

March 31, 2005

Press Release

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

Establishment of Rare-earth Iron Garnet Joint Venture Company

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) previously announced on January 19, 2005, an integration of their Rare-earth Iron Garnet (RIG) business. (RIG is a material used in optical isolators, which are an essential component in optical communication devices. RIG is also known as magnetic iron garnet or Faraday rotator material.) On this occasion, the two companies have decided to establish "GRANOPT Ltd." on April 1 as a joint venture company to manufacture and sell RIG. The new company will construct a new plant at Noshiro-shi, in Akita Prefecture, and plans to commence production around June.

From the bottom of fiscal 2003 following the collapse of the optical communication bubble, there have been signs of moderate recovery in the RIG market backed by optical developments of metro and access systems. Despite this trend, harsh conditions still continue to trouble the business environment: year after year there has been a conspicuous downsizing of RIG; the majority of domestic optical isolator manufacturers are producing RIG in-house; and there has been an aggressive market entry by overseas manufacturers.

Under these circumstances, the new company will work to quickly realize the merits of integrating the business of both companies, so that it can strive to maintain and improve product quality more than ever and fulfill its responsibility to continue supplying RIG to customers.

Company Profile:

- 1) Business Name: GRANOPT Ltd.
- 2) Head Office: 4-4 Ougida, Aza-ougifuchi, Noshiro-shi, Akita
- 3) Capital: 150 million yen
- 4) Controlling Shares: 50% (MGC) : 50% (SMM)
- 5) Amount of Sales: Approximately 600 million yen (forecast for fiscal 2005)
- 6) Initial Investment: Approximately 500 million yen
- 7) Representatives:
 - Osamu Inoue (President)
(currently General Manager, Communication Materials & Devices Department, Electronics Division, SMM)
 - Norio Takeda (Vice-president)
(currently Manager, Information & Advanced Materials Company, MGC)
- 8) Staff: Approximately 35 employees (plan for fiscal 2005)
- 9) Operations: Manufacture and Sales of RIG

* The name of the new company has been coined from a combination of "Granatum" (meaning "many seeds," and which is the origin of "Garnet") and "Opt" (meaning "light").

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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