



November 23, 2017

To: All

Company	Mitsubishi Materials Corporation
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(Securities Code: 5711 on the First Section of the Tokyo Stock Exchange)	
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Status of Handling Non-Conformances at MMC Subsidiaries

Mitsubishi Materials Corporation (“MMC”) has discovered that certain products (“Non-Conforming Products”) manufactured and sold by Mitsubishi Cable Industries, Ltd. (“MCI”) and Mitsubishi Shindoh Co., Ltd. (“MSC”), both of which are consolidated subsidiaries of MMC, deviated from customer standards or internal company specifications due to misconduct, including the rewriting of inspection records data. MCI and MSC will need to promptly validate the safety of their products with the cooperation of their customers, and thus, we have decided to publicly announce the status of the handling of the Non-Conforming Products.

At the outset, we sincerely apologize for any problems and difficulties that this matter has caused to all concerned parties. MMC and all of our group companies are strengthening our quality control framework and working on remedial measures to prevent recurrence of these issues.

1. Outline

With respect to MCI, MCI discovered certain misconduct, including the rewriting of inspection record data, resulting in a portion of the products manufactured and sold by the Company not being in compliance with customer or internal Company specifications. MCI became aware of this misconduct in February 2017, during an internal audit following a December 2016 quality audit by MMC. MCI undertook an internal fact-finding verification, and on October 23, MCI gave instructions to suspend the delivery of Non-Conforming Products, and reported its findings to MMC on October 25. The conformity of the shipment after October 25 will be reviewed. The customers who received deliveries of Non-Conforming Products have been identified, and MCI has begun meeting with each individual customer to explain the situation. Moreover, because MCI’s products are used across various sectors (aerospace, industrial equipment, electric power equipment, automotive, etc.), we have decided that it is necessary to immediately check on the safety of these products, in cooperation with MCI’s customers.

With respect to MSC, there was misconduct, including the rewriting of inspection records data with regard to the hardness and tensile strength measurement data for brass strips used on automotive terminals and the conductivity and surface roughness measurement data for certain alloy strips and native copper strips, so that the figures fell within the range of customer standards. MSC discovered these issues during an internal review in October of this year, suspended shipments of the Non-Conforming Products on October 18, and reported its findings to MMC on October 19. The customers who received deliveries of Non-Conforming Products have been identified, and MSC has begun meeting with each individual customer to explain the situation. Moreover, we have decided that it is necessary to immediately check on the safety of these products, in cooperation with MSC’s customers.

We have not at this time identified any instances of illegal conduct or concerns relating to safety at either MCI or MSC.

Both companies made public announcements today regarding the status of their handling of these issues. Please refer to the following attachments for details.

MCI: As described in "Attachment 1"

MSC: As described in "Attachment 2"

2. Policy for handling the issues going forward

On October 30, 2017, MMC established a task force to address these issues. The task force is headed by Executive Vice President Ono. In order to resolve the issues identified at both companies as quickly as possible, MMC will take the lead in providing guidance and supervision, and will promptly confirm the facts to identify Non-Conforming Products, verify the safety of the products and report to customers.

In addition, MMC has undertaken a review to determine whether there are any other quality problems within the MMC group. In the event that any new issues are identified, MMC will take the same appropriate steps. In addition, if a new issue, such as identifying non-conforming products that raise safety concerns, is identified, we will make further disclosures.

Furthermore, on December 1, 2017, the MMC group's quality control team will be elevated to a department, and its functions and personnel will be expanded. MMC intends to rebuild its framework for quality control, training, internal audits, and other control functions for the whole MMC group, with the task force and the quality control department taking a central role.

3. Forecasts

The effects from these issues on MMC's financial results are currently unknown. We will make a separate announcement if it becomes necessary to revise the forecasts for the March 2018 consolidated results that were announced on November 8, 2017.

END

*Non-conforming products have also been shipped by Mitsubishi Aluminum Co., Ltd., a consolidated subsidiary of MMC. We have confirmed with all customers that there were no safety issues with any of those products.

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Please direct inquiries concerning this matter to:

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Corporate Administration & Personnel Section, Administrative Division, Mitsubishi Cable Industries, Ltd.

TEL:03-3216-1551

Corporate Administration & Personnel Division, Mitsubishi Shindoh Co., Ltd.

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November 23, 2017
Mitsubishi Cable Industries, Ltd.

Status and Measures Taken With Respect to Non-Conforming Products

Mitsubishi Cable Industries, Ltd. (President Hiroaki Murata; paid-in capital of 8 billion yen) (“we” or the “Company”) has discovered certain misconduct, including the rewriting of inspection record data, resulting in a portion of the products manufactured and sold by the Company not being in compliance with customer or internal Company specifications (the “Non-Conforming Products”). We will need to promptly validate the safety of our products with the cooperation of our customers and we are announcing here the status of our review and handling of the Non-Conforming Products.

At the outset, we deeply apologize for any inconvenience caused to our customers and related parties as a result of these issues. We are determined to strengthen the Company’s quality control function in order to prevent recurrence of these issues.

1. Background

This past February, during an internal review initiated due to an internal quality audit by Mitsubishi Materials Corporation (“MMC”), our parent company, we identified certain misconduct within the Inspection Section of Minoshima Works, including the rewriting of inspection record data so that the measurements and/or material composition of seal products fell within the range of customer or internal Company specifications. These findings were reported by the Inspection Section to Company management in March and, beginning in May, an internal response team began verifying the underlying facts, identifying Non-Conforming Products and considering ways to ensure safety.

In light of the large number of products and customers, a significant amount of time was required to review the underlying facts. We were able to come to some understanding of the underlying facts with respect to the scope of the Non-Conforming Products, so on October 23, we decided to suspend

delivery of Non-Conforming Products, and on October 25, we reported our findings to MMC. We are currently looking into the status of deliveries made after October 23.

2. Affected Products

A. Seal Products

Mainly made from rubber, whose primary purpose is to prevent leakage of oil, water and air.

Generally called packings or gaskets

B. Potentially Affected Customers

The following chart sets forth the number of customers to which the Company may have delivered Non-Conforming Products and the number of customers we have already notified:

Industries of End Users	Number of Customers to which Non-Conforming Products May Have Been Delivered	Number of Customers Notified
① Aerospace	70	26
② Various industrial equipment (e.g., air pressure)	25	4
③ Electric Power equipment	12	7
④ Automobiles	7	2
⑤ Others※	115	1
Total	229	40

※ Companies in multiple business areas are included in "Others."

C. Verification Period for Non-Conforming Products

The Company has so far evaluated all products delivered during the two-and-a-half year period from April 1, 2015 to September 30, 2017.

D. Number of Products Delivered During the Verification Period

Seal products that may have nonconformities account for approximately 270 million units (approximately 6.8 billion yen) out of approximately 1.33 billion units (approximately 29.4 billion yen) delivered during the verification period.

*These figures are the current amounts based on the assumption that all possible Non-Conforming Products are actually non-conforming.

(Note) For FY2016, the Company's sales were 29.5 billion yen, of which 11.7 billion yen, or approximately 40% of sales, were from the seal product business.

E. Production Site

All Non-Conforming Products were manufactured at Minoshima Works.

F. Internal Quality Control Framework, JIS

Minoshima Works has obtained certifications under ISO9001, ISO14001 and Japanese Industrial Standards (JIS) Q 9100 (international standard for quality management systems relating to the aerospace and defense industry) from the Japan Quality Assurance Organization. The Company performs annual internal audits based on these standards. However, products manufactured at Minoshima Works are not certified by JIS.

Based on our review to date, we are not aware of any facts that indicate that Non-Conforming Products violate laws and regulations. We will work closely with our customers to determine whether any laws and regulations are violated as a result of the Non-Conforming Products.

3. Current Status

After we decided to suspend the delivery of Non-Conforming Products on October 23, we have been providing customers with reports on the Non-Conforming Products, as well as conducting testing in accordance with specifications (including inventory products), We are also implementing measures

to prevent the delivery of Non-Conforming Products.

In a further effort to eliminate data rewriting, beginning in December, we plan to implement systems that will automatically collect and preserve inspection data.

4. Additional Measures

To date, we have not identified any safety issues with the Non-Conforming Products. We will continue to do all that we can to report to and work with customers on identifying any additional issues, including validating the safety of any products delivered by the Company. If we become aware of any safety concerns, we will address this promptly and appropriately.

Moreover, while our internal response team has performed a fact-finding review, on November 13, 2017, we established an investigation committee, including outside counsel, to investigate the underlying facts and root causes of these issues. We will take additional remedial measures to prevent recurrence of the issues based on the results of this investigation.

Should you have any questions, please contact the Company's Administrative Division, Corporate Administration and Personnel Section at +81-3-3216-1551.

Status and Measures Taken With Respect to Non-Conforming Products

Mitsubishi Shindoh Co., Ltd. (President Kazumasa Hori; paid-in capital of 8.7 billion yen) (“we” or the “Company”) has discovered certain misconduct, including the rewriting of inspection record data, resulting in a portion of the products manufactured and sold by the Company not being in compliance with customer specifications (the “Non-Conforming Products”). We will need to promptly validate the safety of our products with the cooperation of our customers and we are announcing the status of our review and handling of the Non-Conforming Products.

At the outset, we deeply apologize for any inconvenience caused to our customers and related parties as a result of these issues. We are determined to strengthen the Company’s and the Company’s group company’s quality control function in order to prevent recurrence of these issues.

1. Background

On October 10, 2017, we commenced an internal review and on October 16, 2017, we identified this matter at the Wakamatsu Plant. This matter was reported to our management on October 18. We suspended delivery of Non-Conforming Products on the same day and reported the matter to our parent company, Mitsubishi Materials Corporation, on October 19.

Since then, we have been working to verify the facts related to this matter as well as starting to explain this matter to customers from late October.

2. Affected Products

A. Non-Conforming Products

The Non-Conforming Products include brass products for automotive parts and copper products used in electronics, electrical device and for other industrial uses.

B. Potentially Affected Customers

To date, we have identified 29 customers to which we may have delivered Non-Conforming Products. We have explained this matter to 14 customers.

C. Verification Period for Non-Conforming Products

The Company has evaluated all products delivered during the one year period from October 18, 2016 to October 17, 2017.

D. Number of Products Delivered During the Verification Period

Potentially Non-Conforming Products account for approximately 879 tons (0.67 billion yen) out of the 143,435 tons of total products delivered during the verification period (120.9 billion yen). Brass strips account for more than 90 percent of the Non-Conforming Products.

E. Production Site

All Non-Conforming Products were manufactured at the Wakamatsu Plant.

F. Internal Quality Control Framework, JIS

The Wakamatsu Plant has obtained certifications under ISO9001 and ISO14001 from the Japan Quality Assurance Organization and the Company performs annual internal audits based on these standards. Products manufactured at the Wakamatsu Plant are not certified by Japanese Industrial Standards.

Based on our review to date, we are not aware of any facts that indicate that Non-Conforming Products violate laws and regulations. We will work closely with our customers to determine whether any laws and regulations are violated as a result of the Non-Conforming Products.

3. Current Status

Since discovering these issues, we have promptly suspended delivery of all Non-Conforming Products and implemented emergency remedial measures at the Wakamatsu Plant. These measures include enhancements to the Wakamatsu Plant's framework for checking quality-related data and to have data entries confirmed on a daily basis by the Quality Assurance General Manager and senior managers of the business units responsible for overseeing the plant.

We are also conducting fact verification to identify any additional Non-Conforming Products and we have begun contacting customers to report this matter from late October.

To date, we have notified 14 of the 29 affected customers, which accounts for approximately 90% of the potentially affected products.

With respect to the customers that we have notified, as of now, we have not received any reports about issues that they have had with our product. We will continue to review and validate our products.

4. Additional Measures

To date, based on our internal fact and safety verifications, we have not identified any safety issues with the Non-Conforming Products. We will continue to do all that we can to report to and work with customers on identifying any additional issues, including validating the safety of any products delivered by the Company. If we become aware of any safety concerns, we will address this promptly and appropriately.

Moreover, while we have performed a fact-finding review with our internal employees and related parties, on November 17, 2017, we established an investigation committee, including outside counsel, to investigate the underlying facts and root causes of these issues. We will take additional remedial

measures to prevent recurrence of the issues based on the results of this investigation.

Should you have any questions, please contact the Company's Administration and Personnel Division,
at +81-3-6629-5850.