

Merger of aluminum beverage can businesses

Mitsubishi Materials Corporation and Hokkai Can Co., Ltd. have concluded a basic agreement to merge their aluminum beverage can businesses. The companies plan to spin off their aluminum can businesses into a joint venture on October 1, 2005. The stakes of Mitsubishi Materials and Hokkai Can will be 80% and 20%, respectively. The new entity will be one of the top producers and sellers of aluminum cans, with net sales of around ¥67 billion and a market share of 27%.

Aluminum cans rank alongside steel cans and PET bottles as the prime small beverage containers. The aluminum cans are both light and are essential for long-term storage of carbonated beverages, notably beer and soft drinks. The development of screwtop aluminum bottles has created a new segment of the beverage container market. We expect the battle among various container types to further intensify in the years ahead. We are nonetheless confident that we can increase the importance of aluminum cans through ongoing innovations.

As a comprehensive materials manufacturer, the Mitsubishi Materials Group has accumulated an array of proprietary technologies in everything from aluminum rolling and can production to recycling. Its prime strengths in aluminum cans are its manufacturing and analysis techniques. Hokkai Can engages in all aspects of the food and beverage container business, with operations extending from container manufacturing to filling. That company also maintains a marketing system that has proven superior in identifying client needs in aluminum cans.

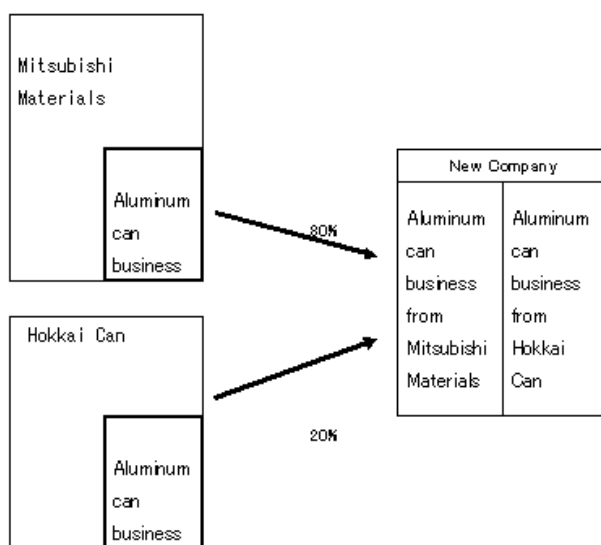
The two companies' aluminum cans businesses offer solid synergies in terms of customer bases, the plant locations, and technological and marketing expertise. The merger of these operations will allow the new entity to build a more efficient production structure and cut logistics costs. The new company will also be able to meet tougher quality requirements, develop more products, and pursue market expansion.

The new company will strive to extend its leading position in the aluminum beverage can market by harnessing its expertise to satisfy diverse customer needs, drawing on the technologies, knowhow and networks of the Mitsubishi Materials and Hokkai Can groups.

Profile of New Company

Name:	To be announced
Head office:	To be announced
Capital:	To be announced
Equity shares:	Mitsubishi Materials 80% and Hokkai Can 20%
Top management:	Chairman from Hokkai Can and president from Mitsubishi Materials
Number of employees:	Approximately 700
Production bases:	Yuki (Ibaraki Prefecture), Tatebayashi (Gunma Prefecture), Oyama (Shizuoka Prefecture), Minokamo (Gifu Prefecture) Koura (Shiga Prefecture) and Seto (Okayama Prefecture)
Main products:	Aluminum beverage cans
Production capacity:	Around 5 billion cans in fiscal 2007

Stakes in New Company



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