

IRCJ approves application for assistance for Mitsui Mining companies

Tokyo, September 1, 2003 – The Industrial Revitalization Corporation of Japan (“the IRCJ”) today approved an application by MITSUI MINING COMPANY, LIMITED (“Mitsui Mining”) and related companies under Article 22, Clause 3 of the Industrial Revitalization Corporation Act of 2003.

1. Outline of business approved for assistance

Company name(s)	MITSUI MINING COMPANY, LIMITED MITSUI MINING COKE, LIMITED MITSUI MINING DISTRIBUTION, LIMITED MITSUI COAL MINING, LIMITED
Date of establishment	1911
Capital	¥11.64195 billion (as of June 30, 2003)
Head office	3-3-3 Toyosu, Koto-ku, Tokyo, Japan
Representative	Shuji Nishino, President
Number of employees	413 (as of DATE)
Outline of business	The Mitsui Mining group of companies carries out a wide range of business activities that can be classified into energy-related, cement and construction materials-related, machinery-related, and other businesses. Details are as follows.

Energy-related business

The Coal Division imports and sells coal; the Coke Division manufactures and sells coke; and the Oil Division procures and sells oil products.

Cement and construction materials-related business

The Cement Division manufactures and sells cement; the Limestone Division mines and sells limestone; and the General Construction Materials Division procures and sells general building materials.

Machinery-related businesses

The Atmospheric Division designs and installs equipment to prevent air pollution; the Activated Coke Division produces and sells desulphurizing and nitrate-absorbing activated coke; the Water Treatment Division designs and installs water purification equipment; and the Chemical Engineering Division designs and installs powder manufacturing equipment.

Other businesses

The Recycling Division undertakes incineration and landfill burial of industrial waste; the Electrodes Division manufactures and sells electrodes for use in lithium ion batteries; the Transportation Division handles stevedoring and transportation by sea; the Real Estate Division undertakes management, development and rental, and brokerage sales of held real estate assets; and the Water Services Division supplies public and industrial water.

2. Name of financial institution or other party jointly submitting application

Sumitomo Mitsui Banking Corporation

3. Outline of revitalization plan for Mitsui Mining and rationale for IRCJ involvement

1. Structure

- 1) Official recognition of business reconstruction plan under the Law on Special

Measures for Industrial Revitalization.

On September 1, 2003, Mitsui Mining, Mitsui Mining Distribution and Mitsui Mining Coke, Limited applied for and received official recognition of their business reconstruction plans under Article 3, Clause 1 of the Law on Industrial Revitalization.

2) Reduction of capital, reverse share split, and issuance of new shares to the IRCJ

Mitsui Mining plans to reduce capital, undertake a reverse share split (share consolidation) and issue new shares to the IRCJ (for cash or through a debt equity swap) as follows. It is planned to seek approval for the issuance of new shares at a shareholders' meeting.

Reduction of capital

Capital will be reduced by ¥10.64165 billion, or approximately 91.4%.

Reverse share split

Every two shares will be consolidated into a single share (the minimum trading unit will be halved at the same time).

New ordinary share issue

Allottee	IRCJ
Type of share	Ordinary shares (or nonvoting preferred shares convertible to ordinary shares)
Payment method	Debt equity swap or cash
Number of shares to be issued	To be confirmed
Total price	¥17.0 billion
Share issue price	Fair price, subject to agreement at shareholders' meeting

New preferred share issue

Allottee	Sumitomo Mitsui Banking Corporation
Type of share	Nonvoting preferred shares convertible to ordinary shares
Payment method	Cash
Number of shares to be issued	To be confirmed
Total price	¥1.0 billion
Share issue price	To be confirmed

Merger of Mitsui Mining, MITSUI MINING COKE, LIMITED, and MITSUI MINING DISTRIBUTION, LIMITED

Towards the end of March 2004, Mitsui Mining, MITSUI MINING COKE, LIMITED will merge with and be absorbed by MITSUI MINING DISTRIBUTION, LIMITED. The resulting continuing company will be renamed New Mitsui Mining (name to be confirmed) and will be listed on the stock exchange.

2. Outline of financial assistance

Mitsui Mining is requesting financial assistance, including debt forgiveness, of ¥118.0 billion for Mitsui Mining, MITSUI MINING COKE, LIMITED and MITSUI MINING DISTRIBUTION, LIMITED, and ¥53.0 billion for MITSUI COAL MINING, LIMITED.

3. Implications for management

If a decision is reached by the IRCJ to purchase the debt of Mitsui Mining, the entire existing board will resign, and will forgo any rights to retirement benefits.

4. Implications for shareholders

The capital of Mitsui Mining is to be reduced by 91.4% at the same time as shares

are consolidated by a two-into-one reverse share split, and at the same time it is planned to implement a capital increase of ¥17.0 billion. As a result, the percentage of the company held by existing shareholders will reduce to less than 50%, and the IRCJ will hold voting rights of greater than 50%.

5. IRCJ rationale for providing assistance

Assuming the support of the main bank and of other financial institutions, we believe that if Mitsui Mining can be relieved of its excessive debt burden—which has been contributed to by legacies from the past such as mining-related health and safety law suits—and concentrate its human and physical resources in its core businesses, there is every possibility of the company implementing its business revitalization plan for a successful, long-term revitalization of the company.

4. Comments from the State Minister In Charge Of Industrial Revitalization And Administrative Reforms and from the minister relevant to the company seeking assistance

None expressed.

5. Debt repurchase application period

September 2, 2003 to October 31, 2003 (applications must arrive at the IRCJ on or before this date).

* Note: The debt repurchase application period is a period established for the purpose of consensus building between the financial institutions concerned and the IRCJ in regard to debt repurchase and the revitalization plan. This period is so named because, where agreement is achieved in legal terms, the financial institutions concerned apply to the IRCJ for debt repurchase etc.

6. Request for temporary cessation of demands for credit repayment

Under Article 24, Clause 1 of the Industrial Revitalization Corporation Act, financial institutions and other creditors of Mitsui Mining and related companies in this approval of assistance have been requested not to recover loans or exercise any other rights they may have as creditors before the end of the debt repurchase application period as per item 5 above.

7. Treatment of trade and other creditors

The decision to provide assistance concerns only the request for financial support made to financial institutions in regard to amounts lent to the assisted business and has no effect on the claims of trade and other creditors.

*Note on comments from ministers:

The IRCJ is a quasi-governmental organization. As such it is IRCJ policy to obtain comments about decisions to assist private-sector companies from the government ministries that regulate the industries in which these companies operate.

For more information, please contact

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About the IRCJ

The IRCJ was established jointly by the public and private sector on April 16, 2003, with the aim of providing revitalization assistance beneficial to both the industrial and the financial sectors in Japan. It targets assistance at companies that have sound business fundamentals but are unable to thrive because of excessive debt levels or other factors. The IRCJ has approximately 130 employees and is based in Tokyo. For more information please visit www.ircj.jp