

The Osaka Gas Group and the Nagase Group have established OnFine Co., Ltd. to sell high-performance formulated materials for use in IT devices.

December 4, 2002
Osaka Gas Co. Ltd.
Osaka Gas Chemicals Co., Ltd.
Nagase & Co., Ltd.
Nagase ChemteX Corp.

Osaka Gas Co., Ltd. (President: Akio Nomura), Osaka Gas Chemicals Co., Ltd. (President: Mitsuo Endo), Nagase & Co., Ltd. (President: Hiroshi Nagase), and Nagase ChemteX Corp. (President: Reiji Nagase) have today established OnFine Co. Ltd., a new company through which they will jointly sell polysilane and fluorine formulated materials, high-performance materials for IT devices.

Polysilane and fluorine derivatives offer the high clarity and heat resistance necessary for high-definition liquid crystal displays, the low permittivity required by increasingly faster and smaller computers, and the high refraction index critical for optical devices. Applying these materials in IT devices and other end products requires that they be processed into coatings and other intermediate products, or formulated materials. However, because processing to create formulated materials normally requires advanced technology, a significant amount of time is necessary to develop raw materials into modified materials.

Osaka Gas developed the technology for high-quality, low-cost mass production of polysilane and fluorine modified materials, and it is currently producing and selling them through a related company, Osaka Gas Chemicals. In particular regard to polysilane, which is outstanding for its heat resistance, high refractive index and low permittivity, Osaka Gas used a proprietary production method to become the first company in the world to stably produce this material with high quality. Mass production of polysilane was previously held to be very difficult.

For its part, Nagase & Co., as a chemical trading company, is pursuing business in fields such as chemical products, plastics, electronics, and healthcare. Recently, it has been concentrating its efforts on the field of electronics, where a related company, Nagase ChemteX, has been processing various raw materials into formulated materials to meet the needs of both domestic and overseas IT device manufacturers.

Applying their respective technologies, the Osaka Gas Group and the Nagase Group have been jointly pursuing technical development of everything from the polysilane and fluorine derivatives that serve as raw materials to the processing of these materials into modified materials as intermediate products. Seizing on the opportunity provided by their successful development of a coating material (using polysilane and fluorine derivatives as raw materials) for displays, the two groups began considering the joint establishment of a sales company and, today, announce the creation of OnFine Co., Ltd.

The goal of establishing this new company is to apply the synergies of the Osaka Gas Group's raw material development and mass production technologies and the Nagase

Group's modification technology and domestic and international marketing network to offer customers formulated materials developed from raw materials through an integrated process and set the industry standard for these products.

With full-scale operations slated for April 2003, certain manufacturers are presently being provided with samples and more will receive them in the future as the formulated materials to be supplied are optimized to meet customer requirements. OnFine aims to record sales of 5 billion yen in 2005 and 50 billion yen in 2010.

【 Overview of the New Company 】

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| (1) Company Name | OnFine Co., Ltd. |
| (2) Capital | 10 million yen (Osaka Gas Group 50%, Nagase Group 50%) |
| (3) Business Purpose | Manufacture and sell products that are fluorine and polysilane variants and perform all associated operations. |
| (4) Management | Representative Director and President:
Reiji Nagase (President, Nagase ChemteX Corp.)
Representative Director and Executive Managing Director:
Noboru Otsu (Executive Managing Director, Osaka Gas Chemical)
Directors
Norifumi Shindo (Osaka Gas)
Tetsuo Takimoto (Director, Osaka Gas Chemicals)
Kyoichi Zushi (Executive Officer, Nagase & Co., Ltd.)
Auditors
Mitsukuni Mori (Director, Nagase ChemteX)
Eiji Nakanishi (Osaka Gas Chemicals)
Kenji Shirato (Nagase ChemteX) |
| (5) Headquarters | 1-1-17 Shin-mach, Nishi-ku, Osaka |
| (6) Start of Operations | April 1, 2003 (scheduled) |
| (7) Sales Target | 5 billion yen (FY2005) |

For more information, contact the following:

Media Organizations

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Other Parties

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