

[Translation: Please note that the following purports to be an excerpt translation from the Japanese original Business Report and Financial Statements prepared for the convenience of shareholders outside Japan. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.]

BUSINESS REPORT

(For the Period from April 1, 2015 through March 31, 2016)

1. Particulars Concerning the State of the Group

(1) Business Developments

[The Group's operating profit and ordinary income decreased, affected by such factors as a downturn in copper prices and lower domestic demand for cement.]

During the fiscal year ended March 31, 2016, the economics of China and other emerging markets showed signs of weakness, and economic growth slowed in other countries, including the United States.

In the Japanese economy, employment and income conditions improved, but lackluster personal consumption and production caused the economy to decelerate from midway through the year.

Looking at the Mitsubishi Materials Group's operating environment, although foreign exchange markets were generally characterized by year-on-year yen depreciation the Group was affected by such factors as a decrease in copper and other key metal prices, as well as a fall in the overall demand for cement in Japan.

Against this backdrop, the Group embarked on the medium-term management plan (FY2015–2017), “Materials Premium 2016—Challenge to become the world's leading business group.” This plan defines the groupwide growth strategies of “Fortifying the foundation for growth,” “Strengthening global competitiveness” and “Pursuing a recycling-based business model.” The Group continued to implement a variety of measures based on these strategies, such as the expansion of overseas bases—particularly in Asia, and underwent a process of business selection and focus, among other activities.

As a result, consolidated net sales for the fiscal year amounted to ¥1,417,895 million, down 6.5% from the previous fiscal year. Operating profit decreased 2.0% to ¥70,420 million, and ordinary income decreased 10.7% to ¥72,442 million. Net income attributable to owners of the parent increased 9.2% to ¥61,316 million, due in part to the posting of extraordinary income in relation to the sale of some of the Group's holdings of common stock in SUMCO

Corporation.

On a non-consolidated basis, net sales amounted to ¥735,501 million, down 9.3% from the previous fiscal year. Operating profit increased 11.7% to ¥26,478 million, ordinary income decreased 0.8% to ¥35,409 million, and net income decreased 0.6% to ¥33,001 million.

Based on its Articles of Incorporation, the Company is to distribute surpluses following resolutions at Board of Directors meetings. We regard the distribution of profits to all shareholders as one of our most important priorities. Accordingly, our policy is to make decisions on profit appropriation based on comprehensive consideration of various factors related to overall management, such as income over the relevant period, retained earnings, and financial position. Based on this policy, the Board of Directors, at its meeting on May 12, 2016, decided to distribute a year-end dividend of ¥5. And with an interim dividend of ¥5, the Company made the full-year dividend for the fiscal year under review of ¥10 per share (up ¥2 from the preceding fiscal year).

Below is a report of the Group's performance by business segment.

● **Cement**

[Despite lower sales volumes in Japan and China, recovering demand in the United States led to higher sales in the Cement business and boosted operating profit.]

In the domestic cement business, overall demand declined and sales volumes decreased.

Although earthquake reconstruction demand was firm in the Tohoku area, in other regions the business was affected by a decline in public works and labor shortages in the construction industry, which led to project delays. In the United States, with cement demand continuing on a recovery trend sales volumes increased in Southern California, centering on such private-sector categories as residential housing and commercial facility construction. Selling prices rose in the country, and production costs were down year on year, as electricity and fuel costs fell throughout the year, and the Group's efforts to curtail repair costs were successful in reducing these expenses. In China, sales volumes decreased substantially due to falling demand for real estate investment in Shandong.

As a result, sales and operating profit increased for the segment. Ordinary income rose year on year, due to the increase in operating profit.

Consolidated net sales in the Cement business amounted to ¥197,500 million, up 2.2% from the previous fiscal year. Operating profit rose 15.8% to ¥20,131 million and ordinary income increased 17.8% to ¥19,710 million.

● **Metals**

[In the copper business, operating profit increased as a result of lower operating costs and higher production in Japan. Operating profit in the gold and other valuable metals business declined due to lower palladium prices, among other factors. In the copper and copper alloy products business, operating profit fell, due in part to lower sales of products for the automobile sector.]

In the copper business, net sales fell but operating profit rose. The business was affected by lower copper prices and a decrease in sales of purchased items, as well as a temporary suspension of operations at PT. Smelting in Indonesia from mid-June 2015 to early September due to equipment trouble. However, operating costs fell and production in Japan increased, as the Naoshima Smelter & Refinery underwent no periodic furnace repairs during the term.

In the gold and other valuable metals business, net sales increased but operating profit fell due to higher ore grades, which led to increased production, but the business was affected

by lower palladium prices and other factors.

In the copper and copper alloy products business, both net sales and operating profit decreased, because sales of products for automobiles, semiconductors and others fell.

Consequently, the overall business recorded year-on-year decreases in net sales and operating profit. Ordinary income for the overall segment was down from the preceding fiscal year, due to lower dividend income and equity in earnings of affiliates.

Consolidated net sales in the Metals business amounted to ¥688,721 million, down 15.1% from the previous fiscal year. Operating profit fell 2.4% to ¥24,247 million and ordinary income decreased 17.7% to ¥27,048 million.

● **Advanced Materials & Tools**

[Operating profit in the cemented carbide products business increased, owing to the conversion of Mitsubishi Hitachi Tool Engineering, Ltd., to a consolidated subsidiary. In the high-performance metal products business, operating profit declined due to a decrease in the number of consolidated subsidiaries.]

In the cemented carbide products business, demand was robust in Japan and overseas, particularly in Europe and the United States. Against this backdrop, we conducted proactive sales promotions. These factors, plus the addition of Mitsubishi Hitachi Tool Engineering, Ltd. (formerly Hitachi Tool Engineering, Ltd.) as a consolidated subsidiary in April 2015, led to increases in net sales and operating profit.

In the high-performance metal products business, although sales of products for the automobile sector hovered at a steady level in North America, both net sales and operating profit decreased as sales volumes in Japan declined. Among other factors, Hitachi Metals MMC Superalloy, Ltd. (formerly MMC Superalloy Corporation) transitioned to an equity-method affiliate of the Group from a consolidated subsidiary in July 2014.

Consequently, this segment recorded higher sales overall, while operating profit decreased. Ordinary income fell year on year, owing to lower operating profit and a decrease in the foreign exchange gain.

Consolidated net sales in the Advanced Materials & Tools business amounted to ¥151,668 million, up 12.6% from the previous fiscal year. Operating profit fell 4.2% to ¥16,022 million and ordinary income decreased 9.7% to ¥14,965 million.

● **Electronic Materials & Components**

[Operating profit in the advanced materials and chemical products business decreased as a result of lower sales, for products for smartphones, among others. In the electronic

components business, operating profit fell due to lower sales of products for household appliances. In the polycrystalline silicon business, operating profit increased thanks to higher sales.]

In the advanced materials and chemical products business, despite the steady progress in sales of semiconductor manufacturing equipment-related products and products for automotive glass, sales of LSI products for smartphones and products for hybrid automobiles decreased, causing both net sales and operating profit to fall.

In the electronic components business, sales of products for telecommunications equipment expanded. However, costs rose due to investments in new products and sales of products for household appliances were down. As a result, net sales were up but operating profit fell.

In the polycrystalline silicon business, operations were temporarily suspended at the Yokkaichi Plant from early January to late-June of 2014. In the year under review, however, the plant continued with normal operations, leading to an increase in sales. As a result, both net sales and operating profit rose.

Owing to the abovementioned factors, net sales rose for the segment, but operating profit decreased. Ordinary income decreased due to a decline in operating profit.

Consolidated net sales in the Electronic Materials & Components business amounted to ¥70,254 million, up 4.8% from the previous fiscal year. Operating profit decreased 28.8% to ¥3,184 million and ordinary income fell 12.8% to ¥6,339 million.

● Aluminum

[Demand in the aluminum cans business increased. In the rolled aluminum and processed aluminum products business, demand was down for products for automobiles. Operating profit for the overall Aluminum business decreased due to a higher cost of materials.]

In the aluminum cans business, demand increased for both bottle cans and regular cans. On the other hand, the cost of materials increased.

In the rolled aluminum and processed aluminum products business, demand was down for products for automobiles and products used in solar cells, while demand for products used in aluminum cans increased.

As a result, net sales and operating profit were down year on year for the aluminum business. Ordinary income decreased year on year, due to the decrease in operating profit.

Consolidated net sales in the Aluminum business amounted to ¥158,665 million, down 0.5% from the previous fiscal year. Operating profit fell 24.0% to ¥4,327 million and ordinary income also decreased 29.1% to ¥3,641 million.

● **Others**

[Operating profit in the energy-related business increased as a result of higher sales related to nuclear power. In the home appliance recycling business, operating profit fell due to lower processing volumes and other factors.]

In the energy-related business, while stagnant market conditions caused coal sales to fall, sales related to nuclear power increased. Sales and income both rose as a result.

In the home appliance recycling business, net sales and operating profit were down, due to a reduction in the handling volume owing to the lack of impact from last-minute demand after the increase in the consumption tax rate and a decline in metal scrap prices.

With the exception of the energy-related and home appliance recycling businesses, as a whole net sales fell while operating profit increased.

As a result, in the entire Others business, both net sales and operating profit rose year on year. Ordinary income also rose, boosted by the increase in operating profit.

Consolidated net sales in the Others business amounted to ¥243,268 million, up 0.8% from the previous fiscal year. Operating profit rose 10.5% to ¥10,331 million and ordinary income increased 0.4% to ¥9,936 million.

Sales, operating profit and ordinary income for each business segment of the Group were as follows:

Business Segment	Item	90th Period (April 2014– March 2015)		91st Period (April 2015– March 2016)		YOY Change (%)
		Amount (¥ Millions)	% of Total	Amount (¥ Millions)	% of Total	
Cement	Net Sales	193,300	12.7	197,500	13.9	2.2
	Operating Profit	17,385	24.2	20,131	28.6	15.8
	Ordinary Income	16,729	20.6	19,710	27.2	17.8
Metals	Net Sales	811,633	53.5	688,721	48.6	(15.1)
	Operating Profit	24,852	34.6	24,247	34.4	(2.4)
	Ordinary Income	32,851	40.5	27,048	37.3	(17.7)
Advanced Materials & Tools	Net Sales	134,647	8.9	151,668	10.7	12.6
	Operating Profit	16,724	23.3	16,022	22.8	(4.2)
	Ordinary Income	16,579	20.4	14,965	20.7	(9.7)
Electronic Materials & Components	Net Sales	67,005	4.4	70,254	5.0	4.8
	Operating Profit	4,471	6.2	3,184	4.5	(28.8)
	Ordinary Income	7,273	9.0	6,339	8.8	(12.8)
Aluminum	Net Sales	159,427	10.5	158,665	11.2	(0.5)
	Operating Profit	5,695	7.9	4,327	6.1	(24.0)
	Ordinary Income	5,139	6.3	3,641	5.0	(29.1)
Others	Net Sales	241,224	15.9	243,268	17.2	0.8
	Operating Profit	9,350	13.0	10,331	14.7	10.5
	Ordinary Income	9,899	12.2	9,936	13.7	0.4
Elimination and Corporate Assets or Expenses (Note)	Net Sales	(89,972)	(5.9)	(92,182)	(6.5)	2.5
	Operating Profit	(6,607)	(9.2)	(7,823)	(11.1)	18.4
	Ordinary Income	(7,378)	(9.1)	(9,199)	(12.7)	24.7
Total	Net Sales	1,517,265	100.0	1,417,895	100.0	(6.5)
	Operating Profit	71,871	100.0	70,420	100.0	(2.0)
	Ordinary Income	81,093	100.0	72,442	100.0	(10.7)

Note: Net sales, operating profit and ordinary income resulting from transactions among the Business divisions have been deducted in the “Elimination and Corporate Assets or Expenses” items.

(2) Status of Group Financing

During the fiscal year under review, the Group raised funds primarily through the issuance of commercial paper and borrowings from banks. Debts (including corporate bonds) as of the end of the fiscal year amounted to ¥526,308 million, down ¥104,563 million from a year earlier.

(3) Status of Group Capital Expenditures

The Group determines its capital expenditures by carefully selecting investment cases in the fields where future profit and growth are expected while working to reduce interest-bearing debt.

In the fiscal year under review, total capital expenditures amounted to ¥78,103 million, which consisted mainly of maintenance and repairs of existing facilities in each business, as well as reinforcement and streamlining of production facilities.

Capital expenditures by business segment in the fiscal year under review were as follows:

● Cement

The Group carried out development work related to limestone mine in Japan, as well as maintenance and repairs on existing facilities mainly in Japan and the United States.

Capital expenditures in this business amounted to ¥17,561 million.

● Metals

The Group carried out maintenance and repair work at copper smelting and processing facilities in Japan, and conducted construction related to the processing of precious metal scrap (E-scrap).

Capital expenditures in this business amounted to ¥22,968 million.

● Advanced Materials & Tools

The Group carried out reinforcement and streamlining work in order to meet the increasing demand in this business as a whole, as well as maintenance and repair work at existing facilities.

Capital expenditures in this business amounted to ¥17,674 million.

● Electronic Materials & Components

The Group reinforced its production facilities for products for electronic materials & components, especially semiconductor-related products, and carried out maintenance and repair work at existing facilities.

Capital expenditures in this business amounted to ¥3,535 million.

- **Aluminum**

The Group reinforced its production facilities for aluminum beverage cans and carried out maintenance and repair work at existing facilities.

Capital expenditures in this business amounted to ¥7,196 million.

- **Others**

The Group carried out maintenance and repair work at existing facilities.

Capital expenditures in this business amounted to ¥9,166 million.

(4) Trends of Assets and Profit and Loss Accounts

1. The Group's Trends of Assets and Profit and Loss Accounts (Consolidated)

(¥ millions, except per share data)	88th Period (April 2012 – March 2013)	89th Period (April 2013 – March 2014)	90th Period (April 2014 – March 2015)	91st Period (April 2015 – March 2016)
Net Sales	1,287,251	1,414,796	1,517,265	1,417,895
Operating Profit	52,500	66,281	71,871	70,420
Ordinary Income	74,414	76,902	81,093	72,442
Net Income Attributable to Owners of the Parent	36,948	52,551	56,147	61,316
Net Income per Share	28.19	40.10	42.85	46.80
Net Assets	466,231	525,707	629,514	645,017
Net Assets per Share	309.17	348.54	420.36	423.83
Total Assets	1,811,767	1,778,505	1,898,157	1,793,375

2. The Company's Trends of Assets and Profit and Loss Accounts (Non-consolidated)

(¥ millions, except per share data)	88th Period (April 2012 – March 2013)	89th Period (April 2013 – March 2014)	90th Period (April 2014 – March 2015)	91st Period (April 2015 – March 2016)
Net Sales	673,632	735,558	810,505	735,501
Operating Profit	18,281	23,180	23,708	26,478
Ordinary Income	54,332	42,134	35,699	35,409
Net Income	44,738	42,377	33,193	33,001
Net Income per Share	34.13	32.33	25.33	25.19
Net Assets	373,683	398,674	432,265	435,094
Net Assets per Share	285.10	304.22	329.91	332.13
Total Assets	1,256,038	1,177,558	1,252,174	1,158,968

(5) Priorities for the Group

1. Group Priorities

[We aim to become the “world’s leading businesses group,” based on the growth strategies of fortifying the foundation for growth, strengthening global competitiveness and pursuing a recycling-based business model.]

Overall, the Group sees signs for concern in the global economy due to a downturn in China and other emerging markets, despite the prospect of gradual economic recovery centered on Europe and the United States.

We believe the Japanese economy will continue its modest recovery, buoyed by improvements in employment and income conditions, but recognize that overseas economic trends pose a risk of negatively affecting the Japanese economy.

The Group expects its operating environment be affected by a backlash to yen appreciation in foreign exchange markets, as well as ongoing uncertainty about key metal prices.

Against this backdrop, the Group is implementing various measures to enhance corporate value, based on its “long-term management policy,” which looks toward the beginning of 2020s, and its medium-term management plan (FY2015-2017), “Materials Premium 2016—Challenge to become the world’s leading business group,” described below.

(i) Long-Term Management Policy

In recent years, the business environment has dramatically changed because of a more complex worldwide economy, diversified social needs, and an acceleration of the speed of technical innovations. In this situation, the Group is striving “to become the world’s leading business group committed to supporting recycling-oriented society through materials innovation, with use of our unique and distinctive technologies, by the early 2020s” toward the beginning of the 2020s in order to securely implement the corporate philosophy “For People, Society and the Earth.”

Based on this policy, each operation of the Group commits to create valuable products and services with our unique technologies and to take an important position in the industry and market.

(ii) Management policy in the medium-term management plan (FY2015–2017)

Our medium-term management plan “Materials Premium 2016” is positioned as a first step to focus on strengthening our infrastructure to become the world’s leading business group, which is defined in our long-term management policy, and we have set the followings as the

growth strategies for the overall Group.

a. Fortifying the foundation for growth

Setting the motto “Safety and Health are First” as our first priority, we will enhance our safety management systems and foster our corporate philosophy and culture to value safety so that we will secure stable operational frameworks which contribute to the growth of the Group business.

Further, we will continue to work to improve our financial position by raising profitability through business selection and focus, while accelerating growth by executing strategic investments worth ¥100 billion over the three-year period, focusing on M&A and expansion in production and sales locations in the overseas countries. We are also working to improve profitability through an ongoing process of business selection and focus, which should continue to improve our financial structure.

b. Strengthening global competitiveness

Focusing on expanding our current production and sales locations in the overseas countries as well as developing new production and sales locations mainly in the emerging countries, we will acquire new business in growing global markets.

Furthermore, by conducting strategic marketing in the automotive and electronics industries, we will gain access to new customers and markets so that we can boost our competitiveness.

c. Pursuing a recycling-based business model

The Group operates its business widely across the upstream (sources), midstream (materials) and downstream (processed products) markets. In addition, we will pursue the business model to circulate wastes to the upstream market for utilization.

Through the “Materials Premium” plan, which derives from our unique strength as a conglomerate, we will facilitate the recycling of waste that has so far been hard to process so that we can contribute to the sustainable growth of society.

2. Priorities in Each Business

●Cement

In the domestic cement business, the demand outlook is unclear. Nevertheless, shipments in relation to earthquake reconstruction are expected to be firm, and a number of large-scale projects are slated to commence. These include projects related to the upcoming Olympic Games and construction of a linear Shinkansen (in some sections). As a result, in fiscal 2016 total domestic demand for cement is expected to remain at the previous year's level of approximately 43 million tons. Under these circumstances, we will work to secure sales volumes by steadily implementing initiatives to benefit from demand related to large-scale projects.

In the U.S. cement business, we anticipate continuing recovery in demand, driven by growth in the private sector. Against this backdrop, we will endeavor to bolster sales and profits by boosting sales volume and engaging in further price revisions.

In the Chinese cement business, we see few signs that market conditions are improving. We will continue with a host of initiatives aimed at increasing sales and profits, such as securing orders for new infrastructure projects, ensuring appropriate pricing and curtailing production costs.

●Metals

We see the demand outlook for copper ore as unclear, due to the prospect of a slowdown in the Chinese economy.

Copper prices are low at present, mainly due to economic deceleration in China. We will continue to monitor market trends, along with price trends in the foreign exchange and stock markets.

In processed copper products, we anticipate a gradual recovery in demand for automotive and other products.

Under these conditions, we will continue working to lower our breakeven point in the metals business by reducing energy costs and suppressing fixed expenses. Through these efforts, we aim to build a solid constitution that is impervious to price fluctuations. In copper smelting, we will work toward stable operations at smelters in Japan and overseas while expanding recycling operations by building a processing structure that can manage difficult-to-handle waste and increasing E-Scrap processing volumes. Through these efforts, the Group expects to improve profits in the Metals segment. In the processed copper products business, we will continue to increase profitability by enhancing sales competitiveness through

accelerated development of alloys, drawing on our technological and development capabilities.

●Advanced Materials & Tools

In the cemented carbide products business, we expect the deceleration of the Chinese economy to lead to a delayed market recovery for orders. That said, over the medium to long term we expect demand to expand, particularly among our customer base in the automotive and aircraft industries.

Under these circumstances, we will augment our sales bases and expand our sales network for cemented carbide products, pursue highly efficient and sophisticated product development and further reinforce our technical service structure. Furthermore, we will continue working to stabilize our sourcing of tungsten—a key constituent of cemented carbide products—by improving the recycling ratio and through other efforts to diversify procurement sources.

Turning to the high-performance metal products business, we expect demand for our mainstay sintered products to increase in line with growth in the automotive industry. The Group will work to increase earnings by augmenting its overseas production bases in addition to enhancing productivity at production plants in Japan.

●Electronic Materials & Components

In the advanced materials business, the demand outlook for semiconductor-related products and products for solar cells is opaque. We also expect a decrease in demand for parts for hybrid vehicles, but are working to expand sales of products to non-automotive industries. Going forward, we aim to remain a step ahead of customers' needs in each of the markets in which we participate. We will strive to augment revenues and profits by making full use of our core technological capabilities, and strengthening our sales competitiveness and our ability to make proposals to clients.

In the electronic components business, sales of products for household appliances are falling as Chinese economic growth decelerates. In response, we are reinforcing our sales structure in emerging markets and, through new investments, working to increase sales of products for refrigerators, vehicles and industrial equipment. We will continue working to strengthen our business structure by introducing new products early and further reducing costs.

In polycrystalline silicon, we are endeavoring to establish a stable and efficient operating structure, bolster quality and reduce costs, thereby creating a business structure that

will enable us to ensure profits even when demand levels are low.

●Aluminum

In the aluminum cans business, while working to increase our stability of orders for regular cans, we are working to expand sales of bottle cans. We will make an effort to promote advantageous procurement of raw materials, stable product quality and cost reductions.

In the rolled aluminum and processed aluminum products business in Japan, we will work to stabilize orders of can materials and products for automobiles and electronic materials. We will also endeavor to expand sales of automotive products overseas, where demand is expected to rise.

Throughout this business, costs are highly susceptible to fluctuations in raw materials prices, so we are mounting a number of initiatives on this front.

We will actively promote the Group's ongoing initiatives in the business of recycling used aluminum cans.

We ask for the ongoing support and cooperation of shareholders as we implement these measures with the aim of consolidating the collective potential of the Group and creating value as an integrated business entity.

(6) Major Business Activities of the Group (as of March 31, 2016)

The major business activities of the Group are production and sales of cement and ready-mixed concrete and other products; refining, production and sales of copper, gold, silver and other metals; production and sales of cemented carbide products and high-performance metal products; production and sales of advanced materials, chemical products, electronic components and polycrystalline silicon; and production and sales of aluminum beverage cans , rolled aluminum and processed aluminum products ,etc. The major products and services of each business are as follows:

Business Division	Major Products
Cement	Ordinary Portland cement and various other types of cements, cement-based solidification materials, aggregate, ready-mixed concrete, secondary cement products.
Metals	Copper, gold, silver, lead, tin, zinc alloy, sulfuric acid, processed copper products (copper cakes, billets, copper alloy products, wire rods, etc.)
Advanced Materials & Tools	Cemented carbide products (cemented carbide tools, cement carbide alloy, etc.), high-performance metal products (sintered products, precision forging products, etc.)
Electronic Materials & Components	Advanced materials (fine materials for assembly, sputtering targets, precision silicon products, columnar crystal silicon, insulating circuit substrates, etc.), chemical products (fluorine chemical products, conductive coatings, etc.), electronic components (surge absorbers, thermistor sensors, chip antennas, etc.), polycrystalline silicon, silane gas, etc.
Aluminum	Bodies, ends and caps of aluminum beverage cans, rolled aluminum products, processed aluminum products, etc.
Others	Energy related (coal, geothermal and hydro-power generation, nuclear fuel cycling business (consignment of surveys, research, design and operations, etc.)), precious metals (precious metals products, jewelry, etc.), environmental and recycling related (recycling of home appliances, etc.), real estate (real estate development, leasing, management, trading, forestry), others (engineering, geological surveys, resource exploration, and consulting, etc.)

(7) The Group's Major Plants and Business Offices (as of March 31, 2016)

1. The Company

Head office	1-3-2, Otemachi, Chiyoda-ku, Tokyo	
Plants and others	Cement	Aomori Plant, Iwate Plant, Yokoze Plant (Saitama), Higashitani Mine (Fukuoka), Kyushu Plant (Fukuoka)
	Metals	Akita Refinery, Naoshima Smelter & Refinery (Kagawa), Ikuno Plant (Hyogo), Sakai Plant (Osaka)
	Advanced Materials & Tools	Tsukuba Plant (Ibaraki), Gifu Plant, Akashi Plant (Hyogo),
	Electronic Materials & Components	Sanda Plant (Hyogo), Ceramics Plant (Saitama), Yokkaichi Plant (Mie)
	Others	Saitama Property Management Office, Human Resources Development Center (Saitama), Production Engineering Center (Saitama) Energy Project & Technology Center (Saitama)
Branch (office)	Sapporo Branch, Tohoku Branch (Miyagi), Nagoya Branch, Osaka Regional Head Office, Kyushu Branch (Fukuoka)	
R&D centers	Central Research Institute (Ibaraki)	
Overseas offices <small>Notes 1, 2 and 3</small>	Vancouver Office (Canada), Chile Office, London Office (United Kingdom)	

Note 1: The Fiji Office was closed on May 14, 2015.

Note 2: The Southeast Asia Business Support Center (Thailand) was closed on June 30, 2015.

Note 3: The Sydney Office (Australia) was closed on March 31, 2016.

2. Major Subsidiaries

Business Division	Name of Subsidiaries ¹⁾
Cement	MCC Development Corp. (U.S.), Robertson's Ready Mix, Ltd. (U.S.), Mitsubishi Cement Corp. (U.S.)
Metals	PT Smelting (Indonesia), Mitsubishi Shindoh Co., Ltd., (Tokyo), Mitsubishi Cable Industries, Ltd. (Tokyo), Onahama Smelting & Refining Co., Ltd. (Tokyo), Sambo Metals Corp. (Osaka)
Advanced Materials & Tools ²⁾	Diamet Corp. (Niigata), MMC Hartmetall GmbH (Germany), Mitsubishi Hitachi Tool Engineering, Ltd. (Tokyo)
Electronic Materials & Components	Mitsubishi Polycrystalline Silicon America Corp. (U.S.), Mitsubishi Materials Electronic Chemicals Co., Ltd. (Akita), MMC Electronics (HK) Ltd. (China)
Aluminum	Universal Can Corp. (Tokyo), Mitsubishi Aluminum Co., Ltd. (Tokyo), MA Packaging Co., Ltd. (Tokyo)
Others	Mitsubishi Materials Trading Corp. (Tokyo), Mitsubishi Materials Techno Corp. (Tokyo), Dia Consultants Co., Ltd. (Tokyo), Mitsubishi Materials Real Estate Corp. (Tokyo), Materials' Finance Co., Ltd. (Tokyo)

Note 1: Words within parentheses in the table denote the regions (for domestic subsidiaries) or countries (for overseas subsidiaries) where each subsidiary's head office is located.

Note 2: Mitsubishi Hitachi Tool Engineering, Ltd., became a consolidated subsidiary on April 1, 2015.

(8) The Status of Employees (as of March 31, 2016)

1. Status of Employees of the Group (Consolidated)

Business Division	Number of Employees ^{Note 1}
Cement	4,166 (decreased by 189)
Metals	5,443 (increased by 101)
Advanced Materials & Tools ^{Note 2}	6,829 (increased by 954)
Electronic Materials & Components ^{Note 3}	1,574 (increased by 157)
Aluminum	2,758 (-)
Others	3,199 (increased by 178)
All Companies (for the whole Group) ^{Note 4}	667 (increased by 22)
Total	24,636 (increased by 1,223)

Note 1: Employee numbers within parentheses denote the change from the previous fiscal year-end.

Note 2: Employee numbers were up in the Advanced Materials & Tools business mainly due to the impact of newly consolidated subsidiaries: Mitsubishi Hitachi Tool Engineering, Ltd., MMC Hitachi Tool Engineering Europe GmbH and MMC Hitachi Tool Engineering (Shanghai), Ltd.

Note 3: Employee numbers were up in the Electronic Materials & Components business due partly to the impact of converting MMC Electronics Lao Co., Ltd., and MMC Shanghai Co., Ltd. to consolidated subsidiaries.

Note 4: Employees stated for all companies (for the whole Group) are attached to administrative divisions that cannot be demarcated within a specific business division.

2. Status of Employees of the Company (Non-consolidated)

Number of Employees (persons)	YOY Change (persons)	Average Age (years)	Average Years of Employment (years)
4,525	Up 77	41.2	17.5

(9) The State of Major Subsidiaries and Affiliates (as of March 31, 2016)**1. The State of Major Subsidiaries**

Name of the Company	Paid-in Capital	Percentage of Ownership (including indirect ownership) (%)	Line of Business
PT Smelting	326 million U.S. dollars ¹⁾	60.5	Production and sales of electrolytic copper in Indonesia
MCC Development Corp.	811 million U.S. dollars ^{1), 2)}	70.0	Investment in ready-mixed concrete businesses in the U.S.
Onahama Smelting & Refining Co., Ltd.	6,999 million yen	55.7	Production and sales of electrolytic copper
Sambo Metals Corp.	80 million yen	100.0	Sales of processed copper products and processed copper alloy products
Diamet Corp.	1,500 million yen	100.0	Production and sales of sintered products
Mitsubishi Cement Corp.	70 million U.S. dollars ^{1), 2)}	67.0	Production and sales of cement in the south-west area of the U.S.
Mitsubishi Polycrystalline Silicon America Corp.	328 million U.S. dollars ¹⁾	100.0	Production and sales of polycrystalline silicon for semiconductors in the U.S.
Materials' Finance Co., Ltd.	30 million yen	100.0	Financing the Company and its affiliates
Mitsubishi Aluminum Co., Ltd.	8,196 million yen	87.7	Production and sales of rolled and processed aluminum products
Mitsubishi Shindoh Co., Ltd.	8,713 million yen	100.0	Processing and sales of copper and copper alloy
Mitsubishi Cable Industries, Ltd.	21,815 million yen	100.0	Production and sales of optical and electronic components, cables for electricity and communication
Mitsubishi Hitachi Tool Engineering, Ltd.	1,455 million yen	51.0	Production and sales of cemented carbide tools
Mitsubishi Materials Techno Corp.	1,042 million yen	100.0	Technical construction and civil engineering; production and sales of industrial machinery
Mitsubishi Materials Trading Corp.	393 million yen	100.0	Sales of the Company's products and other non-ferrous metal products
Mitsubishi Materials Real Estate Corp.	4,500 million yen	100.0	Sales and leasing of real estate

Universal Can Corp.	8,000 million yen	80.0	Production and sales of aluminum beverage cans
Robertson's Ready Mix, Ltd.	32 million U.S. dollars ^{1), 2)}	100.0	Production and sales of ready-mixed concrete and aggregate in the south- west area of the U.S.

Note 1: Paid-in capital is shown.

Note 2: This company closes accounts in December. For that reason, paid-in capital as of December 31, 2015 is listed, but there is no change in the paid-in capital as of March 31, 2016.

2) The State of Major Affiliates

Name of the Company	Paid-in Capital (Million Yen)	Percentage of Ownership (including indirect ownership) (%)	Line of Business
Ube-Mitsubishi Cement Corp.	8,000	50.0	Sales of cement and cement related products
NM Cement Co., Ltd	7,001	30.0	Investment in Nghi Son Cement Corp. (Vietnam)
Kobelco & Materials Copper Tube Co., Ltd.	6,000	45.0	Production and sales of copper tubes and fabricated copper tubes
SUMCO Corp.	138,718 ¹⁾	18.4 ²⁾	Production and sales of silicon wafers for semiconductors
P.S. Mitsubishi Construction Co., Ltd	4,218	33.5	Pre-stressed concrete works, civil engineering and sales of concrete products
Hitachi Metals MMC Superalloy, Ltd.	3,808	49.0	Production and sales of special heat resistant alloys, corrosion resistant alloys, special copper alloys and other non-ferrous metal materials

Note 1: Due to changes in investment in April and May 2015, SUMCO Corporation's capital increased from ¥136,607 million to ¥138,718 million.

Note 2: As indicated in the clause below entitled "(10) Acquisition or disposal of shares, equity interests or share options in other companies," the Company's stake in SUMCO Corporation has decreased to 18.4% due to the sale of some of its holdings of common stock.

(10) Acquisition or disposal of shares, equity interests or share options in other companies

1) On April 1, 2015, based on a resolution passed at Board of Directors meeting on September 26, 2014, the Company acquired from Hitachi Metals, Ltd., 51% of the issued shares in Hitachi Tool Engineering, Ltd. (now Mitsubishi Hitachi Tool Engineering, Ltd.), making this company a consolidated subsidiary of the Company.

2) Based on a resolution passed at a Board of Directors meeting on March 3, 2015, the Company conducted a sale by offering a portion of its common stock of SUMCO Corporation with a delivery date of April 28, 2015. In accordance with a resolution passed at the same Board of Directors meeting, on May 11, 2015, the Company received a redemption of all its holdings of class shares (preferred shares) of SUMCO Corporation. In addition, due to the exercise of the Green Shoe option by SMBC Nikko Securities Inc., the Company sold a portion of its common shares held in SUMCO Corporation to SMBC Nikko Securities Inc., with a payment date of May 27, 2015.

(11) The Group's Major Lenders (as of March 31, 2016)

Major Lenders	Borrowed Amount (Million Yen)	Company Shares held by the Lender	
		Number of Shares Held (Thousand)	Percentage of Shareholding (%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	122,214	24,651	1.9
Mitsubishi UFJ Trust and Banking Corporation	82,098	11,594	0.9
Mizuho Bank, Ltd.	36,124	1,570	0.1
The Norinchukin Bank	16,787	5,001	0.4
The Hachijuni Bank, Ltd.	16,111	2,238	0.2

Note: Percentages of shareholding were calculated after deducting treasury shares (4,862,944 shares).

2. Articles Concerning Stock (as of March 31, 2016)

(1) **Total number of authorized shares:** 3,400,000,000 (no change from the previous fiscal year-end)

(2) **Total number of issued shares:** 1,314,895,351 (no change from the previous fiscal year-end)

(3) **Number of shareholders:** 109,379 (decreased by 4,819 from the previous fiscal year-end)
This includes 77,918 shareholders with voting rights (decreased by 3,656 from the previous fiscal year-end).

(4) Major Shareholders

Name of Shareholders	Number of Shares Held (Thousand)	Percentage of Shareholding (%)
Japan Trustee Services Bank, Ltd. (Trust account)	85,997	6.6
The Master Trust Bank of Japan, Ltd. (Trust account)	53,820	4.1
National Mutual Insurance Federation of Agricultural Cooperatives	31,351	2.4
Meiji Yasuda Life Insurance Company	31,018	2.4
MSIP CLIENT SECURITIES	30,058	2.3
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	24,651	1.9
Mitsubishi Heavy Industries, Ltd.	19,000	1.5
Mitsubishi Estate Co., Ltd.	17,397	1.3
STATE STREET BANK WEST CLIENT-TREATY 505234	17,263	1.3
Nippon Life Insurance Company	16,736	1.3

Note: Percentages of shareholding were calculated after deducting treasury shares (4,862,944 shares).

3. Articles Concerning the Company's Executives

(1) Directors and Audit and Supervisory Board Members (as of March 31, 2016)

Title	Name	Position and Responsibilities	Important Positions of Other Organizations
Representative Director Chairman	Hiroshi Yao		
Representative Director President	Akira Takeuchi	General Operation of the Company	
Representative Director Executive Vice President	Toshinori Kato	Assistant to the President CEO, PT. Smelting <u>responsible for:</u> Crisis Management	
Representative Director Executive Vice President	Akio Hamaji	Assistant to the President <u>responsible for:</u> Procurement & Logistics; Aluminum Business; Affiliated Corporations Business	
Representative Director Managing Director	Osamu Iida	Assistant to the President President, Metals Company <u>responsible for:</u> Safety & Health; Corporate Production Engineering	
Representative Director Managing Director	Naoki Ono	Assistant to the President President, Cement Company	Outside Director, P.S. Mitsubishi Construction Co., Ltd.
Representative Director Managing Director	Nobuo Shibano	Assistant to the President <u>responsible for:</u> Internal Audit; Finance & Accounting	President, Materials' Finance Co., Ltd.
Director	Yukio Okamoto 1) 18)		Representative Director, Okamoto Associates, Inc. ²⁾ ; Outside Director, Nippon Yusen Kabushiki Kaisha (NYK Line) ³⁾ ; Outside Director, NTT DATA Corporation ⁴⁾
Director	Takashi Matsumoto 1) 18)		Senior Advisor, Dai-Ichi Life Research Institute Inc. ⁵⁾ Outside Director, Innotech Corporation ⁶⁾ Outside Director, Gunosy Inc. ^{7), 8)}

Audit & Supervisory Board Member (Standing)	Keisuke Yamanobe 9)		10)
Audit & Supervisory Board Member (Standing)	Akihiko Minato 11) 12) 18)		
Audit & Supervisory Board Member (Standing)	Toshikazu Murai		
Audit & Supervisory Board Member	Akio Utsumi 11) 13) 18)		Senior Advisor, Mitsubishi UFJ Trust and Banking Corporation ¹⁴⁾ 15) 16)
Audit & Supervisory Board Member	Naoto Kasai 11) 18)		Representative Lawyer, Kasai Sogo Law Office ¹⁷⁾

- Note 1: Mr. Yukio Okamoto and Mr. Takashi Matsumoto are Outside Directors as defined in Article 2, Paragraph 15 of the Companies Act.
- Note 2: There is no business relationship between the Company and Okamoto Associates, Inc.
- Note 3: There is a business relationship for the transportation of coal between the Company and NYK Line.
- Note 4: There is a business relationship for the provision of IT services between the Company and NTT DATA Corporation.
- Note 5: There is no business relationship between the Company and Dai-Ichi Life Research Institute Inc.
- Note 6: There is no business relationship between the Company and Innotech Corporation.
- Note 7: Director, Mr. Takashi Matsumoto was appointed Outside Director of Gunosy Inc. on August 27, 2015.
- Note 8: There is no business relationship between the Company and Gunosy Inc.
- Note 9: Audit & Supervisory Board Member Mr. Keisuke Yamanobe has experience as Director of the Company, responsible for accounting and finance, and has extensive knowledge of finance and accounting.
- Note 10: Audit & Supervisory Board Member Mr. Keisuke Yamanobe stepped down as Outside Audit & Supervisory Board Member of SUMCO Corporation on March 29, 2016.
- Note 11: Audit & Supervisory Board Members Mr. Akihiko Minato, Mr. Akio Utsumi and Mr. Naoto Kasai are Outside Audit & Supervisory Board Members as defined in Article 2, Paragraph 16 of the Companies Act.
- Note 12: Audit & Supervisory Board Member Mr. Akihiko Minato has experience in think-tank management and has extensive knowledge of finance and accounting.
- Note 13: Audit & Supervisory Board Member Mr. Akio Utsumi has experience in management at financial institutions and has extensive knowledge of finance and accounting.
- Note 14: There is a business relationship between the Company and Mitsubishi UFJ Trust and Banking Corporation for borrowing funds from it, providing debt guarantee to it, and entrusting the Company's pension funds to it.
- Note 15: Audit & Supervisory Board Member Mr. Akio Utsumi stepped down as Outside Audit & Supervisory Board Member of Mitsubishi Estate Co., Ltd., on June 26, 2015.
- Note 16: There is a business relationship for real estate rental and leasing between the Company and Mitsubishi Estate Co., Ltd.
- Note 17: There is no business relationship between the Company and Kasai Sogo Law Office.
- Note 18: The Company has notified the Tokyo Stock Exchange, Inc. that Mr. Yukio Okamoto and Mr. Takashi Matsumoto are Independent Directors, and that Mr. Akihiko Minato, Mr. Akio Utsumi and Mr. Naoto Kasai are Independent Auditors in accordance with the regulations, respectively. (An Independent Director/Auditor is an Outside Director/Audit & Supervisory Board Member who is unlikely to have conflicts of interest with general shareholders.)

The following Directors have been given new titles or posted to new positions shown below on April 1, 2016.

Title	Name	Position and Responsibilities	Important Positions of Other Organizations
Representative Director Executive Vice President	Osamu Iida	Assistant to the President President, Metals Company <u>responsible for:</u> Corporate Production Engineering; Aluminum Business	
Representative Director Executive Vice President	Naoki Ono	Assistant to the President President, Cement Company <u>responsible for:</u> Environment & CSR, Resources	Outside Director, P.S. Mitsubishi Construction Co., Ltd.
Director, Senior Executive Councilor	Toshinori Kato		
Director	Akio Hamaji		President, Mitsubishi Aluminum Co., Ltd.

(Reference) The following Executive Officers had assumed office as of April 1, 2016:

Title	Name	Position and Responsibilities
Senior Executive Officer	Kimball McCloud	President, Mitsubishi Cement Corp. President, MCC Development Corp. Chairman, Robertson's Ready Mix, Ltd. Vice President, Cement Company
Senior Executive Officer	Chitoshi Mori	Chairman & President, Mitsubishi Materials (Shanghai) Corp.
Senior Executive Officer	Yoshihiko Kimura	<u>Responsible for</u> : System Strategy; Corporate Research & Development
Senior Executive Officer	Yasunobu Suzuki	General Manager, Corporate Strategy Div.
Senior Executive Officer	Hikaru Kimura	<u>Responsible for</u> : General Affairs; Human Resources; Safety & Health; Affiliated Corporations Business
Senior Executive Officer	Fumio Tsurumaki	President, Advanced Materials & Tools Company, <u>Responsible for</u> : Procurement & Logistics
Senior Executive Officer	Soichi Fukui	President, Electronic Materials & Components Company Responsible for Safety & Health
Executive Officer	Dairiku Matsumoto	Vice President, Advanced Materials & Tools Company
Executive Officer	Kenji Shimamura	General Manager, General Affairs Dept.
Executive Officer	Kazuhiro Kishi	Vice President, Cement Company
Executive Officer	Kiyoshi Furukawa	Vice President, Electronic Materials & Components Company
Executive Officer	Tatsuro Mizuno	Vice President, Cement Company
Executive Officer	Shinichi Nakamura	General Manager, Tsukuba Plant
Executive Officer	Junichi Harada	General Manager, Aluminum Div.
Executive Officer	Yoshikazu Yasui	General Manager, Human Resources Dept.
Executive Officer	Kazuki Mizushima	General Manager, Corporate Research & Development Dept.
Executive Officer	Hiroshi Nojiri	General Manager, Corporate Marketing & Overseas Business Development Dept., Corporate Strategy Div.
Executive Officer	Naotoshi Kumano	General Manager, Corporate Culture Innovation Dept., Corporate Strategy Div.
Executive Officer	Shigemitsu Fukushima	General Manager, Health & Safety Dept.
Executive Officer	Makoto Shibata	General Manager, Environment & Energy Business Unit
Executive Officer	Tetsuro Sakai	Vice President, Metals Company

Executive Officer	Susumu Sasaki	General Manager, Corporate Strategy Dept., Corporate Strategy Div.
Executive Officer	Nobuhiro Takayanagi	Vice President, Metals Company

(2) Outline of the Content of Limited Liability Agreement

Provisions of the Articles of Incorporation allow the Company to execute with Directors (excluding those who are Executive Directors, etc.) and Audit & Supervisory Board Members agreements limiting liability for damages in accordance with Article 427, Paragraph 1, of the Companies Act. In accordance with the provisions, the Company has concluded Limited Liability Agreements with two Outside Directors and five Audit & Supervisory Board Members. The outline of the Agreements is as follows.

1. Limited Liability Agreement with Directors (excluding those who are Executive Directors, etc.)

With respect to liability as described in Article 423, Paragraph 1 of the Companies Act, if Directors (excluding those who are Executive Directors, etc.) performs their duties in good faith and without gross negligence, the Directors shall be liable to the Company for damages only to the extent of minimum liability as set out in Article 425, Paragraph 1 of the Companies Act. The Company shall indemnify the Directors for damages in excess of the amount of the liability.

2. Limited Liability Agreement with Audit & Supervisory Board Members

With respect to liability as described in Article 423, Paragraph 1 of the Companies Act, if the Audit & Supervisory Board Members perform their duty in good faith and without gross negligence, the Audit & Supervisory Board Members shall be liable to the Company for damages only to the extent of minimum liability as set out in Article 425, Paragraph 1 of the Companies Act. The Company shall indemnify the Audit & Supervisory Board Members for damages in excess of the amount of the liability.

(3) Directors and Audit & Supervisory Board Members' Remuneration

Position	Total Amount of Remuneration (Millions of yen)	Remuneration by Type (Millions of yen)		Number of Executives (persons) ¹⁾
		Basic ⁴⁾	Bonus ⁵⁾	
Directors (of which Outside Directors)	507 ²⁾ (34)	384 (34)	122	11 (2)
Audit & Supervisory Board Members (of which Outside Audit & Supervisory Board Members)	138 ³⁾ (62)	138 (62)	—	5 (3)

Note 1: The number of Directors includes two Directors whose term ended during the fiscal year under review. There are nine Directors and five Audit & Supervisory Board Members as of the end of the fiscal year under review.

Note 2: It was resolved at the 82nd Ordinary General Meeting of Shareholders held on June 28, 2007 that the amount of remuneration to Directors should not exceed ¥49 million per month (excluding salaries as employees for Directors who also serve as employees), including remuneration not exceeding ¥4 million for Outside Directors.

Note 3: It was resolved at the 82nd Ordinary General Meeting of Shareholders held on June 28, 2007 that the amount of remuneration to Audit & Supervisory Board Members should not exceed ¥17 million per month.

Note 4: Of the basic remuneration for Directors, stock-based remuneration is ¥31 million.

Note 5: It was resolved at the 81st Ordinary General Meeting of Shareholders held on June 29, 2006 that the amount of bonuses for Directors other than Outside Directors should not exceed ¥170 million per annum.

(4) Policy regarding the determination of remuneration

1. Directors

We make it a basic policy to appropriately link the remuneration for Directors to corporate performance and performance of individual Directors. The remuneration for Directors is comprised of basic remuneration and bonuses (not paid to part-time Directors).

Firstly, the amount of basic remuneration is determined in accordance with the title and performance of each Director.

The portion of basic remuneration is paid as stock-based remuneration (not paid to Outside Directors) and used for purchasing the Company's shares through the Company's director shareholding association. The Company's shares acquired based on the remuneration cannot be sold at least during each Director's term of office. This aims to link the remuneration

to medium- and long-term corporate performance.

Secondly, the amount of bonuses, as remuneration linked to short-term corporate performance, is determined at the end of the fiscal year by making as indicators consolidated net income and ordinary income during the fiscal year and taking into consideration performance of individual Directors. The bonuses can be reduced or removed entirely depending on business conditions and the amount of dividends for the fiscal year when bonuses are paid.

2. Audit & Supervisory Board Members

The remuneration for Audit & Supervisory Board Members is set at an appropriate level based on discussions among them and is not linked to corporate performance in light of the fact that they assume the responsibility for auditing the execution of duties by Directors as an independent body entrusted by shareholders.

(5) Major Activities of Outside Directors and Auditors

Status Classification	Name	Major Activities
Outside Director	Yukio Okamoto	Mr. Yukio Okamoto participated in all 16 meetings of the Board of Directors held during the fiscal year under review. Mr. Okamoto provides well-informed opinions concerning general management as a Director and well-informed opinions on international affairs as an informed specialist on such fields, when necessary.
Outside Director	Takashi Matsumoto	Mr. Takashi Matsumoto participated in 12 of the 13 meetings of the Board of Directors held following his appointment on June 26, 2015. Mr. Matsumoto provides well-informed opinions as a director with insight related to administrative and fiscal policy, finance and other general aspects of the economy, when necessary.
Outside Audit & Supervisory Board Member	Akihiko Minato	Mr. Akihiko Minato participated in all 16 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board held during the fiscal year under review. Mr. Minato provides well-informed opinions as an Audit & Supervisory Board Member, based on abundant experience as a manager in a think-tank and Audit & Supervisory Board Member, etc. and extensive knowledge concerning business management, when necessary.
Outside Audit & Supervisory Board Member	Akio Utsumi	Mr. Akio Utsumi participated in all 16 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board held during the fiscal year under review. Mr. Utsumi provides well-informed opinions as an Audit & Supervisory Board Member, based on abundant experience as a manager in a financial institution and extensive knowledge concerning business management, when necessary.
Outside Audit & Supervisory Board Member	Naoto Kasai	Mr. Naoto Kasai participated in all 16 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board held during the fiscal year under review. Mr. Kasai provides well-informed opinions as an Audit & Supervisory Board Member, based on abundant experience as an lawyer and extensive knowledge concerning business management, when necessary.

4. Articles Concerning Accounting Auditor

(1) Name of the Accounting Auditor: KPMG AZSA LLC

(2) Remuneration of Accounting Auditor for the Year Ended March 31, 2016

Content of the Remuneration	Amount
(a) Remuneration paid by the Company to Accounting Auditors	145 million yen ¹⁾
(b) Total amount of monetary and other property benefits paid by the Company and its subsidiaries (including the above-mentioned)	384 million yen

Note 1: The Company has not subdivided the amount of remuneration for auditing based on the Financial Instruments and Exchange Act and the amount of remuneration for auditing based on the Companies Act. In the Auditing Agreement entered with the Accounting Auditor it is not possible to substantially subdivide the two. This amount thus includes auditing remuneration based on the Financial Instruments and Exchange Law. The Audit & Supervisory Board has agreed upon this amount taking into consideration the basis for calculating compensation, the status of execution of duties of the accounting auditor in the previous business year and the opinions of Directors and other related internal departments.

Note 2: Among the major subsidiaries of the Company, PT Smelting, MCC Development Corp., Mitsubishi Cement Corp., Mitsubishi Polycrystalline Silicon America Corp., and Robertson's Ready Mix, Ltd. use the services of auditing corporations (including auditors who have the appropriate auditing qualifications abroad) other than the services of KPMG AZSA LLC., to audit accounting related documents (in accordance with the Companies Act and the Financial Instruments and Exchange Act and the applicable laws of the concerned foreign countries' own legislations).

(3) Content of Non-Auditing Duties

The Company subcontracts "Financial Due Diligence Work" and other duties (non-auditing duties) to the Accounting Auditor that are other than the duties of Article 2, Paragraph 1 of Certified Public Accountants Act.

(4) Policy on Dismissal or Non-reappointment of the Accounting Auditor

Except in cases of dismissal of the Accounting Auditor by the Audit & Supervisory Board as stipulated in Article 340 of the Companies Act, the Company's Audit & Supervisory Board shall as a general rule decide on an agenda item regarding the decision not to reappoint or to dismiss the Accounting Auditor in the event it is recognized that it is difficult for the Accounting Auditor to execute its duties appropriately. Based on this decision, the Company's Board of Directors shall propose this at the General Meeting of Shareholders.

5. Systems to Ensure Appropriate Business Operations and the Status of Operation of Those Systems

● Fundamental Policy

The Company's Board of Directors has resolved the following fundamental policy regarding the establishment of systems to ensure appropriate business operations.

(1) Systems to Ensure Execution of Duties by Directors and Employees in Conformity with Laws and Articles of Incorporation

1. The Company shall determine the Code of Conduct and internal regulations that should be observed by the directors and employees and establish corporate ethics and a compliance system.
2. The Company shall determine execution of duties through the Board of Directors, Corporate Strategy Committee and other committees in accordance with laws, Articles of Incorporation, and internal regulations and others. In addition, the legal department and the relative department shall carry out the preliminary review of specific significant matters.
3. The Company shall determine the general policies and plans, etc., concerning compliance at the Meetings of the Board of Directors. In addition, the Company shall appoint a Director in charge of compliance and establish a committee related to CSR (corporate social responsibility) and a division responsible for compliance. The Company shall also enforce cross-divisional compliance promotion activities (including internal education) for the whole Company.
4. The Company shall establish a reporting desk to deal with particulars related to problems that may arise over compliance.
5. The Company shall enforce periodical auditing concerning the state of compliance in each division by the division in charge of internal audits.
6. In accordance with its Code of Conduct, the Company shall establish internal structures to ensure appropriate actions under its policy of resolutely rejecting any involvement whatsoever with anti-social forces.

(2) Systems for Preservation and Management of Information Related to the Execution of Duties of Directors

The Company shall properly preserve and manage the minutes of the Meetings of Board of Directors, meetings of Corporate Strategy Committee and other significant information, based on legislation, Articles of Incorporation and internal regulations and

policies.

(3) Regulations and Other Systems Concerning Risk Management

1. The Company shall deliberate carefully on significant matters through the Board of Directors, Corporate Strategy Committee, and other decision-making bodies based on legislations, Articles of Incorporation, internal regulations and others. In addition, the Company shall carry out preliminary review of significant matters by legal and other related departments based on the internal regulations and others in order to identify risks and prevent risk elicitation and manifestation.
2. The Company shall determine the internal regulations, policies, and plans related to general risk management at the Meetings of the Board of Directors. In addition, the Company shall appoint the Director in charge of risk management and establish a committee related to CSR and a division responsible for risk management, and shall enforce cross-divisional risk management promotion activities for the whole Company.
3. The Company shall determine the various internal regulations and others and enforce suitable management concerning individual risks, including financial transaction risk, credit transaction risk and information leakage risk.
4. The Company shall enforce suitable management based on the legislation and ordinances concerning work-related accidents.
5. The Company shall build a communication system with the aim of preventing damage from accidents on a massive scale, natural disasters or terrorism, and establish an organization to respond to such events.
6. The Company shall enforce periodical auditing concerning the state of risk management in each division by the division in charge of internal audits.

(4) Systems to Ensure Efficient Execution of Duties by Directors

1. The Company shall determine rationally the areas of responsibility of each of the Directors and let the Executive Officers assist the Directors in their execution of duties in accordance with the executive officers system. In addition, the Company shall determine the areas of responsibility and authority of each body and division in accordance with the internal regulations and others.
2. The Company shall determine the management plan, allocate suitable management resources and authority among the various divisions to achieve the plan, and require those divisions to formulate their own specific plans. In addition, the Directors shall suitably verify the progress state of the plan of each division and take appropriate measures when

necessary.

3. The Company shall enforce periodic auditing concerning the efficiency of the execution of duties of each division by the division in charge of internal audit.

(5) Systems to Ensure Appropriate Operations by the Corporate Group Comprising the Company and its Subsidiaries

1. The Company shall aim to establish corporate ethics and build a Group compliance and risk management system (including an internal education system) to promote compliance and risk management activities by the Group, including subsidiaries, based on codes of conduct and internal regulations that are applied consistently throughout the Group.
2. Concerning each subsidiary, the Company shall aim to improve the soundness and efficiency of management of the subsidiary, and by extension the whole Group, by determining a response liaison division within the Company. The concerned division shall consult and exchange information with the subsidiary concerning specific significant matters.
3. The Company shall establish various regulations related to internal controls concerning financial reporting. The Company shall also establish assessment mechanisms for those internal controls and build a system to ensure the accuracy of the Group's financial reports.
4. In addition to the above-mentioned 1, 2 and 3, the Company shall enforce periodic auditing concerning compliance, risk management and the efficiency of management of subsidiaries by the division in charge of internal audit of the Company.

(6) Particulars Concerning Employees assigned to assist Audit & Supervisory Board Members, Such Employees' Independence from Directors, and Particulars Concerning Ensuring the Effectiveness of Instructions by Audit & Supervisory Board Members to Such Employees

The Company shall establish a division and assign dedicated members to support the operations of the Audit & Supervisory Board Members. In addition, the Company shall obtain the consent of the Audit & Supervisory Board concerning transfer of such employees and consult with the Audit & Supervisory Board concerning assessment and evaluation of them.

(7) Systems for Reporting to Audit & Supervisory Board Members and for Ensuring that People Making Reports Shall Not Experience Disadvantageous Treatment as a Result of This Reporting

1. The Directors and employees shall swiftly report appropriate information to the Audit & Supervisory Board Members or to the Audit & Supervisory Board in accordance with the method stipulated in legislations and the internal regulations of the Company, in the case

where there is considerable damage to the Company's operations in areas for which they are responsible or the possibility of significant impact on the Company. In addition, the same shall apply in the event that Audit & Supervisory Board Members request a report about business operations.

2. In the event of a report by a Director or employee of the Company or its subsidiary to the reporting desk on a compliance-related problem, the department in charge of the reporting desk shall in principle report the content of such report to the Audit & Supervisory Board Members.
3. The division in charge of internal auditing of the Company shall report to the Audit & Supervisory Board Members important items heard from Directors and employees of the Company and its subsidiaries, as well as important items from audit results.
4. The disadvantageous treatment of people reporting to the Audit & Supervisory Board Members and the Audit & Supervisory Board (including people reporting indirectly through others) because of such reporting shall be prohibited, and such prohibition shall be made known throughout the Company and its subsidiaries.

(8) Particulars on Policies Related to the Handling of Expenses or Obligations Incurred during the Execution of Duties by Audit & Supervisory Board Members

The Company shall provide budgetary provisions for expenses necessary for audits by Audit & Supervisory Board Members. In addition, in the event of requests for the payment of such expenses by Audit & Supervisory Board Members, prescribed procedures shall be followed and payment made promptly.

(9) Other Systems to Ensure Effective Auditing by Audit & Supervisory Board Members

1. Audit & Supervisory Board Members and Representative Directors shall exchange their opinions periodically and when deemed necessary.
2. Audit & Supervisory Board Members shall be provided with the opportunity to attend Board of Directors Meetings and other significant meetings of the Company.

● **Overview of Operational Status**

Principal initiatives to secure the operation of systems to ensure appropriate business operations are indicated below.

(1) Initiatives Related to Compliance

1. The Company and its subsidiaries share a corporate code of conduct (“The 10 Articles of Our Code of Conduct”) aimed at ensuring sound corporate activities that comply with laws and regulations and are in accordance with social mores. Awareness of this code of conduct is instilled throughout the Group.
2. Based on regulations related to CSR, the CSR Committee—which is chaired by the President and whose secretariat is the CSR Department—meets regularly. In addition to deliberating annual policies and plans related to overall compliance activities, the committee shares and evaluates the status of compliance within the Group and reports that have been submitted to the internal reporting desk. The Company and its subsidiaries work together to ensure consistent CSR training throughout the Group and address compliance-related issues.

(2) Initiatives Related to Risk Management

1. The above-mentioned CSR Committee deliberates annual policies and plans related to overall risk management. In addition, each fiscal year the committee specifies risk-related initiatives to be undertaken by individual company departments and individual subsidiaries

in an effort to enact risk management activities with regard to measures to reduce these risks.

2. Regarding work-related accidents, meetings of the Zero Accident Committee and Group Safety Meetings are convened to decide on management priorities and share information about legal updates, thereby endeavoring to ensure an appropriate response.
3. The Company formulates manuals and business continuity plans (BCPs) prescribing action guidelines in the event of large-scale accidents, natural disasters or terrorism. In addition, the Crisis Management Committee meets during normal times and times of crisis alike to prevent damage from spreading.

(3) Initiatives Related to Enhancing Management Soundness and Efficiency

1. The Company formulates medium-term management plans and annual budgets and strives to appropriately allocate management resources and responsibilities among its various departments. The status of significant business execution is reported to the Board of Directors.
2. By clearly indicating the scope of responsibility of executives with ranks of Managing Director or Senior Executive Officer or above, as well as the operational responsibilities and authority of individual departments, the Company strives to ensure the appropriateness of an accelerated decision-making and business execution.
3. For each subsidiary, the Company determines a response liaison division within the Company. That division receives reports on significant investment projects and compliance-related problems, and consults and exchanges information with the subsidiary on such matters.

(4) Initiatives Related to Internal Audits

Based on an annual audit plan, the Internal Audit Department conducts periodic audits of the compliance, risk management and management efficiency of internal divisions and subsidiaries and reports the results of these audits to the Board of Directors.

(5) Initiatives Related to Audits by Audit & Supervisory Board Members

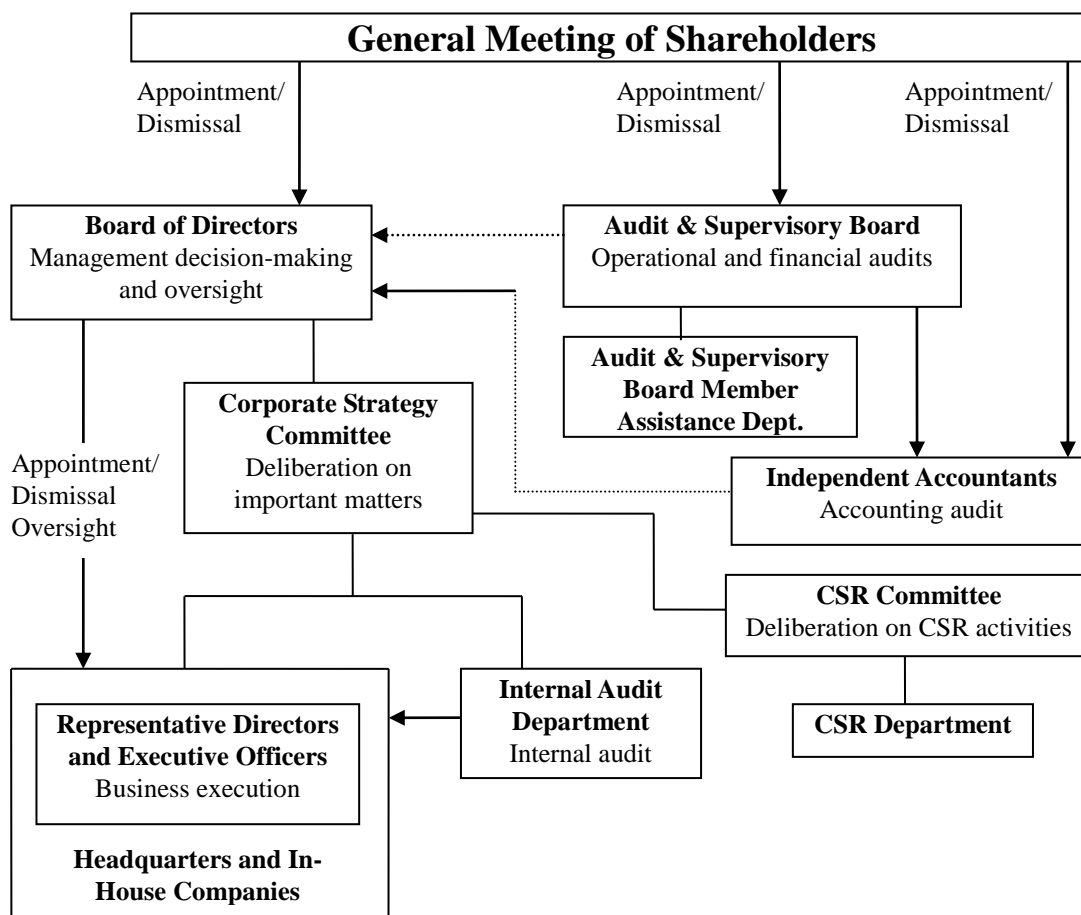
1. Audit & Supervisory Board Members attend meetings of the Board of Directors, Corporate Strategy Committee and other important meetings, visit Company offices and exchange opinions with Representative Directors.
2. Audit & Supervisory Board Members periodically receive reports of internal audit results and reports submitted to the internal reporting desk.
3. Dedicated members are allocated to the Audit & Supervisory Board Member Assistance Dept. Audit & Supervisory Board Members' opinions are taken into account with regard to the assignment and evaluation of personnel assigned to this department, in the aim of enhancing the effectiveness of audits by the Audit & Supervisory Board Members.

(Reference) Status of Corporate Governance

<Fundamental Policy>

In accordance with its corporate code of conduct (“The 10 Articles of Our Code of Conduct”), through fair business activities the Company seeks to ensure its sustainable development and maximize its corporate value. For this purpose, the Group recognizes the importance of efficient and transparent management and is steadily undertaking measures that fully realize its corporate governance. The figure below shows the corporate governance structure regarding management decision-making and oversight, and business execution and audit in the Company.

Overview of the Corporate Governance System



6. Fundamental Policy Concerning the Control of the Company

(1) Fundamental Policy on Parties in Control of Decisions Concerning the Company's Finance and Operating Policies

As a general rule, the control of the Company should be determined through free market transactions in the Company's shares on the Stock Exchanges. As a matter of course, the Company believes that the decision to accept or decline a proposal for a Large-Scale Acquisition of shares (Defined in (3) 2. (i) below. The same applies below.) should be ultimately left to the individual shareholders of the Company.

However, there are some Large-Scale Acquisitions of shares that do not contribute to the corporate value and the common interests of the shareholders, and by extension the medium and long-term shareholder value (hereinafter referred to as medium- and long-term shareholder value) of the Company, such as those that obviously harm the medium- and long-term shareholder value, and those that essentially force shareholders to sell their shares, etc. In addition, unless the party carrying out a Large-Scale Acquisition of the Company's shares is properly aware of the Company's management environment, understands the sources of its corporate value, and aims to ensure and improve these factors in the medium and long terms, the Company's medium and long term shareholder value may possibly be harmed.

Furthermore, while it can go without saying that the freedom of all shareholders' investment behavior should be respected to the degree that is possible, the Company believes that there is not always adequate time or procedures to obtain and to study the information necessary for its shareholders to assess whether a fixed Large-Scale Acquisition is appropriate in today's domestic takeover bids, and that there is a possibility of that conflicting with the Company's medium and long-term shareholder value.

Therefore, the Company believes that it is not appropriate for a party conducting a Large-Scale Acquisition of shares that could possibly harm the Company's medium and long-term shareholder value as described above, to be one that dominates Company's finance and operating policies decisions. Therefore, the Company believes that it is necessary to maintain a framework to secure the necessary time and information for its shareholders to assess whether the acquisition is appropriate, in order to deter acquisitions that conflict with the Company's medium- and long-term shareholder value, and to negotiate with potential Acquirers on behalf of the shareholders.

(2) Overview of Special Measures to Ensure the Implementation of the Fundamental Policy

The Company has been developing its various businesses by utilizing technologies accumulated through its origin, metal and coal mining operations, to form an integrated business entity involved in Cement, Metals, Advanced Materials & Tools, Electronic Materials & Components and Aluminum businesses. The Company has a fundamental corporate philosophy of contribution to society through its various business activities, and has supplied basic materials indispensable to people's lives as a comprehensive basic materials manufacturer. Moreover, the Company has made consistent efforts to create an affluent society toward helping reduce environmental impact and establishing a resource-recycling social system. The Company will continue striving to underpin and enhance the medium- and long-term shareholder value. In addition to advancing its business activities, the Company will achieve this by earning the further trust of all stakeholders—including shareholders, employees, customers, local communities, suppliers and many other related parties—while maintaining a harmonious coexistence with society.

In this environment, the Group is striving “to become the world's leading business group committed to supporting recycling-oriented society through materials innovation, with use of our unique and distinctive technologies” in our long-term management policy toward the beginning of the 2020s. In the future, we will implement various measures using “Fortifying the foundation for growth,” “Strengthening global competitiveness,” and “Pursuing a recycling-based business model” as the three growth strategies for the overall Group in our medium-term management plan (FY2015–2017) “Materials Premium 2016—Challenge to become the world's leading business group” in order to realize our objective of becoming “the world's leading business group.”

(3) Overview of Efforts to Prevent Inappropriate Parties from Assuming Control of Decisions Relating to the Company's Financial and Operating Policies

The Company, in conformity with its corporate philosophy and various policies outlined in (2) above, shall continue pursuing maximization of the medium- and long-term shareholder value in the future. At the same time, however, it may not be possible to ignore the potential of Large-Scale Acquisitions by third parties that may harm the medium- and long-term shareholder value, as described in (1) above. Therefore, at its meeting held on May 10, 2013, the Board of Directors passed a resolution entitled “Renewal of the Countermeasures to Large-Scale Acquisition of the Company's Shares (Takeover Defense Measures),” (hereinafter called the “New Countermeasures”), which is a modified version of a plan previously in place. The New Countermeasures received approval at the 88th Ordinary General Meeting of

Shareholders held on June 27, 2013.

An outline of the New Countermeasures is given below. For more details, please refer to the May 10, 2013 press release entitled “Renewal of the Countermeasures to Large-Scale Acquisition of the Company’s Shares (Takeover Defense Measures)” posted on the Company’s website (Japanese language only):

<http://www.mmc.co.jp/corporate/ja/news/press/2013/13-0510.pdf>

1. Fundamental Policy of the New Countermeasures

For the purpose of preserving and enhancing the medium- and long-term shareholder value, the Company has set out Countermeasures to Large-Scale Acquisition of the Company’s Shares (Takeover Defense Measures) incorporating procedures to be observed by a party carrying out or who plans to carry out a Large-Scale Acquisition of the Company’s shares. The Company shall warn such parties in advance that there are procedures with which they will be required to comply, that the Company may, in certain circumstances, take protective measures against the acquisition, and the Company shall, in certain circumstances, actually take protective measures against the acquisition.

2. New Countermeasures Details

(i) Targeted Large-Scale Acquisitions

The New Countermeasures shall apply in cases where there is an acquisition of share certificates, or the like of the Company that falls under a. or b. below or any similar action (hereinafter referred to as a “Large-Scale Acquisition”). Any party carrying out or proposing a Large-Scale Acquisition (the “Acquirer”) must comply with procedures predetermined in the New Countermeasures.

- a. An acquisition that would result in the holding ratio of share certificates, etc., of a holder amounting to 20% or more of the share certificates, etc., issued by the Company
- b. A tender offer that would result in the ownership ratio of share certificates, etc., of the share certificate relating to the tender offer, and the owning ratio of share certificates, etc., of a person having a special relationship totaling at least 20% of the share certificates, etc., issued by the Company.

(ii) Prior Submission of Letter of Intent to the Company

The Acquirer will submit a statement in Japanese (hereinafter referred to as a “Letter of Intent”) to the Board of Directors such as a promise to observe the procedures prescribed in

the New Countermeasures, before executing the Large-Scale Acquisition.

(iii) Provision of Information

When the Acquirer submits the Letter of Intent, the Company will send to the Acquirer an Information List that details all the information necessary to be initially submitted. The Acquirer will submit to the Company adequate information pursuant to the Information List.

The Board of Directors shall require the Acquirer to submit the information within the period set by the Board (the “Information Provision Requirement Period”), which is 60 days following the sending of the above-mentioned Information List, and the Board of Directors’ Evaluation Period (Defined in (v) below. This also applies below.) shall commence immediately upon the expiration of the Information Provision Requirement Period. However, if a request for an extension based on a plausible reason is received from the Acquirer, the Information Provision Requirement Period may be extended as needed up to a maximum of 30 days. Alternatively, if the Board of Directors determines that the information submitted by the Acquirer is sufficient, then the Information Provision Requirement Period will be ended forthwith and the Board of Directors’ Evaluation Period will commence, even if it is before the expiration of the Information Provision Requirement Period.

(iv) Disclosure of Information

The Company will disclose the fact that there has been a proposal by an Acquirer to obtain Large-Scale Acquisition, and describe the background. Furthermore, if there is information deemed to be required by judgment of the shareholders, that information will be disclosed at a time that is deemed to be appropriate.

Also, in the event that the Company Board of Directors judges that the information provided by the Acquirer is adequate, the Acquirer will be notified (hereinafter referred to as “Notice of Completion of Providing Information”) of that quickly and that will be disclosed.

(v) Establishment of Board of Directors’ Evaluation Period

The Company Board of Directors will begin evaluating and considering the Large-Scale Acquisition after Notice of Completion of Providing Information or when the Information Provision Requirement Period has ended. The period for the Company Board of Directors to evaluate, consider, negotiate, form opinions or to offer an alternative proposal (hereinafter referred to as “Board of Directors’ Evaluation Period”) will be a maximum of 60 days or a maximum of 90 days depending on the status of the Large-Scale Acquisition.

However, the Board of Directors' Evaluation Period may be extended by a maximum of 30 days when deemed necessary by the Board of Directors, or when recommended by an Independent Committee.

(vi) Consulting with an Independent Committee

When countermeasures are invoked in the New Countermeasures, in order to eliminate arbitrary decisions by the Company Board of Directors, an Independent Committee will be setup composed of only people who are independent of executive personnel that conduct business operations for the Company.

In the event that the Acquirer has not observed the procedures defined in the New Countermeasures, or when it is found that the Large-Scale Acquisition of shares by the Acquirer will cause notable damage to the medium and long term shareholder value of the Company, the Company Board of Directors can consult with the Independent Committee about whether to invoke countermeasures when it is judged appropriate to invoke countermeasures.

(vii) Recommendation by Independent Committee Concerning the Invocation of Countermeasures

When there has been consultation by the Company Board of Directors regarding whether to invoke countermeasures, the Independent Committee will make recommendations for the Company Board of Directors regarding whether to invoke countermeasures.

(viii) Resolution by the Board of Directors

The Company Board of Directors will comply to the degree possible with the recommendation of the Independent Committee outlined in (vii) above, and will implement a resolution to invoke countermeasures.

(ix) Holding a Shareholders Meeting to Confirm Their Intent

Excluding instances when it is notably difficult to convene a general meeting of shareholders, for the following reasons, the Company Board of Directors can debate bills for invoking countermeasures by convening a general meeting of shareholders (hereinafter the shareholders' meeting is referred to as the "Shareholders Meeting to Confirm Their Intent").

a. When the Independent Committee makes a recommendation concerning the invocation of

countermeasures that is conditional upon receiving prior approval at a general meeting of shareholders; and

- b. The Board of Directors deems that it is appropriate to confirm the intent of all shareholders.

The Board of Directors shall pass a resolution to invoke countermeasures in compliance with the resolution passed at the Shareholders Meeting to Confirm Their Intent.

(x) Period to Start Large-Scale Acquisition

When it has been determined by the Company Board of Directors to convene the Shareholders Meeting to Confirm Their Intent, the Acquirer may not start Large-Scale Acquisition until the Company Board of Directors has implemented a resolution to invoke the countermeasures based on the resolution of the Shareholders Meeting to Confirm Their Intent. Also, when the Shareholders Meeting to Confirm Their Intent has not been convened, it is possible to start the Large-Scale Acquisition only after the Board of Directors' Evaluation Period has passed.

(xi) Termination or Withdrawal of Countermeasures

In the event that invoking the countermeasures was decided, the Company Board of Directors can consult with the Independent Committee regarding whether to terminate or withdraw the countermeasures for the following reasons.

- a. When the Acquirer has terminated or withdrawn the Large-Scale Acquisition; and
- b. Changes occurred in the facts that presumed judgment of whether to invoke the countermeasures, and the circumstances are considered not to be appropriate for maintaining the invoked countermeasures in view of ensuring and enhancing the Company's medium and long-term shareholder value.

The Company Board of Directors will resolve to terminate or withdraw the countermeasures when it is judged inappropriate to maintain the countermeasures, complying to the degree possible with the recommendation of the Independent Committee.

(xii) Specific Content of the Countermeasures in the New Countermeasures

As a countermeasure invoked in accordance with the New Countermeasures, the Company shall, in principle, exercise the gratis allotment of stock acquisition rights.

Such stock acquisition rights shall be allotted to shareholders as of the allotment date. One right will be allotted per common stock of the Company. Under the New Countermeasures, the

Company intends to attach conditions that the Acquirer or other ineligible parties that meet criteria specified separately may not exercise the stock acquisition rights. Further, the Company plans to attach conditions that enable the Company to acquire the stock acquisition rights allotted to persons other than ineligible parties and, in exchange, issue one common stock of the Company per such stock acquisition right.

(xiii) Effective Period, Abolition, or Amendment of the New Countermeasures

The New Countermeasures shall be effective until the closing of the 91st Ordinary General Meeting of Shareholders of the Company, to be held in June 2016.

Also, even before expiration of the effective period, the New Countermeasures will be abolished immediately, for the following reasons.

- a. When a general meeting of shareholders of the Company passes a resolution to abolish the New Countermeasures; and
- b. When the Board of Directors passes a resolution to abolish the New Countermeasures.

Also, the Company can change the New Countermeasures within a scope that does not violate the basic policy for formalities in line with revisions to laws and ordinances and the like.

(4) Determination by the Board of Directors, and the Reasons thereof, that the Measures in (2) above are in Accordance with the Basic Policy in (1) above and as such do not Harm the Common Interests of Shareholders or Aim to Maintain the Status of the Company's Officers

The Board of Directors has determined that the measures in (2) above are in accordance with the basic policy in (1) above. Such reason is that, by securing and enhancing the Company's medium- and long-term shareholder value through the measures in (2) above, and appropriately reflecting it in the value of the Company's shares, it will become difficult to conduct a Large-Scale Acquisition that adversely affects the Company's medium- and long-term shareholder value.

Accordingly, the Board of Directors has determined that the measures in (2) above do not harm the common interests of the Company's shareholders and are not aimed to maintain the status of the Company's officers.

(5) Determination by the Board of Directors, and the Reasons thereof, that the Measures in (3) above are in Accordance with the Basic Policy in (1) above and as such do not Harm the Common Interests of Shareholders or Aim to Maintain the Status of the

Company's Officers

The measures in (3) above prevent inappropriate parties, in the context of the basic policy in (1) above, from controlling decisions on policies relating to the Company's finances and operations. Such reason is that, by enabling the Company to invoke countermeasures against an Acquirer who does not provide sufficient information or does not accede to a request for securing a sufficient period for their examination etc., the Company may prevent a Large-Scale Acquisition that will significantly harm the Company's medium- and long-term shareholder value. Additionally, the measures in (3) above are implemented with the objective of securing and enhancing the Company's medium- and long-term shareholder value, and in line with such objective, to have the Acquirer provide the necessary information beforehand concerning the Large-Scale Acquisition that said Acquirer intends to make so that the required period of time is secured for evaluating and examining, etc., the details thereof. Furthermore, a variety of systems and procedures are in place to ensure the reasonableness and fairness of the measures in (3) above for the reason that these measures contain a procedure for confirming the intent of all shareholders, establish an Independent Committee comprising highly independent members, give utmost respect to the Committee's recommendation, establish reasonable and objective criteria for the invocation of countermeasures, and eliminate arbitrary judgments by the Board of Directors by basing the invocation of countermeasures on a resolution passed at a Shareholders Meeting to Confirm Their Intent.

Accordingly, the Board of Directors determines that the measures in (3) above are in accordance with the basic policy in (1) above, and do not harm the common interests of the Company's shareholders and are not aimed at maintaining the status of the Company's officers.

The effective period of these New Countermeasures ends at the conclusion of the 91st Ordinary General Meeting of Shareholders of the Company scheduled for June 29, 2016 (hereinafter, "This Ordinary General Meeting of Shareholders"). After considering the pros and cons of its renewal, the Board of Directors judges there to be an ongoing need for measures to ensure and enhance medium- and long-term shareholder value. On this basis, the Company's Board of Directors held on May 12, 2016, has resolved to renew the New Countermeasures, with partial amendments, based on an agenda item for approval by shareholders at This Ordinary General Meeting of Shareholders.

In this Business Report, the figures for financial amounts and number of shares are rounded down to the nearest stated unit. Figures for ratios have been rounded up or down to the nearest stated decimal place.

Consolidated Balance Sheets

[As of March 31, 2016]

(Millions of yen)

Item	Amount	Item	Amount
[ASSETS]		[LIABILITIES]	
Current Assets:	782,530	Current Liabilities:	696,319
Cash and deposits	60,123	Notes and accounts payable-trade	110,596
Notes and accounts receivable-trade	233,093	Short-term loans payable	200,527
Merchandise and finished goods	85,082	Current portion of bonds payable	25,100
Work in process	83,694	Income taxes payable	7,037
Raw materials and supplies	89,875	Deferred tax liabilities	138
Deferred income taxes	10,352	Accrued bonuses	13,114
Gold bullion on loan	89,360	Gold payable	231,667
Other	133,104	Allowance for loss on disposal of inventories	626
Allowance for doubtful accounts	(2,155)	Other	107,511
Noncurrent Assets:	1,010,845	Noncurrent Liabilities:	452,038
Property, Plant and Equipment:	670,237	Bonds payable	40,000
Building and structures, net	155,277	Long-term loans payable	260,681
Machinery and equipment, net	209,769	Reserve for directors' retirement benefits	1,628
Land, net	268,634	Reserve for loss on subsidiaries and affiliates	1,760
Construction in progress	21,769	Reserve for environmental measures	13,358
Other, net	14,786	Deferred tax liabilities	15,265
Intangible Assets:	66,019	Deferred tax liabilities for land revaluation	26,532
Goodwill	48,986	Net defined benefit liability	63,544
Other	17,032	Other	29,267
		Total Liabilities	1,148,358
		[NET ASSETS]	
Investments and Other Assets:	274,588	Shareholders' Equity:	512,797
Investment securities	212,606	Capital stock	119,457
Retirement benefit assets	342	Capital surplus	92,266
Deferred income taxes	34,324	Retained earnings	303,026
Other	33,385	Treasury stock	(1,953)
Allowance for doubtful accounts	(6,070)	Accumulated Other Comprehensive Income:	42,430
		Valuation difference on securities	21,645
		available for sale	
		Deferred gains or losses on hedges	(199)
		Revaluation reserve for land	34,282
		Foreign currency translation adjustment	3,647
		Remeasurements of defined benefit plans	(16,946)
		Non-controlling interests	89,789
		Total Net Assets	645,017
Total Assets	1,793,375	Total Liabilities and Net Assets	1,793,375

Note: All amounts less than one million yen are rounded down.

Consolidated Statements of Operations

[For the year ended March 31, 2016]

(Millions of yen)

Item	Amount
Net Sales	1,417,895
Cost of Sales	1,204,322
Gross Profit	213,573
Selling, general and administrative expenses	143,152
Operating Profit	70,420
Non-Operating Profit:	21,699
Interest income	589
Dividends income	9,019
Equity in earnings of affiliates	2,188
Rent income on noncurrent assets	5,005
Other	4,895
Non-Operating Expenses:	19,677
Interest expenses	6,694
Expenses for rent in undertaking	3,174
Loss on disposal of property, plant and equipment	3,366
Expenses for settlement of remaining business in mine	2,865
Other	3,576
Ordinary Income	72,442
Extraordinary Income:	45,942
Gain on sales of marketable securities and investments in securities	19,188
Gain on changes in equity	10,464
Gain on sales of noncurrent assets	6,322
Gain on redemption of investment securities	1,234
Insurance proceeds	5,224
Other	3,508
Extraordinary Losses:	35,705
Loss on valuation of investment securities	2,539
Loss on impairment	3,610
Loss on business withdrawal	7,517
Loss on suspension of operations	2,628
Provision for environmental measures	10,841
Other	8,568
Income before Income Taxes	82,680
Corporate income taxes, resident taxes and business tax	17,905
Income taxes adjustments	(2,760)
Net Income	67,536
Net Income attributable to non-controlling interests	6,219
Net Income attributable to owners of the parent	61,316

Note: All amounts less than one million yen are rounded down.

Statement of Changes in Consolidated Shareholders' Equity
[For the year ended March 31, 2016]

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2015	119,457	92,272	252,858	(1,865)	462,723
Cumulative impact of changes in accounting policies			805		805
Balance at beginning of period, reflecting changes in accounting policies	119,457	92,272	253,664	(1,865)	463,529
Change during the year					
Cash dividends from retained earnings			(13,101)		(13,101)
Net income attributable to owners of the parent			61,316		61,316
Decrease from write-downs of land revaluation excess			843		843
Increase from rise in number of consolidated subsidiaries			304		304
Acquisition of treasury stock				(89)	(89)
Disposition of treasury stock		(0)		1	1
Changes in equity of the parent company related to transactions with non-controlling interests		(5)			(5)
Net change in items other than shareholders' equity					
Total change during the year	—	(5)	49,362	(88)	49,268
Balance as of March 31, 2016	119,457	92,266	303,026	(1,953)	512,797

	Accumulated Other Comprehensive Income						Non-controlling Interests	Total Net Assets
	Valuation difference on securities available for sale	Deferred gains or losses on hedge	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other comprehensive income		
Balance as of April 1, 2015	42,717	(1,025)	33,856	15,746	(3,256)	88,039	78,751	629,514
Cumulative impact of changes in accounting policies								805
Balance at beginning of period, reflecting changes in accounting policies	42,717	(1,025)	33,856	15,746	(3,256)	88,039	78,751	630,319
Change during the year								
Cash dividends from retained earnings								(13,101)
Net income attributable to owners of the parent								61,316
Decrease from write-downs of land revaluation excess								843
Increase from rise in number of consolidated subsidiaries								304
Acquisition of treasury stock								(89)
Disposition of treasury stock								1
Change in equity of the parent company related to transactions with non-controlling interests								(5)
Net change in items other than shareholders' equity	(21,071)	826	426	(12,099)	(13,690)	(45,608)	11,038	(34,570)
Total change during the year	(21,071)	826	426	(12,099)	(13,690)	(45,608)	11,038	14,697
Balance as of March 31, 2016	21,645	(199)	34,282	3,647	(16,946)	42,430	89,789	645,017

Note: All amounts less than one million yen are rounded down.

Balance Sheets
[As of March 31, 2016]

(Millions of yen)

Item	Amount	Item	Amount
[ASSETS]		[LIABILITIES]	
Current Assets:	391,663	Current Liabilities:	450,309
Cash and deposits	7,826	Notes payable	1,463
Notes receivable	3,262	Accounts payable	31,896
Accounts receivable	80,248	Short-term loans payable	87,879
Merchandise and finished goods	33,486	Current portion of bonds payable	25,000
Work in process	35,287	Lease obligation	437
Raw materials and supplies	36,880	Other payables	6,035
Advanced payment	20,005	Accrued expenses	26,285
Prepaid expenses	916	Income taxes payable	1,941
Short-term loans receivables	1,533	Advance received	3,727
Other receivables	11,362	Progress payment received	6
Gold bullion on loan	89,360	Unearned revenue	79
Gold bullion in custody	63,688	Accrued bonuses	5,224
Deferred income taxes	3,039	Employee deposits	9,149
Other	5,610	Facilities related notes payable	1,342
Allowance for doubtful accounts	(846)	Other facilities related payables	13,363
		Assets removal liabilities	12
		Gold payable	231,667
		Other	4,797
Noncurrent Assets:	767,304		
Property, Plant and Equipment:	298,736	Noncurrent Liabilities:	273,564
Buildings	55,683	Bonds payable	40,000
Structures	29,168	Long-term loans payable	177,426
Machinery and equipment	70,359	Lease obligation	746
Vessels	0	Deferred tax liabilities for revaluation	22,697
Vehicles and delivery equipment	102	Provision for retirement benefits	9,207
Tools, furniture and fixtures	2,206	Reserve for loss on subsidiaries and affiliates	1,252
Land	132,421	Reserve for environmental measures	13,358
Lease assets	751	Assets removal liabilities	444
Construction in progress	6,957	Guarantee deposits received	4,441
Timber	1,084	Other	3,988
Intangible Assets:	3,856	Total Liabilities	723,873
Mining rights	454		
Software	3,034	[NET ASSETS]	
Lease assets	81	Shareholders' Equity:	387,097
Other	286	Capital stock	119,457
		Capital surplus	113,001
		Capital reserve	85,654
Investments and Other Assets:	464,712	Other capital surplus	27,347
Investment securities	90,584	Retained earnings	156,584
Securities of affiliates	359,276	Other retained earnings	156,584
Bonds of affiliates	4	Reserve for advanced depreciation of noncurrent assets	5,724
Investments	66	Deposit for mining search	20
Investments in affiliates	6,798	Reserve for loss on specified business restructuring investment	2,707
Long-term loans receivable	17	Earned surplus carried forward	148,131
Long-term loans to affiliates	5,648	Treasury stock	(1,946)
Deferred income taxes	334	Valuation and Translation Adjustments:	47,997
Other	7,527	Valuation difference on securities available for sale	19,400
Allowance for investment loss	(365)	Deferred gains or losses on hedges	295
Allowance for doubtful accounts	(5,182)	Revaluation reserve for land	28,301
		Total Net Assets	435,094
Total Assets	1,158,968	Total Liabilities and Net Assets	1,158,968

Note: All amounts less than one million yen are rounded down.

Statements of Operations
[For the year ended March 31, 2016]

(Millions of yen)

Item	Amount
Net Sales	735,501
Cost of Sales	662,975
Gross Profit	72,525
Selling, general and administrative expenses	46,046
Operating Profit	26,478
Non-Operating Profit:	22,004
Interest income	362
Dividends income	14,139
Rent income on noncurrent assets	4,714
Miscellaneous revenue	2,787
Non-Operating Expenses:	13,073
Interest expenses	3,185
Expenses for rent in undertaking	3,157
Expenses for settlement of remaining business in mine	2,636
Loss on disposal of property, plant and equipment	1,748
Miscellaneous losses	2,346
Ordinary Income	35,409
Extraordinary Income:	22,767
Gain on sales of subsidiaries and affiliates' stocks	14,330
Gain on sales of noncurrent assets	5,437
Gain on redemption of affiliates' stocks	3,000
Other	0
Extraordinary Losses:	25,216
Provision for environmental measures	10,841
Loss on business of subsidiaries and affiliates	7,548
Loss on valuation of stocks of subsidiaries and affiliates	3,435
Other	3,390
Income before Income Taxes	32,960
Corporate income taxes, resident taxes and business tax	6,190
Income taxes adjustments	(6,231)
Net Income	33,001

Note: All amounts less than one million yen are rounded down.

Statement of Changes in Shareholders' Equity
[For the year ended March 31, 2016]

(Millions of yen)

	Shareholders' Equity										
	Capital stock	Capital surplus			Retained earnings					Treasury stock	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings				Total retained earnings		
					Reserve for advanced depreciation of noncurrent assets	Deposit for mining search	Reserve for loss on specified business restructuring investment	Earned surplus carried forward			
Balance as of April 1, 2015	119,457	85,654	27,347	113,001	4,659	163	2,640	128,392	135,856	(1,858)	366,457
Change during the year											
Provision of voluntary retained earnings					1,324	20		(1,345)	—		—
Reversal of voluntary retained earnings					(259)	(163)	67	356	—		—
Cash dividends from retained earnings								(13,101)	(13,101)		(13,101)
Net income								33,001	33,001		33,001
Decrease from write-downs of land revaluation excess								828	828		828
Acquisition of treasury stock										(89)	(89)
Disposition of treasury stock			(0)	(0)						1	1
Net change in items other than shareholders' equity											
Total change during the year	—	—	(0)	(0)	1,064	(143)	67	19,739	20,728	(88)	20,639
Balance as of March 31, 2016	119,457	85,654	27,347	113,001	5,724	20	2,707	148,131	156,584	(1,946)	387,097

(Millions of yen)

	Valuation and Translation Adjustments				Total Net Assets
	Valuation difference on securities available for sale	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance as of April 1, 2015	38,990	(1,036)	27,854	65,807	432,265
Change during the year					
Provision of voluntary retained earnings					—
Reversal of voluntary retained earnings					—
Cash dividends from retained earnings					(13,101)
Net income					33,001
Decrease from write-downs of land revaluation excess					828
Acquisition of treasury stock					(89)
Disposition of treasury stock					1
Net change in items other than shareholders' equity	(19,589)	1,332	446	(17,810)	(17,810)
Total change during the year	(19,589)	1,332	446	(17,810)	2,829
Balance as of March 31, 2016	19,400	295	28,301	47,997	435,094

Note: All amounts less than one million yen are rounded down.