

Notice of New Medium-Term Management Plan (fiscal 2008-2010)
Break-through 1000--Aiming to Become a Company with ¥100 Billion in Ordinary Income

Mitsubishi Materials Corporation has launched a "New Medium-Term Management Plan" starting in April 2007.

I. The Results of the Fiscal 2006-2007 Medium-Term Management Plan

Under the Medium-Term Management Plan for fiscal 2006-2007 (the "2006-2007 Plan") that ran from fiscal 2006, through fiscal 2007, we strove to stabilize its earnings structure while harnessing the strengths of integrated management to establish growth foundations to achieve success in core businesses. In particular, our past large-scale strategic investments in Cement business in the U.S., Copper smelting business in Indonesia and Silicon-related business, among others, greatly contributed to improving the earnings structure of the Mitsubishi Materials Group (the "Group"). As a result of increased earnings in our four core businesses--Cement, Metals, Advanced Materials and Tools, and Electronic Materials and Components--the management targets of the 2006-2007 Plan were achieved in the first year of the plan, and results for the second year are expected to exceed those targets.

However, the initial earnings objectives for the Aluminum business lagged behind the plan, influenced by high raw material costs, despite efforts such as business reorganization to reinforce the earnings structure. We need to address such issues.

(Achievement of Management Targets)

	Targets for the 2006-2007 Plan	Fiscal 2007 Year-End Projections
Consolidated ordinary income	¥60.0 billion (fiscal 2007)	¥103.0 billion (fiscal 2007)
ROA (calculated using ordinary income)	Greater than 4% (fiscal 2007)	5.9 % (fiscal 2007)
Interest-bearing debt	¥700.0 billion (at March 31, 2007)	¥685.0 billion (at March 31, 2007)

II. Outline of the New Medium-Term Management Plan (fiscal 2008-2010)

During the New Medium-Term Management Plan (fiscal 2008-2010; the "Break-through 1000"), such management policies as "Take a Decisive Lead in Our Core Businesses," "Value Professionalism Highly" and "Share of Sense of Achievements," which was previously coined for the 2006-2007 Plan, will be pursued as management policies. In the meantime, we will achieve "Advancement and Change" through the reinforcement of our intrinsic strength, to pursue sustainable earnings in the following years at a level of more than ¥100 billion in ordinary income of this fiscal term.

Our business structure has been making steady advance in profitability, concentrating on four core businesses of Cement, Metals, Advanced Materials and Tools, and Electronic Materials and Components. Under the "Break-through 1000," we will further enhance the business bases of four core businesses and promote these businesses respectively, ensuring stable earnings structure of all group companies thanks to the diversified sales cycles of our products. Thus, we will achieve four-wheel drive-type management, which enables us to be immune to the impact of environmental changes in the market. In addition, with concerted effort among the group companies, we will enhance value creation of our group companies by presenting more highly value-added materials and total solutions for business issues.

Copper price is expected to decline during three years of the “Break-through 1000,” thus depressing our ordinary income by ¥17 billion from fiscal 2007 (provided 200 ¢/lb. in fiscal 2010); however, through the following measures we will strive to improve profitability at our group companies.

1. Companywide Management Policy

1) Expansion and Reinforcement of Four Core Businesses as the Basis of Integrated Management

Although our four core businesses--Cement, Metals, Advanced Materials and Tools, and Electronic Materials and Components--can almost ensure a certain level of profitability, they have yet to reach a world-class level in size and profitability. Under the “Break-through 1000,” we will therefore focus our attention on the respective growth driver of the businesses. In addition, we will aim to further reinforce our business foundation by pursuing “Only One” or “No. 1” high-value-added businesses and products by enhancing our vertical value chain from raw materials to downstream products, while also promoting strategic alliances, if needed, with other companies to further reinforce the value chain. To improve competitiveness, we will renew or remodel facilities to increase productivity and take consistent and detailed measures not to miss business opportunities. To implement such measures, we have an aggressive plan for ¥250 billion in capital investment and loans for the three years of the “Break-through 1000.”

2) Initiatives for Our Growth Strategies for “Advancement and Change”

We have positioned automobiles, information electronics, and the environment and recycling as our three growth fields, on which we will concentrate management resources. Aiming for a ¥15 billion increase in ordinary income in five years, of the ¥250 billion in capital investment and loans planned for the next three years, ¥75 billion will be directed to these three growth fields, which accounts for approx. 60% of production increase and investment in new product development. Renewal or remodel of facilities is not included in this amount.

R&D resources will also be concentrated in these three growth fields. We will improve the entire Group’s technologies through the development of electric transmission systems and lightweight, high-strength aluminum cans.

3) Emphasize the Intellectual Capital Underlying Our Growth

To realize “Break-through 1000,” all employees in each tier of the Corporation must address challenging objectives. Moreover, we must create a positive corporate culture in which employees can share “Happiness,” “Sense of Satisfaction” and “Dreams” based on their substantial efforts. We must nurture and educate human resources with a strong professionalism and use our accumulated technologies and expertise on the actual worksite to improve onsite capabilities. To do so, we will strive to improve capabilities of manufacturing the high-quality products by promoting an onsite capability improvement campaign, review the overall training course and install better training centers.

With regard to corporate governance, the entire Group will promote the Medium-Term CSR Direction and complete the Internal Governance System, and familiarize employees with both, to achieve sustainable improvement of corporate value, by fulfilling corporate social responsibilities.

4) Enhancing Financial Position

Under the “Break-through 1000,” we will further actively invest in facilities, within the range reserved for investment and loans of cash flows from operating activities. Through the reinforcement of shareholders’ equity by enhancing profitability, we will improve debt-to-equity ratio.

2. Management Targets for the “Break-through 1000”

1) We Aim to Achieve the Following Targets during Fiscal 2010.

(Companywide Targets)

	Targets	Reference

Consolidated ordinary income	More than ¥100.0 billion (fiscal 2010)	¥103.0 billion (estimate for fiscal 2007)
ROA (calculated using ordinary income)	Greater than 5.0 % (fiscal 2010)	5.9 % (estimate for fiscal 2007)
Debt-to-equity ratio	1.4 times (at March 31, 2010)	1.7 times (estimate at March 31, 2007)

<Reference: Rough Projections of the "Break-through 1000">

a. Performance Rough Projections (fiscal 2010)

(Billions of yen)

Net sales	1,410.0
Operating profit	85.0
Ordinary income	105.0
Net income	53.0

* Calculated based on LME copper price: 200 ¢/lb, exchange rate: ¥110/U.S.\$.

b. Segment Information (rough projections for fiscal 2010)

(Billions of yen)

	Net sales	Operating profit	Ordinary income
Cement	184.0	17.0	26.5
Metals	608.0	24.0	28.0
Advanced Materials and Tools	176.0	22.0	20.5
Electronic Materials and Components	79.0	10.0	26.0
Aluminum	171.0	6.5	5.5
Others and eliminations	192.0	5.5	(1.5)
Total	1,410.0	85.0	105.0

c. Segment Information (estimate for fiscal 2007)

(Billions of yen)

(Billions of yen)

	Net sales	Operating profit	Ordinary income

Cement	200.0	18.0	25.0
Metals	696.0	31.0	45.0
Advanced Materials and Tools	152.0	16.0	9.5
Electronic Materials and Components	86.0	10.0	29.0
Aluminum	163.0	2.5	0.5
Others and eliminations	143.0	(3.5)	(6.0)
Total	1,440.0	74.0	103.0

d. Contributing Factors to Variances in Ordinary Income

Fiscal 2007 (estimate)		¥103.0 billion
Contributing factors	Sales price	¥(41.0 billion)
	Others	¥(16.0 billion)
	Amount	¥34.0 billion
	Cost reduction	¥25.0 billion
Rough projections of performance in fiscal 2010		¥105.0 billion

2) Cash Flow Plans (cumulative total for fiscal 2008-2010)

a. Cash Flow for Fiscal 2008-2010

(Billions of yen)

Cash flows from operating activities	285.0
Cash flows from investing activities [Capital investment]	(250.0) [(230.0)]
Free cash flows	35.0

b. Breakdown of Capital Investment Plans (¥230 billion in total for fiscal 2008-2010)

(Billions of yen)

Cement	52.5
Metals	57.0
Advanced Materials and Tools	33.0
Electronic Materials and Components	40.0
Aluminum	26.0
Others	21.5

3) Financial Position Improvement Plan

At March 31, 2010	
Total assets	¥1,810.0 billion
Debt-to-equity ratio	1.4 times

3. Business Plan for Each Business

1) Cement

[Management Policies]

To become a major manufacturer in the Pacific Rim region by focusing on regional portfolio management.

--To concentrate management resources on operating bases where higher performance is expected in the Pacific Rim region, with the Kyushu Plant as a strategic base to become highly profitable.

[Basic Strategies]

(Japan)

Address the issue of declining demand for cement by reducing costs, centered on revising cement prices, and expanding industrial waste treatment, thus improving profitability and reinforcing the earnings base, while expanding business in limestone crushing.

(United States)

Vertically integrate cement manufacturing, imports and sales, ready-mixed concrete and aggregate businesses to expand downstream businesses.

2) Metals

[Management Policies]

Utilize the Corporation's cost competitiveness, technologies and development capabilities to vertically integrate the entire process from copper smelting to processing, thereby adding value and achieving sustainable earnings.

--Take advantage of our strengths in Mitsubishi Process (MI furnaces) and reverberatory furnaces for copper smelting to achieve the world's top-level cost competitiveness. In addition, expand the added value of rolled copper by harnessing our capabilities to develop oxygen-free copper and copper alloy.

[Basic Strategies]

(Copper smelting)

Stabilize earnings through cost-reduction in smelting, thereby expanding the domestic recycling business and introducing the S furnaces of the MI furnaces to Onahama Smelting & Refining Co., Ltd., while optimizing the merits of expanding the manufacturing volume at PT Smelting in Indonesia.

(Copper processing)

Enhance the value chain with our rolled copper group companies, drawing on our copper alloy development capabilities.

3) Advanced Materials and Tools

[Management Policies]

Become a value supplier in the worldwide automobile, aircraft and information technology industries.

--Strive to expand sales of cemented carbide products through aggressive global expansion drawing on our strength in manufacturing capabilities encompassing tungsten and such similar materials, and expand the business of cemented carbide products and high-performance alloy products in the aircraft industry, which is a new market.

[Basic Strategies]

(Cemented carbide products)

Build manufacturing and sales structures to cope with global-scale automobile manufacturing.

(Powder metallurgy)

Build foundations to expand globally in line with the growing worldwide demand for automobiles.

(High-performance alloy products)

Promote the selective concentration of products and concentrate resources on manufacturing products for the turbines, aircraft and automobile industries.

4) Electronic Materials and Components

[Management Policies]

Enhance profitability through the vertical value chain of silicon-related products and by manufacturing the best niche products.

--Expand the lineup and productivity of semiconductor-related products, drawing on our strength in handling polycrystalline silicon, which is a main material of semiconductor wafers.

[Basic Strategies]

(Silicon)

Expand the productivity of polycrystalline silicon, mainly at SUMCO Corp., responding to growing demand for semiconductor wafers.

(Advanced materials)

Center on the best niche products through the capabilities of materials development, mainly of semiconductor-related products.

(Electronic components)

Enhance the capabilities of product development and timely release the quality-assured electronic components.

5) Aluminum

[Management Policies]

Nurture the vertical value chain.

--Establish a value chain by reinforcing competitiveness, differentiating our strength in handling upstream aluminum products (rolled products) and downstream products (aluminum cans).

[Basic Strategies]

(Aluminum cans)

Return to the positive figures of Universal Can Corp., through review on sales price, further cost reduction and sales expansion of newly-developed products.

(Rolled products)

For quality improvement/streamlining, promote the renewal or remodel of facilities with those of Mitsubishi Aluminum Co., Ltd., centering on sales expansion of automobile-related products to enhance earnings base.