

Notice of Early Redemption of Euro-yen Zero Coupon Convertible Bonds due 2007 and Euro-yen Zero Coupon Convertible Bonds due 2009

The right to exercise a call option to redeem all outstanding bonds of the ¥20,000,000,000 Zero Coupon Convertible Bonds due 2007 and the ¥20,000,000,000 Zero Coupon Convertible Bonds due 2009 (together, the "Bonds") of Mitsubishi Materials Corporation (the "Company") issued on 4 October 2004 has arisen as the closing price of the Company's shares on the Tokyo Stock Exchange was at least 120 per cent of the conversion price of each of the Bonds for each of the 20 consecutive trading days ended 19 September 2006. The Company therefore is pleased to announce that the Company has decided to exercise the option to redeem all of the Bonds outstanding.

In summary:

I. Euro-yen Zero Coupon Convertible Bonds due 2007

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| 1. Bonds to be Redeemed | ¥20,000,000,000 Zero Coupon Convertible Bonds due 2007 of Mitsubishi Materials Corporation |
| 2. Redemption Date | 14 December 2006 |
| 3. Redemption Amount | All of the outstanding bonds
(Outstanding amount: ¥17,706,000,000 as of 15 October 2006) |
| 4. Redemption Price | 100% of principal amount |
| 5. Reason for Redemption | Exercise of 120% call option |

II. Euro-yen Zero Coupon Convertible Bonds due 2009

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| 1. Bonds to be Redeemed | ¥20,000,000,000 Zero Coupon Convertible Bonds due 2009 of Mitsubishi Materials Corporation |
| 2. Redemption Date | 14 December 2006 |
| 3. Redemption Amount | All of the outstanding bonds
(Outstanding amount: ¥17,599,000,000 as of 15 October 2006) |
| 4. Redemption Price | 100% of principal amount |
| 5. Reason for Redemption | Exercise of 120% call option |