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Execution of Share Exchange Agreement and Conversion of Mitsubishi Cable Industries into a Wholly Owned Subsidiary of Mitsubishi Materials Corporation

At meetings of the Boards of Directors of Mitsubishi Materials Corporation ("MMC") and Mitsubishi Cable Industries ("MCI") held today, resolutions were approved to convert MCI into a wholly owned subsidiary of MMC through a share exchange pursuant to a share exchange agreement, which was also executed today (the "Share Exchange").

The share exchange agreement must be approved at an extraordinary general meeting of the shareholders of MCI scheduled for February 9, 2010, and the effective date of the Share Exchange is scheduled for March 12, 2010. In accordance with Article 796, Paragraph 3, of the Companies Act, MMC intends to conduct a simplified share exchange that will not require approval at a general meeting of its shareholders.

In addition, it is expected that MCI's shares will be delisted on March 9, 2010, in advance of the Share Exchange effective date, which is scheduled for March 12, 2010. The last day of trading for MCI's shares is expected to be March 8, 2010.

1. The Purpose of Creating a Wholly Owned Subsidiary through the Share Exchange

Despite MCI's efforts to cultivate and strengthen its electronic and electrical distribution systems business and its instrumental components business as a part of its over all business structural reforms, these businesses saw a significant decline in profits due to the global recession caused by last year's turmoil in the U.S. financial markets, which in turn caused a sudden contraction in the automotive market. This has led to a continually difficult business environment for the electronic and electrical distribution systems business, which primarily serves the automotive industry. In response to this rapidly deteriorating business environment, MCI has pursued companywide cost savings and

other initiatives in accordance with structural reforms of its electronic and electrical distribution systems business that were announced on February 10, 2009. Although some positive results have been achieved, in response to the unstable market environment, MCI has decided to drastically downsize its automotive wiring harness business, which constitutes the core of the electronic and electrical distribution systems business. In addition, MCI has decided to withdraw from businesses for which a recovery in profitability seems difficult, such as the general-purpose optical fiber cable business (the "Business Structural Reforms"). MCI will continue to pursue cost reductions while focusing its efforts on strengthening its ongoing businesses to ensure stable earnings and aim for further sustainable growth. However, early strengthening of its financial base is required, because MCI currently forecasts an extraordinary loss of ¥4.0 billion as a result of the Business Structural Reforms.

On the other hand, MMC is MCI's biggest shareholder, holding 36.5% of its issued shares. Over many years, MMC has built a close relationship with MCI through product development and sales of copper wire rods, which are used for cable. In addition, MMC has collaborated with MCI in the development of its strategic business by underwriting an MCI capital increase through a share issuance and by cooperating in the development of automotive electrical components. MMC believes that, amid growing efforts to realize a low-carbon society, the use of electricity as a form of green energy will increase and, as a result, the demand for higher quality copper products with superior conductivity and workability will grow.

MMC and MCI considered various countermeasures for the above situation. As a result, both companies agreed on the urgent need to set up a management structure that enables MCI to make rapid business judgments without being distracted by its short-term performance, so that MCI can push forward with the Business Structural Reforms. Both companies concluded that converting MCI into a wholly owned subsidiary of MMC through a share exchange would be the best way to solve these issues from the perspective of swiftness and management flexibility of MCI.

For MMC, the conversion of MCI into a wholly owned subsidiary will enable a flexible and expeditious reinforcement of MCI's financial base. In addition, while deepening the relationship between the two companies, it will enable the development and sales of new products to meet diverse market needs by combining MCI's various technologies and its solid customer base with MMC's oxygen-free copper and alloy technologies, resulting in an overall strengthening of the MMC Group's copper business.

Moreover, the conversion of MCI into a wholly owned subsidiary of MMC and the reinforcement of MCI's financial base will maintain the MMC Group's credit quality, while increasing the flexibility of its management to ensure the implementation of the Business Structural Reforms and enable MCI's further developments.

As mentioned above, the conversion of MCI into a wholly owned subsidiary of MMC will

enable the swift and certain implementation of MCI's Business Structural Reforms while contributing to the maximization of MMC's corporate value. Therefore, we have concluded that this is in the best interests of the shareholders, the employees, the customers and all other stakeholders of both companies.

2. Share Exchange Summary

(A) Share Exchange schedule

- | | | |
|-----|------------------------------|---|
| (1) | November 27, 2009 | Board meeting for approval of share exchange agreement (both companies) |
| (2) | November 27, 2009 | Share exchange agreement executed |
| (3) | November 30, 2009 (expected) | Announcement of the record date for the extraordinary general meeting of shareholders (MCI) |
| (4) | December 15, 2009 (expected) | Record date for extraordinary general meeting of (MCI) |
| (5) | February 9, 2010 (expected) | Extraordinary General Meeting of Shareholders to approve Share Exchange (MCI) |
| (6) | March 8, 2010 (expected) | Final day of share trading (MCI) |
| (7) | March 9, 2010 (expected) | Shares delisted (MCI) |
| (8) | March 12, 2010 (expected) | Share Exchange scheduled (effective date) |

Notes:

1. MMC intends to conduct a simplified share exchange that does not require approval at a general meeting of its shareholders.
2. The date scheduled for the Share Exchange may change upon agreement of both companies.

(B) Share Exchange method

The Share Exchange will make MCI a wholly owned subsidiary of MMC. In accordance with Article 796, Paragraph 3, of the Companies Act, MMC will conduct a simplified share exchange that does not require approval at a general meeting of its shareholders. Approval of the Share Exchange will take place at the MCI extraordinary general meeting of its shareholders scheduled for February 9, 2010. The effective date is scheduled for March 12, 2010.

(C) Allocation by share exchange

Company	Mitsubishi Materials Corporation (Parent company)	Mitsubishi Cable Industries (Wholly owned subsidiary)
Share exchange ratio	1	0.32

Notes:

1. Share exchange allocation ratio

0.32 shares of MMC common stock will be issued for each share of MCI common stock except for the 78,973,725 shares of MCI common stock currently held by MMC. Furthermore, the abovementioned share exchange ratio may be modified in the event of significant changes to the terms used in its calculation and upon agreement by both companies.

2. New shares issued in the Share Exchange

It is expected that in the Share Exchange, 43,940,021 shares of MMC common stock will be allocated, which will consist of 35,940,021 shares (truncated) of newly issued common stock and 8,000,000 shares of MMC treasury stock (common stock). The number of shares allocated in the Share Exchange may be modified for such reasons as the cancellation of MCI's treasury stock. In addition, MCI plans to cancel all of its treasury stock (including those acquired through the appraisal remedy as a result of the exercise of appraisal right by dissenting shareholders in connection with the Share Exchange) by resolution at a meeting of the board of directors held by the day before the effective date of the Share Exchange.

3. Treatment of shares that make up less than a full trading unit

The Share Exchange will result in some shareholders holding less than one full trading unit of MMC's shares. As at September 30, 2009, there were 19,431 shareholders holding at least one full trading unit of MCI shares and of these shareholders, about 70% held less than four units. Shareholders holding less than one full trading unit of MMC's shares will be unable to trade such shares on the stock exchanges.

MMC considered the possibility of reducing the size of its trading unit, taking into consideration the unit price of MMC's shares, the number of MMC shareholders, the liquidity of MMC's shares on the stock exchanges, the adverse effect of a drastic decrease of the unit price, and so on. However, MMC has concluded not to reduce the size of the trading unit at this time, despite the fact that some shareholders will be unable to trade their shares on the stock exchanges as described above.

MMC offers the following programs for shareholders who hold less than a trading unit of MMC shares.

- Program for buying back shares of less than a unit

Pursuant to this program, based on Article 192, Paragraph 1 of the Companies Act, a shareholder holding less than a trading unit of MMC shares can request MMC to buy his or her shares that consist of less than a trading unit.

- Program for additional purchase of shares to complete a trading unit

This is a program where, based on Article 194, Paragraph 1 and the Articles of Incorporation of MMC, a shareholder holding less than a trading unit of MMC shares can request to buy a sufficient number of additional shares to make a full trading unit.

Moreover, according to the Companies Act, MCI's shareholders can request MCI to buy their shares while dissenting from the Share Exchange at MCI's extraordinary general meeting of shareholders. However, if a purchase price is not agreed between such shareholder and the company, such shareholder must petition the court to set a price.

MMC and MCI have concluded that, despite the situations described above, a Share Exchange is in the best interest of the stakeholders of both companies, including its shareholders, employees and customers, because it will enable MCI to accomplish quick and definitive business structural reforms, and it will enable the MMC Group to maximize corporate value.

(D) The treatment of MCI Share Warrants and Convertible Bonds

MCI has not issued any share warrants or convertible bonds.

3. The Basis for the Share Exchange Ratio Calculation

(A) The Basis for and Process of Calculation

To ensure the fairness of the share exchange ratio calculation used for the Share Exchange, each company separately requested an independent third party to calculate the share exchange ratio. MMC commissioned Nomura Securities Co., Ltd. (“Nomura”), and MCI commissioned PwC Advisory Co., Ltd. (“PwC”), to calculate the share exchange ratio.

Nomura used the average market stock price method to calculate the corporate value of MMC, because MMC’s shares are listed on the Tokyo Stock Exchange and the Osaka Securities Exchange. In applying the average market stock price method, we used the closing price of the calculation reference date of November 26, 2009 and the average closing prices of the one-week, one-month, three-month and six-month periods ended November 26, 2009.

Nomura used the average market stock price method, because MCI’s shares are listed on Tokyo Stock Exchange, and the discounted cash flow method (“DCF”) to reflect future business activities, to calculate the corporate value of MCI. In applying the average market stock price method, we used the closing price of the calculation reference date of November 26, 2009, and the average closing price of the one-week, one-month, three-month and six-month periods ended November 26, 2009.

The share allocation of MMC common stock per share of MCI common stock as a result of each method is as follows:

Calculation method	Share exchange ratio calculation range
Average market stock price	0.339–0.373
DCF	0.263–0.341

Nomura’s share exchange ratio calculation was based on information provided by both companies as well as information disclosed to the general public, which it used as-is and assumed to be accurate and complete. No independent verification of the accuracy or completeness of these materials or information was conducted. Furthermore, in regard to the assets and liabilities (including contingent claims) of both companies and their subsidiaries and affiliated companies, Nomura did not conduct an independent valuation, appraisal or assessment, including any analysis

or valuation of individual assets and liabilities, nor did it request a third party to provide an opinion or appraisal. Nomura's share exchange ratio calculation reflects information and economic conditions as of November 26, 2009. Nomura assumed that financial forecasts provided by both companies were made reasonably by the management of both companies based on their current best estimates and judgment.

PwC used the average market stock price method to calculate the share exchange ratio for MMC, because MMC's shares are listed on the Tokyo Stock Exchange and the Osaka Securities Exchange. And PwC used the average market stock price method to calculate the share exchange ratio for MCI, because MCI's shares are listed on the Tokyo Stock Exchange. PwC also used the DCF method to reflect future business activities in the calculation of MCI's share exchange ratio. In applying the average stock price method, recent market transactions of both company's shares were incorporated into the calculation as the weighted average trading volume and average closing price of the two-week, one-month and three-month periods ended November 26, 2009.

Share allocation of MMC common stock per share of MCI common stock as a result of each method is as follows:

Calculation method	Share exchange ratio calculation range
Average market stock price	0.339 ~ 0.373
DCF	0.305 ~ 0.443

PwC's share exchange ratio calculation was based on information provided by both companies as well as information disclosed to the general public, which it used as-is and assumed to be accurate and complete. No independent verification of the accuracy or completeness of these materials or information was conducted. Furthermore, in regard to the assets and liabilities (including off-balance-sheet assets and liabilities and other contingent claims) of both companies and their subsidiaries and affiliated companies, PwC did not conduct independent valuation, appraisal or assessment, including analysis and valuation of individual assets and liabilities, nor did it request any third party to provide an opinion or appraisal. PwC assumed that financial forecasts provided by both companies were reasonably made by the management of both companies based on their current best estimates and judgment. PwC's share exchange ratio calculation reflects information and economic conditions as of November 26, 2009. Furthermore, MCI's business plan reflects revisions to its earnings forecast for the fiscal year ending March 31, 2010 (April 1, 2009 to March 31, 2010), announced on November 27, 2009.

PwC's share exchange ratio calculation does not represent an opinion of the fairness regarding the share exchange ratio.

MMC and MCI carefully considered, negotiated and discussed the share exchange ratio using the calculations submitted by the third parties as reference. As a result, both companies approved the final share exchange ratio as reasonable and acceptable for their respective shareholders at each company's board meeting held on November 27, 2009, and both companies reached an agreement and executed the share exchange agreement on the same day.

In the event of any significant changes to the bases for the calculations, the share exchange ratio may be modified by the agreement of both companies. Furthermore, MCI's business plan forecasts improved earnings as a result of significant downsizing of the automotive wiring harness business, although a temporary loss is forecasted.

(B) Relationship with calculating institutions

Neither Nomura nor PwC has a relationship with MMC or MCI.

(C) Reason and forecast for delisting

As a result of the Share Exchange, as of the expected effective date of March 12, 2010, MCI will become a wholly owned subsidiary of MMC. Therefore, in accordance with the Tokyo Stock Exchange delisting requirements, shares of MCI are scheduled to be delisted from the Tokyo Stock Exchange on March 9, 2010 (the final day of trading for MCI's shares is expected to be March 8, 2010). After delisting, MCI's shares will not be tradable on the Tokyo Stock Exchange.

(D) Measures to ensure fairness

MMC holds 36.7% (including 0.2% held by its subsidiary) of the common stock issued by MCI. MMC and MCI took the following measures to ensure the fairness of the Share Exchange: (1) external specialists conducted due diligence and, (2) the share exchange ratio was calculated by third parties. (MMC did not obtain a fairness opinion from Nomura, and MCI did not obtain a fairness opinion from PwC.) Upon consideration of the results of above measures, both companies discussed and negotiated the share exchange ratio, and both companies approved the final share exchange ratio as reasonable and acceptable for their respective shareholders at each company's board meeting held on November 27, 2009, and both companies reached an agreement and executed the share exchange agreement.

(E) Measures to avoid adverse interest

There are no directors of MMC or MCI who also serve as a director of the other.

Therefore neither MMC nor MCI have taken any particular measures to avoid adverse interests in approving the Share Exchange.

4. Profiles of the companies involved in the Share Exchange (As of September 30, 2009)

(1)	Name	Mitsubishi Materials Corporation (Parent company)	Mitsubishi Cable Industries (Wholly owned subsidiary)
(2)	Head office	3-2, Otemachi 1-chome, Ohtemachi, Chiyoda-ku, Tokyo, Japan	4-1, Marunouchi 3-chome, Marunouchi, Chiyoda-ku, Tokyo, Japan
(3)	Representative	Akihiko Ide, President	Hisayoshi Honma, President & CEO
(4)	Primary business	Manufacture and sales of cement and cement secondary products; smelting, processing and sales of copper, gold, silver and other metals; manufacture and sales of cemented carbide and high-performance alloy products; manufacture and sales of electronic materials and components, electrical device products and polycrystalline silicon; manufacture and sales of aluminum beverage cans and milled aluminum products	Manufacture and sales of electric wires and cables, automotive components, and rubber and plastic products
(5)	Paid-in Capital	¥119,457 million	¥19,278 million
(6)	Established	April 1, 1950	June 28, 1917
(7)	Shares outstanding	1,278,955,330	216,495,025
(8)	Fiscal year-end	March 31	March 31
(9)	Employees	19,841 (Consolidated basis)	4,156 (Consolidated basis)
(10)	Major customers	Users in Japan and overseas of the cement, copper, processed metals, electric components, electric materials, aluminum and other products	Users in Japan and overseas in such industries as electrical machinery, instrumental component, telecommunications, electrical and communications construction, automobile, semiconductor and so on
(11)	Primary banks	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corp.	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corp.
(12)	Major shareholders	Japan Trustee Services Bank, Ltd. 6.0% The Master Trust Bank of Japan,	Mitsubishi Materials Corporation 36.5% The Bank of Tokyo-Mitsubishi

		Ltd. 3.7% The Bank of Tokyo-Mitsubishi UFJ, Ltd. 2.9%	UFJ, Ltd. 3.7% Mitsubishi UFJ Trust and Banking Corp. 2.9%
(13)	Intercompany relationships	Capital	MMC holds 36.7% (including 0.2% held by its subsidiary) of MCI common stock; MCI does not hold any MMC common stock.
		Personnel	One MMC managing director serves as an MCI statutory auditor.
		Transactions	MMC sells electrolytic copper, copper wire rods and other materials to MCI.
		Relevant Relationship	MCI is an equity-method affiliate of MMC.

(14) Three year management and financial summary

(Millions of yen unless otherwise indicated)	Mitsubishi Materials Corporation (Parent company) (Consolidated)			Mitsubishi Cable Industries (Wholly owned subsidiary) (Consolidated)		
	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2007	March 31, 2008	March 31, 2009
Fiscal year-end						
Consolidated net assets	481,970	520,289	421,934	30,109	27,863	6,645
Consolidated total assets	1,773,899	1,856,276	1,732,003	121,584	113,782	81,693
Consolidated net assets per share (Yen)	329.35	362.45	287.44	136.94	126.17	28.80
Consolidated nets sales	1,452,108	1,659,286	1,424,114	94,833	108,251	89,412
Consolidated operating income (loss)	78,758	100,146	35,134	892	1,340	(4,706)
Consolidated ordinary income (loss)	107,188	135,984	40,046	581	878	(6,619)
Consolidated net income (loss)	71,382	74,268	6,106	418	588	(17,640)
Consolidated net income (loss) per share (Yen)	60.33	59.14	4.81	1.98	2.72	(81.57)
Cash dividends per share (Yen)	6.0	8.0	4.0	2.0	2.0	—

5. Profile after Share Exchange

(1)	Business name	Mitsubishi Materials Corporation
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(2)	Primary business	Manufacture and sales of cement and cement secondary products; smelting, processing and sales of copper, gold, silver and other metals; manufacture and sales of cemented carbide and high-performance alloy products; manufacture and sales of electronic materials and components, electrical device products and polycrystalline silicon; manufacture and sales of aluminum beverage cans and milled aluminum products.
(3)	Head office	3-2, Otemachi 1-chome, Otemachi, Chiyoda-ku, Tokyo, Japan
(4)	Representative	Akihiko Ide, President
(5)	Paid-in Capital	¥119,457 million
(6)	Total assets	Not determined at present
(7)	Net assets	Not determined at present
(8)	Fiscal year-end	March 31

6. Outline of accounting treatment

The Share Exchange will likely be categorized as an acquisition (to which the purchase method is applied) based on corporate merger accounting standards. At present, the amount of goodwill has not been fixed.

7. Estimated impact of the Share Exchange on financial results

As the Share Exchange is scheduled to take place on March 12, 2010, the impact of the Share Exchange on MMC's consolidated and non-consolidated performance for fiscal year 2009 is estimated to be minimal.

For reference: MMC's forecasted consolidated performance for the current fiscal year (announced on November 5, 2009) and the results of last fiscal year (millions of yen)

	Consolidated net sales	Consolidated operating income	Consolidated ordinary income (loss)	Consolidated net income (loss)
Forecast for the current fiscal year (ending March 2010)	1,050,000	4,000	(27,000)	(60,000)
Results of last fiscal year (ended March 2009)	1,424,114	35,134	40,046	6,106