

Notice of Dissolving the PM Joint Venture and the Accrual of Extraordinary Loss

Mitsubishi Materials Corporation (“MMC”) and Plansee Holding AG (“Plansee”) have agreed to dissolve the joint venture on powder metallurgical (PM) products* (in which a 50 percent equity share is held respectively by MMC and Plansee; the “Joint Venture”), and that MMC will succeed to related business in Japan and Malaysia while Plansee will succeed to related business in Europe, USA, etc.

Following the dissolution, MMC will post an extraordinary loss for the second quarter of the fiscal year ending March 31, 2010.

1. Reasons for Dissolving the Joint Venture

MMC and Plansee integrated their respective PM businesses and established the Joint Venture in December 2005. Since then, the Joint Venture has dedicated itself to the PM business and achieved successful results by reciprocally utilizing their manufacturing bases, proprietary technologies, marketing systems, etc.**

However, facing the global recession since last fall, MMC and Plansee have consulted with each other on the Joint Venture’s direction for the future. As a result, both parties came to share the understanding that dissolving the Joint Venture is the most expedient method to cope flexibly and swiftly with rapidly changing automotive market environments and transform the Joint Venture into region-specific business structures.

MMC and Plansee will continue maintaining the friendship built through the Joint Venture in the past.

2. Method for Dissolving the Joint Venture, etc.

(1) Method for dissolving the Joint Venture

1) On the joint venture dissolution date, MMC is going to acquire the stocks of Mitsubishi Materials PMG Corporation (head office: Niigata, Japan), which engages in business in Japan, and of PMG Klang Sdn. Bhd. (head office: Port Klang, Malaysia), which engages in business in Malaysia from Plansee Mitsubishi Materials Global Sinter Holding S.A. (“PMGH”), the Joint Venture holding company, and transform them into wholly owned subsidiaries of MMC.

2) Plansee is going to acquire MMC’s 50 percent share of PMGH on the joint venture dissolution date and transform PMGH and its subsidiaries (in Germany, Spain, USA and China) into wholly owned subsidiaries. Furthermore, Plansee will continue using the trademark “PMG” held by the Joint Venture.

(2) Management of Businesses in Japan and Malaysia after dissolving the Joint Venture

After dissolving the Joint Venture, MMC is going to rename Mitsubishi Materials PMG Corporation Diamet Corporation and PMG Klang Sdn. Bhd. DIAMET Klang Malaysia Sdn. Bhd. and manage them as MMC Group companies.

3. Description of the Joint Venture Company

(1) Holding company	Plansee Mitsubishi Materials Global Sinter Holding S.A.
(2) Corporate headquarters	Luxembourg
(2) Locations of subsidiaries	Japan, China, Malaysia, Germany, Spain, U.S.A.
(3) Representatives and post	Co-Presidents: Takeshi Itaba (Senior Executive Officer of MMC) Michael Krehl
(4) Line of business	Manufacturing, development and sales of powder metallurgical products
(5) Capital	5 Mil Euros
(6) Date of establishment	December 1, 2005
(7) Fiscal term-end	February
(8) Total assets	319 Mil Euros
(9) Shareholders	50% by MMC, 50% by Plansee

4. Joint Venture Dissolution Date

December 1, 2009 (scheduled)

5. Impact on MMC's Business Results

The dissolution of the Joint Venture will accrue an extraordinary loss of approximately ¥4.0 billion in the second quarter of the consolidated fiscal year ending March 31, 2010.

However, MMC will not revise any business forecasts from this dissolution for the first six months of the fiscal year ending March 31, 2010.

*Powder metallurgical (PM) products

These products are manufactured by powder metallurgy, in which metal powder is pressed by the pressing machine before it is heated and congealed in the sintering furnace. Powder metallurgy is a useful process that mass-produces metal products of complicated forms at low cost. Thus, PM products are used in many industries centering on automotive and electric-appliance makers.

** Please refer to the notice titled "Plansee Group and Mitsubishi Materials intend to merge their PM business" released May 27, 2005, and the notice titled "Regarding the Spin-Off of the PM Business Division by Company Split" (Japanese) released August 25, 2005, at MMC's website.

(Reference)

Summary of business that MMC is going to acquire

(1) Business in Japan

- 1) Corporate name Mitsubishi Materials PMG Corporation
(To rename the company Diamet Corporation on December 1, 2009)
- 2) Date of establishment 2005
- 3) Line of business Manufacturing, development and sales of powder metallurgical products
- 4) Corporate Headquarter Niigata City, Niigata Prefecture, Japan
- 5) Capital 1.5 Bil Yen
- 6) Shareholder Wholly owned by PMGH (to be wholly owned by MMC on and after December 1, 2009)
- 7) Representative Yoshiyasu Iino, President

(2) Business in Malaysia

- 1) Corporate name PMG Klang Sdn. Bhd.
(To rename the company DIAMET Klang Malaysia Sdn. Bhd. on December 1, 2009)
- 2) Date of establishment 1992
- 3) Line of business Manufacturing and sales of powder metallurgical products
- 4) Corporate Headquarter Port Klang, Malaysia
- 5) Capital 30 Mil Ringgits
- 6) Shareholder Wholly owned by PMGH (to be wholly owned by MMC on and after December 1, 2009)
- 7) Representative Masaaki Sokura, Managing Director