



March 26, 2010

Company name: Mitsubishi Materials Corporation  
Representative's name: Akihiko Ide, President  
Securities Code No.: 5711  
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## Notice Regarding Conversion of Okegawa Plant into Subsidiary via Spin-Off

At its meeting held on March 26, 2010, the Board of Directors of Mitsubishi Materials Corporation (MMC) decided to spin off several businesses of its operations and integrate them into a new company, scheduled for establishment on July 1, 2010. Those businesses are Okegawa Plant, belongs to Advanced Materials & Tools company, the Sales Department of its High-Performance Alloy Products Division, and the following businesses handled by the Non-ferrous Alloys Research & Technology Laboratory (part of the High-Performance Alloy Products Division): businesses related to manufacture, R&D, and sales of special heat-resistant, corrosion-resistant alloys, special copper alloys and other non-ferrous metals, as well as associated businesses (hereafter: subject business)(except those related to precision-forged products and Metal Form products). The new company will be called MMC Superalloy Co., Ltd. (hereafter: newly established company)

Because the aforementioned spin-off will be undertaken independently, certain disclosure items and details have been omitted.

### 1. Objective of Spin-Off

Since the 1940s, MMC has manufactured a range of products at its Okegawa Plant—including special heat-resistant and corrosion-resistant alloys for gas turbines used in aircraft and general industry, as well as special copper alloys for the automobile industry—for sale in Japan and overseas. In recent years, however, conditions surrounding this business have become increasingly severe, due to ever-intensifying competition with overseas corporations and depressed product demand caused by the global financial crisis that began in 2008.

By reorganizing this subject business into a separate company, MMC intends to better clarify its responsibilities and operate the business in a flexible manner according to the business's specific

attributes. In the process, MMC will strive to strengthen its competitiveness and build a more stable income foundation.

## **2. Overview of Spin-Off**

### **(1) Schedule**

Board of Directors meeting to approve spin-off plan:	March 26, 2010
Date of spin-off (effective date):	July 1, 2010 (schedule)

Note: The spin-off does not require approval of MMC's general meeting of shareholders pursuant to Article 805 of the Corporation Law.

### **(2) Method**

New establishment and split method: MMC will spin off part of its business, which will be inherited by a newly established company.

### **(3) Allocations**

At the time of the spin-off, the newly established company will issue 40,000 shares, all of which will be allocated to MMC, making the newly established company a wholly owned subsidiary of MMC.

### **(4) Handling of share warrants and bonds with warrants associated with spin-off**

Not applicable.

### **(5) Change in capitalization due to spin-off**

Not applicable.

### **(6) Rights and obligations transferred to newly established company**

Under the spin-off plan, MMC will transfer the assets and liabilities of the subject business, as well as associated contractual positions and rights and obligations. Debt and other obligations from MMC to newly established company shall be transferred in a manner whereby MMC shall be exempted from the transferred debts.

However, real estate and employment contracts for staff engaged in the subject business (except temporary staff and part-timers), as well as associated rights and obligations, will not be transferred under the spin-off plan.

### **(7) Possibility of fulfillment of obligations**

MMC has determined that there will be no problem fulfilling obligations after the spin-off takes effect.

### 3. Overview of Company Involved in Spin-Off

(1) Name	Mitsubishi Material Corporation						
(2) Head office	3-2, Ohtemachi 1-chome, Ohtemachi, Chiyoda-ku, Tokyo, Japan						
(3) Representative	Akihiko Ide, President						
(4) Primary business	Manufacture and sale of cement and cement secondary products; smelting, processing, and sale of copper, gold, silver and other metals; manufacture and sale of cemented carbide and high-performance alloy products, etc.; manufacture and sale of advanced materials, electrical components products, polycrystalline silicon, etc.; manufacture and sale of aluminum beverage cans, aluminum rolled products, etc.						
(5) Paid-in Capital	¥119,457 million						
(6) Established	April 1, 1950						
(7) Shares outstanding	1,314,895,351						
(8) Fiscal year-end	March 31						
(9) Major shareholders (As of September 30, 2009)	<table> <tr> <td>Japan Trustee Services Bank, Ltd.</td> <td>6.0%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd.</td> <td>3.7%</td> </tr> <tr> <td>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</td> <td>2.9%</td> </tr> </table>	Japan Trustee Services Bank, Ltd.	6.0%	The Master Trust Bank of Japan, Ltd.	3.7%	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2.9%
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#### (10) MMC: Financial Highlights (Year Ended March 2009)

(Millions of yen)

Consolidated net assets	421,934
Consolidated total assets	1,732,003
Consolidated net assets per share (Yen)	287.44
Consolidated net sales	1,424,114
Consolidated operating income	35,134
Consolidated ordinary income	40,046
Consolidated net income	6,106
Consolidated net income per share (Yen)	4.81

#### 4. Overview of businesses being spun off

##### (1) Components of spin-off business

Okegawa Plant, belongs to Advanced Materials & Tools company, the Sales Department of its High-Performance Alloy Products Division, and the following businesses handled by the Non-ferrous Alloys Research & Technology Laboratory (part of the High-Performance Alloy Products Division): businesses related to manufacture, R&D, and sales of special heat-resistant, corrosion-resistant alloys, special copper alloys and other non-ferrous metals, as well as associated businesses (except those related to precision-forged products and Metal Foam products).

##### (2) Financial highlights

(Millions of yen)

	Spin-off subject business (a)	MMC, year ended March 2009 (b)	Ratio (a/b)
Net sales	26,651	1,424,114	0.0187

##### (3) Assets and liabilities to be spun off

(Millions of yen)

Assets		Liabilities	
Items	Book value	Items	Book value
Current assets	14,222	Current liabilities	15,808
Fixed assets	7,896	Long-term liabilities	500
Total	22,118	Total	16,308

#### 5. MMC's Status after Spin-Off

The spin-off will have no effect on MMC's name, address, representative's title and name, business description, capitalization, or fiscal period.

## 6. Overview of New Spin-Off Company

(1) Name	MMC Superalloy Co., Ltd.
(2) Head office	1230 Kamihideya, Okegawa-shi, Saitama, Japan
(3) Representative	Tsutomu Oka, President
(4) Primary business	Businesses related to manufacture, R&D, and sale of special heat-resistant and corrosion-resistant alloys, special copper alloys, and other non-ferrous metal materials; other associated businesses
(5) Paid-in Capital	¥2,000 million
(6) Fiscal-year end	March 31

## 7. Outlook

The effect of the spin-off on MMC's financial performance is expected to be minimal.

### (Reference)

#### MMC's Consolidated Performance Forecasts (announced on November 5, 2009) and Year-on-Year Comparison

(Millions of yen)

	Consolidated net sales	Consolidated operating income	Consolidate ordinary income	Consolidated net income
Forecast (year ending March 2010)	1,050,000	4,000	(27,000)	(60,000)
Previous result (year ended March 2009)	1,424,114	35,134	40,046	6,106