

## **Mitsui Takeda and Nippon Shokubai to Consolidate Unsaturated Polyester Resins Operation**

Japan's leading unsaturated polyester resins (UPR) makers **Mitsui Takeda Chemicals, Inc. (MTCI)\*** and **Nippon Shokubai Co., Ltd. (NSCL)**, and **Mitsui Chemicals, Inc.(MCI)** have agreed to establish a joint venture company consolidating their UPR operation, the three companies announced today.

(\* ) Joint venture between MCI and Takeda Chemical Industries, Ltd.

The latest move reflects the two partners' efforts to counter the adverse business environment marked by falling demand for and excess domestic capacity of UPR which is mainly used as the principal raw material for glass fiber-reinforced plastics. In the background are the decreasing housing starts and shrinking public works programs compounded by onslaught of cut-price imports, all together causing the selling prices to remain depressed.

To be called "**Japan Composite Co., Ltd.**"(JCC), the new joint venture will be capitalized at 1 billion yen, with a 65% shareholding by MTCI and 35% by NSCL. JCC is scheduled to kick off its business operations on April 1, 2003, under the leadership of the newly appointed president, Mr. S. Okuda, dispatched from MCI. Sales for 2003 is projected at 18 billion yen, with headcount at 110 at the start of operation.

JCC will engage in the manufacture, sale and research of UPR and UPR-based fabrication materials such as sheet molding compounds. To be headquartered in Tokyo, the JV will have its sales offices in Osaka and Nagoya, its works in Shimizu, central Japan, and research facilities at Suita outside Osaka, and Shimizu.

The consolidation this time aimed at a fundamental restructuring of the two partners' UPR businesses in such a worsening environment, will specifically involve closure of Nippon Shokubai's 12,000-on/yr plant at Himeji Works and MTCI's 30,000-ton/yr plant at Osaka Works during the year 2003.

As a result of such rationalization measures, JCC will start off with a UPR production capacity of 30,000 ton/yr, with additional toll production expected by NSCL's Suita Works and MCI's Ichihara Works east of Tokyo. Production capacity for plastic fabrication materials will be 42,000 ton/yr.

In order to firmly establish its business platform and pursue efficient management and operation, JCC is expected to adopt the following specific measures:

1. Improved efficiency in sales activities through the two partners' consolidated sales & marketing strengths.
2. Cost reduction through improved efficiency of logistics and unified raw materials sourcing.
3. Leveraging of technological synergy effected through the integration of production technologies and R&D capabilities.
4. Improved operational efficiency based on smaller and more capable workforce.

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