

Meiwa Kasei Industries to Become Wholly-Owned Subsidiary of Ube Industries Through Stock Exchange

TOKYO, May 13, 2005 — Meiwa Kasei Industries, Ltd. will become a wholly-owned subsidiary of Ube Industries, Ltd. following a stock-for-stock exchange to take place on October 1, 2005.

The two companies have reached a stock-for-stock exchange agreement after receiving approval at Board of Directors' meetings held today at each company. The details of the agreement are described below. The stock exchange will take the form of a simple stock exchange under Article 358, Clause 1 of the Commercial Code of Japan.

1. Purpose of stock exchange and change to wholly-owned subsidiary

Meiwa Kasei Industries is a subsidiary of Ube Industries engaged in the manufacture and sale of phenol resin, as well as extruded plastics, UMC nylon, epoxy composites, and polyimide-related products. Ube Industries currently owns a 92.70% stake of Meiwa Kasei Industries.

Ube Industries is currently implementing the new medium-term management plan in order to concentrate its management resources in the specialty products sector, one of its core businesses, in an effort to boost company profits.

By becoming a 100% owner of Meiwa Kasei Industries through a stock-for-stock exchange, Ube Industries will streamline the shareholder structure of the subsidiary in order to improve the speed of decision-making at the company. This will in turn enable Meiwa Kasei Industries to be more responsiveness to business developments in the electronics and IT-related materials sector, which will increase shareholder value for the UBE Group as a whole.

2. Conditions of stock-for-stock exchange, etc.

A. Schedule for stock-for-stock exchange

May 13, 2005	Board meetings to approve stock-for-stock exchange agreement
May 13, 2005	Signing of stock-for-stock exchange agreement
June 28, 2005 (Tentative)	General Meeting of Shareholders to approve stock-for-stock exchange agreement (Meiwa Kasei Industries)
October 1, 2005 (Tentative)	Transaction date

Note: Pursuant to the provisions of Article 358, Clause 1 of the Commercial Code (Simple Stock Swap), approval by Ube Industries' General Meeting of Shareholders is not planned.

B. Stock exchange ratio

	Ube Industries, Ltd. (Parent corporation)	Meiwa Kasei Industries, Ltd. (Wholly-owned subsidiary)
Share exchange ratio	1	3.0

Notes:

- i. Share allocation ratio
3.0 shares of Ube Industries stock will be allocated per share held of Meiwa Kasei Industries stock.
- ii. Bases for calculating share exchange ratio
At the request of Ube Industries, SN Corporate Advisory K.K. has performed a share exchange ratio analysis, which was used as the basis for Ube Industries and Meiwa Kasei Industries to reach agreement on the above ratio.
The share exchange ratio may be changed by agreement between the two companies, in the event of a significant change in the conditions used to calculate the ratio.
- iii. Bases, calculation method, and calculation result by third party
SN Corporate Advisory calculated the share exchange ratio through a comprehensive share valuation

analysis for each company. The analysis was based on an average market share price method for Ube Industries and an adjusted net asset value method for Meiwa Kasei Industries.

- iv. Number of shares to be exchanged under stock-for-stock exchange
Under the stock-for-stock exchange, Ube Industries will allocate 436,950 shares of its common stock to the shareholders of Meiwa Kasei Industries excluding Ube Industries.
- v. Starting date for calculating dividends relating to exchanged shares
The starting date for calculating dividends relating to exchanged shares is October 1, 2005.

C. Cash distribution upon stock exchange

There will be no cash distribution in relation to the stock-for-stock exchange.

3. Summary of parties involved in stock-for-stock exchange (as of March 31, 2005)

Company name	Ube Industries, Ltd. (Parent corporation)		Meiwa Kasei Industries, Ltd. (wholly-owned subsidiary)			
Business	Businesses related to chemicals and plastics, construction materials, machinery and metal products, and coal		Businesses related to phenol resin and extruded plastics			
Date of founding	March 10, 1942		December 2, 1946			
Location of headquarters	1978-96, Oaza Kogushi, Ube City, Yamaguchi Prefecture		1988-20, Oaza Kogushi, Ube City, Yamaguchi Prefecture			
President	Kazumasa Tsunemi, President and CEO		Yoshiki Suzuki, President			
Capital	48,565 million yen		99 million yen			
Number of outstanding shares	942,993,923		1,995,250			
Shareholders' equity	108,383 million yen		1,097 million yen			
Total assets	706,686 million yen		5,134 million yen			
Fiscal year-end	March 31		March 31			
Number of employees	11,074		117			
Main customers	Sales of chemicals and plastics, construction materials, machinery and metal products, and coal to customers in Japan and overseas.		Sales of phenol resin and extruded plastics to customers in Japan and overseas.			
Major shareholders and ratio of shareholding	Japan Trustee Services Bank, Ltd.: 14.08%		Ube Industries, Ltd.: 92.70%			
	The Master Trust Bank of Japn, Ltd.: 7.25%		Hagimori Industries, Ltd.: 4.81%			
	Sumitomo Life Insurance Company: 2.10%		Ube Agri-Materials, Ltd.: 2.00%			
	Nippon Life Insurance Company: 1.98%		Bocho Commercial Inc.: 0.40%			
Main banks	UFJ Bank, Ltd. Mizuho Corporate Bank, Ltd.		The Yamaguchi Bank, Ltd. UFJ Bank, Ltd. Shoko Chukin Bank (Central Cooperative Bank for Commerce and Industry)			
Relationship between companies	Capital relationship	Ube Industries owns a 92.70% share of all issued shares of Meiwa Kasei Industries.				
	Personnel relationship	Three Managing Executive Directors and ex-employees of Ube Industries serve as the Representative Director and Directors of Meiwa Kasei Industries.				
	Business relationship	Sales of raw materials and contract processing of products.				

Note: Consolidated figures are used for Ube Industries

Business Performance in the Last Three Fiscal Years

(Millions of yen)

Year ending	Ube Industries, Ltd. (Parent corporation)			Meiwa Kasei Industries, Ltd. (Wholly-owned subsidiary)		
	March 2003	March 2004	March 2005	March 2003	March 2004	March 2005
Net sales	513,535	511,373	562,708	4,926	5,268	5,745

Operating income	26,399	22,017	32,312	182	286	370
Ordinary income	16,052	15,137	23,634	146	254	352
Net income	8,120	(13,635)	9,223	106	112	210
Per share data (Yen)						
Net income, primary	9.61	(16.07)	10.07	53.1	56.1	105.2
Cash dividends applicable to the period	3	–	2	10	10	20
Stockholders' equity	114.55	98.77	115.30	396.4	453.1	550.2

Note: Consolidated figures are used for Ube Industries

4. Circumstances after stock-for-stock exchange

A. Capital

The capital of Ube Industries will not increase as a result of the stock-for-stock exchange.

B. Impact on business results

Meiwa Kasei Industries is already a consolidated subsidiary of Ube Industries. The stock-for-stock exchange is forecasted to have a negligible impact on the consolidated results of Ube Industries during the current fiscal year.