

## **Ube Industries to Dissolve Subsidiaries**

TOKYO, March 22, 2005 — At a board of directors' meeting held today, Ube Industries, Ltd. (chairman & president: Kazumasa Tsunemi), decided to approve the dissolution of Ube Automotive North America Mason Plant, Inc. (president: Jim Allen; hereafter, "Mason") as well as Ube Corporation (USA) (president: Makoto Shimizu; hereafter, "UC"), its holding company, which owns three other US subsidiaries. This decision is part of Ube Industries' plan to reorganize its Group companies in North America.

In line with this decision, the board of directors' meetings to be held on March 22, 2005 (US local time) in each company will resolve to dissolve these companies as of March 31, 2005.

### **1. Mason's history and reason for dissolution**

Mason was established in July 1989 in Mason, Ohio to manufacture aluminum wheels as a wholly-owned subsidiary of Ube Industries and incorporated in Delaware. Mason manufactured aluminum wheels for major automobile manufacturers such as General Motors and Daimler Chrysler since it began shipments in July 1991.

When the US holding company, UC was established in October 1992, Mason's shares were transferred from Ube Industries to UC, making Mason a wholly-owned subsidiary of UC.

Subsequently, Ube Industries' North American aluminum wheel business capitalized on its lightweight but strong, bright-finish products. This earned the company high praise, particularly in the luxury car market, and Ube Industries continued to expand its business. Ube Automotive North America Sarnia Plant, Inc. (hereafter, "Sarnia") was established in June 2000 in Ontario, Canada as the second North American aluminum wheel manufacturing plant after Mason. This move was intended to meet strong demand and promote Ube Industries' shift to large diameter aluminum wheels. Shipments started in May 2002.

Nevertheless, Mason was not able to reduce costs enough to adapt to the changing environment, marked by severe competition as aluminum wheels made in low production cost countries entered the market and the proportion of chrome products dropped sharply. Further, in 2003 productivity declined precipitously when the renewal of contracts between labor and management led to disputes, resulting in Mason posting heavy losses.

Despite various measures implemented to restore earnings in 2004, productivity failed to improve and fixed costs were not reduced enough to meet the recovery plan. The company recorded large operating losses in two consecutive years.

Given these circumstances, Ube Industries carefully reviewed the possibility of reorganizing Mason, and determined that the best choice would be to dissolve Mason and focus its resources on Sarnia in its attempt to rebuild the North American aluminum wheel business.

This will result in a two-core market strategy for Ube Industries' aluminum wheel business, with Ube Industries' aluminum wheel division focusing on the Japanese market and Sarnia focusing on the North American market. Mason had primarily produced 16 and 17-inch

diameter wheels, so dissolving the company will accelerate Ube Industries’ strategy to raise the proportion of large diameter wheels it produces.

To ensure supply to its customers, Mason will continue to operate for existing orders for a certain period of time. Ube Industries will make all efforts possible to minimize the impact on employees and the local community.

2. UC’s history and reason for dissolution

UC was established in Delaware in October 1992 as Ube Industries’ wholly-owned US holding company through an investment-in-kind from Ube Industries’ holdings in US subsidiaries. Subsequently, through split off and reorganizations of its machinery and aluminum wheel division, Ube Industries currently has a 91.7% stake in UC and Ube Machinery Co., Ltd. has an 8.3% stake.

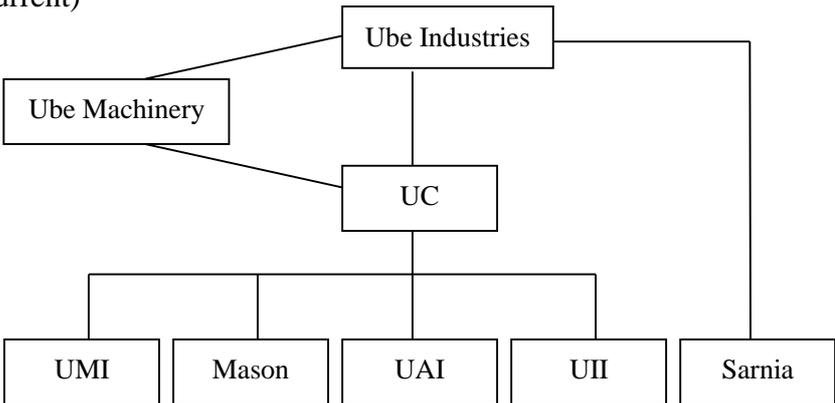
UC has a 100% stake in Ube America, Inc. (UAI), Ube International (U.S.A.), Inc. (UII), Ube Machinery Inc. (UMI) and Mason, and pays consolidated taxes in U.S.A.

Ube Industries will rework the above capital relationship with its U.S. subsidiaries in accordance with Mason’s dissolution, dissolving the holding company UC and restoring the shareholding relationship with its US subsidiaries to direct capital contributions from Japan.

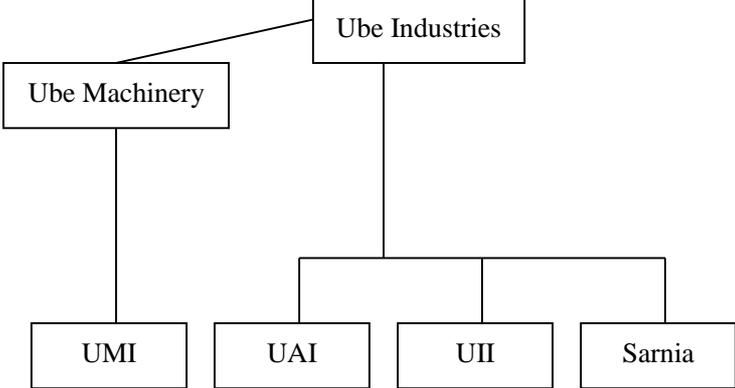
Simplifying the capital participation will facilitate decision-making at the US subsidiaries and improve business efficiency.

The capital relationships with the North American subsidiaries including Sarnia are outlined below.

(Current)



(After reorganization)



3. Schedule for dissolution

*Mason*

- March 22, 2005: Mason’s board of directors decides on dissolution
- March 31, 2005: Mason’s general meeting decides on dissolution.
- From April 1, 2005: Production continues; liquidation procedures start after production is completed.

*UC*

- March 22, 2005: UC’s board of directors decides on dissolution
- March 31, 2005: UC’s general meeting decides on dissolution.
- From April 1, 2005: Liquidation procedures start

#### 4. Overview of relevant affiliates

1. Corporate name	Ube Automotive North America Mason Plant, Inc.	Ube Corporation (USA)				
2. Business	Manufacture and sale of aluminum wheels for automobiles	U.S. holding company				
3. Date of founding	July, 1989	October, 1992				
4. Location of headquarters	4600 Mason-Montgomery Road, Mason, Ohio, USA	874 Walker Road, Suite C, City of Dover, County of Kent, Delaware, USA				
5. President	Jim Allen	Makoto Shimizu				
6. Capital	US\$ 62,500,000	US\$ 76,900,000				
7. Number of outstanding shares as of January 1 <sup>st</sup> , 2005	1,000 shares	384,500 shares				
8. Shareholders' equity	(US\$45,284,000)	US\$102,720,000				
9. Total assets	US\$94,439,000	US\$102,918,000				
10. Fiscal year-end	December 31	December 31				
11. Number of employees	342	0				
12. Main customers	Major US and Japanese automobile manufacturers such as Daimler Chrysler, GM, Nissan and Ford	None				
13. Major shareholders and ratio of shareholding	Ube Corporation (USA): 100%	Ube Industries Ltd.: 91.7% Ube Machinery Co., Ltd.: 8.3%				
14. Main banks	Fifth Third Bank	UFJ Bank, New York Branch				
15. Earnings in most recent three fiscal periods (US\$ 1,000 – except per share data)	Fiscal period ended:					
	December 2002	December 2003	December 2004	December 2002	December 2003	December 2004
Sales	108,299	89,602	65,412	—	—	—
Operating profit	4,483	(5,478)	(31,378)	(81)	(57)	(51)
Ordinary profit	1,645	(13,095)	(45,232)	954	313	355
Net profit	1,645	(39,689)	(45,232)	18,926	470	539
Net profit per share	1,645	(39,689)	(45,232)	75.9	1.8	1.4
Dividends per share	—	—	—	—	—	—
Shareholders' equity per share	14,637	(25,052)	(45,284)	299.4	297.4	267.2

Note: The above figures 6, 7, 8, 9 and 11 are current as of December 31, 2004.

#### 5. Losses incurred in dissolution

The dissolution of Mason will result in 6.8 billion yen in extraordinary losses on a consolidated and non-consolidated basis.

This includes expenses for liquidation, losses on sales and valuation of fixed assets, and losses that will be incurred in continuing production after dissolution has been decided to fulfill orders that have already been placed.

On the other hand, dissolution of UC will not affect either consolidated or non-consolidated financial results.

Accordingly, revisions to Ube Industries' earnings estimates will be released separately. Please refer to these revisions.

Despite the aforementioned extraordinary losses, consolidated income after taxes will exceed previous estimates due to upward revisions to operating profits—particularly in the chemicals and plastics division—and the tax effects commensurate with the dissolution described above.