

January 19, 2005

Press Release

Mitsubishi Gas Chemical Company, Inc.
Sumitomo Metal Mining Co., Ltd.

Integration of Rare-earth Iron Garnet Business

Mitsubishi Gas Chemical Company, Inc. (MGC; Head Office: Chiyoda-ku, Tokyo; President: Hideki Odaka) and Sumitomo Metal Mining Co., Ltd. (SMM; Head Office: Minato-ku, Tokyo; President: Koichi Fukushima) have reached a basic agreement on integration of their Rare-earth Iron Garnet (RIG) business and establishment of a joint venture company that will conduct manufacturing and marketing of RIG.

RIG is a material used in optical isolators, which are incorporated in optical communication devices. RIG is also known as magnetic iron garnet or Faraday rotator material.

The RIG market expanded sharply in the time of the so-called optical communication bubble from 1999 to 2000, and reached a multi-billion yen scale. It then shrank rapidly back down to the size of several hundred million yen due to the burst of the bubble. The market has since remained stagnant.

The scale of the RIG business of MGC and SMM also diminished after the collapse of the communication bubble. The two companies had sensed difficulties in continuing the RIG business independently, and were both seeking a possible business alliance. They selected each other as the respective parties in this alliance with a view to improving the efficiency of management and accomplishing the responsibility of supplying RIG to customers. Subsequently, the two companies reached this agreement.

MGC and SMM will establish the joint venture company on a 50-50 basis within the first half of fiscal 2005 in order to integrate their RIG manufacturing plants and marketing systems.

The two companies will confer and decide the details of the upcoming business integration as soon as the approval of a related government office such as the Japan Fair Trade Commission is obtained.

Reference:

1. Profile of Mitsubishi Gas Chemical Company, Inc.
 - 1) Head Office: 2-5-2 Marunouchi, Chiyoda-ku, Tokyo
 - 2) Capital: 41.9 billion yen
 - 3) Amount of Sales: 240.5 billion yen (actual results in fiscal 2003)
 - 4) Representative: Hideki Odaka (President)
 - 5) Staff: 2,363 employees (as of March 31, 2004)
 - 6) Operations: Manufacture, Research and Sales of the Following Products:
Organic and Inorganic Chemicals, Chemical Fertilizers, Petroleum-derived Chemicals, Synthetic Resins and Other High-molecular Polymers, Bleaches, Gas Absorbers, Materials and Elements used for Electric Appliances and Equipment, Information Devices and their Components and Apparatus

2. Profile of Sumitomo Metal Mining Co., Ltd.
 - 1) Head Office: 5-11-3 Shinbashi, Minato-ku, Tokyo
 - 2) Capital: 88.3 billion yen
 - 3) Amount of Sales: 240.9 billion yen (actual results in fiscal 2003)
 - 4) Representative: Koichi Fukushima (President)
 - 5) Staff: 2,172 employees (as of March 31, 2004)
 - 6) Operations: Exploitation of Resources, Smelting and Sales of Non-ferrous Metals, Manufacture and Sales of Electronics Materials and Functional Materials

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