsidiary of the Offeror, hence the Company is a Related Party to the Offeror.

2. Description of, Reasons and Grounds for, and Other Information Concerning the Opinion on the Tender Offer

(1) Description of the Opinion on the Tender Offer

The Company's Board of Directors, at its meeting held on December 21, 2007, adopted a resolution to endorse a tender offer by Hitachi Chemical for shares of the Company (the "Tender Offer"). Accordingly, the Company recommends subscription to the Tender Offer.

(2) Reasons for the Opinion on the Tender Offer

A chemical product segment of Hitachi Ltd. was spun off as Hitachi Chemical to start operations in 1963. Since then, Hitachi Chemical has worked to expand its fields of business based on accumulated expertise in polymer technologies. As a manufacturer that offers an extensive range of chemical products, Hitachi Chemical has consistently devoted itself to the development of cutting-edge products and technologies.

The Company was originally established with the name Hitachi Kakoh Co., Ltd. in 1952 and commenced production of powdered metallurgical products and colloidal graphite products. As soon as Hitachi Chemical started operations in 1963, the Company merged with Hitachi Chemical to become its powdered metal department. Subsequently, in 1968, the department was spun off as Hitachi Powdered Metals. Since its establishment, the Company has pursued growth of its businesses centering on the manufacture and sale of powdered metallurgical products and chemical products. As a result, the Company has earned a good reputation for its extensive range of product offerings enabled by proprietary technologies as well as the trust of customers in Japan and internationally, making it one of the leading manufacturers in the powdered metals industry. In 1987, the Company listed its shares on the Second Section of the Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange"), and in 1995 was listed on the First Section of the Tokyo Stock Exchange. As the core business firm of Hitachi Chemical Group, the Company is currently expanding worldwide, having established several bases, including in Asia and North America.

Hitachi Chemical is currently striving to expand its businesses with a focus on four promising business areas: Telecommunications and Displays, Automobiles, Energy and Life Sciences. These areas, which bring the technological strengths of Hitachi Chemical into full play, are expected to achieve high growth on a global basis. Meanwhile, Hitachi Chemical recognizes the need to maximize the synergies between the businesses within the Hitachi Chemical Group to enhance its corporate value. To achieve that, the Company has also assiduously implemented measures to consolidate its businesses and strengthen alliances between Hitachi Chemical Group members.

The Company has developed business operations in two core business fields: powdered metallurgical products, mainly for automotive parts, and chemical products, mainly for carbon products. In recent years, the Company and Hitachi Chemical have strengthened technological and marketing alliances to promote further growth and development of businesses in the Automobile and Energy domains, areas in which the Hitachi Chemical Group especially focuses its efforts. Hitachi Chemical feels that results have been produced by such alliances, and while both business fields are highly promising in terms of growth potential, it is undeniable that worldwide competition will become fiercer, and the Company has come to the conclusion that it is necessary to plan for the growth of its business on a comprehensive, business-wide level by strengthening its alliance with the Hitachi Chemical with a view to the future.

Hitachi Chemical currently holds 52.57% of the issued and outstanding shares of the Company. Based on an

awareness of the situation described above, however, Hitachi Chemical has concluded that the best means of ensuring the future growth of businesses within the Hitachi Chemical Group is to acquire all of the Company's shares and deepen the business alliance between Hitachi Chemical and the Company so as to pursue synergies in all aspects of business operations, ranging from R&D to manufacturing and sales. In other words, it is anticipated that a closer alliance of management resources of Hitachi Chemical and the Company in the automotive parts and carbon product businesses would enable the provision of a higher level of business value to customers through not only the improvement of technological capabilities and operational efficiency, but also through the development of new markets, and would lead to greater corporate value of the Company.

Going forward, Hitachi Chemical and the Company will apply the other company's excellent proprietary technologies to its own product development and share the broad customer bases each has respectively built up to enhance business synergies. On the Company's side, becoming a wholly owned subsidiary of Hitachi Chemical offers a good opportunity for the Company to raise its corporate value because it would allow the Company to strengthen its competitiveness and expand its business through the effective utilization of the management resources of the overall Hitachi Chemical Group.

(3) Grounds for the Opinion on the Tender Offer, Measures Taken to Assure the Fairness of the Offer Price, and Measures Taken to Prevent Conflicts of Interest

1) Basis of Calculation

The Offer Price in this Tender Offer of ¥705 represents a premium of 37.43% (rounded to the nearest hundredth) over the simple arithmetic average of ¥513 for the closing prices (rounded to the nearest yen) of the Company's shares on the First Section of the Tokyo Stock Exchange during the 1-month period ending on December 20, 2007.

The Company has separately obtained a valuation report from a third-party assessor, KPMG FAS ("KPMG"). The valuation report provides separate valuations per share using the market share price method (based on the average closing price of the latest one to three months until December 19, 2007, the business day for calculation), the discounted cash flow (DCF) method, the comparable company analysis method. The report states that the valuation per share of the Company is ¥513–¥538 based on the market average share price method, ¥637–¥813 based on the discounted cash flow (DCF) method and ¥498–¥542 based on the comparable company analysis method.

2) Process of Calculation (including Measures Taken to Assure the Fairness of the Offer Price and to Prevent Conflicts of Interest)

As the Company is a Subsidiary of Hitachi Chemical (as provided for by Article 2-3 of the Corporation Law), Hitachi Chemical and the Company respectively obtained separate valuation reports regarding the valuation per share of the Company from third-party assessors independent from both Hitachi Chemical and the Company so as to prevent conflicts of interest between Hitachi Chemical and the Company. These reports were taken into consideration when determining the Offer Price or deciding the acceptance of the Tender Offer. (Please note, however, that neither Hitachi Chemical nor the Company have obtained an opinion on fairness, or a Fairness Opinion, from their respective third-party assessors.)

As mentioned above, the Company obtained a valuation report from KPMG, a third-party assessor independent from both Hitachi Chemical and the Company. The Company also consulted with Torikai Law Office, its outside legal adviser, regarding the legality of the tender offer procedures, the correctness of the management judgments by the Company's Board of Directors to date, and other matters. Taking into consideration all of the above, the Board of Directors of the Company carefully reviewed the conditions of the Tender Offer at a meeting of the Board of Directors held on December 21, 2007. Consequently, the Board of Directors of the Company resolved that the Company would accept the Tender Offer as it was determined that the Tender Offer would contribute to the strengthening of the revenue base, thereby further improving corporate value, and the conditions of the Tender Offer were fair and reasonable and would provide an opportunity for the shareholders of the Company to sell their shares at a reasonable price. In addition, as Katsuki Miyauchi and Kazuyoshi Tsunoda concurrently serve as Vice President and Executive Officer of Hitachi Chemical and Outside Director of the Company, they refrained from participating in discussions

and the subsequent resolution of the Board of Directors of the Company regarding the acceptance of the Tender Offer and also refrained from participating in the discussions and negotiations with Hitachi Chemical from the standpoint of the Company.

3) Relationship with the Third-party Assessor

KPMG, which conducted its analysis at the request of the Company, is neither a Related Party to the Company nor to the Offeror.

(4) Scenario after the Completion of the Tender Offer (Two-step Acquisition)

Hitachi Chemical intends to turn the Company into a wholly owned subsidiary of Hitachi Chemical as stated in (2) above and plans to do so through the Tender Offer and a series of procedures thereafter. If Hitachi Chemical fails to acquire all shares issued by the Company through the Tender Offer, Hitachi Chemical plans to ask the Company to carry out an exchange of shares that would make Hitachi Chemical a 100% parent company of the Company and the Company a 100%-owned subsidiary of Hitachi Chemical (inclusive of summary Stock-for-Stock exchanges that do not require a resolution for approval by the ordinary general shareholders meeting of the Target; hereinafter “Stock-for-Stock Exchange”), after the completion of the Tender Offer. Through the Stock-for-Stock Exchange, it is planned that the shareholders of the Company will be issued shares of Hitachi Chemical in consideration of the shares they currently hold. This will replace any shares of the Company’s shareholders who do not subscribe to the Tender Offer with shares of Hitachi Chemical, and any shareholder of the Company who is allotted one or more shares of Hitachi Chemical will become a shareholder of Hitachi Chemical. If the Stock-for-Stock Exchange is carried out, the stock exchange ratio will be decided after the completion of the Tender Offer through discussion between Hitachi Chemical and the Company with due consideration for the interests of shareholders of both companies, and remains undecided at this time. However, it is planned that the economic value of the consideration that shareholders of the Company would receive for the Stock-for-Stock Exchange (i.e., shares of Hitachi Chemical, etc.; in the case of allotment of fractional shares, consideration for fractional shares constituting less than one share (*ha-kabu*) shall be distributed) will be equivalent to the Offer Price of the Tender Offer, upon consideration of the Offer Price, the level of Hitachi Chemical’s share price and other factors. However, the economic value of the said consideration may be higher or lower than the Offer Price due to the difference of timing between the Tender Offer and the stock-for-stock exchange, fluctuations in the business performance of Hitachi Chemical and the Company, fluctuations in the share price of Hitachi Chemical, influences from the stock market, judgments by a court or other factors. The Company’s Board of Directors has made a resolution to accept the Tender Offer because, as compared to a Stock-for-Stock Exchange conducted without a tender offer, it would provide shareholders of the Company an opportunity to receive cash consideration earlier, and as there will be an opportunity to receive shares of Hitachi Chemical via the Stock-for-Stock Exchange that is planned to follow, they will also have the opportunity to review and choose the terms and timing to receive consideration.

Shareholders of the Company, which will become a wholly owned subsidiary, have the right to request that the Company purchase their shares in accordance with applicable laws and regulations. In that case, the purchase price per share may be different from the Offer Price of the Tender Offer or the economic value of the consideration received as a result of the Stock-for-Stock Exchange due to such factors as fluctuations in the business performance of the Company, the effects of stock market quotations, judgments by a court or other factors. Shareholders of the Company are kindly requested to consult with tax specialists individually with respect to tax-related matters pertaining to the Tender Offer, the Stock-for-Stock Exchange and the request for purchase of shares in the event of the Stock-for-Stock Exchange.

The Stock-for-Stock Exchange is planned to take place around April 2008, but it may not happen or the planned timing may change, depending on the stockholding ratio of Hitachi Chemical after the completion of the Tender Offer, the status of shareholdings by the Company’s shareholders other than Hitachi Chemical, fluctuations in the business performance of Hitachi Chemical and the Company, the effects of the stock market, quotations or other factors. The details of the Stock-for-Stock Exchange will be announced as soon as they are decided after

discussions between Hitachi Chemical and the Company.

Disparities of economic interests, including tax, may perplex shareholders in their decision concerning whether or not to subscribe to the Tender Offer if the Company pays the year-end dividend with March 31, 2008 as the record date. Thus the Board of Directors of the Company adopted a resolution that the year-end dividend for the year ending March 31, 2008 shall not be paid so as to eliminate disparities to the extent possible between cases in which shareholders subscribe to the Tender Offer and those in which shareholders do not subscribe to the Tender Offer, so that shareholders can more properly decide whether to subscribe to the Tender Offer.

(5) Likelihood of the Delisting of the Company's Shares from the Stock Exchange

As of the date hereof, the shares of the Company are currently listed on the First Section of the Tokyo Stock Exchange. However, because Hitachi Chemical has not set a maximum or minimum limit to the number of share certificates to be purchased in the Tender Offer with the intention to purchase all certificates which shareholders are willing to subscribe, the Company's shares may be subject to delisting pursuant to certain procedures if the result of this Tender Offer falls under the delisting standards of the Tokyo Stock Exchange, including, without limitation, the share liquidity ratio criteria. In addition, even if the delisting standards are not met at the completion of the Tender Offer, the shares of the Company are likely to be delisted in accordance with the delisting rules of the Tokyo Stock Exchange, as Hitachi Chemical plans to turn the Company into a wholly owned subsidiary through a stock exchange, pursuant to applicable laws and regulations. Trading of shares of the Company will become unavailable on the Tokyo Stock Exchange after the delisting.

(6) Concerning the Impact of the Tender Offer on Business Results

Not applicable.

3. Description of Profit Offerings by the Tender Offeror or Its Specially Related Parties and Items concerning Significant Agreement on the Tender Offer Subscription of Shareholders between the Offeror and the Company.

Not applicable.

4. Policies Concerning the Basic Policy of Corporate Control

The Company believes that it is extremely important for the enhancement of corporate value to maintain the fairness and transparency of business activities from the viewpoint of its shareholders.

As a subsidiary of Hitachi Chemical, a member of the Hitachi Group, the Company belongs to the Hitachi Group. This relationship enables the Company to obtain prompt information on industry trends and future needs and to exchange information on the R&D and administrative issues and human resources within the Hitachi Group, etc., which contributes to the enhancement of the Company's corporate value.

The Company always seeks to maximize its corporate value for the benefit of its shareholders, including Hitachi Chemical. In transactions with members of the Hitachi Group, the Company pursues its business activities and efforts to enhance corporate governance, while securing its managerial independency.

5. Questions Addressed to the Tender Offeror

Not applicable.

6. Request of Extension of the Tender Offer Period

Not applicable.

7. Outline of the Offeror's Acquisition Process

Please refer to the press release "ANNOUNCEMENT OF COMMENCEMENT OF TENDER OFFER FOR SHARES OF HITACHI POWDERED METALS CO., LTD.," announced by the Offeror today.

To whom it may concern

Company Name: Hitachi Chemical Co., Ltd.
(Code Number: 4217, First Section of the Tokyo Stock Exchange and
the Osaka Securities Exchange)
Representative: Yasuji Nagase
President and Chief Executive Officer
Contact: Takeshi Kato, Manager,
Public and Investor Relations,
Corporate Planning Office
(Tel.: 03(5381)2370)

ANNOUNCEMENT OF COMMENCEMENT OF TENDER OFFER FOR SHARES OF HITACHI POWDERED METALS CO., LTD.

Hitachi Chemical Co., Ltd. (the “Company” or “Tender Offeror”) is pleased to announce that the Company, at a meeting of its Board of Directors held on December 21, 2007, resolved that it will acquire shares of common stock of Hitachi Powdered Metals Co., Ltd. (Code Number: 5944; the “Target” or “Hitachi Powdered Metals”) by means of a tender offer (the “Tender Offer”) in the following manner.

1. Purpose of the Tender Offer

(1) Outline of the Tender Offer

The Company currently holds 52.57% of the total number of issued and outstanding shares of the Target (17,072,340 shares of common stock, as of September 30, 2007), and the Target is a Subsidiary of the Company (as defined in Article 2, Item 3, of the Corporation Law). The Company has now decided to launch the Tender Offer in order to acquire the total number of issued and outstanding shares of the Target (provided, however, that the Target’s shares already held by the Company and treasury shares held by the Target are excluded).

(2) Rationale behind the Tender offer

The Company originated in the chemical product segment of Hitachi Ltd. but was spun off in 1963, and since then, it has worked to expand its fields of business based on accumulated expertise in polymer technologies. As a manufacturer that offers an extensive range of chemical products, the Company has consistently devoted itself to the development of cutting-edge products and technologies.

The Target was originally established with the name Hitachi Kakoh Co., Ltd. in 1952 and commenced production of powdered metallurgical products and colloidal graphite products. As soon as the Company started operations in 1963, the Target merged with the Company to become the Company’s powdered metal department. Subsequently, in 1968, the department was spun off as Hitachi Powdered Metals. Since its establishment, the Target has pursued growth of its businesses centering on the manufacture and sale of powdered metallurgical products and chemical products. As a result, the Target has earned a good reputation for its extensive range of product offerings enabled by proprietary technologies as well as the trust of customers in Japan and internationally, making it one of the leading manufacturers in the powdered metals industry. In 1987, the Target listed its shares on the Second Section of the Tokyo Stock Exchange, Inc. (the “Tokyo Stock

Exchange”), and in 1995 on the First Section of the Tokyo Stock Exchange. As a core business firm of Hitachi Chemical Group, the Target is currently expanding worldwide, having established several bases, including in Asia and North America.

The Company is currently striving to expand its businesses with a focus on four promising business areas: Telecommunications and Displays, Automobiles, Energy and Life Sciences. These areas, which bring the technological strengths of the Company into full play, are expected to achieve high growth on a global basis. Meanwhile, the Company recognizes the need to maximize the synergies between the businesses within the Hitachi Chemical Group to enhance its corporate value. To achieve that, the Company has also assiduously implemented measures to consolidate its businesses and strengthen alliances among Hitachi Chemical Group members.

The Target has developed business operations in two core business fields: powdered metallurgical products, mainly for automotive parts, and chemical products, mainly for carbon products. In recent years, the Target and the Company have strengthened technological and marketing alliances to promote further growth and development of businesses in the Automobile and Energy domains, areas in which the Hitachi Chemical Group especially focuses its efforts. The Company feels that results have been produced by such alliances, and while both business fields are highly promising in terms of growth potential, it is undeniable that worldwide competition will become fiercer, and the Company has come to the conclusion that it is necessary to plan for the growth of its business on a comprehensive, business-wide level by strengthening its alliance with the Target with a view to the future.

Currently, the Company holds 52.57% of the total number of issued and outstanding shares of the Target. However, based on an awareness of the situation described above, the Company has concluded that the best means of ensuring the future growth of businesses within the Hitachi Chemical Group is to acquire all of the Target’s shares and deepen the business alliance between the Company and the Target so as to pursue synergies in all aspects of business operations, ranging from R&D to manufacturing and sales. In other words, it is anticipated that a closer alliance of management resources of the Company and the Target in the automotive parts and carbon product businesses would enable the provision of a higher level of business value to customers through the improvement of technological capabilities and operational efficiency, and would lead to greater corporate value of both the Company and the Target through the development of new markets. On this basis, the Company decided to conduct the Tender Offer with the aim of making the Target a wholly owned subsidiary.

Going forward, the Company and the Target will apply the excellent proprietary technologies of the other to its own product development and share the broad customer bases each has respectively built up to enhance business synergies. The Company believes that the Target becoming a wholly owned subsidiary of the Company offers a good opportunity for the Target to raise its corporate value because it would allow the Target to strengthen its competitiveness and expand its business through the effective utilization of the management resources of the overall Hitachi Chemical Group.

(3) Measures Taken to Assure the Fairness of the Offer Price and to Prevent Conflicts of Interest

To ensure the fairness of the Offer Price for the Target’s shares in the Tender Offer, the Company has obtained a valuation report (the “Valuation Report”) from Nomura Securities Co., Ltd. (the “Nomura Securities”), which is a financial adviser to the Company as a third-party assessor independent from both the Company and the Target, and the Company referred to the Valuation Report in determining the Offer Price. In determining the Offer Price of ¥705 per share, the Company took into consideration the Valuation Report by Nomura Securities, actual examples of the premium granted over the market price in past tender offer cases for share certificates, etc., by entities other than the issuer, considerations of whether the Target would accept the Tender Offer, trends in the market price of the Target’s shares, the prospects for the Tender Offer and other factors, as well as

the results of discussions and negotiations with the Target. The Offer Price of ¥705 in this Tender Offer represents a premium of 37.43% (rounded off to the nearest hundredth) over the simple arithmetic average of ¥513 for the closing share prices (rounded off to the nearest yen) on the First Section of the Tokyo Stock Exchange during the past 1-month period ending on December 20, 2007.

On its side, the Target has obtained a valuation report from KPMG FAS Co., Ltd. (the “KPMG”), which is a financial adviser to the Target as a third-party assessor independent from both the Company and the Target. The Target also consulted with Torikai Law Office, its outside legal adviser, regarding the legality of the tender offer procedures, the correctness of the management judgments by the Target’s Board of Directors to date, and other matters. Taking into consideration all of the above, the Board of Directors of the Target carefully reviewed the conditions of the Tender Offer at a meeting of the Board of Directors held on December 21, 2007. Consequently, the Board of Directors of the Target resolved that the Target would accept the Tender Offer as it was determined that the Tender Offer would contribute to the strengthening of the revenue base, thereby further improving corporate value, and the conditions of the Tender Offer were fair and reasonable and would provide an opportunity for the shareholders of the Target to sell their shares at a reasonable price.

As the Target is a Subsidiary of the Company, the Company and the Target respectively obtained separate valuation reports regarding the valuation per share of the Target from third-party assessors independent from both the Company and the Target so as to prevent conflicts of interest between the Company and the Target. These reports were taken into consideration when determining the Offer Price or deciding the acceptance of the Tender Offer. (Please note, however, that neither the Company nor the Target have obtained an opinion on fairness, or a Fairness Opinion, from their respective third-party assessors.)

The aforementioned resolution by the Board of Directors of the Target was adopted on the basis of the opinions of Torikai Law Office, the Target’s outside legal adviser, in addition to the valuation report from KPMG. In addition, as Katsuki Miyauchi and Kazuyoshi Tsunoda concurrently serve as Vice President and Executive Officer of the Company and Outside Director of the Target, they refrained from participating in discussions and the subsequent resolution of the Board of Directors of the Target regarding the acceptance of the Tender Offer and also refrained from participating in the discussions and negotiations with the Company from the standpoint of the Target.

(4) Prospects for the Tender Offer (Matters relating to the so-called “Two-Step Acquisition”)

The Company intends to turn the Target into a wholly owned subsidiary of the Company as stated in (2) above, and plans to do so through the Tender Offer and a series of procedures thereafter. If the Company fails to acquire all the shares issued by the Target through the Tender Offer, the Company intends to request that the Target, after the completion of the Tender Offer, conduct a Stock-for-Stock exchange (*kabushiki-kokan*, the consideration for which shall be in shares of the Company and not cash) (inclusive of summary Stock-for-Stock exchanges that do not require a resolution for approval by the ordinary general shareholders meeting of the Target; hereinafter “Stock-for-Stock Exchange”) for the purpose of making the Target into a wholly owned subsidiary of the Company. In the Stock-for-Stock Exchange, shares of the Company will be delivered as consideration for shares of the Target held by its shareholders, and all the shares of the Target that have not been tendered will thereby be replaced with shares of the Company and the shareholders of the Target to whom more than one share of the Company’s stock are allotted will become shareholders of the Company. The exchange ratio in the Stock-for-Stock Exchange will be determined through negotiations with the Target after the completion of the Tender Offer through consideration of the interests of shareholders of both the Company and the Target, respectively, and is undetermined at this time. However, in view of the Offer Price in the Tender Offer, the level of the Company’s stock price and other factors, the economic value of the consideration to be received by shareholders of the Target through the Stock-for-Stock Exchange (i.e., shares of the Company, etc.; in the case of allotment of fractional shares, consideration for the fractional shares constituting less than one share (*ha-kabu*) shall be distributed) is planned to be equivalent to the Offer Price in the Tender Offer.

However, the economic value of the consideration may be above or below the Offer Price in the Tender Offer, depending on the difference in timing between the Tender Offer and the Stock-for-Stock Exchange, fluctuations in the business performance of the Company and the Target, changes in the Company's stock price, the effects of stock market quotations, judgments by a court or other factors. The Company has determined to conduct the Tender Offer because, as compared to a Stock-for-Stock Exchange conducted without a tender offer, it would provide an opportunity for the shareholders of the Target to receive consideration in cash earlier, and as there will be an opportunity to receive shares of the Company via the Stock-for-Stock Exchange that is planned to follow, they will also have the opportunity to review and choose the terms and timing to receive consideration.

In addition, the shareholders of the Target, which will become a wholly owned subsidiary, will have the right to request that the Target purchase their shares in accordance with procedures pursuant to applicable laws and regulations. In this case, the purchase price per share might be different from the economic value to be received by shareholders of the Target through the Offer Price of the Tender Offer or the Stock-for-Stock Exchange, depending on fluctuations in the business performance of the Target, the effects of stock market quotations, judgments by a court or other factors. The shareholders are kindly requested to consult with tax specialists individually with respect to tax-related matters pertaining to the Tender Offer, the Stock-for-Stock Exchange or the request for the Target to purchase their shares in the Stock-for-Stock Exchange.

The Stock-for-Stock Exchange is planned to be conducted around April 2008, but its implementation or actual timing is subject to change, depending on the shareholding ratio of the Company after the completion of the Tender Offer, circumstances regarding holdings of the Target's shares by shareholders other than the Company, fluctuations in the business performance of the Company and the Target, the effects of stock market quotations or other factors. The details of the Stock-for-Stock Exchange will be announced as soon as they are decided after discussions between the Company and the Target.

(5) Likelihood of the Delisting of Shares of Common Stock in the Target from the Stock Exchange and Reasons thereof

As of the date hereof, the shares of the Target are listed on the First Section of the Tokyo Stock Exchange. However, because the Company has not set a maximum limit to the number of share certificates to be purchased in the Tender Offer, the Target's shares may be subject to delisting at the completion of the Tender Offer pursuant to certain procedures if the result of this Tender Offer meets the delisting standards of the Tokyo Stock Exchange, including, without limitation, the share liquidity ratio criteria. In addition, even if the delisting standards are not met at the completion of the Tender Offer, the shares of the Target are likely to be delisted pursuant to certain procedures in accordance with the delisting rules of the Tokyo Stock Exchange, as the Company plans to turn the Target into a wholly owned subsidiary after completion of the Tender Offer. Trading of share certificates pertaining to shares of the Target will become unavailable on the Tokyo Stock Exchange after the delisting.

2. Outline of the Tender Offer and Other Information

(1) Outline of the Target

1) Company Name	Hitachi Powdered Metals Co., Ltd.
2) Description of Business	Manufacture and sales of powdered metallurgical and chemical products
3) Date of Incorporation	August 16, 1968
4) Address of Head Office	2-1, Minoridai 5-chome, Matsudo-shi, Chiba
5) Name and Title of the Representative	Hiroshi Fujinami, President and Chief Executive Officer

6) Capital	¥4,434 million (as of September 30, 2007)	
7) Major Shareholders and Shareholding Ratio	Hitachi Chemical Co., Ltd.	52.57%
	Nippon Mining & Metals Co., Ltd.	9.49%
	Hitachi Powdered Metals Employees' Share Ownership Association (<i>shain-mochikabukai</i>)	1.40%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	1.35%
	CBNY DFA International Cap Value Portfolio (Standing proxy: Tokyo Branch, Citibank, N.A.)	0.75%
	Goldman Sachs International (Standing proxy: Goldman Sachs (Japan) Ltd.)	0.72%
	Japan Trustee Services Bank, Ltd. (Trust Account)	0.67%
	Sompo Japan Insurance Inc,	0.46%
	Northern Trust Company (AVFC) RE UK Pension Funds Exempt Lending Account (Standing proxy: Tokyo Branch, The Hong Kong and Shanghai Banking Corporation Limited)	0.40%
	Mizuho Corporate Bank, Ltd. (Standing proxy: Trust & Custody Services Bank, Ltd.)	0.34%
	(as of March 31, 2007)	
8) Relationships between the Company and the Target	Capital Relationship	The Company holds 52.57% (17,072,340 shares) (as of September 30, 2007) of the total number of issued and outstanding shares of the Target and is the parent company of the Target.
	Personnel Relationship	The Company has dispatched two Directors to the Target.
	Transaction Relationship	There is no significant transaction between the Company and the Target or its officers.
	Status as a Related Party	The Target is a consolidated subsidiary of the Company, and therefore, the Target is a Related Party to the Company.

(2) Duration of the Tender Offer

1) Initial period of the Tender Offer in the Notification

From Thursday, December 27, 2007 to Tuesday, February 12, 2008 (both inclusive) (28 business days)

2) Possibility of the extension of the above period upon request of the Target

If the Target submits opinion reports stating its request for the extension of the duration of the Tender Offer (the "Tender Offer Period") pursuant to Article 27-10, Paragraph 3, of the Financial Instruments and Exchange Law (the "Law"), the Tender Offer Period shall be extended to 30 business days, and the last day of this Tender Offer shall be Thursday, February 14, 2008.

(3) Price of Tender Offer:

¥705 per share

(4) Basis of Calculation of Offer Price, etc.

1) Basis of Calculation:

In determining the offer price for the common stock in this Tender Offer, the Company has considered the Valuation Report submitted by Nomura Securities, the Company's financial adviser. Nomura Securities made separate valuations per share according to the method used, such as the market average share price method, the Discounted Cash Flow method (the "DCF method") and the comparable company analysis method. The Valuation Report stated that the valuation per share was ¥513–¥533 based on the market average share price method, ¥619–¥779 based on the DCF method and ¥638–¥675 based on the comparable company analysis method. With respect to the market average share price method, the valuation has been made based on the average closing price of the Target's shares on the First Section of the Tokyo Stock Exchange during each of the following periods:

Application Period of the Share Price		Valuation per Share
Closing price of the latest business day for calculation	December 19, 2007	¥513
38 business days' average following the latest disclosure of a material event (<i>juyo-jijitsu</i>)	October 26, 2007 to December 19, 2007	¥533
Latest 1-month average	November 20, 2007 to December 19, 2007	¥513
Calculation Result		¥513–¥533

The latest disclosure of a material event means the announcement of the Interim Financial Summary for the six months ended September 30, 2007 by the Target on October 25, 2007.

The Company compared and examined the valuation result of each method in the Valuation Report and determined that the range of the Target's valuation per share would be between ¥513, the lowest valuation result based on the market average share price method, and ¥779, the highest valuation result based on the DCF method, and carried out its examination based on examples of the premium granted in the determination of the tender offer prices in past examples of tender offers for share certificates, etc., by entities other than the issuer. Furthermore, the Company took into account whether the Target would accept the Tender Offer, the trend of the market share price of the Target, the prospects of the Tender Offer and other matters, and based on the result of discussions and negotiations with the Target, and other matters, the Company came to the conclusion that the Offer Price would be ¥705 per share in this Tender Offer.

In addition, the Offer Price in this Tender Offer represents a premium of 37.43% in the Target (rounded off to the nearest hundredth) over the simple arithmetic average of ¥513 for the closing share prices (rounded off to the nearest yen) on the First Section of the Tokyo Stock Exchange during the past 1-month period ending on December 20, 2007.

2) Background of the Valuation

As we believe that maximizing synergies between the businesses of the Hitachi Chemical Group is essential to raising the corporate value of the Company, the Company has assiduously implemented measures to enhance business integrations and strengthen intragroup alliances, in addition to the expansion of existing businesses.

As one of such measures, the Company began deliberations with respect to turning the Target into its wholly owned subsidiary from around September 2007. The Company concluded that deepening the business alliance between the Company and the Target through acquisition of all of the Target's shares in order to pursue synergies in overall operations ranging from R&D to manufacturing and sales would greatly contribute to further improvement of the corporate value of the Company and the Target respectively, and thus decided to conduct the Tender Offer with the aim of making the Target a wholly owned subsidiary.

As part of the aforementioned review process, the Company appointed Nomura Securities as its financial adviser in November 2007 and started negotiations with the Target regarding the specifics of the Tender Offer and determined the Offer Price of the share certificates in the Tender Offer in accordance with the following process:

I. Name of the third party from which the Company obtained its opinion upon calculation:

The Company received the Valuation Report on December 20, 2007, from Nomura Securities upon the

decision of the offer price in the Tender Offer.

II. Outline of the Valuation Report:

Nomura Securities made separate valuations per share in accordance with the method used, such as the market average share price method, the DCF method and the comparable company analysis method. The Valuation Report stated that the valuation per share was ¥513–¥533 based on the market average share price method, ¥619–¥779 based on the DCF method and ¥638–¥675 based on the comparable company analysis method.

III. Process of determination of the Offer Price based on that Valuation Report:

The Company conducted an examination with reference to the above valuation result of each method in the Valuation Report and determined that the range of the Target's valuation per share would be between ¥513, the lowest valuation result based on the market average share price method, and ¥779, the highest valuation result based on the DCF method, and carried out its examination based on examples of the premium granted in the determination of the tender offer prices in past examples of tender offers for share certificates, etc., by entities other than the issuer.

Furthermore, the Company took into account whether the Target would accept the Tender Offer, the trend of the market share price of the Target, the prospects of the Tender Offer and other matters, and based on the result of discussions and negotiations with the Target, and other matters, the Company came to the conclusion at the Company's Board of Directors meeting held on December 21, 2007, that the Offer Price would be ¥705 per share in this Tender Offer.

IV. Other measures taken to assure the fairness of the Offer Price:

The Target obtained valuation reports from KPMG as a third-party assessor and consulted with Torikai Law Office, its outside legal adviser, regarding the legality of the purchase procedures, the correctness of the management decisions made by the Board of Directors of the Target at this time and other matters. Considering the aforementioned valuation report and opinions, it was resolved at the meeting of the Board of Directors of the Target held on December 21, 2007, that the Target would accept the Tender Offer as it was determined that the Tender Offer would contribute to the strengthening of the Target's revenue base, thereby further improving corporate value, and the conditions of the Tender Offer were fair and reasonable and would provide an opportunity for the shareholders of the Target to sell their shares at a reasonable price.

V. Measures taken to prevent conflicts of interest:

The Company and the Target respectively obtained separate valuation reports regarding the valuation per share of the Target from third-party assessors independent from both the Company and the Target so as to prevent conflicts of interest between the Company and the Target. These reports were taken into consideration in the process of determination of the Offer Price and the decision regarding acceptance of the Tender Offer.

The resolution by the Board of Directors of the Target mentioned in IV above was adopted on the basis of the opinions of Torikai Law Office, its outside legal adviser, in addition to the valuation reports regarding the Target's valuation per share made by a third-party assessor, KPMG. In addition, Katsuki Miyauchi and Kazuyoshi Tsunoda, each of whom is a Vice President and an Executive Officer of the Company concurrently serving as an Outside Director of the Target, refrained from participating in discussions and the subsequent resolution of the Board of Directors of the Target regarding the acceptance of the Tender Offer and also refrained from participating in the discussions and negotiations with the Company from the standpoint of the Target with a view to preventing conflicts of interest.

3) Relationship with the third-party assessor:

Nomura Securities, who conducted an analysis at the request of the Company, is neither a Related Party to the Company nor the Target.

(5) Number of Share Certificates, etc., to be Purchased

Number of Shares to be Purchased	Minimum Limit of Number of Shares to be Purchased	Maximum Limit of Number of Shares to be Purchased
15,281,272 shares	— shares	— shares

Notes:

1. The Company will purchase all the shares tendered in the Tender Offer, as there are no definitions set on the minimum or maximum limit of share certificates, etc., for the purchases, etc. The total number of 15,281,272 shares planned to be purchased (the “Number of Shares to be Purchased”) was calculated, as stated in the “Number of Shares to be Purchased,” by deducting from the total of 32,473,696 outstanding shares in the Target as of September 30, 2007 (as described in the Interim Financial Summary for the six months ended September 30, 2007 filed by the Target on October 25, 2007) the 17,072,340 shares that the Company holds and the 120,084 treasury shares that the Target holds.
2. Shares constituting less than one voting unit are also eligible for the Tender Offer; provided that submission of the share certificates is necessary (if such share certificates are kept in custody by the Japan Securities Depository Center, Inc. (the “Jasdec”) through the Tender Offer Agent as defined in (11) Tender Offer Agent below, there is no need for such submission). In addition, it shall also be noted that the Target may purchase fractional portions of shares in the Target (constituting less-than-one-voting unit portion) pursuant to applicable laws and regulations even during the Tender Offer Period in response to requests from holders of such fractional portions in accordance with the relevant provisions of the Corporation Law.
3. The Company does not plan to acquire treasury shares of the Target through the Tender Offer.

(6) Changes in Shareholding Ratio through Completion of the Tender Offer

Number of voting rights represented by Share Certificates, etc., held by the Tender Offeror immediately before commencement of the Tender Offer	17,072 units	(Shareholding Ratio immediately before commencement of the Tender Offer: 52.77%)
Number of voting rights represented by Share Certificates, etc., held by the Specially Related Parties immediately before commencement of the Tender Offer	Undetermined	(Shareholding Ratio immediately before commencement of the Tender Offer: Undetermined)
Number of voting rights represented by Share Certificates, etc., to be purchased by the Tender Offer	15,281 units	(Shareholding Ratio after completion of the Tender Offer: 100.00%)
Total number of voting rights held by all the shareholders in the Target	32,007 units	

Notes:

1. Although the “Number of voting rights represented by Share Certificates, etc., held by the Specially Related Parties immediately before commencement of the Tender Offer” is undetermined as of today, it will be

examined by December 27, 2007, the starting date of the Tender Offer period, and will be disclosed.

2. In addition, the “Shareholding Ratio immediately before commencement of the Tender Offer” for the “Number of voting rights represented by Share Certificates, etc., held by the Tender Offeror immediately before commencement of the Tender Offer” was calculated as a ratio to the “Total number of voting rights held by all the shareholders in the Target.”
3. The “Number of voting rights represented by Share Certificates, etc., to be Purchased by the Tender Offer” indicates the number of voting rights regarding “Number of Shares to be Purchased” in the Tender Offer.
4. The “Total number of voting rights held by all the shareholders in the Target” (Each 1,000 shares represent one voting unit (1 *tangen*)) indicates the number of voting rights of all the shareholders of the Target as of September 30, 2007, reported by the Target. Because shares of less than one unit (*tangen-miman-kabushiki*) also fall within the scope of this Tender Offer, the “Shareholding Ratio immediately before commencement of the Tender Offer” and the “Shareholding Ratio after completion of the Tender Offer” were calculated based on the following: The “Total number of voting rights held by all the shareholders in the Target” as of September 30, 2007 was 32,353 units determined by adding 346 units (the number of voting rights corresponding to 346,612 shares after deducting 84 shares, the number of the Target’s treasury shares that are less than one unit (*tangen-miman-kabushiki*) held by the Target as of September 30, 2007 from 346,696 shares, the number of shares of less than one unit (*tangen-miman-kabushiki*) as of September 30, 2007, reported by the Target).
5. The figures in the “Shareholding Ratio immediately before commencement of the Tender Offer” and the “Shareholding Ratio after completion of the Tender Offer” were rounded off to the nearest hundredth.

(7) Purchase Price: ¥10,773 Million

Note: The Purchase Price is calculated by multiplying 15,281,272 shares (Number of Shares to be Purchased) by the Offer Price for each share.

(8) Method of Settlement

1) Name and Location of Head Office of Securities Company/Banks, etc., in Charge of Settlement

Nomura Securities Co., Ltd.

9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo

2) Commencement Date of Settlement

Tuesday, February 19, 2008

Note: In accordance with Article 27-10, Paragraph 3, of the Law, if the Opinion Report stating the request for extension of the Tender Offer Period is submitted by the Target, the commencement date of settlement will be Thursday, February 21, 2008.

3) Method of Settlement

A notice of purchase in the Tender Offer will be mailed to the address of the tendering shareholder (or the standing proxy in the case of non-Japanese shareholders) without delay after the end of the Tender Offer Period. Payment of the purchase price will be made in cash. The Tender Offer Agent will, in accordance with the tendering shareholder’s instructions, remit the purchase price without delay after the commencement date of settlement to the account designated by the tendering shareholder or pay at the head office or branch offices of the Tender Offer Agent.

4) Method of Returning Share Certificates Held

In case it is decided not to purchase share certificates on the Tender Offer based on Section (9) Other Conditions and Methods of Purchase, etc., Subsection 2) Conditions of Withdrawal of Tender Offer, Details thereof and Method of Disclosure of Withdrawal, share certificates that should be returned shall be delivered to tendering shareholders or mailed to the address of tendering shareholders (or the standing proxy in the case of non-Japanese shareholders) without delay after the commencement date of settlement (the date of cancellation in case tendering was cancelled) in accordance with the tendering shareholder’s instructions. In case such share certificates were held in custody by the Tender Offer Agent (or Jasdec through the Tender Offer Agent) at the time of tendering, they shall be restored to the initial state in custody.

(9) Other Conditions and Methods of Purchase, etc.

1) Conditions set forth in each Item of Article 27-13, Paragraph 4, of the Law

None applicable. All of the tendered shares will be purchased.

2) Conditions of Withdrawal of Tender Offer, Details thereof and Method of Disclosure of Withdrawal

Upon the occurrence of any event listed in Article 14, Paragraph 1, Items 1.1 through 1.9 and 1.12 through 1.18, Items 3.1 through 3.8, and Article 14, Paragraph 2, Items 3 through 6, of the Financial Products Exchange Law Cabinet Order (the “Cabinet Order”), the Tender Offeror may withdraw the Tender Offer. In the event that the Tender Offeror decides to withdraw the Tender Offer, it must make a public notice electronically, and publish a notice in the *Nihon Keizai Shimbun*; provided, however, that, if it is deemed impractical to make such public notice by the last day of the Tender Offer Period, the Tender Offeror shall make a public announcement pursuant to Article 20 of the Cabinet Office Regulations with regard to the disclosure of the tender offer of share certificates by entities other than the issuer (the “Cabinet Office Regulations”) and forthwith make the public notice.

3) Conditions of Reduction of the Offer Price, Details thereof and Method of Disclosure of Reduction

Should the Target conduct any of the acts listed in Article 13, Paragraph 1, of the Cabinet Order in accordance with provisions under Article 27-6, Paragraph 1, Item 1, of the Law, the Offer Price may be reduced in accordance with the criteria under Article 19, Paragraph 1, of the Cabinet Office Regulations. In the event that the Tender Offeror decides to reduce the Offer Price, it must make a public notice electronically, and publish a notice in the *Nihon Keizai Shimbun*; provided, however, that if it is deemed impractical to make such public notice by the last day of the Tender Offer Period, the Tender Offeror shall make a public announcement pursuant to Article 20 of the Cabinet Office Regulations and forthwith make the public notice. If any reduction of the Offer Price is made, the purchase will also be made in accordance with the conditions, etc., after such change(s) with regard to the share certificates, etc., tendered before the date such public notice is made.

4) Matters concerning Tendering Shareholders’ Right to Cancel the Agreement

Any tendering shareholder may cancel the agreements relating to the Tender Offer at any time during the Tender Offer Period. Tendering shareholders intending to cancel the agreement shall deliver or send a Cancellation Statement for Tender Offer Agreement (the “Cancellation Statement”) with the receipt of the tender offer application form to the head office or nationwide branch offices of the agent designated below so that the statement will reach the agent no later than 3:30 p.m. on the last day of the Tender Offer Period; provided, however, that in case of cancellations sent by courier, the Cancellation Statement must reach the office no later than 3:30 p.m. on the last day of the Tender Offer Period.

The agent who has the right to receive the Cancellation Statement:

Nomura Securities Co., Ltd. 9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo
(other nationwide branch offices)

In addition, the Tender Offeror will not make any claim for payment of damages or penalties to any tendering shareholder in relation to the cancellation of the agreement. In addition, the cost of returning tendering share certificates held in custody by the Tender Offeror will be borne by the Tender Offeror.

5) Method of Disclosure in the Event the Conditions, etc., of the Tender Offer are Changed

In the event the Tender Offeror intends to change the terms and conditions of purchase with respect to the Tender Offer, a public notice providing the details of the change must first be issued electronically and then a public notice to such effect shall be published in the *Nihon Keizai Shimbun*. However, when it is impractical to issue such public notice before the last day of the Tender Offer Period, the Tender Offeror shall first make a public announcement in accordance with the procedures described in Article 20 of the Cabinet Office Regulations and shall release a public notice immediately thereafter. The Tender Offeror will purchase shares for which the application was made prior to the date of such public notice in accordance with the changed terms and conditions.

6) Method of Disclosure if Amendment Statement is Filed

In the event an Amendment to the Registration Statement is filed with the Director of the Kanto Finance Bureau in Japan, the Tender Offeror must publicly and promptly announce the contents of the Amendment to the Registration Statement regarding the Public Notice of the Commencement of the Tender Offer, in the manner prescribed in Article 20 of the Cabinet Office Regulation. The Tender Offeror shall also promptly amend the Tender Offer Explanatory Statement and deliver the amended Tender Offer Explanatory Statement to the tendering shareholders who have received the Tender Offer Explanatory Statement. However, if the amendments are limited to minor sections in the Tender Offer Explanatory Statement, the Tender Offeror will amend the Tender Offer Explanatory Statement by delivering to the tendering shareholders a document stating the reasons for such amendments, the items that have been amended and the contents of the amendments.

7) Method of Disclosure of Results of the Tender Offer

The results of the Tender Offer will be publicly announced in accordance with the procedures prescribed in Article 9-4 of the Cabinet Order and in Article 30-2 of the Cabinet Office Regulations on the date immediately following the last day of the Tender Offer Period.

(10) Date of Public Notice of Commencement of the Tender Offer

December 27, 2007

(11) Tender Offer Agent

Nomura Securities Co., Ltd.

3. Management Policy and Prospects for the Impact on Business Results after Completion of the Tender Offer

(1) Management Policy after Completion of the Tender Offer

Refer to 1. Purpose of the Tender Offer with regard to management policy after completion of the Tender Offer.

(2) Prospects for the Impact on Business Results after Completion of the Tender Offer

Concerning the impact of the Tender Offer on business results for the fiscal year ending March 31, 2008, the information relating thereto will be released as soon as it is confirmed.

4. Other Information

(1) Agreement between the Tender Offeror and the Target and/or its Directors

The Board of Directors of the Target adopted a resolution to endorse the Tender Offer.

(2) Other Information the Company judged as necessary for investors to determine whether to subscribe in the Tender Offer

The Board of Directors of the Target adopted a resolution at the meeting of the Board of Directors held on December 21, 2007, that the year-end dividend for the year ending March 31, 2008, shall not be paid and the projected dividend per share shall be amended. For details, please refer to the press release dated December 21, 2007 by the Target.

This press release is intended to publicly announce the tender offer of Hitachi Powdered Metals Co., Ltd. by the Company and was not prepared for the purpose of soliciting the sale of share certificates related to this tender offer or a subscription to the tender offer. To apply for selling and tendering share certificates related to this tender offer, please read the Tender Offer Explanatory Statement and make careful judgments on your own.

Although this press release contains prospects of business developments after the acquisition of shares in Hitachi Powdered Metals Co., Ltd. based on the estimates and vision of the Company's management, actual results may significantly differ from such estimates due to various factors.

Any contract should not be concluded relying on this press release (or any part of it) or the fact of its distribution, which should not be the basis of any contract concerning the tender offer.

In some countries and regions, the release or distribution of this press release is legally limited or restricted. In such countries and regions, care should be taken with respect to those limits and regulations, and conform to the local regulations. In countries and regions in which the tender offer is illegal, this press release or its translation shall serve as information only and you cannot apply for selling and tendering share certificates related to this tender offer.