

August 26, 2002

To whom it may concern

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Notice with regard to Agreement on Basic Conditions
for Consolidation of Chemicals business operation

Nissho Iwai Corporation and Nichimen Corporation have basically agreed to transfer both parent companies' chemicals business operations to *Global Chemical Holdings, Inc.(GCH)*, which is a joint holding company of the both companies in the Chemicals field by the end of September, 2002

1.Purpose

As we noticed on March 25, 2002, Nissho Iwai and Nichimen agreed to tie up in the chemicals field based on an equal footing and established a joint holding company GCH as a first step towards taking a potential full-scale merger of chemicals business operations (as well as other companies in the same industry).

The company owns *Nissho Iwai Chemical Corporation* and *Nichimen Chemical Company Ltd.*

And this time Nissho Iwai and Nichimen basically agreed to completely integrate their chemicals business by transferring both parent companies' chemicals business in order to pursue higher synergy effect and also aim at maximizing corporate value.

Moreover we intend to reorganize subsidiaries of GCH not later than October 2003 and put GCH in the center to expand business basis of chemicals field in the future.

2.Details of the business transfer

(1) Business details transferred by Nissho Iwai

1. Chemicals business:

Sales of organic chemicals such as acetyl products chains, synthetic raw materials and spinning oil as well as fine chemicals including intermediate pharmaceuticals, agricultural chemicals, additives, catalysts and pesticide; Operation of chemicals tanks and an agricultural chemicals sales company.

2.Chlor-Alkali & Vinyl business:

Sales of chlor-alkali & vinyl products chains such as industrial salt, EDC, VCM, PVC resin, sodium chlorate and caustic soda; Investments in salt operation, VCM/PVC manufactures, etc.

3.Electronic materials business:

Sales of mineral products such as rare earth, glass raw materials, battery raw materials as well as electric image related products including semiconductor processing chemicals, photosensitive materials and electric devices; Investments in a rare earth refining company, etc.

(2) Outline of the transferee

Name: Global Chemical Holdings, Inc.
Management: Atsumi Shirai, Chairman
(former Senior Managing Director, Nichimen Corp.)
Kosaku Nakatani, President
(former Senior Managing Director, the present Adviser, Nissho Iwai Corp.)
Location: Shiba 4-1-23, Minato-ku, Tokyo
Established: November 7, 1997
Paid-in Capital: 3 billion yen
Capital Reserve: 2.99 billion yen
Shareholding: Nissho Iwai 50%, Nichimen 50%

3.Plan

After both Nissho Iwai and Nichimen transfer their chemicals business to each subsidiary, all shares of each subsidiary will be transferred to GCH.
Details including transfer price will be announced as soon as it is decided.

4.Time-line

August 26, 2002	Agreement on Basic Conditions for Transfer
In mid-September 2002	Transfer Chemicals business of the parent company to the subsidiary(scheduled)
Late in September 2002	Transfer of 100% shares of the subsidiary to GCH(scheduled)

5. Effect on Earnings forecast (Year ending March 31, 2003)

No change in the previous earnings forecast (consolidated/non-consolidated) is anticipated at this moment [because details including transfer price in this transaction have not been yet decided].

[Reference] Financial forecast for the current term (ending March 31, 2003)

(consolidated)	(million yen)	(non-consolidated)	(million yen)
Sales	4,900,000	Sales	3,000,000
Recurring profit	30,000	Recurring profit	3,000
Net income	8,000	Net income	2,000
		Dividends	-