

March 14, 2014
Nippon Light Metal Co., Ltd.

Discontinuation of Electrolytic Aluminum Smelting Business

Nippon Light Metal Co., Ltd. (headquarters: Shinagawa-ku, Tokyo; President: Ichiro Okamoto) announces that it will discontinue its electrolytic aluminum smelting business at its Kambara Complex in Shimizu-ku, Shizuoka City, on March 31, 2014 as follows.

1. Ending of Nippon Light Metal's electrolytic aluminum smelting

It is said that the aluminum smelting industry in Japan had virtually collapsed due to the two oil shocks in the 1970s, but Nippon Light Metal Co., Ltd. (hereinafter, NLM) continued its electrolytic aluminum smelting business, though on a small scale. With the aluminum ingots produced at NLM's Kambara plant having an average purity of 99.95%, higher purity than that for other ingots (99.7% purity) sold on general markets, these ingots are mainly being used as the base material for NLM's high-purity products in the electrical and electronics field. Particularly in this field, this purity is a great advantage that allows product development from the materials stage, and the quality of NLM's high-purity products has earned the trust of many customers. However, NLM's electrolytic furnaces and related equipment have aged significantly, and a very substantial investment would be required to renew these facilities in order to continue the aluminum smelting business in the future.

As a result of in-depth consideration based on the above-mentioned situation, NLM decided to discontinue its electrolytic aluminum smelting business.

NLM has received the approval of its customers for the decision to use a new material for NLM's high-grade aluminum (high-purity ingots) with imported ingots as their basis, and we will continue to provide our products as before even after the ending of NLM's electrolytic aluminum smelting business.

2. Overview of recent electrolytic aluminum smelting business

Current smelting unit name:	Group Casting Center, Kambara Complex
Location:	161 Kambara, Shimizu-ku, Shizuoka City, Shizuoka Prefecture
Ingot production capacity:	7,000 tons/year
Number of electrolytic furnaces:	48 (out of which 18 are in operation)
Ingot production volume:	FY2012: 4,141 tons FY2013 (expected): 2,600 tons
Number of personnel:	21 employees

3. Future schedule

NLM plans to cease operation of the electrolytic furnaces on March 31 this year, and dismantle and remove the furnaces and related equipment starting from April 2014.

For inquiries about this news release ,please contact:

+81-3-5461-9333 Public Relations Office,Nippon Light Metal Co.,Ltd.

Reference — Overview of NLM's Aluminum Smelting Business

Nippon Light Metal Co., Ltd. was established in March 1939 through a tie-up between Furukawa Electric Co., Ltd. and Tokyo Dento (currently TEPCO), with the plan of making it one of the world's leading aluminum companies at the time, annually producing 100,000 tons of alumina and 50,000 tons of aluminum. Construction of an aluminum smelting plant in Kambara in Shizuoka Prefecture and of an alumina plant in Shimizu, near Kambara, was commenced, and NLM's aluminum smelting operations got underway from October 1940. Initial annual production capacity was 9,000 tons (all production figures hereinafter are annual amounts), but it expanded to 36,000 tons in 1943. Coinciding with this, construction of a smelting plant (Niigata Plant) with a production capacity of 18,000 tons was launched in Niigata City, and operations began at that plant from January 1941.

When the Second World War ended in August 1945, NLM's main facilities had escaped damage from the war, but because of the depleted supplies of bauxite and other raw materials, production at NLM's plants had effectively stopped. With the changes in the international situation brought on by the US-USSR Cold War in the background, NLM went through a very trying period, producing as its only marketable commodities low-grade aluminum from scrap metal, salt produced through electro dialysis, and others, until imports of bauxite were resumed in April 1948, and NLM was able to begin shipping new ingots from June of the same year. After that, a special procurement demand was generated by the Korean War, which broke out in June 1950, while in Japan, demand for aluminum, particularly for aluminum sheets and extrusions and electric wire, grew steadily. From 1955 to the mid 1960s, demand for aluminum rapidly increased, fueled by Japan's economic growth, and Japan's aluminum production skyrocketed ten-fold from 50,000 tons in 1955 to 500,000 tons in 1967, with estimates that it would reach one million tons in the near future. All of the aluminum smelting companies embarked on new investment in plants and equipment. In 1958, NLM resumed and expanded production at the idled Niigata Plant, and increased production capacity at its Shimizu

Plant and the Kambara Plant. The company also decided to construct a smelting plant at a new site in Tomakomai, and construction on it began in April 1968.

Although there were subsequent ebbs and flows in production due to business cycles, demand generally increased, and Japanese smelting companies continued to boost their capacity. By May 1967, 26 years after first starting operations, the Kambara plant had become one of the world's leading aluminum smelting plants, with a production capacity of 109,000 tons. Its highest production capacity was 113,000 tons (1974), and NLM's combined production capacity at its Kambara, Niigata and Tomakomai plants reached 370,000 tons at its peak aluminum production period (1975). At that time, Japan overall had achieved its highest smelting capacity of 1.64 million tons (1978; in that year, by company, Sumitomo Chemical Co., Ltd. had the highest production capacity at 410,000 tons).

However, Japan depended on thermal power generation for around 70% of its energy needs, and Japan's smelting industry was dealt a fatal blow by the rapidly rising electricity costs sparked by the oil shocks of 1973 and 1979. The international competitiveness of Japan's smelting industry vanished, and the government deemed that the smelting industry was a structurally depressed industry. Heeding the advice from the Industrial Structure Council, a government-related advisory body, smelting companies slashed their production capacities. As a result, the smelting industry, as a distinct industry, disappeared at an unprecedented speed of just over 50 years from Japan's industrial landscape. In 1980, NLM discontinued operations at its Niigata Plant, and in 1985 closed its Tomakomai Electrolytic Plant. Since 1987, the Kambara Plant, which is run by hydroelectric power, has been NLM's sole remaining smelting plant, curtailing its production capacity at that time to 35,000 tons.

The Kambara Plant has continued its operations up to today, although its production capacity fell to 20,000 tons in 1995 and to 11,000 tons in 1999. Since it started its operations in 1940 up to the present, the Kambara Plant has produced a total 2.82 million tons of aluminum ingots. Combining the total production amounts of the Niigata Plant

and the Tomakomai Plant together with that of the Kambara Plant, NLM has produced a total of 5.21 million tons of aluminum ingots, equivalent to 30% of the entire aluminum ingot production in Japan of 17.58 million tons.