



February 8, 2018

To: All

Company Mitsubishi Materials Corporation
Representative Akira Takeuchi, President
(Securities Code: 5711 on the First Section of the
Tokyo Stock Exchange)
Inquiries to: Nobuyuki Suzuki, General
Manager, Corporate
Communications Dept.,
General Affairs Dept.
(TEL: 03-5252-5206)

Progress on Addressing Non-Conforming Products at MMC Subsidiaries ④

Mitsubishi Materials Corporation (“MMC”) sincerely apologizes for the difficulties that we have caused to all concerned parties, including our customers and shareholders, in connection with Mitsubishi Cable Industries, Ltd.’s (“MCI”) and Mitsubishi Shindoh Co., Ltd.’s (“MSC”) delivery of products that deviated from customer or internal specifications (“Non-Conforming Products”) due to misconduct, including the rewriting of data. MCI and MSC are consolidated subsidiaries of MMC.

We would like to report today on the progress that has been made to date in addressing these issues.

In addition, we would like to report that we have discovered delivery of Non-Conforming Products by Mitsubishi Aluminum Co., Ltd. (“MAC”), Tachibana Metal Mfg Co., Ltd. (“TMM”) and Diamet Corporation (“DM”), consolidated subsidiaries of MMC. We sincerely apologize again for these issues as well.

1. Safety Confirmation Status at MCI and MSC

1) MCI

With respect to seal products, we have completed our notification to 218 customers that we announced on December 28, 2017 by our press release titled “Progress on Addressing Non-Conforming Products at MMC Subsidiaries ③” as having received Non-Conforming Products and, with their cooperation, we are currently evaluating the safety of those products.

With respect to rectangular magnet wires (MCI Product Name: “MEXCEL”), we are currently evaluating the safety of those products with their cooperation.

As of February 7, 2018, MCI’s progress is set forth below.

Product	Number of Customers	A	B	C	D
Seal products	218	35(0)	92(8)	91(4)	0(174)
MEXCEL	5	1(0)	4(3)	0(2)	0(0)

(Note 1) The above categories, reflecting the status of MCI's progress in evaluating the safety of affected products, are as follows:

- A. The customer has completed its confirmation that there are no safety concerns.
- B. The customer has determined that there are no immediate safety concerns, but is conducting further review.
- C. MCI has communicated to the customers its opinion that, from a technical perspective, there is a high probability that the affected products can be assumed to be safe.
- D. MCI has provided notification that Non-Conforming Products were delivered to the customer.

(Note 2) The figures in parenthesis are the figures as of December 27, 2017.

MCI's ISO 9001 and JIS Q 9100 certifications were revoked by the Japan Quality Assurance Organization ("JQA") as of February 2, 2018.

2) MSC

We are evaluating the safety of the products with the cooperation of our customers.

As of February 7, 2018, MSC's progress is set forth below.

Product	Number of Customers	A	B	C	D
Brass-strip and copper-strip products	30	12(7)	18(20)	0(0)	0(3)

(Note 1) The above categories are the same as in the MCI table above at 1), with the exception that "MCI" should be replaced with "MSC" in categories C and D.

(Note 2) The figures in parenthesis are the figures as of December 27, 2017.

MSC's ISO 9001 certification was partially revoked and temporarily suspended by JQA as of February 2, 2018.

2. MAC's Quality Issue

MAC discovered through its internal investigation in November 2016 that, with regard to aluminum products for transportation, machinery, construction materials etc., MAC had delivered Non-Conforming Products as products conforming to specifications' standards by rewriting inspection records submitted to its customers in accordance with its internal guidelines applicable to some of the products ("Former Incident"). We announced in our press release dated November 23, 2017 that we had made explanations to and received confirmations from all concerned customers that there were no safety issues arising from the Former Incident.

Afterwards, MAC's ISO 9001 certification was temporarily suspended by the Japanese Standards Association as of December 25, 2017, and its JIS H 4000 and JIS H 4100 certifications were revoked by JQA as of January 12, 2018, respectively.

In response to these circumstances, a special audit by MMC was conducted from December 25, 2017, to January 28, 2018. As a result, we have discovered delivery of certain Non-Conforming Products in addition to the Former Incident. MAC has suspended delivery of Non-Conforming Products promptly and begun to explain the situation to customers.

We have also discovered delivery of Non-Conforming Products by TMM, a subsidiary of MAC which produces similar aluminum products as MAC and also delivers JIS-certified products, through our special audit conducted from January 15 to January 22, 2018. As of today, TMM has suspended delivery of Non-Conforming Products promptly and has begun to explain the situation to customers.

We have not identified at this time any instances that raise safety concerns with regard to Non-Conforming Products delivered by either MAC or TMM.

MAC made a public announcement today regarding the status of handling of these issues by MAC and TMM. Please refer to Attachment 1 for details.

3. DM's Quality Issue

While DM had taken remedial measures to prevent recurrence of the quality issues occurred in the past, induced by a notice to MMC's whistleblower hotline on January 24, 2018 that showed a possibility of incorrect recording of inspection data, MMC made an investigation in the form of hearings from concerned individuals of DM. As a result, we discovered delivery of Non-Conforming Products including sintered machinery parts for automobiles, and therefore MMC's special audit has been conducted from January 30.

After prompt suspension of delivery of Non-Conforming Products, DM has begun to give explanations to its customers.

DM made a public announcement today regarding the status of its handling of these issues. Please refer to Attachment 2 for details.

4. Policy for Handling the Issues Going Forward

On October 30, 2017, we established a task force (Task force head: Executive Vice President Naoki Ono) to address the issues including delivery of Non-Conforming Products by its subsidiaries, and we will promptly proceed with the safety confirmation between our subsidiaries and their customers and formulation and implementation of remedial measures to prevent recurrence of the issues under the leadership and supervision of the task force.

Taking special notice of the aforementioned circumstances, MAC (including TMM) and DM have initiated an investigation to find thorough facts and root causes of these issues by retaining external experts based on an instruction from the Special Investigation Committee (Chairperson: Outside Director Mariko Tokuno) established as of December 1, 2017 by MMC.

In addition, given the circumstances, from February 2018, MMC group has started conducting

extraordinary on-site quality audits at approximately 120 production facilities of MMC and its affiliates to reaffirm the absence of quality issues at those facilities.

The final investigation report related to MCI is expected to be submitted by the end of February 2018. The final report of the Special Investigation Committee of MMC is expected to be submitted after March 2018 since the Committee's investigation on MAC (including TMM) and DM will be carried out as mentioned above.

5. Outlook on Financial Results

The impact of this matter on MMC's financial results is currently unknown. We plan to make a separate announcement when the extent of the impact is known.

END

Direct any questions to:

Corporate Communications Dept., General Affairs Department, Mitsubishi Materials Corporation

TEL: 03-5252-5206

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

TEL: 03-3216-1551

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

TEL: 03-6629-5850

General Affairs Department, Mitsubishi Aluminum Co., Ltd.

TEL: 03-3769-0111

General Affairs Department, Administration Division, Diamet Corporation

TEL: 025-275-0111

Status of Handling Non-Conforming Products at our Company and its Subsidiary

Mitsubishi Aluminum Co., Ltd. (President Akio Hamaji; paid-in capital of 8,196 million yen) (“we”, “our” or the “Company”) has newly discovered that, with respect to a portion of the products manufactured and sold by the Company in the past, the Company had delivered products that deviated from customer specifications (the “Non-Conforming Products”) due to certain misconducts, including the rewriting of inspection record data, and that the Company had performed inspections that were not in compliance with the JIS specifications or customer specifications (collectively, the “Incident”). We would like to report our response to the Incident as follows.

In addition, we would like to report that we have also discovered delivery of Non-Conforming Products by our subsidiary, Tachibana Metal Mfg Co., Ltd. (President Hajime Kudo; paid-in capital of 498 million yen; the Company’s capital contribution is 63.4%) (“TMM”).

We deeply apologize for any inconvenience caused to all related parties as a result of the Incident. The Company and its group companies are determined to strengthen the quality control function in order to prevent recurrence of the Incident.

1. Background

- The Company discovered through its internal investigation in November 2016 that, with regard to aluminum products for transportation, machinery, construction materials etc., the Company delivered Non-Conforming Products to 16 customers as products conforming to specifications’ standards by rewriting inspection records submitted to its customers in accordance with its internal guidelines applicable to some of the products (the “Former Incident”).
- We announced in the press release by Mitsubishi Materials Corporation (“MMC”), our parent company, on November 23, 2017, that we explained the issue to the affected customers and they confirmed the safety of the products in respect of the Former Incident.
- On December 9, 2017, due to the announcement above, we received an extraordinary assessment of the ISO 9001 certification by the Japanese Standards Association, the certification authority of ISO 9001, and for reasons such as that they could not confirm the effectiveness of the remedial measures as to the Former Incident, our ISO 9001 certification was temporarily suspended.
- Further, on December 18 and 19 of 2017, extraordinary assessment of products with JIS marks were conducted by the Japan Quality Assurance Organization (assessment period: December 2014 to November 2017), and it was identified that testing of certain products was not conducted in accordance with the procedures set in the JIS standards. For that reason, on January 12, 2018, our JIS H 4000

and JIS H 4100 certifications were revoked.

- In light of these circumstances, a special audit by MMC was conducted from December 25, 2017 through January 28, 2018, and regrettably, we discovered that Non-Conforming Products had been delivered in the past in addition to the Former Incident, and inspections that were not in compliance with the JIS standards and customer specifications had been conducted.
- Thereafter, the Company has continued to confirm the facts regarding the Incident, and from the end of January 2018, we have begun explaining the Incident to concerned customers.

2. Detail of the Incident

1) Overview of Misconduct

The Company discovered that Non-Conforming Products were delivered from the Fuji Plant (Shizuoka Prefecture) during the three-year review period from December 1, 2014 to November 30, 2017.

The main misconducts are as follows:

- Products were delivered to customers after rewriting the measured values of material composition to meet the specifications despite the fact that those measured values and the like were outside of the customer's specifications.
- With respect to measuring of material composition, the measurements were not done in compliance with the JIS standards or customers' specifications, and were converted to values that were required in the appropriate specifications.
- Products were delivered to customers without performing a part of the required inspections.

2) Safety Confirmation Status

Of the 115 customers to whom Non-Conforming Products were delivered, we have completed contacting 112 customers, and we are currently confirming the safety of the products with cooperation from the customers.

As of February 7, 2018, our progress is set forth below.

Product	Number of Customers (115)	Safety Confirmation Status			
		A	B	C	D
Rolled Products	7	3	0	4	0
Extruded Products	110	6	30	36	35

(Note 1) The above categories, reflecting the status of the Company's progress in evaluating the

safety of affected products, are as follows:

- A: The customer has completed its confirmation that there are no safety concerns.
- B: The customer has determined that there are no immediate safety concerns, but is conducting further review.
- C: The Company has communicated to the customers its opinion that, from a technical perspective, there is a high probability that the affected products can be assumed to be safe.
- D: The Company has provided notification that Non-Conforming Products were delivered to the customer.

(Note 2) There are 2 overlapping customers in the number of customers for the rolled products and for the extruded products.

3) Amount of Products Delivered and Sales during the Relevant Period

Total amount of products delivered and sales during the relevant period: 443,197t; 205.3 billion yen
Amount of potential Non-Conforming Products and sales during the relevant period: 14,790t; 9.6 billion yen

4) Other Quality Compliance Incident

In addition to the foregoing conducts, we would like to report the following conducts.

- The measured values of material composition were rewritten to different values within the customers' specifications despite the fact that the original values were within the customers' specifications.
- The tension testing to measure material composition was conducted under conditions that deviated from the conditions designated under the JIS standards or agreed with the customers. The Company has confirmed the discrepancy between the test results under appropriate conditions and the test results under the conditions that we applied is small. Therefore, we believe the products meet the customers' specifications

We are also explaining these issues to our customers.

3. Current Response

Since the Company became aware of the Incident, the Company has promptly suspended delivery of the Non-Conforming Products from the Fuji Plant, and has strengthened the quality data checking function at the Fuji Plant. Specifically, the Quality Assurance Department will prepare and double check the inspection result report that was originally prepared by the production and engineering departments.

4. Policy for Handling the Issues Going Forward

Despite the fact that we have not identified any fact that may raise concerns as to the safety of the products relating to the Incident in our internal investigation of facts and safety evaluation, we will continue to

handle the Incident by conducting measures such as further safety evaluation while explaining the situation to the customers and obtaining cooperation from the customers. If in an unlikely event we cannot confirm the safety of the products, or in other similar situations, we will promptly handle the situation in an appropriate manner.

Currently, MMC's Special Investigation Committee is conducting an investigation of facts such as the background and root cause of the Incident. We will take into account the results of such investigation and promptly implement restructuring of remedial measures to prevent recurrence of the issues, and deliver safe and secure products to our customers. We appreciate your understanding on this matter.

5. Matters regarding TMM

1) Overview of Misconduct

In light of the Company's situation, MMC has also conducted a special audit on TMM in January 2018, and has discovered that TMM had also delivered Non-Conforming Products from the Yoro Plant (Gifu Prefecture) during a review period of approximately one-year from January 2017 to January 2018. TMM is currently conducting fact-finding, and simultaneously TMM has begun to give explanations to its customers.

The main misconducts are as follows:

- Measured values of material composition were rewritten to different values despite the fact that the original values were outside of the specifications agreed with the customers.
- Issued inspection result reports describing numbers with mechanical characteristics (solidity, tensile strength, stretch, etc.) without inspection.
- With respect to measuring of material composition, the measurements were not done in compliance with the JIS standards or customers' specifications, and were converted to values that were required in the appropriate standards or specifications.

2) Status of Explanation

TMM is currently contacting its customers and confirming the safety of the products with cooperation from customers.

Number of Customers to whom TMM delivered Non-Conforming Products 307

Number of Customers to whom TMM has completed explanations 44

3) Amount of Products Delivered and Sales during the Relevant Period

Total amount of products delivered and sales during the relevant period: 13,641t; 6.6 billion yen

Amount of potential Non-Conforming Products and sales during the relevant period: 3,233t; 1.4 billion yen

4) Other Quality Compliance Incident

In addition to the foregoing conducts, we would like to report the following conducts.

- Measured values of material composition were rewritten to different values within the customers' specifications despite the fact that the original values were within the customers' specifications.
- The tension testing to measure material composition was conducted under conditions that deviated from the conditions designated under the JIS standards or agreed with the customers. For these products, TMM has confirmed the discrepancy between the test results under appropriate conditions and the test results under the conditions that TMM applied is small. Therefore, TMM considers that these products meet the customers' specifications.

TMM is also explaining these issues to its customers.

5) Policy for Handling the Issues Going Forward

Currently, MMC's Special Investigation Committee is conducting investigation of facts such as the background and root cause of the Incident. We will take the results of such investigation into account and plan to implement remedial measures to prevent recurrence of the issues.

We appreciate your understanding on the matter, and we are determined to fully cooperate in TMM's matters as well, and solve the issues as soon as possible.

End

Direct any questions to:

General Affairs Department, Mitsubishi Aluminum Co., Ltd.

TEL: 03-3769-0111

Status of Handling Non-Conforming Products at our Company

Diamet Corporation (President Mutsumi Yasutake; paid-in capital of 4,750 million yen) (“we”, “our” or the “Company”) has discovered certain misconducts, 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”) (the “Incident”). We would like to report today on the progress that has been made to date in addressing these issues.

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

1. Background

On January 24, 2018, the whistleblower hotline of Mitsubishi Materials Corporation (“MMC”) received a notice that indicated a possibility of incorrect recording of inspection data at the Company. MMC made an investigation in the form of hearings from concerned parties of the Company. As a result, MMC discovered the Company’s delivery of Non-Conforming Products including sintered machinery parts for automobiles. Then, MMC’s special audit has been conducted from January 30 for a detailed investigation.

After the discovery of the Incident, we have been working to verify the facts related to this matter as well as starting to explain this matter to customers.

2. Details of the Incident

A. Overview of Misconduct

During the review period of one year and one month from January 1, 2017 to January 31, 2018, there were mainly the following conducts with regard to the products that were delivered from the main plant in Niigata prefecture:

- The Company delivered the products even though the inspection data, including the measurements of the products, did not fall within the range of customer specifications.
- The Company rewrote the inspection data as if it had fallen within the customer specifications and delivered the products even though the inspection data, including the measurements of the products, did not fall within the range of customer specifications.
- The Company delivered the products without a part of the required inspection.

B. Status of Explanation

We are currently contacting our customers and confirming the safety of the products with cooperation from customers.

As of February 7, 2018, the progress is set forth below.

Number of Customers to whom we delivered Non-Conforming Products 73

Number of Customers to whom we finished explaining 48

C. Amount of Products Delivered and Sales during Relevant Period

Total amount of the Company's products delivered and sales during the relevant period: 19,460t; 23.7 billion yen

Amount of potentially Non-Conforming Products and sales during the relevant period: 6,459t; 7.3 billion yen

3. Current Response

We promptly suspended delivery of Non-Conforming Products and conducted a fact finding to identify any Non-Conforming Products. We have begun to give explanations to our customers.

4. Policy for Handling the Issues Going Forward

We will continue to handle the Incident by conducting measures such as further safety evaluation while explaining the situation to the customers and obtaining cooperation from the customers. If we cannot confirm the safety of the products, or in other similar situations, we will promptly deal with the situation in an appropriate manner.

Currently, MMC's Special Investigation Committee is conducting investigation of facts such as the background and root cause of the Incident. We will take the results of such investigation into account and will promptly implement remedial measures to prevent recurrence of the issues.

End

Direct any questions to:

General Affairs Department, Administration Division, Diamet Corporation

TEL: 025-275-0111