

On May 27, 2005, Plansee Holding AG ("Plansee") and Mitsubishi Materials Corporation ("MMC") have reached a basic agreement by signing a Letter of Intent to merge their relevant business activities in the field of powder metallurgical (PM) products under a new joint holding company to be established in Luxembourg. It is planned that Plansee and MMC will hold each a 50 percent equity share in this joint venture.

The Sinterstahl group, the PM business subsidiary of Plansee, with plants in Germany, Spain and the United States, and the PM business of MMC with plants in Japan, U.S.A., Malaysia, and China will be transferred to the new joint venture, which will focus in future on the global engineering and production of structural parts made of materials as iron, steel, bronze, aluminium and titanium for engine, transmission and chassis applications.

The PM business of both industrial groups is complementary to each other, thereby strengthening the global customer and manufacturing bases of the joint venture. The exchange of technologies and business know-how will lead to efficiency gains and overall performance improvements and support the expansion of the business in fast growing markets such as China, Eastern Europe and South America.

The closing of this transaction is planned for September 30, 2005, subject to clearance by the relevant anti-trust authorities and the final approval by the boards of directors of both companies.

The aim of the new joint venture is to position itself as one of the leading global automotive suppliers in the PM business. With currently 11 plants in Europe, Japan, U.S.A., Malaysia and China, the basis for expanding the global footprint has been laid.

Corporate Name:
to be defined

Corporate Headquarter:
Luxembourg

Capital:
to be defined

Shareholders:
50% Plansee Holding AG
50% Mitsubishi Materials Corporation

Actual number of employees:
2.000

Actual turnover:
350 Mil Euro (48 Bil Yen)

Manufacturing Base

- Germany (Füssen)
- Spain (Mondragón, Mieres)
- Japan (Niigata, Fujioka)
- U.S.A. (Columbus/IN, Dayton/OH, State College/PA)
- Malaysia (Port Klang)
- China (Shanghai)

Important product groups:
shock absorber parts, powertrain parts, transmission parts, engine parts, valve seats, valve guides, sintered oil-less bearing, sintered soft-magnetic materials, titanium aluminide/titanium valves

Diagram illustrating the proposed corporate structure:

- Plansee Holding AG** (Parent Company)
 - Sinterstahl Group (PM business) (Subsidiary)
- Mitsubishi Materials** (Parent Company)
 - PM business (Subsidiary)
 - Subsidiaries (PM business) (Subsidiary)
- Joint Holding Company (Luxembourg)** (Holding Company)
 - Sinterstahl Group businesses (Operating Business)
 - Mitsubishi Materials PM businesses (Operating Business)

The diagram shows the flow of ownership and management from the parent companies through the holding company to the operating businesses. The PM business of Mitsubishi Materials is highlighted with a dashed oval, indicating its specific focus.