

November 11, 2004

Ube Industries, Ltd.

Chairman of the Board, President and CEO: Kazumasa Tsunemi

Stock market code: 4208 (Tokyo Stock Exchange, First Section)

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Ube to Merge with Three Subsidiaries

Ube Industries, Ltd. (President: Kazumasa Tsunemi) plans to merge with three of its subsidiaries effective January 1, 2005, under a decision reached today by the board of directors, as part of a plan to streamline some operations of group companies.

Specifically:

- (1) Ube will merge with wholly owned subsidiary Ube Automotive Ltd. (President: Ryuichi Deguchi) and its wholly owned subsidiary U-Mold Co. (President: Minoru Okamura), as part of an effort to improve strength and efficiency in our aluminum wheels business through restructuring.
- (2) In the independent power producer (IPP) sector, Ube will merge with wholly owned subsidiary UBE Power Center Co. (President: Shunichi Kira), to maximize the effectiveness of our rationalization of our power generation operations.

These changes are aimed at optimizing our organizational structure, in the interest of maximizing the effectiveness of group management. Further details are as follows.

Details

1. History of our two aluminum wheels subsidiaries, and the aims of the merger

Aluminum wheel manufacturer U-Mold was established in January 1987 as a wholly owned subsidiary of Ube Industries. With the subsequent de-merger of Ube Industries' machinery and aluminum wheels division, which was reformed as Ube Machinery Inc., U-Mold became a wholly owned subsidiary of Ube Machinery.

In July 2001, Ube Machinery spun off the aluminum wheels division, and Ube Automotive

was re-established as a wholly owned subsidiary of Ube Industries.

Ube Automotive runs a global operation in aluminum wheel manufacturing, with branches in Japan, the U.S. and Canada. In Japan it also has sales operations. U-Mold was made a wholly owned subsidiary of Ube Automotive.

Now, all the aluminum wheels made by U-Mold are sold by Ube Automotive to automobile companies. The pending merger will achieve the following aims:

- 1) Unify production, sales and technology functions to speed the decision-making process and enhance efficiency of operations.
- 2) Bolster support for management and improve rationalization and efficiency by bringing the unit inside the parent company.

2. History of Ube's IPP business and the aims of the merger

IPP company, Ube Power Center, which was established in February 1998, owns and operates a 195MW coal-fired thermoelectric power plant in the city of Ube, in Yamaguchi Prefecture. Since March 2004, UPC has been supplying electric power on a wholesale basis to Chugoku Electric Power Co. under a 15-year contract.

In August 1998, Nissho-Iwai (now Sojitz Corp.) took a 30% investment stake in UPC, but in October 2002 Ube Industries bought that stake back; currently, UPC is a wholly owned subsidiary of Ube Industries.

Ube Industries owns another electric power generation facilities adjacent to the UPC power plant, which supplies electric power and steam to Ube Industries and other group companies in the surrounding area.

The aims of the pending merger are as follows:

- 1) Consolidate UPC's power plant with Ube Industries' another power-generation operations, to unify operations and facilities management, reduce costs and enhance efficiency.
- 2) Make a unified effort to implement new energy and environmental policies incorporating energy-saving measures and new forms of energy (biomass fuel).

3. Details of mergers

(1) Merger schedule

Board of directors approval of merger contracts

Oct. 26, 2004	Ube Automotive Ltd.
Nov. 5, 2004	U-Mold Co.
Nov. 10, 2004	Ube Power Center Co.
Nov. 11, 2004	Merger company

Merger contracts concluded

Nov. 11, 2004	Merger company, pre-merger companies (4)
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Merger contracts submitted for shareholder approval

Nov. 26, 2004	Pre-merger companies (Ube Automotive, U-Mold, UPC)
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Merger date

January 1, 2005	(Scheduled)
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Merger registration

January 4, 2005	(Scheduled)
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These mergers shall be simple mergers carried out under Article 413 Section 3 Item 1 of the Commercial Code, and Ube Industries will not be required to obtain shareholder approval of the merger contracts.

(2) Merger method

These mergers will leave Ube Industries as the continuing entity, and result in the liquidation of Ube Automotive, U-Mold and Ube Power Center.

Ube Industries owns all outstanding shares of Ube Automotive and Ube Power Center, and Ube Automotive owns all outstanding shares of U-Mold, so the merger will entail no issuance of new shares, no increase in capital, and no exchange of merger capital.

4. Outline of the Companies involved in Merger

(1) Company name	Ube Industries, Ltd. (Merging company)	Ube Automotive, Ltd. (Merged company)	U-Mold Co., Ltd. (Merged company)	UBE Power Center Co., Ltd. (Merged company)
(2) Line of business	Chemicals & plastics, construction materials, machinery & metal products, coal, real estate businesses	Sale of aluminum automotive wheels and control of aluminum wheel business	Manufacturing of aluminum automotive wheels	Whole sale supply of electric power
(3) Established	March 10, 1942	March 15, 2001	January 13, 1987	February 23, 1998
(4) Head office	1978-96, Ooaza Kogushi, Ube City, Yamaguchi Pref.	8-1, Aioi-cho, Ube City, Yamaguchi Pref.	2575-62, Ooaza Fujimagari, Ube City, Yamaguchi Pref.	1978-10, Ooaza Kogushi, Ube City, Yamaguchi Pref.
(5) Representative	Kazumasa Tsunemi Chairman of the Board and President	Ryuichi Deguchi President	Minoru Okamura President	Shunichi Kira President
(6) Capital	¥43,565 million	¥2,805 million	¥950 million	¥1,500 million
(7) Total number of issued shares	871,201,613 shares	23,470 shares	19,000 shares	3,270 shares
(8) Shareholders' equity	¥85,871 million	¥6,962 million	¥2,223 million	¥1,953 million
(9) Total assets	¥435,971 million	¥12,148 million	¥12,996 million	¥23,049 million
(10) Fiscal year end	March 31	March 31	March 31	March 31
(11) Number of employees	3,208	24	235	9
(12) Major clients	Sell chemical & plastics, construction materials, machinery & metal products and coal widely to domestic and overseas clients	Major Japanese and US auto makers such as Toyota, Nissan, Mazda, GM, Daimler Chrysler etc.	Ube Automotive	Wholesale supply of electricity to Chugoku Electric Power
(13) Major shareholders and their holding ratio	Japan Trustee Services Bank 10.89% Master Trust Bank of Japan 6.65% Sumitomo Life Insurance 2.33% Nippon Life Insurance 2.21% Mizuho Corporate Bank 2.01%	Ube Industries 100%	Ube Automotive 100%	Ube Industries 100%
(14) Main bank	UFJ Bank, Mizuho Corporate Bank	UFJ Bank, Mizuho Corporate Bank	UFJ Bank, Yamaguchi Bank, Mizuho Corporate Bank	Development Bank of Japan, UFJ Bank
(15) Relationship among the companies				
Capital structure:	(1) Ube Industries owns all the shares of Ube Automotive and Ube Automotive owns all the shares of U-Mold. (2) Ube Industries owns all the shares of UBE Power Center.			
Human resources:	(1) Ube Industries sends officers and employees to Ube Automotive. (2) Ube Industries sends officers and employees to UBE Power Center.			
Business:	(1) Ube Automotive purchases and sells U-Mold's aluminum wheels. (2) Ube Industries supplies fuel coal and auxiliary materials, leases site for electric power station and obtains its operation business.			

(16) Operating results of the past 3 fiscal years												
	Ube Industries (billions of yen)			Ube Automotive (millions of yen)			U-Mold (millions of yen)			UBE Power Center (millions of yen)		
	Mar 2002	Mar 2003	Mar 2004	Mar 2002	Mar 2003	Mar 2004	Mar 2002	Mar 2003	Mar 2004	Mar 2002	Mar 2003	Mar 2004
Net sales	227.1	229.2	227.0	11,601	16,560	18,521	13,751	15,734	15,803	0	0	487
Operating income	5.2	12.1	13.4	635	820	549	780	1,258	44	(31)	(32)	27
Ordinary income	4.7	6.6	8.6	589	1,206	935	701	1,150	(104)	(45)	(71)	12
Net income	4.0	4.0	(9.0)	334	780	665	394	645	(260)	(46)	(72)	(818)
Net income per share	¥4.64	¥4.81	(¥10.62)	¥14,000	¥33,000	¥28,000	¥20,000	¥33,000	(¥13,000)	(¥14,000)	(¥22,000)	(¥250,000)
Dividend per share	¥0	¥3	¥0	¥4,772	¥13,000	¥0	¥13,052	¥16,900	¥0	¥0	¥0	¥0
Shareholders' equity per share	¥111.53	¥107.79	¥98.59	¥252,000	¥281,000	¥296,000	¥126,000	¥147,000	¥117,000	¥869,000	¥847,000	¥597,000

Note: The above figures are as of March 31, 2004.

5. After Merger

- (1) Company name: Ube Industries, Ltd.
- (2) Line of business: No change by merger
- (3) Head office: 1978-96, Ooaza Kogushi, Ube City, Yamaguchi Pref.
- (4) Representative: Kazumasa Tsunemi, President
- (5) Capital: ¥43.5 billion (as of March 31, 2004) No increase by merger
- (6) Total assets: Total assets are expected to increase by ¥27 billion due to merger.
(Reference: Total assets at the end of March 2004 - ¥435.9 billion)
- (7) Fiscal year end: March 31
- (8) Effect on operating results:
- (Consolidated basis) As UAL, UMD and UPC, which are to be absorbed, are the Company's wholly owned subsidiaries, there are no effects on the Company's consolidated operating results.
- (Non-consolidated basis) Operating results of Fiscal 2004 and Fiscal 2005 are expected to increase by the following amounts.
(Fiscal 2004 - the amount to be effected from January 1, 2005 to March 31, 2005)

	Fiscal 2004	Fiscal 2005
Net sales	¥5.1 billion	¥18.7 billion
Operating income	¥0.6 billion	¥1.7 billion
Ordinary income	¥0.4 billion	¥1.1 billion
Net income	¥0.2 billion	¥0.7 billion

Due to this merger, the Company will have about ¥5.5 billion loss on share extinguishment of three companies.

As the Company has separately announced a revised forecast for Fiscal 2004 results, taking all these effects into account as of today, please refer to this revision.