

March 25, 2002

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**Notice regarding establishment of a joint holding company
and transfer of a subsidiary in the chemical business field**

Nichimen Corporation (Nichimen) agreed with Nissho Iwai Corporation (Nissho Iwai) today to establish Global Chemical Holdings, Inc. (GCH), a joint holding company in the chemical business field.

These two companies also agreed to transfer the ownership of Nichimen Chemicals Co., Ltd. (Nichimen Chemicals), a 100% subsidiary of Nichimen, and NISSHO IWAI CHEMICAL CORPORATION (NISSHO IWAI CHEMICAL), a 100% subsidiary of Nissho Iwai, to GCH.

1. Reason for establishment of the joint holding company

Nichimen and Nissho Iwai have aimed to develop new businesses to expand profit base in the chemical business field respectively. Nichimen Chemicals, the core subsidiary of Nichimen in the chemical business field, has developed the cosmetics business for Consumers' Co-operative Union in Japan and the mail-order channel in addition to common chemicals businesses. NISSHO IWAI CHEMICAL, the core subsidiary of Nissho Iwai in the same field, handles various chemical products and has functions to develop new products in common chemicals businesses.

Nichimen and Nissho Iwai decided to establish GCH, which has Nichimen Chemicals and NISSHO IWAI CHEMICAL in the subsidiary, not only to integrate common chemicals businesses, but also to expand supply source of cosmetics materials. Nichimen and Nissho Iwai expect synergy benefit through mutual use of functions of the two subsidiaries and aim to raise the corporate value through new business creation etc.

2. Scheme for establishment of the joint holding company

Nichimen will transfer all shares of Nichimen Chemicals to GCH, which has NISSHO IWAI CHEMICAL in the subsidiary. Afterwards, Nichimen will purchase 50% of the issued shares of GCH from Nissho Iwai.

3. About Global Chemical Holdings, Inc.

- (1) Company name: Global Chemical Holdings, Inc.
- (2) Representative: Atsumi Shirai, Chairman (Senior Managing Director of Nichimen)
Kosaku Nakatani, President (Senior Managing Director of Nissho Iwai)
- (3) Location of headquarters: 1-23, Shiba 4-Chome, Minato-ku, Tokyo
- (4) Date of incorporation: November 7, 1997
- (5) Paid-in capital: ¥3 billion (after capital increase)
Additional paid-in capital: ¥3 billion (")
- (6) Ownership: Nichimen Corporation 50%, Nissho Iwai Corporation 50%
- (7) Business projection: Net sales (first fiscal year) approximately ¥100 billion
(consolidated base) Operating income (first fiscal year) approximately ¥1.5 billion

4. About Nichimen Chemicals and NISSHO IWAI CHEMICAL

Company name	Nichimen Chemicals Co., Ltd. (Nichimen's subsidiary to be transferred)	NISSHO IWAI CHEMICAL CORPORATION
Main business	Wholesaling of chemicals and cosmetics	Domestic and international sales and trading in Chemicals, Ceramics and Minerals
Date of incorporation	January 8, 1982	January 30, 1988
Location of headquarters	8-15, Nihonbashi Honcho 4-chome, Chuo-ku, Tokyo	4-10, Nihonbashi Muromachi 4-chome, Chuo-ku, Tokyo
Representative	Nobuie Kimura, President	Hiroshi Hamano, President
Capital stock (as of March 31, 2001)	¥200 million	¥700 million
Issued shares	4,000 shares	14,000 shares
Shareholders' equity (as of March 31, 2001)	¥403 million	¥934 million
Total assets (as of March 31, 2001)	¥6,835 million	¥24,408 million
Financial closing date	March 31	March 31
Number of employees (as of October 1, 2001)	46 (including 7 staffs sent form Nichimen Corporation)	168 (including 54 staffs sent from Nissho Iwai Corporation)
Major shareholders and shareholdings	Nichimen Corporation 100%	Nissho Iwai Corporation 100%
Financial results for the last fiscal year and forecast for the current fiscal year	(results for year ended March 31, 2001) Net sales ¥13,112 million Operating income ¥169 million Recurring profit ¥141 million (forecast for year ending March 31, 2002) Net sales ¥12,500 million Operating income ¥240 million Recurring profit ¥220 million	(results for year ended March 31, 2001) Net sales ¥49,382 million Operating income ¥627 million Recurring profit ¥539 million (forecast for year ending March 31, 2002) Net sales ¥86,700 million Operating income ¥1,300 million Recurring profit ¥970 million

5. Nichimen's shareholding before and after transfer of Nichimen Chemicals shares

- (1) Shares owned by Nichimen before transfer: 4,000 shares (possession ratio 100%)
- (2) Shares to be transferred: 4,000 shares (transfer price ¥5.7 billion)
- (3) Shares owned by Nichimen after transfer: 0 shares (possession ratio 0%)

6. Nichimen's shareholding before and after purchase of GCH shares

- (1) Shares owned by Nichimen before purchase: 0 shares (possession ratio 0%)
- (2) Shares to be purchased: 100 shares (purchase price ¥5 million)
- (3) Shares owned by Nichimen after purchase: 100 shares (possession ratio 50%)
- (4) Nichimen and Nissho Iwai will undertake 50% of new GCH shares respectively, whose issuance is scheduled by the end of April 2002. Nichimen will undertake 59,900 shares, which amounts to ¥2,995 million.

7. Schedule

March 25, 2002	Corporate resolution for conclusion of share transfer agreement
March 26, 2002	Date of share transfer (planned)

8. Outlook of performance

The capital gain on this share transfer is approximately ¥5.5 billion on non-consolidated basis and approximately ¥2.7 billion on consolidated basis. However, depending on stock prices at the end of March 2002, there is a possibility that substantial devaluation loss would be incurred on some listed stocks held by Nichimen. Therefore, at present, there have been no changes in the outlook announced on November 15, 2001.

(For reference)

○ Outlook for current fiscal year ending March 31, 2002 (announcement on November 15, 2001)

(Consolidated)

	Year ending March 31, 2002
Net Sales	¥2,100 billion
Operating income	¥29 billion
Recurring profit	¥21 billion
Net income	¥10 billion

(Non-consolidated)

	Year ending March 31, 2002
Net Sales	¥1,500 billion
Operating income	¥10 billion
Recurring profit	¥10 billion
Net income	¥3.5billion
Year-end dividends	Undecided

(end)

The original version of this announcement is written in Japanese. In case of any discrepancies between this notice and the original, the Japanese version shall govern.