[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, 2018 through March 31, 2019)

1. Particulars Concerning the State of the Group

(1) Business Developments

[The Mitsubishi Materials Group's cemented carbide products and cement-related business demand was solid. However, given the impact of such factors as a drop in copper prices, higher energy costs, higher costs for smelting and an inventory shortage loss posted at the end of the fiscal year in the Metals business operating profit and ordinary income declined.]

During the consolidated fiscal year under review, although signs of an economic slowdown were seen in China, a moderate recovery was seen in the Asian economies of Thailand and Indonesia. In the United States, the economy continued to improve steadily.

In Japan during the consolidated fiscal year under review, employment and income conditions were on the road to recovery, and capital expenditure showed signs of increasing. However, improvement in corporate earnings and growth in industrial production appeared to slow down.

Regarding the business environment for the Mitsubishi Materials Group, although demand related to cemented carbide products and cement held firm, factors such as falling copper prices and rising energy costs had a negative impact.

Under these circumstances, in accordance with its Long-Term Management Policy for the next 10 years and Medium-Term Management Strategy (FY2018-2020) that focuses on the planning and implementation of growth strategies, the Mitsubishi Materials Group continued to implement various measures as the theme of "Transformation for Growth" to achieve group-wide policies for the enhancement of corporate value, namely "optimization of business portfolio," "comprehensive efforts to increase business competitiveness," and "creation of new products and businesses."

As a result, consolidated net sales for the fiscal year under review totaled ¥1,662,990 million, up 4.0% year on year. However, given the impact of factors such as higher costs for smelting and inventory shortage loss posted at the end of the fiscal year in the Metals business, operating profit fell 49.4% year on year, to ¥36,861 million, and ordinary income dropped 36.3%, to ¥50,679 million. As a result of examining the recoverability of deferred tax assets based on various factors such as operating results during the consolidated fiscal year under review and the outlook for the future, the Company reversed ¥8.7 billion of its non-consolidated deferred tax assets. As a result, net income attributable to owners of parent fell 96.2%, to ¥1,298 million.

On a non-consolidated basis, net sales amounted to ¥852,820 million, down 1.9% year on year. Operating loss was ¥10,949 million (previous fiscal year: operating profit of ¥13,732 million), ordinary income decreased 83.5% to ¥5,169 million, and net loss was 13,568 million (previous fiscal year: net income of ¥25,530 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, during the period of the Medium-Term Management Strategy (FY2018-2020), the Company will pay annual dividends of ¥80 per share. If the consolidated dividend payout ratio is lower than 25%, the Company will temporarily increase the dividend to the point where the consolidated dividend payout ratio becomes 25% or purchase treasury stock. Based on this policy, the Board of Directors, at its meeting on May 13, 2019, decided to distribute a fiscal year-end dividend of ¥40 per share, which, combined with the interim dividend of ¥40 per share, brings the annual dividend for the fiscal year under review to ¥80 per share (the same amount as the previous fiscal year).

Of note, the Company has decided partial relinquishment of remuneration and not to pay a bonus for the fiscal year under review for the President and eight Titled Executive Officers based on business performance in the fiscal year under review.

A report of the Group’s performance by business segment is presented as follows.
*Accompanying a partial change in the organization of business division, the Company has changed the method of business segmentation from Cement, Metals, Advanced Materials & Tools, Electronic Materials & Components, Aluminum and Others to Advanced Products, Metalworking Solutions Business, Metals Business, Cement Business and Others business. In this regard, the segment information for the previous consolidated fiscal year that is disclosed herein is made according to the changed method of segmentation.

● **Advanced Products**

[In the copper and copper alloy products business, operating profit declined mainly due to higher raw materials costs. In the electronic materials & components business, operating profit fell as a result of lower sales primarily related optical communication equipment. In the aluminum business, operating profit decreased chiefly because of higher energy costs.]
In the copper and copper alloy products business, net sales increased and operating profit decreased as a result of an increase in the costs of raw materials, despite the sales increase that was mainly attributable to the contribution of MMC Copper Products OY to the consolidated results from the beginning of the fiscal year.

In the electronics materials & components business, both net sales and operating profit decreased, reflecting decline in sales of products such as products for displays, for LSI of smartphones, and for optical communications related equipment.

In the aluminum products business, net sales increased due to a rise in aluminum prices, despite a decrease in the sales volumes of beverage aluminum bottle cans and rolled and processed products such as extruded products for automobiles and plate products for litho sheets. While, energy costs rose. Consequently, the aluminum products business posted an increase in net sales and a decrease in operating profit.

As a result, net sales for the entire Advanced Products increased year on year, but operating profit decreased. Ordinary income declined due to the decrease in operating profit.

Consolidated net sales in the Advanced Products business amounted to ¥570,990 million, up 6.5% from the previous fiscal year. Operating profit fell 35.1% to ¥11,979 million and ordinary income decreased 28.5% to ¥13,227 million.

● **Metalworking Solutions Business**

[Operating profit in the cemented carbide products business increased, owing to solid sales in Japan and overseas. In the sintered products business, operating loss worsened, as higher sintered parts demand was outweighed by rising costs for quality inspections and shipments.]

In the cemented carbide products business, net sales and operating profit increased as a result of strong sales mainly in Japan, Europe, United States, China and Southeast Asia.

In the sintered products business, net sales increased due to growth in demand for mainstay sintered parts in Japan and North America. However, the operating loss expanded due to the increased costs associated with quality inspection and shipments.

As a result, net sales for the entire Metalworking Solutions business increased year on year, but operating profit decreased. Ordinary income declined mainly due to the decrease in operating profit.

Consolidated net sales in the Metalworking Solutions Business amounted to ¥171,551 million, up 6.4% from the previous fiscal year. Operating profit fell 9.7% to ¥16,771 million and ordinary income decreased 7.1% to ¥15,609 million.

● **Metals Business**

[In the copper business, operating profit decreased mainly due to undertaking regular furnace repairs at domestic and overseas smelters as well as rising smelting costs. In the gold and other valuable metals business, operating profit declined because of the inventory shortage loss posted at the end of the fiscal year.]

In the copper business, both net sales and operating profit decreased, mainly due to the lower production volume resulting from periodic furnace repairs at PT. Smelting in Indonesia and Naoshima Smelter and Refinery and the increased costs for smelting.

In the gold and other valuable metals business, net sales increased while operating profit declined, mainly because of the inventory shortage loss posted at the end of the fiscal year, despite increased production of gold as a result of a rise in the amount contained in raw materials.

As a result, overall the Metals business posted year-on-year increase in net sales, but operating profit declined. Ordinary income decreased due to the decrease in operating profit and dividend income.

Consolidated net sales in the Metals business amounted to ¥720,097 million, up 0.7% from the previous fiscal year. Operating loss was ¥7,157 million (previous fiscal year: operating profit of ¥12,788 million) while ordinary income decreased 90.9% to ¥2,323 million.

● **Cement Business**

[Operating profit in Japan decreased due mainly to the increase in energy costs. Operating profit in the United States fell largely on the back of higher fuel costs.]

Despite the firm performance of construction work of facilities related to the Tokyo Olympic and Paralympic Games in the Tokyo metropolitan area, as well as the extension work of the Hokuriku Shinkansen in the Hokuriku area in Japan, mainly rising energy costs resulted in a decline in operating profit, even as net sales increased.

In the United States, although the sales price of ready-mixed concrete rose, given an increase in fuel and other costs, net sales increased and operating profit decreased.

As a result, net sales for the entire Cement business increased year on year, but operating profit decreased. Ordinary income declined mainly due to the decrease in operating profit.

Consolidated net sales in the Cement business amounted to ¥198,291 million, up 3.1% from the previous fiscal year. Operating profit fell 30.6% to ¥13,479 million and ordinary income decreased 26.6% to ¥15,447 million.

- **Others Business**

[Operating profit in the energy-related business increased as a result of higher coal prices as well as solid hydroelectric power generation and geothermal power plant steam supply businesses. In the environmental recycling business, operating profit decreased because of costs arising from the launching of new businesses. In areas outside the energy-related business and the environmental recycling business, operating profit increased.]

In the energy-related business, net sales decreased but operating profit increased due to a rise in the sales price of coal as well as the solid performance of the hydroelectric power generation business and the business of supplying steam to geothermal power plants, despite a decline in sales of nuclear energy-related business.

In the environmental recycling business, net sales increased and operating profit decreased due to the costs incurred for the launch of new business, despite an increase in recycling volumes.

Others business excluding the energy-related business and the environmental recycling business, both net sales and operating profit increased.

In the overall Others business, net sales increased year on year, but operating profit decreased. Ordinary income increased, reflecting a decrease in equity in losses of affiliates.

Consolidated net sales in the Others business amounted to ¥255,720 million, up 2.5% from the previous fiscal year. Operating profit decreased 0.1% to ¥13,171 million and ordinary income increased 76.3% to ¥14,656 million.

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

Business Segment	Item	93rd Period (April 2017– March 2018)		94th Period (April 2018– March 2019)		YOY Change (%)
		Amount (¥ Millions)	% of Total	Amount (¥ Millions)	% of Total	
Advanced Products	Net Sales	536,083	33.5	570,990	34.3	6.5
	Operating Profit	18,465	25.4	11,979	32.5	(35.1)
	Ordinary Income	18,491	23.2	13,227	26.1	(28.5)
Metalworking Solutions	Net Sales	161,177	10.1	171,551	10.3	6.4
	Operating Profit	18,566	25.5	16,771	45.5	(9.7)
	Ordinary Income	16,808	21.1	15,609	30.8	(7.1)
Metals	Net Sales	715,340	44.7	720,097	43.3	0.7
	Operating Profit	12,788	17.6	(7,157)	(19.4)	—
	Ordinary Income	25,400	31.9	2,323	4.6	(90.9)
Cement	Net Sales	192,378	12.0	198,291	11.9	3.1
	Operating Profit	19,428	26.7	13,479	36.6	(30.6)
	Ordinary Income	21,044	26.4	15,447	30.5	(26.6)
Others	Net Sales	249,503	15.6	255,720	15.4	2.5
	Operating Profit	13,187	18.1	13,171	35.7	(0.1)
	Ordinary Income	8,312	10.4	14,656	28.9	76.3
Elimination and Corporate Assets or Expenses (Note)	Net Sales	(254,949)	(15.9)	(253,660)	(15.3)	(0.5)
	Operating Profit	(9,616)	(13.2)	(11,381)	(30.9)	18.3
	Ordinary Income	(10,436)	(13.1)	(10,584)	(20.9)	1.4
Total	Net Sales	1,599,533	100.0	1,662,990	100.0	4.0
	Operating Profit	72,819	100.0	36,861	100.0	(49.4)
	Ordinary Income	79,621	100.0	50,679	100.0	(36.3)

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 under review amounted to ¥494,767 million, down ¥26,667 million from the end of the previous fiscal year.

(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 ¥103,418 million, which consisted mainly of maintenance and repairs of existing facilities in each business, as well as the reinforcement and streamlining of production facilities.

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

● **Advanced Products**

In addition to carrying out maintenance and repair work at existing facilities in this business as a whole, the Group mainly undertook reinforcement work on production facilities for aluminum beverage cans.

Capital expenditures in this business amounted to ¥26,120 million.

● **Metalworking Solutions Business**

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 ¥22,810 million.

● **Metals Business**

The Group carried out maintenance and repair work at copper smelting and processing facilities.

Capital expenditures in this business amounted to ¥29,274 million.

● **Cement Business**

In addition to the reinforcement of domestic industrial waste treatment facilities, the Group carried out maintenance and repair work mainly on existing facilities in Japan and the United States.

In addition, the Group undertook construction of a ready-mixed concrete factory aimed at enhancing ready-mixed concrete sales capacity and maintain sales offices in the Tokyo Bay area.

Capital expenditures in this business amounted to ¥16,585 million.

● **Others Business**

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

Capital expenditures in this business amounted to ¥8,626 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)	91st Period (April 2015 – March 2016)	92nd Period (April 2016 – March 2017)	93rd Period (April 2017 – March 2018)	94th Period (April 2018 – March 2019)
Net Sales	1,417,895	1,304,068	1,599,533	1,662,990
Operating Profit	70,420	59,761	72,819	36,861
Ordinary Income	72,442	63,925	79,621	50,679
Net Income Attributable to Owners of the Parent	61,316	28,352	34,595	1,298
Net Income per Share	46.80	216.44[1)]	264.15	9.92
Net Assets	645,017	710,195	768,495	723,337
Net Assets per Share	423.83	4,743.27[1)]	5,211.20	4,838.31
Total Assets	1,793,375	1,896,939	2,011,067[2)]	1,938,270

Note 1: The Company consolidated its shares at a 10:1 ratio of its common stock, with an effective date of October 1, 2016. Accordingly, net income per share and net assets per share data is calculated on the assumption that the consolidation of the Company's shares was conducted from the beginning of the 92nd business term.

Note 2: The Company has applied the "Partial Revisions to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan [ASBJ] Statement No. 28, issued on February 16, 2018) from the beginning of the current consolidated fiscal year. Figures for the previous consolidated fiscal year have been retroactively adjusted to reflect the relevant accounting standards.

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

(¥ millions, except per share data)	91st Period (April 2015 – March 2016)	92nd Period (April 2016 – March 2017)	93rd Period (April 2017 – March 2018)	94th Period (April 2018 – March 2019)
Net Sales	735,501	674,515	869,677	852,820
Operating Profit (Operating Loss)	26,478	12,120	13,732	(10,949)
Ordinary Income	35,409	27,202	31,370	5,169
Net Income (Net Loss)	33,001	19,701	25,530	(13,568)
Net Income (or net loss) per Share	25.19	150.40[1)]	194.93	(103.61)
Net Assets	435,094	477,706	533,103	463,862
Net Assets per Share	332.13	3,647.06[1)]	4,070.58	3,542.19
Total Assets	1,158,968	1,265,120	1,355,347[2)]	1,269,756

Note 1: The Company consolidated its shares at a 10:1 ratio of its common stock, with an effective date of October 1, 2016. Accordingly, net income per share and net assets per share data is calculated on the assumption that the consolidation of the Company's shares was conducted from the beginning of the 92nd business term.

Note 2: The Company has applied the "Partial Revisions to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan [ASBJ] Statement No. 28, issued on February 16, 2018) from the beginning of the fiscal year under review. Figures for the previous fiscal year have been retroactively adjusted to reflect the relevant accounting standards.

(5) Priorities for the Group

1. Measures to Enhance the Group Governance Framework Including Quality Control

The Company sincerely apologizes to its customers, shareholders, and all other parties for any and all inconvenience again in connection with the delivery of some of the products manufactured and sold in the past that deviated from customer standards or internal company specifications, due to misconduct including the rewriting of inspection records data and the insufficient testing, and the revocation of JIS certification for copper slag aggregates in Naoshima Smelter and Refinery, which were announced from November 2017 through to June 2018.

In connection with these incidents, the Company's consolidated subsidiaries Mitsubishi Cable Industries, Ltd., Diamet Corporation and Mitsubishi Aluminum Co., Ltd. were found guilty of violating the Unfair Competition Prevention Act by Tokyo Summary Court in February 2019.

Meanwhile, the Group has been validating the safety of products with the cooperation of customers and has confirmed with respect to all customers that there are no problems with any major aspects of safety.

The Company and the Group will continue to implement and further develop the following "Restructuring Measures of the Group Governance Framework for Quality Control" and the "Group Governance Framework Enhancement Measures," in order to prevent such situations again in the future.

(i) Restructuring Measures of the Group Governance Framework for Quality Control

A) Implementation of a Front Loading System for Order Receiving
B) Enhancement of the Framework and Authority of the Quality Control Department
C) Expansion of Quality Training
D) Promoting Automated Inspection Equipment
E) Enhancement of Quality Audits
F) Utilization of Outside Consultant

(ii) Group Governance Framework Enhancement Measures

A) Enhancement of Framework for Discussion, Reporting and Follow-up of Governance-Related Matters

B) Improvement of Functions of Management Divisions and its Collaboration with Operating Divisions

C) Improvement of Human Resources Training and Encouragement of Active Interaction

D) Audit Strengthening

E) Studies with a Business Optimization Focus

2. Group Priorities

[In addition to becoming a leading company in each of the major markets in Japan and overseas, the Group is targeting high levels of profitability and efficiency while working diligently to expand at a pace that exceeds the rate of market growth by optimizing its business portfolio, pursuing thoroughgoing competitive advantage and creating new products and businesses.]

Although the U.S. economy is expected to grow steadily, the future of the global economy is uncertain, with some recent economic indicators pointing to a slowdown in the U.S. economy, and with the impact of an escalation in trade tensions and economic slowdown in China.

We believe the Japanese economy will continue its modest recovery driven by domestic demand, amid continued improvements in the employment and income conditions. However, we are concerned that global economic slowdown will cause decline in exports and recognize that there may be a downside risk to the Japanese economy due to overseas political and economic trends.

Turning to the Group’s operating environment, besides the uncertainness of the domestic economic outlook, rising energy costs and worsening labor shortages are also concerns.

Under these circumstances, the Group will pursue a number of measures to enhance its corporate value under the theme “Transformation for Growth” by developing the Long-Term Management Policy, which looks ahead 10 years, and the Medium-Term Management Strategy for FY2018-FY2020, described as follows.

(i) Long-Term Management Policy

The vision of the Group is to "We will become the leading business group committed to creating a sustainable world through materials innovation, with the use of our unique and distinctive technologies, for People, Society and the Earth." based on a corporate philosophy of "for People, Society and the Earth."

In an effort to realize this vision, the Group has put in place Medium- to Long-Term Targets (the Company in the future) and the Group-wide Policy as the Long-Term Management Policy described as follows.

<Medium- to Long-term Targets (the company in the future)>

- Leading company in domestic and overseas key markets
- Achieving high profitability and efficiency
- Achieving growth that exceeds the market growth rate

<Group-wide Policy>

- Optimization of business portfolio
- Comprehensive efforts to increase business competitiveness
- Creation of new products and businesses

(ii)Management Policies in the Medium-Term Management Strategy (for FY2018-FY2020)

In the Medium-Term Management Strategy, we will pursue the Group-Wide Policy set in the Long-term Management Policy. To achieve a "accommodation to changes in the external environment" and the "Build a structure focusing on strategy," which were the issues in the previous Medium-Term Management Plan, we have made the shift from the "Medium-Term Management Plan" centering on financial plans in the past to the "Medium-Term Management Strategy" focusing on the planning and implementation of growth strategies.

A) Optimization of business portfolio

The Company will classify its business into three categories: "stable growth business," "growth promotion business" and "profitability restructuring business," and will promote selection and concentration and improve capital efficiency after determining a direction geared to the characteristics of each business and clarifying any issues. Stable growth business consists of the cement, metals (smelting), recycling and renewable energy businesses, and in this category, the Company will aim to strengthen its business foundations by maintaining and improving cost competitiveness. Growth promotion business consists of the metals (copper and copper alloy products) and advanced materials & tools businesses, and here the Company will seek business development in adjacent fields and global markets to outperform market growth. Profitability restructuring business consists of the electronic materials & components and aluminum businesses. In this category, the Company will work promptly to solve issues and define the future direction of growth.

B) Comprehensive efforts to increase business competitiveness
We will improve and innovate "manufacturing" in the business divisions through the optimal use of technology management resources by enhancing the support system by the corporate divisions. With this, we will make comprehensive efforts to increase our business competitiveness by promoting "Differentiation" and "New development," such as the development of new products and new manufacturing technologies, to become an entity that is one step ahead of other companies through early responses to changes in the business environment.

C) Creation of new products and businesses
To foster businesses that will become a future revenue foundation and create new businesses, we will create and foster new products and new businesses that will become the core for sustainable growth by positioning important social needs the Company should meet are identified as "next-generation vehicles," "internet of things (IoT) and artificial intelligence (AI)," and "building a rich, sustainable society." The Company plans to create and develop new products and new businesses that are vital for sustainable development.

In addition, we will promote specific measures, with the following items as key strategies.

- Achieve growth through innovation
- Create value by building a recycling-oriented society
- Increase the company's market presence through investment for growth
- Increase efficiency through continuous improvement

3. Issues in each business

●Advanced Products

In the copper and copper alloy products business, demand of automotive and other products is expected to remain stable. In this environment, we will continue to increase profitability by creating business synergy with MMC Copper Products Oy, which was included in the scope of consolidation from the previous fiscal year, and by enhancing sales competitiveness through the accelerated development of high-value added products, drawing on our technological and development capabilities.

In the electronics materials & components business, demand of products for home appliances and automotive is expected to grow, and demand of products for semiconductor manufacturing equipment is also expected to recover from the second half of FY2020. In these circumstances, we will strive to enhance profitability by using our core technological capabilities and strengthening our sales competitiveness and our ability to make proposals to customers, always remaining a step ahead of customers' needs in each market. In the polycrystalline silicon, the business environment is expected to remain difficult. However, we will make efforts to further improve quality and reduce costs to establish business foundations, with safety and stable operation as the top priorities.

In the aluminum products business, growth in demand of heat exchanger sheet materials for automobiles and foil products for lithium-ion battery, which are rolled and processed aluminum products, are expected. We will, therefore, work to strengthen production capacity and improve productivity and will also promote the establishment of global supply system mainly in North America, and the development of high-value added products. In the beverage aluminum bottle cans, we will develop and increase sales of diverse products, including upsized cans and cans with many different shapes, and we will endeavor to maintain and increase competitiveness.

●Metalworking Solutions Business

The market condition for cemented carbide products is expected to remain generally firm despite concern over the impact of the economic slowdown in China. Under these circumstances, we will continue to conduct effective sales operations, focusing on industries and regions with high growth potential. In particular, we will prioritize the investment of our management resources in the aerospace industry, which is in the growth stages, and seek to strengthen manufacturing, R&D and sales functions. In the area of cutting tools, under the two brands DIAEDGE (Mitsubishi Materials Corporation) and MOLDINO (Mitsubishi Hitachi Tool Engineering, Ltd.) we will work on provided customer-oriented solutions that will build customer trust as a true partner. In particular, we are promoting the establishment of new technology centers and the enhancement of their functions and capacity in key regions around the world and will continue to do so in the future. Regarding the sourcing of key materials, tungsten and cobalt, we will continue working to reduce sourcing risks and sourcing costs by improving the recycling amount of tungsten and diversifying procurement sources.

Turning to sintered products business, in order to increase earnings of this business, we will work to enhance quality and productivity by introducing automated inspection equipment to save labor and implementing measures to improve yield ratio. In addition, Diamet Corporation which manufactures and sells sintered parts has continuously posted operating losses and impairment losses on non-current assets, and is in a state of excessive liabilities. The Company has set a commitment line and has provided financing to Diamet Corporation.

●Metals Business

The supply capacity of copper mines is not expected to be able to keep pace with rising demand for copper concentrate resulting from the startup of new smelters and the expansion of existing smelters in countries such as China and India, and conditions for TC/RC are also expected to deteriorate in the short term.

Regarding the copper business, demand for area of electric wire is expected to remain firm in connection with the Tokyo Olympic and Paralympic Games and redevelopment in the Tokyo metropolitan area, and demand for area of rolled copper products appears to have plateaued slightly but is expected to remain solid, particularly for automotive. However, we will keep a close watch on future trends because the uncertainty caused by the trade tensions between the US and China, Brexit and the economic slowdown in China pose downside risks for demand and copper prices.

Under these circumstances, in copper mining business, we will focus on improving existing projects and developing new projects and will support smelter's operations by providing smelters with a stable supply of clean copper concentrate with minimum impurities. In the new Zafranal Project (Peru), we plan to complete the feasibility study during 2019 and move on to the task of acquiring environment licenses and permits.

In copper smelting and refining business, thanks to our efforts to expand our processing capacity of E-Scrap by improving facilities and strengthening our collection system, E-Scrap processing capacity of the Group is expected to reach 160,000 tons per year. In the future, we aim to strengthen profitability by fully utilizing our world-leading collection and processing capacity.

However, with the increase in E-Scrap processing amount, the volumes and types of impurities that are input to the smelting process increase, making the recovery rate of valuable metals are lower. We are, therefore, making improvements to operations by such as expanding facilities to deal with the problem and this has proved effective to some degree. At the same time, we are also optimizing management of E-Scrap yards and strengthening inventory management. In the future, we will continue to focus on further improvements and promote enhancement of E-Scrap processing technologies. We will also seek to optimize the material balance which is becoming increasingly complex due to the processing of diverse raw materials by promoting stronger collaboration with each production location and working on the establishment of a more efficient recovery system for valuable metals.

●Cement Business

In Japan, although demand is anticipated from an increase in public works under the "three-year emergency response plan for disaster prevention, disaster mitigation, and building national resilience", redevelopment project in the Tokyo metropolitan area and construction projects of Shinkansen, there is also concern over delays in construction due to labor and transport capacity shortages. Therefore, domestic demand for cement in FY2020 is estimated at around 42.50

million tons, unchanged from FY2019. In these circumstances, we will strive to secure sales volumes by steadily taking in demand for cement for the large projects.

In the United States, demand for cement and ready-mixed concrete is expected to remain firm because public works are in an upward trend mainly due to the government's policy of investing in infrastructure. While rising labor costs, fuel and energy costs will be a factor affecting profitability, we will pass cost increases on to customers as appropriate. We will also reduce the cost of cement through improvement of plant facilities and expand sales of ready-mixed concrete through the operation of new ready-mixed concrete plants and aim for further improvement in sales and profit.

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, 2019)

The major business activities of the Group are production and sales of processed copper products, electronic materials and components, and aluminum products; production and sale of cemented carbide products and sintered products; refining and sales of copper, gold, silver and other metals; and production and sales of cement and ready-mixed concrete and other products. The major products and services of each business are as follows:

Business Division	Major Products
Advanced Products	Processed copper products (copper cakes, billets, copper alloy products, wire rods, etc.), electronic materials and components (functional materials, chemical products, electronic devices, polycrystalline silicon, etc.), aluminum products (bodies, ends and caps of aluminum beverage cans, rolled aluminum products, processed aluminum products, etc.)
Metalworking Solutions	Cemented carbide products (cemented carbide tools, cement carbide alloy, etc.), sintered products (sintered parts, etc.), etc.
Metals	Copper, gold, silver, lead, tin, sulfuric acid
Cement	Ordinary Portland cement and various other types of cements, cement-based solidification materials, aggregate, ready-mixed concrete
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 management, forestry), others (engineering, geological surveys, resource exploration, and consulting, etc.)

(7) The Group's Major Plants and Business Offices (as of March 31, 2019)
1. The Company

Head office (Note)	3-2-3, Marunouchi, Chiyoda-ku, Tokyo	
Plants and others	Advanced Products	Sakai Plant (Osaka), Sanda Plant (Hyogo), Ceramics Plant (Saitama), Yokkaichi Plant (Mie)
	Metalworking Solutions	Tsukuba Plant (Ibaraki), Gifu Plant, Akashi Plant (Hyogo)
	Metals	Akita Refinery, Naoshima Smelter & Refinery (Kagawa), Ikuno Plant (Hyogo)
	Cement	Aomori Plant, Iwate Plant, Yokoze Plant (Saitama), Higashitani Mine (Fukuoka), Kyushu Plant (Fukuoka)
	Others	Saitama Property Management Office, 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	Vancouver Office (Canada), Chile Office, London Office (United Kingdom)	

Note: The head office was relocated on March 18, 2019.

2. Major Subsidiaries

Business Division	Names of Subsidiaries *
Advanced Products	Mitsubishi Shindoh Co., Ltd., (Tokyo), MMC Copper Products Oy (Finland), Universal Can Corp. (Tokyo), Mitsubishi Aluminum Co., Ltd. (Tokyo), Mitsubishi Cable Industries, Ltd. (Tokyo), Sambo Metals Corp. (Osaka)
Metalworking Solutions	Mitsubishi Hitachi Tool Engineering, Ltd. (Tokyo), Diamet Corp. (Niigata), MMC Hartmetall GmbH (Germany)
Metals	PT Smelting (Indonesia), Onahama Smelting & Refining Co., Ltd. (Tokyo), Materials Eco-Refining Co., Ltd. (Tokyo)
Cement	MCC Development Corp. (U.S.), Robertson's Ready Mix, Ltd. (U.S.), Mitsubishi Cement Corp. (U.S.)
Others	Mitsubishi Materials Trading Corp. (Tokyo), Mitsubishi Materials Techno Corp. (Tokyo), Mitsubishi Materials (Shanghai) Corporation (China), Materials' Finance Co., Ltd. (Tokyo)

Note: 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.

(8) The Status of Employees (as of March 31, 2019)

1. Status of Employees of the Group (Consolidated)

Business Division	Number of Employees *1
Advanced Products*2	10,087 (increased by 442)
Metalworking Solutions*3	8,039(increased by 732)
Metals*2	2,016 (increased by 46)
Cement	4,231 (increased by 220)
Others	3,319 (decreased by 2)
All Companies (for the whole Group) * 4	734 (increased by 29)
Total	28,426 (increased by 1,467)

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

Note 2: Accompanying a partial change in the organization of business division, the Company has changed the method of business segmentation from Cement, Metals, Advanced Materials & Tools, Electronic Materials & Components, Aluminum and Others to Advanced Products, Metalworking Solutions Business, Metals Business, Cement Business and Others business. Accordingly, segment employee number changes have been calculated based on employee numbers for Advanced Products and Metals Business at the previous fiscal year-end that have been reformulated according to the reclassified segments.

Note 3: Employee numbers were up in the Metalworking Solutions business due to such factors as inclusion of MMC Hard Metal India Pvt. Ltd. in the Company's scope of consolidation as a subsidiary company.

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)
4,807	Increased by 143	41.2	17.1

(9) The State of Major Subsidiaries and Affiliates (as of March 31, 2019)

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
MMC Copper Products Oy	160 million euro 1), 2)	100.0	Business administration of subsidiaries that produce and sell processed copper products
MCC Development Corp.	811 million U.S. dollars 1)	70.0	Investment in ready-mixed concrete businesses in the U.S.
Onahama Smelting & Refining Co., Ltd.	6,999 million yen	55.7	Smelting on consignment of copper concentrate
Sambo Metals Corp.	80 million yen	100.0	Sales of rolled copper products and electric wires
Mitsubishi Cement Corp.	70 million U.S. dollars 1)	67.0	Production and sales of cement in the south-west area of the U.S.
Materials Eco-Refining Co., Ltd.	400 million yen	100.0	Smelting, processing and recycling of non-ferrous metals
Materials’ Finance Co., Ltd.	30 million yen	100.0	Financing the Company and its affiliates
Mitsubishi Aluminum Co., Ltd.	8,196 million yen	90.4	Production and sales of rolled and processed aluminum products
Mitsubishi Shindoh Co., Ltd.	8,713 million yen	100.0	Production and sales of processed copper products and processed copper alloy products
Mitsubishi Cable Industries, Ltd.	8,000 million yen	100.0	Production and sales of sealing products
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

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)]	100.0	Smelting, processing and recycling of non-ferrous metals

Note 1: Paid-in capital is shown.
Note 2: This company closes its accounts in December. For that reason, paid-in capital as of December 31, 2018 is listed, but there is no change in the paid-in capital as of March 31, 2019.

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)
LM Sun Power Co., Ltd.	495	50.0	Operation of solar power generation
Kobelco & Materials Copper Tube Co., Ltd.	6,000	45.0	Production and sales of copper tubes and fabricated copper tubes
P.S. Mitsubishi Construction Co., Ltd	4,218	33.9	Pre-stressed concrete works, civil engineering and sales of concrete products

(10) The Group's Major Lenders (as of March 31, 2019)

Major Lenders	Borrowed Amount (Million Yen)	Company Shares held by the Lender	
		Number of Shares Held (Thousand)	Percentage of Shareholding (%)*
MUFG Bank, Ltd.	182,405	2,095	1.6
Mizuho Bank, Ltd.	42,843	157	0.1
The Norinchukin Bank	19,261	500	0.4
The Hachijuni Bank, Ltd.	18,201	223	0.2
The Joyo Bank, Ltd.	13,980	218	0.2

Note: Percentages of shareholding were calculated after deducting treasury shares (536,170 shares).

2. Articles Concerning Stock (as of March 31, 2019)

(1) Total number of authorized shares: 340,000,000(no change from the previous fiscal year-end)

(2) Total number of issued shares: 131,489,535(no change from the previous fiscal year-end)

(3) Number of shareholders: 95,347(decreased by 3,385 from the previous fiscal year-end)

This includes 70,630 shareholders with voting rights (decreased by 2,884 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)	8,912	6.8
The Master Trust Bank of Japan, Ltd. (Trust account)	8,328	6.4
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	5,230	4.0
Meiji Yasuda Life Insurance Company	3,101	2.4
NORTHERN TRUST CO. (AVFC) RE U.S TAX EXEMPTED PENSION FUNDS	2,857	2.2
Japan Trustee Services Bank, Ltd. (Trust account 5)	2,562	2.0
MUFG Bank, Ltd.	2,095	1.6
JP MORGAN CHASE BANK 385151	1,937	1.5
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	1,921	1.5
Mitsubishi Heavy Industries, Ltd.	1,900	1.5

Note: Percentages of shareholding were calculated after deducting treasury shares (536,170 shares)

3. Articles Concerning the Company's Executives

(1) Directors and Audit and Supervisory Board Members (as of March 31, 2019)

Title	Name	Position and Responsibilities	Important Positions of Other Organizations
Chairman	Akira Takeuchi		
Representative Director President	Naoki Ono	General Operation of the Company	[1]
Representative Director (Executive Vice President)	Osamu Iida	Assistant to the President General Manager, Technology Div.	
Representative Director (Senior Managing Executive Officer)	Yasunobu Suzuki	President, Advanced Products Company responsible for: New Business Development &Promotion	
Representative Director (Managing Executive Officer)	Kazuhiro Kishi	President, Cement Company	Outside Director, P.S. Mitsubishi Construction Co., Ltd
Representative Director (Managing Executive Officer)	Makoto Shibata	General Manager, Governance Div. responsible for: Environment & Energy Business	
Director	Mariko Tokuno[2] [16]		Outside Director, Happinet Corporation[3] Outside Director, Yamato Holdings Co., Ltd. [4]
Director	Hiroshi Watanabe[2] [16]		President, Institute for International Monetary Affairs[5]
Director	Hikaru Sugi [2] [16]		

Audit & Supervisory Board Member (Standing)	Hiroshi Kubota [6)]		
Audit & Supervisory Board Member (Standing)	Soichi Fukui		
Audit & Supervisory Board Member (Standing)	Hiroshi Sato [7) 8) 16)]		
Audit & Supervisory Board Member	Naoto Kasai [7) 16)]		Representative Lawyer, Kasai Sogo Law Office[9)] Chairman, Daini Tokyo Bar Association[10) 11)] Vice President, Japan Federation of Bar Associations[12) 13)]
Audit & Supervisory Board Member	Tatsuo Wakabayashi [7) 14) 16)]		Chairman, Mitsubishi UFJ Trust and Banking Corporation [15)]

Note 1: Director Naoki Ono resigned as Representative Director President of Materials' Finance Co., Ltd. on June 22, 2018.

Note 2: Ms. Mariko Tokuno, Mr. Hiroshi Watanabe and Mr. Hikaru Sugi are Outside Directors as defined in Article 2, Paragraph 15 of the Companies Act.

Note 3: There is no business relationship between the Company and Happinet Corporation.

Note 4: There is no business relationship between the Company and Yamato Holdings Co., Ltd. The Company has a business relationship with Yamato Transport Co., Ltd., a specified subsidiary of Yamato Holdings Co., Ltd., regarding the consigned transportation of products. However, the value of the transactions amounts to less than 1% of the Company's consolidated net sales.

Note 5: There is no business relationship between the Company and the Institute for International Monetary Affairs.

Note 6: Mr. Hiroshi Kubota has to date mainly been assigned to areas that relate to accounting and finance. As such, he has extensive knowledge in each of these fields.

Note 7: Mr. Hiroshi Sato, Mr. Naoto Kasai and Mr. Tatsuo Wakabayashi are Outside Audit & Supervisory Board Members as defined in Article 2, Paragraph 16 of the Companies Act.

Note 8: Mr. Hiroshi Sato has experience as a financial institution corporate auditor and has extensive knowledge of finance and accounting.

Note 9: There is no business relationship between the Company and Kasai Sogo Law Office.

Note 10: There is no business relationship between the Company and Daini Tokyo Bar Association.

Note 11: Audit & Supervisory Board Member Naoto Kasai resigned as Chairman of the Daini Tokyo Bar Association on March 31, 2019.

Note 12: There is no business relationship between the Company and Japan Federation of Bar Associations.

Note 13: Audit & Supervisory Board Member Naoto Kasai resigned as Vice Chairman of the Japan Federation of Bar Associations on March 31, 2019.

Note 14: Mr. Tatsuo Wakabayashi has experience in management at financial institutions and has extensive knowledge of finance and accounting.

Note 15: The Company has a business relationship with Mitsubishi UFJ Trust and Banking Corporation (MUTB), related to such activities as entrustment of the Company's pension funds. However, the value of the transactions amounts to less than 2% of our consolidated net sales. Moreover, the Company has no business relationship with MUTB relating to the borrowing of funds.

Note 16: The Company has notified the Tokyo Stock Exchange, Inc. that Ms. Mariko Tokuno, Mr. Hiroshi Watanabe and Mr. Hikaru Sugi are Independent Directors, and that Mr. Hiroshi Sato, Mr. Naoto Kasai and Mr. Tatsuo Wakabayashi 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, 2019.

Title	Name	Position and Responsibilities	Important Positions of Other Organizations
Representative Director (Managing Executive Officer)	Makoto Shibata	General Manager, Corporate Strategy Div. responsible for: Affiliated Corporations Business	President, Materials' Finance Co., Ltd.

(Reference) The following Executive Officers had assumed office as of April 1, 2019:

Title	Name	Position and Responsibilities
Executive Vice President	Osamu Iida*	Assistant to the President General Manager, Technology Div.
Senior Managing Executive Officer	Yasunobu Suzuki*	President, Advanced Products Company responsible for: New Business Development & Promotion
Managing Executive Officer	Kazuhiro Kishi*	President, Cement Company
Managing Executive Officer	Makoto Shibata*	General Manager, Corporate Strategy Div. responsible for: Affiliated Corporations Business
Managing Executive Officer	Shinichi Nakamura	President, Metalworking Solutions Company
Managing Executive Officer	Yoshikazu Yasui	General Manager, Human Resources & General Affairs Div.
Managing Executive Officer	Susumu Sasaki	General Manager, Governance Div.
Managing Executive Officer	Tetsuro Sakai	President, Metals Company
Executive Officer	Nobuhiro Takayanagi	President, Mitsubishi Cable Industries, Ltd. Vice President, Advanced Products Company
Executive Officer	Masaaki Kanda	Deputy General Manager, Technology Div.
Executive Officer	Masuhiro Ishitobi	Deputy General Manager, Technology Div.
Executive Officer	Yasunori Murakami	Vice President, Metalworking Solutions Company
Executive Officer	Toru Suzuki	President, Mitsubishi Materials Southeast Asia Co., Ltd.
Executive Officer	Shogo Yamaguchi	General Manager, Environment & Energy Business Unit
Executive Officer	Ryuichi Hasegawa	General Manager, Corporate Production Engineering Dept., Technology Div.
Executive Officer	Jun Nagano	General Manager, Legal Dept., Corporate Strategy Div.
Executive Officer	Kazuto Hirano	Vice President, Cement Company
Executive Officer	Toshinori Ishii	General Manager, Advanced Products Company

Executive Officer	Hideki Kato	General Manager, Corporate Strategy Dept., Corporate Strategy Div.
Executive Officer	Takeshi Sakurai	Vice President, Advanced Products Company
Executive Officer	Masayoshi Isaji	Vice President, Metals Company
Executive Officer	Takeshi Isobe	General Manager, Central Research Institute
Executive Officer	Hiroyuki Watanabe	General Manager, Finance & Accounting Dept., Corporate Strategy Div.
Executive Officer	Takashi Iwata	Deputy General Manager, Governance Div.
Executive Officer	Isao Kadowaki	General Manager, Human Resources & General Affairs
Executive Officer	Tetsuya Tanaka	Vice President, Metalworking Solutions Company

Note: Executive Officers marked with an asterisk hold the concurrent position of Director.

(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 all Outside Directors and all 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)	413 [2] (56)	318 (56)	94	12 (4)
Audit & Supervisory Board Members (of which Outside Audit & Supervisory Board Members)	133 [3] (61)	133 (61)	―	6 (4)

Note 1: The number of Directors/Audit & Supervisory Board Members includes three Directors and one Audit & Supervisory Board Member whose terms 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 91st Ordinary General Meeting of Shareholders held on June 29, 2016 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 ¥6 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 ¥28 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 and titled Executive Officers

We make it a basic policy to appropriately link the remuneration for Directors and titled Executive Officers to corporate performance as well as individual performance. Drawing on the advice of external experts, steps have been taken to design a system that is highly objective. Remuneration is paid in accordance with internal rules and regulations approved by the Board of Directors and is comprised of basic fixed component as well as a bonus that is linked to performance.

Firstly, the amount of basic remuneration paid to Directors and titled Executive Officers is determined in accordance with the title and performance of each individual. The portion of basic remuneration is paid as stock-based remuneration (not paid to Outside Directors) and a fixed monthly amount is used for purchasing the Company's shares through the Company's Director shareholding association. The Company's shares acquired based on this remuneration cannot be sold at least during each individual's term of office. This aims to link the remuneration to medium- and long-term corporate performance.

Secondly, the amount of each bonus, as remuneration linked to short-term corporate performance, is determined as of the end of the fiscal year by taking into consideration the performance of each individual. In the case of Directors, who are responsible for certain executive duties, net income attributable to owners of parent and consolidated ordinary income for the fiscal year under review are used as indicators when assessing performance. In the case of titled Executive Officers (excluding individuals who concurrently hold the positions of Directors responsible for certain executive duties), net income attributable to owners of parent, consolidated ordinary income and the results of the department for which the individual is responsible for the fiscal year under review are used as indicators when assessing performance. Meanwhile, bonuses can be reduced or removed entirely depending on business conditions and the amount of dividends for the fiscal year when bonuses are paid.

Recognizing that the role of Outside Directors is to objectively oversee and verify the activities of Directors as they carry out their executive duties from a position that independent of the Company, remuneration is limited to a fixed amount that is determined in accordance with internal rules and regulations approved by the Board of Directors and after taking into consideration the circumstances of each individual.

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 [1)]
Outside Director	Mariko Tokuno	Ms. Mariko Tokuno participated in all 17 meetings of the Board of Directors held during the fiscal year under review. Ms. Tokuno provides well-informed opinions concerning general management as a Director and well-informed opinions on international corporate strategy as an informed specialist on such fields, when necessary.
Outside Director	Hiroshi Watanabe	Mr. Hiroshi Watanabe participated in all 17 meetings of the Board of Directors held during the fiscal year under review. Mr. Watanabe provides well-informed opinions concerning general management as a Director and well-informed opinions on domestic and international finance as well as economics, when necessary.
Outside Director	Hikaru Sugi	Mr. Hikaru Sugi participated in all 13 meetings of the Board of Directors held following his appointment on June 22, 2018. Mr. Sugi provides well-informed opinions concerning general management as a Director and well-informed opinions on international corporate strategy as an informed specialist on such fields, when necessary.
Outside Audit & Supervisory Board Member	Hiroshi Sato	Mr. Hiroshi Sato participated in all 17 meetings of the Board of Directors and all 17 meetings of the Audit & Supervisory Board held during the fiscal year under review. Mr. Sato provides well-informed opinions as an Audit & Supervisory Board Member based on his abundant experience as a manager overseeing finance and accounting, when necessary.
Outside Audit & Supervisory Board Member	Naoto Kasai	Mr. Naoto Kasai participated in 16 of the 17 meetings of the Board of Directors and 16 of the 17 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 his abundant experience as a lawyer and extensive knowledge concerning business management, when necessary.

Outside Audit & Supervisory Board Member	Tatsuo Wakabayashi	Mr. Tatsuo Wakabayashi participated in all 13 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board held following his appointment on June 22, 2018. Mr. Wakabayashi provides well-informed opinions as an Audit & Supervisory Board Member based on his abundant experience as a manager overseeing finance and accounting, when necessary.

Note 1: As far as the number of times Board of Directors' meeting were held, and in addition to the aforementioned, there was one written resolution for which that resolution was considered as having been resolved by a decision of the Board of Directors pursuant to Article 370 of the Companies Act and the provisions of Article 27, Paragraph 3, of the Articles of Incorporation, and there were three one notice made to Directors and Audit & Supervisory Board Members pursuant to Article 372, Paragraph 1, of the Companies Act.

Note 2: During the terms of Ms. Mariko Tokuno, Mr. Hiroshi Watanabe, Mr. Hiroshi Sato, and Mr. Naoto Kasai as Outside Director or Outside Audit & Supervisory Board Members, Mitsubishi Cable Industries, Ltd., Mitsubishi Shindoh Co., Ltd., Mitsubishi Aluminum Co., Ltd., Tachibana Metal Mfg Co., Ltd. and Diamet Corporation, which are all consolidated subsidiaries of the Company, were found to have delivered products that deviated from customer standards or internal company specifications due to misconduct, including the rewriting of data. In addition, the JIS certification was cancelled for copper slag aggregate at the Company's Naoshima Smelter & Refinery.

Until they came to light, each member was not cognizant of these cases, but they have since made regular remarks at Board Meetings from the viewpoint of enhancing the governance structure. These cases having been discovered, each member has been investigating the facts and causes, and making proposals with regard to measures to prevent any recurrence. Each member has been monitoring progress following the formulation of Group Governance Framework Enhancement Measures as well as further enhance the governance system, such as by providing advice and proposals to the Board of Directors to address issues as needed.

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, 2019

Content of the Remuneration	Amount
(a) Remuneration paid by the Company to Accounting Auditors	153 million yen 1)
(b) Total amount of monetary and other property benefits paid by the Company and its subsidiaries (including the above-mentioned)	435 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, MMC Copper Products, MCC Development Corp., Mitsubishi Cement 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 “Consulting Operations” 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 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 Board of Directors has resolved the following fundamental policy regarding the establishment of systems to ensure appropriate business operations.

Under the assumption that approval will be granted at the Ordinary General Meeting of Shareholders in June 2019, the Company plans to establish a new system in order to become a Company with a Nominating Committee, etc., make appropriate revisions to the Fundamental Policy, and maintain suitable 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 Corporate Philosophy, Values, Code of Conduct, and Vision (collectively referred to as the "Corporate Philosophy, etc." as well as 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 from among its Directors or titled Executive Officers to oversee matters relating to 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 a Director from among its Directors or titled Executive Officers to oversee matters relating to 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 the Corporate Philosophy etc. 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 as follows. Furthermore, the Company has established and commenced the progressive implementation of measures (which are indicated as follows) aimed at strengthening the Group's governance system including quality control as outlined on pages 12-13.

(1) Initiatives Related to Compliance

1. The Company and its subsidiaries share a Corporate Philosophy etc. aimed at ensuring sound corporate activities that comply with laws and regulations and are in accordance with social mores. Awareness of the Company's Corporate Philosophy etc. is instilled throughout the Group.
2. Based on regulations related to CSR, the CSR Committee—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.
3. The Company has established certain regulations and guidelines in order to ensure optimal quality. These regulations and guidelines are applied across the Group as a whole. Every effort is made to ensure the proper management of quality. This includes putting in place a quality management structure and

systems.

(2) Initiatives Related to Risk Management

1. Group-wide policies and annual plans related to risk management are formulated and then reported to the Board of Directors upon deliberation by the CSR Committee and Governance Deliberative Council and approval by the Corporate Strategy Committee. The Company and subsidiaries specify risk-related initiatives to be undertaken in accordance with Group-wide policies and enact appropriate 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 business continuity plans (BCPs) prescribing action guidelines in the event of large-scale accidents, natural disasters or terrorism. In addition, the CSR Committee and Crisis Management Committee meet 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 Strategy 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 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 identifies a responsible 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.

(Reference) Status of Corporate Governance

<Fundamental Policy>

In accordance with its Corporate Philosophy “For People, Society and the Earth,” etc. Mitsubishi Materials works to maximize its sustainable development and corporate value by engaging in fair business activities. To this end, the Company undertakes various measures to enhance its corporate governance, recognizing the importance of engaging in efficient and transparent management.

<**Framework for Promoting Corporate Governance Enhancemen**t>

To prevent the reoccurrence of deliveries of products, etc. that deviated from customer standards or internal company specifications as a result of the Company’s consolidated subsidiaries improperly rewriting inspection data, the formulation, disclosure, and sequentially implementation of preventive measures (“relevant subsidiary measures”) and group governance framework enhancement measures (“main enhancement measures”), which includes quality control, are being undertaken by the relevant subsidiaries where data falsification took place and by the Company, respectively (refer to pages 12-13 for more details).

On April 1, 2018, the Company newly established the “Group Governance Enhancement and Promotion Division” as a cross-sectional organization to steadily implement and confirm the status of the main prevention measures and main enhancement and other measures; “Governance Deliberative Council” as a body that deliberates on business divisions’ governance-related policies and plans (including main enhancement measures) for the fiscal year; and the “Governance Division (which oversees the Safety & Environment Dept., CSR Dept., Quality Management Dept., and Internal Audit Dept.)”, which is tasked with governance-related administrative and support functions.

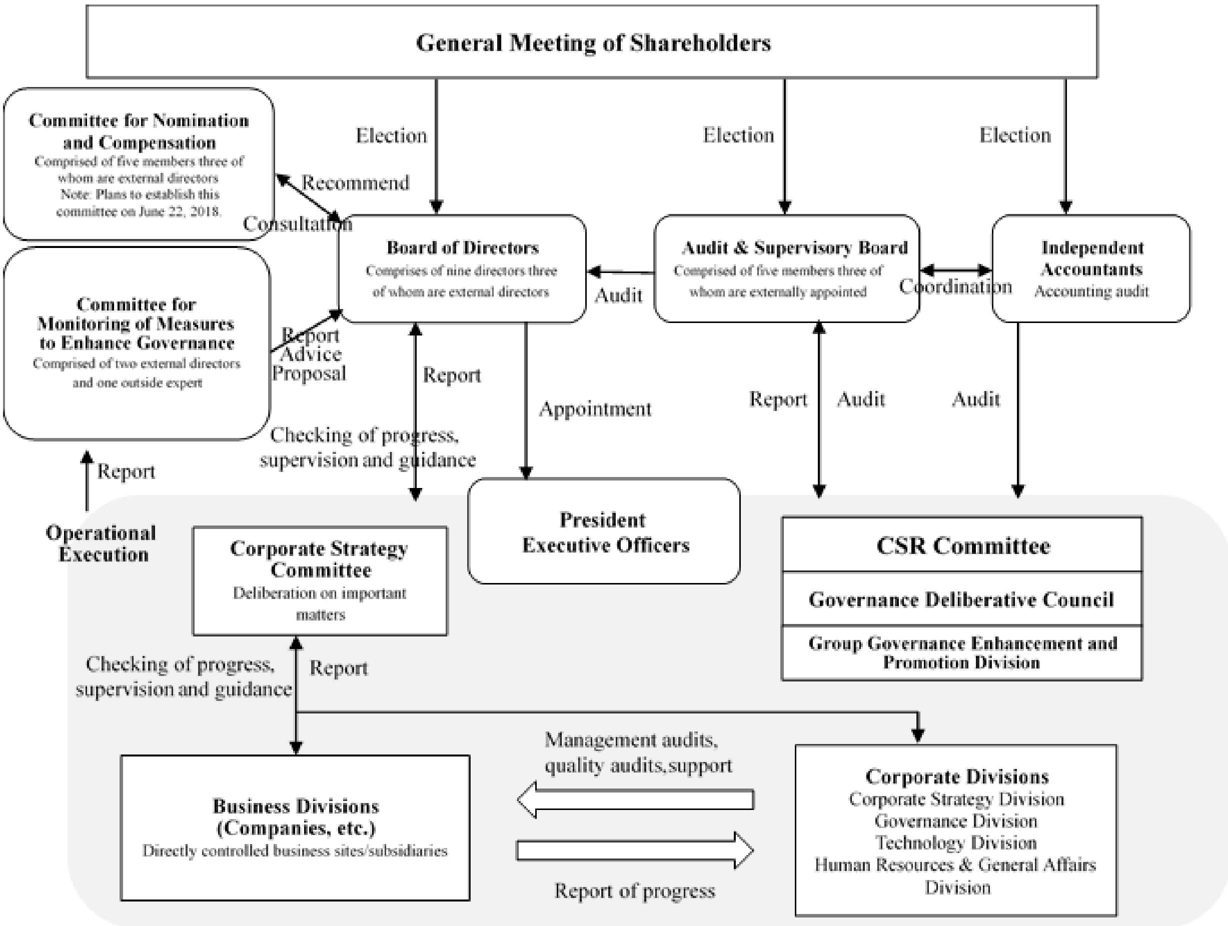
In addition, on May 10, 2018 the Company established the “Committee for Monitoring of Measures to Enhance Governance” comprised of outside directors of

MMC and outside experts with the objectives of monitoring the status of main enhancement and other measures progress, achievements, and administration from a more independent position than management as well as providing necessary advice and proposals on related issues to the Board of Directors.

Furthermore, on June 22, 2018, the Company established the "Committee for Nomination and Compensation" for which the majority of members being outside directors in order to ensure the transparency and objectivity of the Board of Director's decisions regarding the appointment and dismissal of directors and officers as well as their compensation.

Of note, the Corporate Governance Framework related to the Company's management decision making/supervision, business execution, and auditing is outlined in the following chart, Overview of the Corporate Governance System.

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 under today's domestic takeover bid system, 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 mainly in the Advanced Products, Metalworking Solutions, Metals, and Cement Business. 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, and looking 10 years into the future, the Group has also positioned efforts to become the "leading company in domestic and overseas key markets," "achieving high profitability and efficiency," and "achieving growth that exceeds the market growth rate" as its medium- and long-term targets (the Company in the future) under its long-term management policy. In order to meet these targets, the Company has also put in place a Group-wide policy. This policy entails "optimization of the business portfolio," "comprehensive efforts to increase business competitiveness," and the "creation of new product and businesses." Moving forward, energies will be directed toward implementing various measures aimed at enhancing corporate value and promoting the Group-wide policy based on the Medium-Term Management Strategy for FY2018-FY2020. At the same time, the Group will implement various specific measures under the key strategies of "achieving growth through innovation," "creating value by building a recycling-oriented society," "increasing the Company's market presence through investment for growth," and "increasing efficiency through continuous improvement."

(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 12, 2016, 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 referred to as the "New Countermeasures"), which is a modified version of a plan previously in place. The New Countermeasures received approval at the 91st Ordinary General Meeting of Shareholders held on June 29, 2016.

An outline of the New Countermeasures is given below. For more details, please refer to the May 12, 2016 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/2016/16-0512b.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 (hereinafter referred to as "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% of more of the share certificates, etc., issued by the Company
b. A takeover bid that would result in the ownership ratio of share certificates, etc., of the share certificate relating to the takeover bid, 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 (hereinafter referred to as “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 a Notice of Completion of Providing Information (Defined in (iv) below. This also applies below.) shall be issued immediately to the Acquirer even if it is before the expiration of the Information Provision Requirement Period and the Board of Directors’ Evaluation period will commence.

(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 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 the Board of Directors’ Evaluation Period

The 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 Board of Directors to evaluate, consider, negotiate, form opinions or to offer an alternative proposal (hereinafter referred to as “the 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 the Independent Committee.

(vi) Consulting with the Independent Committee

When countermeasures are invoked in the New Countermeasures, in order to eliminate arbitrary decisions by the Board of Directors, the 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 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 the Independent Committee Concerning the Invocation of Countermeasures

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

(viii) Resolution by the Board of Directors

The Board of Directors will comply to the greatest 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 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 Board of Directors to convene the Shareholders Meeting to Confirm Their Intent, the Acquirer may not start Large-Scale Acquisition until the 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 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 Board of Directors will resolve to terminate or withdraw the countermeasures when it is judged inappropriate to maintain the countermeasures, complying to the greatest 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 94th Ordinary General Meeting of Shareholders of the Company, to be held in June 2019.

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 the 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.

(Reference)
The effective period of the New Countermeasures will expire at the close of the 94th Ordinary General Meeting of Shareholders, to be held on June 21, 2019. At its meeting held on April 25, 2019, the Board of Directors passed a resolution to not renew and abolish the New Countermeasures.

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, 2019]

(Millions of yen)

Item	Amount	Item	Amount
[ASSETS]		**[LIABILITIES]**	
Current Assets:	**909,647**	**Current Liabilities:**	**728,011**
Cash and deposits	108,648	Notes and accounts payable-trade	147,566
Notes and accounts receivable-trade	248,220	Short-term loans payable	180,100
Merchandise and finished goods	92,452	Current portion of bonds payable	5,000
Work in process	108,293	Income taxes payable	7,869
Raw materials and supplies	134,825	Accrued for bonuses	12,872
Gold bullion on loan	99,154	Gold payable	253,918
Other	120,954	Allowance for loss on disposal of inventories	624
Allowance for doubtful accounts	(2,900)	Provision for product warranties	1,435
Non-current Assets:	**1,028,622**	Other	118,623
Property, Plant and Equipment:	**687,415**	**Non-current Liabilities:**	**486,921**
Building and structures, net	157,448	Bonds payable	50,000
Machinery and equipment, net	243,815	Long-term loans payable	259,667
Land, net	235,664	Reserve for loss on subsidiaries and affiliates	805
Construction in progress	34,211	Provision for product warranties	1,040
Other, net	16,275	Reserve for environmental measures	40,427
Intangible Assets:	**58,740**	Deferred tax liabilities	25,616
Goodwill	40,816	Deferred tax liabilities for land revaluation	24,097
Other	17,924	Reserve for directors' retirement benefits	1,623
Investment and Other Assets:	**282,467**	Net defined benefit liability	50,003
Investment securities	236,572	Other	33,639
Retirement benefit asset	1,050	**Total Liabilities**	**1,214,933**
Deferred income taxes	19,610	**[NET ASSETS]**	
Other	29,322	**Shareholders' Equity:**	**562,659**
Allowance for doubtful accounts	(4,088)	**Capital stock**	**119,457**
		Capita surplus	**92,393**
		Retained earnings	**352,932**
		Treasury stock	**(2,123)**
		Accumulated Other Comprehensive Income:	**70,922**
		Valuation difference on available for sale securities	**51,220**
		Deferred gains or losses on hedges	**124**
		Revaluation reserve for land	**33,023**
		Foreign currency translation adjustment	**(5,828)**

		Remeasurements of defined benefit plans	**(7,617)**
		Non-controlling interests	**89,754**
		Total Net Assets	**723,337**
Total Assets	**1,938,270**	**Total Liabilities and Net Assets**	**1,938,270**

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

Consolidated Statements of Operations

[For the year ended March 31, 2019]

(Millions of yen)

Item	Amount
Net Sales	**1,662,990**
Cost of Sales	**1,469,911**
Gross Profit	**193,078**
Selling, general and administrative expenses	156,217
Operating Profit	**36,861**
Non-Operating Profit:	**32,412**
Interest income	1,254
Dividends income	19,577
Rent income on non-current assets	5,123
Equity in earnings of affiliates	3,594
Other	2,861
Non-Operating Expenses:	**18,593**
Interest expenses	4,855
Expenses for settlement of remaining business in mine	3,382
Expenses for rent in undertaking	3,043
Loss on retirement of non-current assets	2,435
Other	4,876
Ordinary Income	**50,679**
Extraordinary Income:	**7,919**
Gain on sales of non-current assets	5,021
Gain on sales of marketable securities and investments in securities	1,596
Other	1,301
Extraordinary Losses:	**22,253**
Loss on impairment	8,440
Corporate income taxes, resident taxes and business tax	6,630
Loss on valuation of investment securities	3,376
Provision for product warranties	2,529
Other	1,275
Income before Income Taxes	**36,345**
Corporate income taxes, resident taxes and business tax	16,187
Income taxes adjustments	12,550
Net Income	7,606
Net Income attributable to non-controlling interests	6,307
Net Income attributable to owners of the parent	**1,298**

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

Statement of Changes in Consolidated Shareholders' Equity

[For the year ended March 31, 2019]

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2018	**119,457**	**92,422**	**361,430**	**(2,089)**	**571,222**
Changes of items during the year					
Cash dividends from retained earnings			(11,786)		(11,786)
Net income attributable to owners of the parent			1,298		1,298
Reversal of revaluation reserve for land			48		48
Increase associated with the increase number of consolidated subsidiaries			1,940		1,940
Increase associated with the decreased number of equity-method affiliates			0		0
Acquisition of treasury stock				(36)	(36)
Disposition of treasury stock		(0)		1	1
Changes in equity of parent company related to transactions with non-controlling interests		(28)			(28)
Net change in items other than shareholders' equity					
Total change during the year	**－**	**(29)**	**(8,498)**	**(34)**	**(8,562)**
Balance as of March 31, 2019	**119,457**	**92,393**	**352,932**	**(2,123)**	**562,659**

	Accumulated Other Comprehensive Income						Non-controlling Interests	Total Net Assets
	Valuation difference on securities available-for-sale	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other comprehensive income		
Balance as of April 1, 2018	**95,487**	**1,068**	**33,071**	**(10,312)**	**(8,066)**	**111,249**	**86,023**	**768,495**
Changes of items during the year								
Cash dividends from retained earnings								(11,786)
Net income attributable to owners of the parent								1,298

Reversal of revaluation reserve for land								48
Increase associated with the increase number of consolidated subsidiaries								1,940
Increase associated with the decreased number of equity-method affiliates								0
Acquisition of treasury stock								(36)
Disposition of treasury stock								1
Changes in equity of parent company related to transactions with non-controlling interests								(28)
Net change in items other than shareholders' equity	(44,267)	(944)	(48)	4,484	448	(40,326)	3,730	(36,595)
Total change during the year	**(44,267)**	**(944)**	**(48)**	**4,484**	**448**	**(40,326)**	**3,730**	**(45,158)**
Balance as of March 31, 2019	**51,220**	**124**	**33,023**	**(5,828)**	**(7,617)**	**70,922**	**89,754**	**723,337**

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

Balance Sheets

[As of March 31, 2019]

(Millions of yen)

Item	Amount	Item	Amount
[ASSETS]		**[LIABILITIES]**	
Current Assets:	**448,221**	**Current Liabilities:**	**467,441**
Cash and deposits	17,395	Notes payable	1,285
Notes receivable	2,765	Accounts payable	32,797
Accounts receivable	77,097	Short-term loans payable	94,047
Merchandise and finished goods	38,088	Commercial payable	5,000
Work in process	41,254	Lease obligation	270
Raw materials and supplies	65,358	Other payables	5,102
Advanced payment	21,922	Accrued expenses	26,939
Prepaid expenses	739	Income taxes payable	621
Short-term loans receivable	7,923	Advance received	2,797
Other receivable	15,659	Progress payment received	13,756
Gold receivable	99,154	Unearned revenue	207
Gold bullion on loan	52,625	Accrued bonuses	4,215
Other	8,657	Employee deposits	8,683
Allowance for doubtful accounts	(421)	Facilities related notes payable	1,169
Non-current Assets:	**821,535**	Other facilities related payable	13,259
Property, Plant and Equipment:	**319,301**	Assets removal liabilities	580
Buildings	57,600	Gold payable	253,918
Structures	33,908	Other	2,789
Machinery and equipment	83,308	**Non-current Liabilities:**	**338,452**
Vessels	0	Bonds payable	50,000
Vehicles and delivery equipment	132	Long-term loans payable	194,726
Tools, furniture and fixtures	3,356	Lease obligation	447
Land	128,221	Deferred tax liabilities	12,529
Lease assets	745	Deferred tax liabilities for land revaluation	21,203
Construction in progress	10,949	Provision for retirement benefit	10,304
Timber	1,078	Reserve for loss on business of Subsidiaries and associates	742
Intangible Assets:	**2,900**	Provision for environmental measures	40,427
Mining rights	412	Assets removal liabilities	452
Software	2,168	Guarantee deposits received	4,637
Lease assets	57	Other	2,981
Other	261	**Total Liabilities**	**805,894**
Investment and Other Assets:	**499,333**	**[NET ASSETS]**	
Investment securities	165,057	**Shareholders' Equity:**	**388,664**
Securities of affiliates	304,938	**Capital stock**	**119,457**
Bonds of affiliates	4	**Capita surplus**	**113,000**
Investments	66	Capital reserve	85,654
Investments in affiliates	2,131	Other capital surplus	27,346

Long-term loans receivable	6	**Retained earnings**	**158,323**
Long-term loans to affiliates	36,531	Other retained earnings	158,323
Prepaid pension coasts	489	Deposit for mining search	13
Other	5,157	Earned surplus carried forward	158,309
Allowance for investment loss	(27)	**Treasury stock**	**(2,116)**
Allowance for doubtful accounts	(15,022)	**Valuation and Translation Adjustment:**	**75,197**
		Valuation difference on securities available for sale	**47,354**
		Deferred gains or losses on hedges	**(257)**
		Revaluation reserve for land	**28,099**
		Total Net Assets	**463,862**
Total Assets	**1,269,756**	**Total Liabilities and Net Assets**	**1,269,756**

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

Statements of Operations

[For the year ended March 31, 2019]

(Millions of yen)

Item	Amount
Net Sales	**852,820**
Cost of Sales	**812,528**
Gross Profit	**40,291**
Selling, general and administrative expenses	51,240
Operating loss	**10,949**
Non-Operating Profit:	**38,753**
Interest income	742
Dividends income	31,827
Rent income on non-current assets	4,836
Miscellaneous revenue	1,347
Non-Operating Expenses:	**22,635**
Interest expenses	2,052
Expenses for rent in undertaking	3,139
Settlement expenses of remaining business in mine	3,335
Loss on retirement of non-current assets	2,658
Allowance for doubtful accounts	9,416
Miscellaneous losses	2,031
Ordinary Income	**5,169**
Extraordinary Income:	**1,626**
Gain on sales of marketable securities and investments in securities	1,190
Reversal of allowance for investment loss	235
Gain on sales of subsidiaries and affiliates' stocks	150
Gain on sales of non-current assets	50
Extraordinary Losses:	**11,511**
Provision for environmental measures	6,630
Loss on valuation of stocks of subsidiaries and affiliates	3,142
Impairment loss	380
Other	1,358
Pretax net loss	**4,715**
Corporate income taxes, resident taxes and business tax	140
Income taxes adjustments	8,713
Net loss	**13,568**

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

Statement of Changes in Shareholders' Equity

[For the year ended March 31, 2018]

(Millions of yen)

	Shareholders' Equity										
		Capital surplus			Retained earnings						
					Other retained earnings						
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Reserve for advanced depreciation of Non-current assets	Reserve for special account for advanced depreciation of noncurrent assets	Deposit for mining search	Earned surplus carried forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2018	**119,457**	**85,654**	**27,346**	**113,000**	**6,761**	**526**	**13**	**176,243**	**183,545**	**(2,082)**	**413,921**
Change during the year											
Provision of voluntary retained earnings							13	(13)	－		－
Reversal of voluntary retained earnings					(6,761)	(526)	(13)	7,302	－		－
Cash dividends from retained earnings								(11,786)	(11,786)		(11,786)
Net loss								(13,568)	(13,568)		(13,568)
Reversal of revaluation reserve for land								133	133		133
Acquisition of treasury stock										(36)	(36)
Disposition of treasury stock			(0)	(0)						1	1
Net change in items other than shareholders' equity											
Total change during the year	－	－	**(0)**	**(0)**	**(6,761)**	**(526)**	－	**(17,933)**	**(25,221)**	**(34)**	**(25,256)**
Balance as of March 31, 2019	**119,457**	**85,654**	**27,346**	**113,000**	－	－	**13**	**158,309**	**158,323**	**(2,116)**	**388,664**

	Valuation and Translation Adjustments				
	Valuation difference on securities available - for-sale	Deferred gains or losses on hedges	Revaluation reserve for land	Total Valuation and translation adjustments	Total Net Assets
Balance as of April 1, 2018	**90,186**	**761**	**28,233**	**119,181**	**533,103**
Changes of items during the year					
Provision of voluntary retained earnings					－
Reversal of voluntary retained earnings					－
Cash dividends from retained earnings					(11,786)
Net loss					(13,568)

Reversal of revaluation reserve for land					133
Acquisition of treasury stock					(36)
Disposition of treasury stock					1
Net change in items other than shareholders' equity	(42,831)	(1,018)	(133)	(43,984)	(43,984)
Total change during the year	**(42,831)**	**(1,018)**	**(133)**	**(43,984)**	**(69,240)**
Balance as of March 31, 2019	**47,354**	**(257)**	**28,099**	**75,197**	**463,862**

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