

Becoming a Globally Competitive Aluminum Company

August 29, 2012

Background and Purpose of the Business Integration

Difficult Operating Environment Surrounding the Companies

- ◆ Decline in demand for aluminum roll products in Japan for the following two reasons:
 - Decline in final demand due to a decrease in and aging of population
 - Decline in production-demand due to overseas transfer of manufacturing bases
- ◆ Intensified competition in East Asia
 - Major overseas aluminum roll companies on the offensive
 - Rise of new aluminum roll manufacturers



Response to the Difficult Operating Environment and Acquisition of Foothold for Further Development

- ◆ Improvement in cost structure by utilizing efficiently operated resources and achieving economies of scale
- ◆ Significant enhancement of the business foundation, making it possible to face the intense competition with major overseas aluminum companies and new aluminum roll companies in the East Asian region
- ◆ Creation of synergy effects



Business Integration Based On the Spirit of Equality

Outline of the Integration

Trade Name	A new company name will be determined upon consultation between the Companies.
Location of Head Office	To be determined later upon consultation between the Companies. <i>* A new head office, other than the respective head offices of the Companies.</i>
Effective Date of the Merger (Integration Date)	October 1, 2013 [scheduled]
Form of Integration	Absorption-type merger with Furukawa-Sky as the surviving company.
Merger Ratio	Furukawa-Sky: 1, Sumitomo Light Metal Industries: 0.346 (For each share of Sumitomo Light Metal Industries, 0.346 shares of Furukawa-Sky will be allotted.)

Outline of the Integration

Representative

Chairman and Co-CEO: Shigenori Yamauchi
(current President of Sumitomo Light Metal Industries)

President and Co-CEO: Mitsuru Okada
(current President of Furukawa-Sky)

* Adopting a Co-CEO structure for a certain period of time, to aim for early integration.

Composition of Officers

To be determined later upon consultation between the Companies.

* The number of directors and auditors from the Companies will be of equal number at first.

Procedures of Integration

Establish an integration study committee and promote discussions and studies.

Goal of the Business Integration

The Integrated New Company Aims to become a:

**“Major Aluminum Company”
with Global Competitiveness**

Enhance corporate value

**Progressive global developments in new growth areas
and emerging markets**

**Cost competitiveness
that enables
competition in the
global market**

**Ability to respond to
customer’s needs by
synergistic effect of
technologies/developm
ents/quality response**

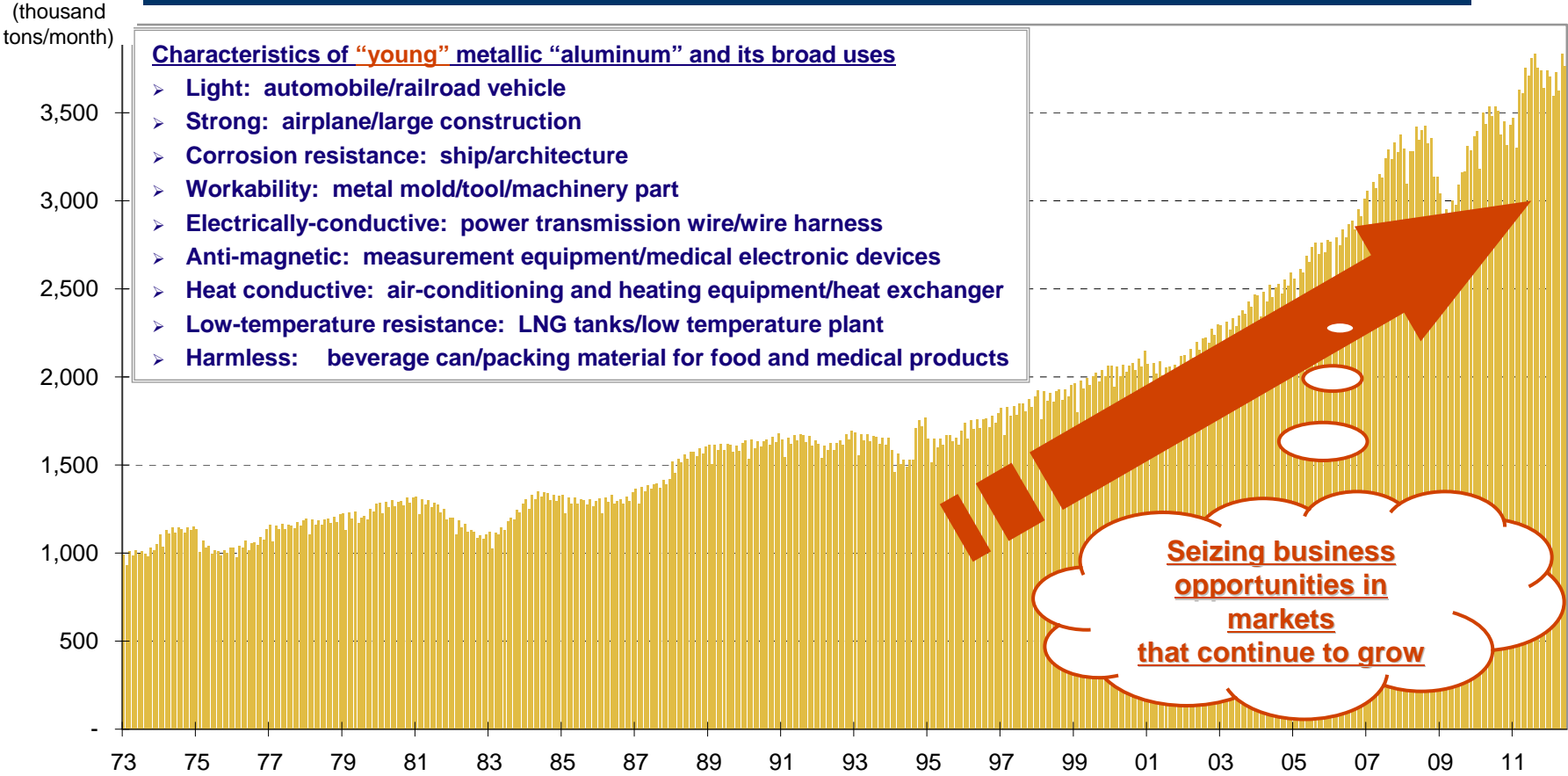
**Establish a structure
that enables the global
supply of products of
the highest quality**

**Concentrating the collective efforts of
all employees/group companies/cooperating companies of the Companies**

Changes in the World Aluminum Production

Production of primary aluminum is over 44 million tons, and its average growth rate in the past 10 years is 6% annually

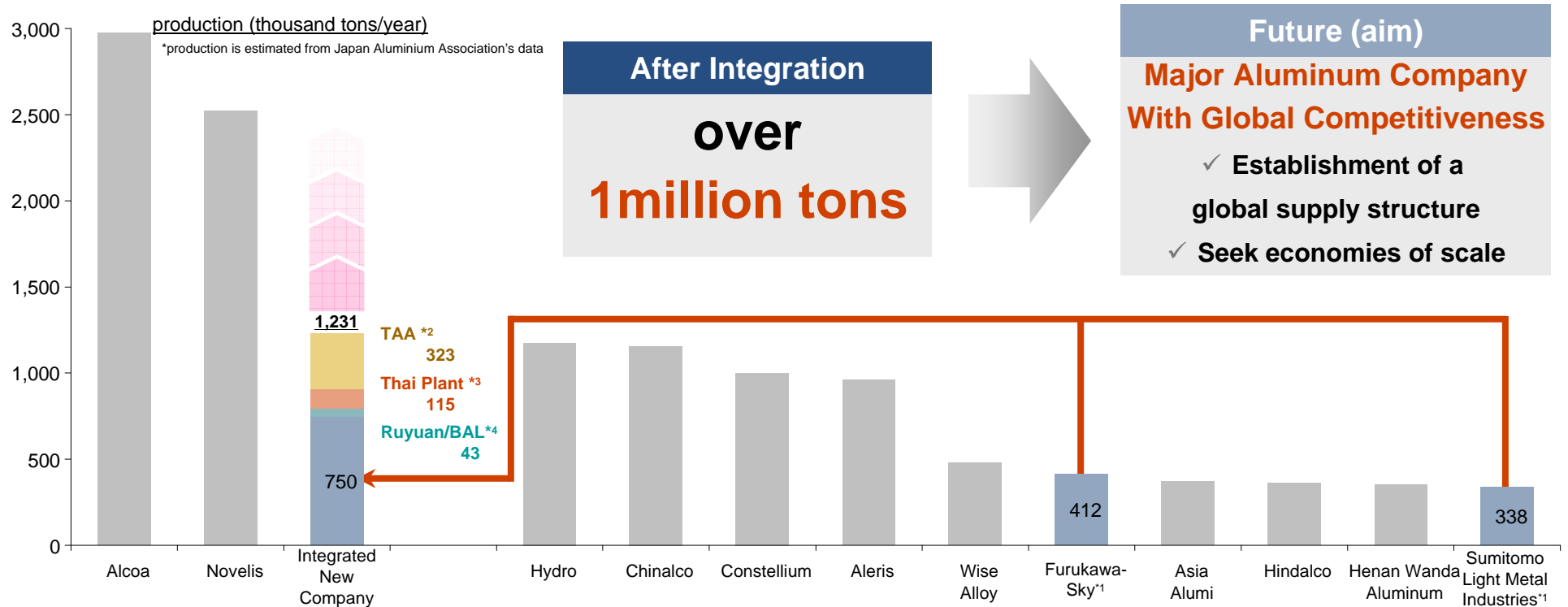
Changes in the Global Primary Aluminum Production (Monthly)



Effect of Business Integration (1)

Annual production of over 1 million tons and securing cost competitiveness enables competition in the global market

Ranking of Aluminum Sheet Products Production



¹ aluminum sheet products production for Furukawa-Sky and Sumitomo Light metal Industries is on a non-consolidated basis.

² "TAA" refers to ARCO Aluminum Inc. (now: Tri-Arrows Aluminum Inc.), a U.S. company purchased last year by the Companies that manufacture and sell rolled aluminum sheet products. TAA's production of aluminum sheet products is on a non-consolidated basis.

³ "Thai Plant" is an aluminum sheet rolling mill in Thailand 100% invested by Furukawa-Sky, and Furukawa-sky announced its construction last year. Production of aluminum sheet products corresponds to the production in the first period and the second period.

⁴ "Ruyuan" refers to Ruyuan Dongyangguang Plain Foil Co., Ltd. In China, "BAL" refers to Bridgnorth Aluminum Ltd. In England. Both companies are Furukawa-Sky's equity method affiliated companies and the production of aluminum sheet products corresponds to the holding ratio.

Effect of Business Integration (2)

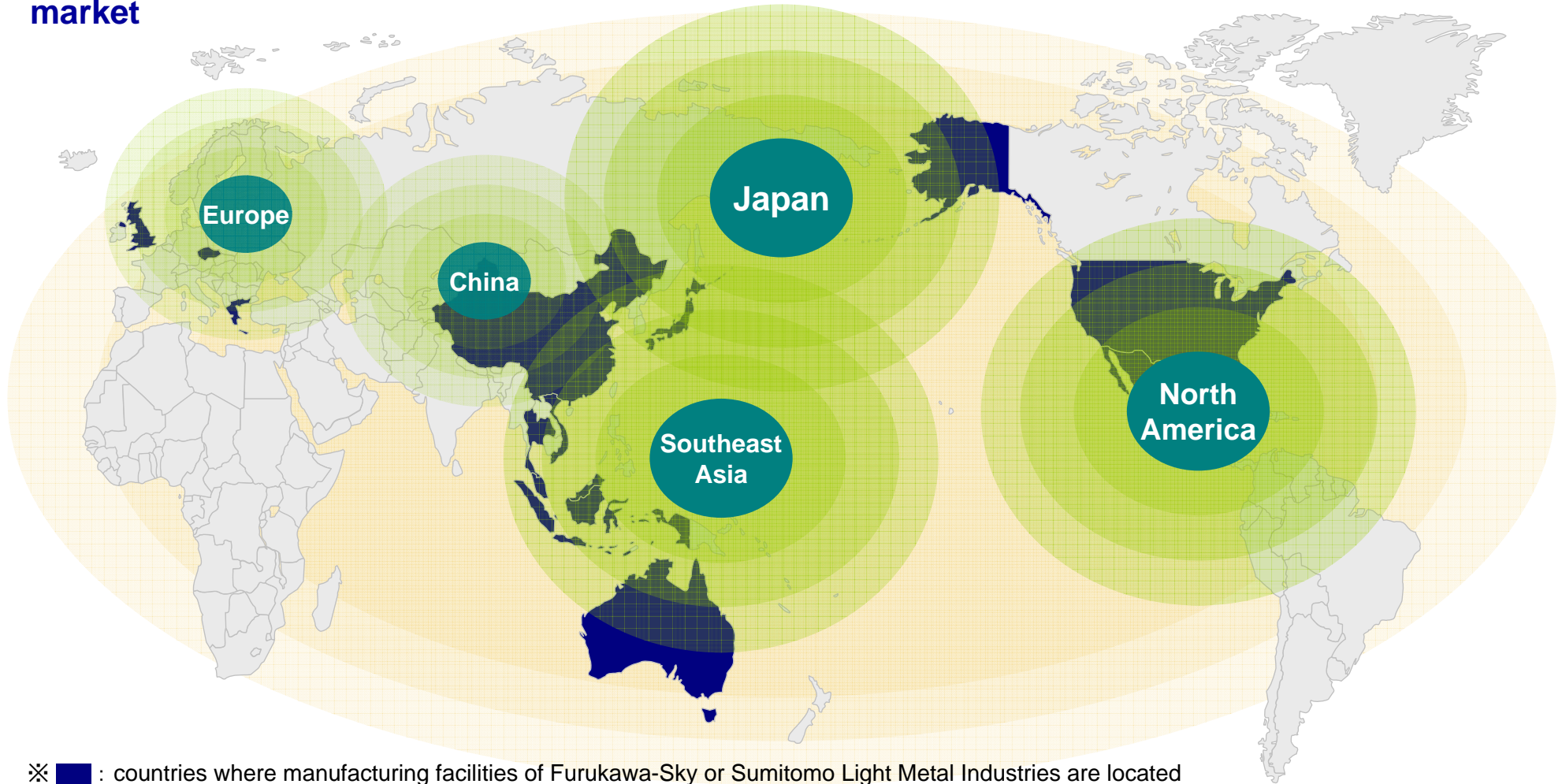
Concentrate the Companies' ability in technologies/development/quality response, and strengthen ability to respond to various customer needs



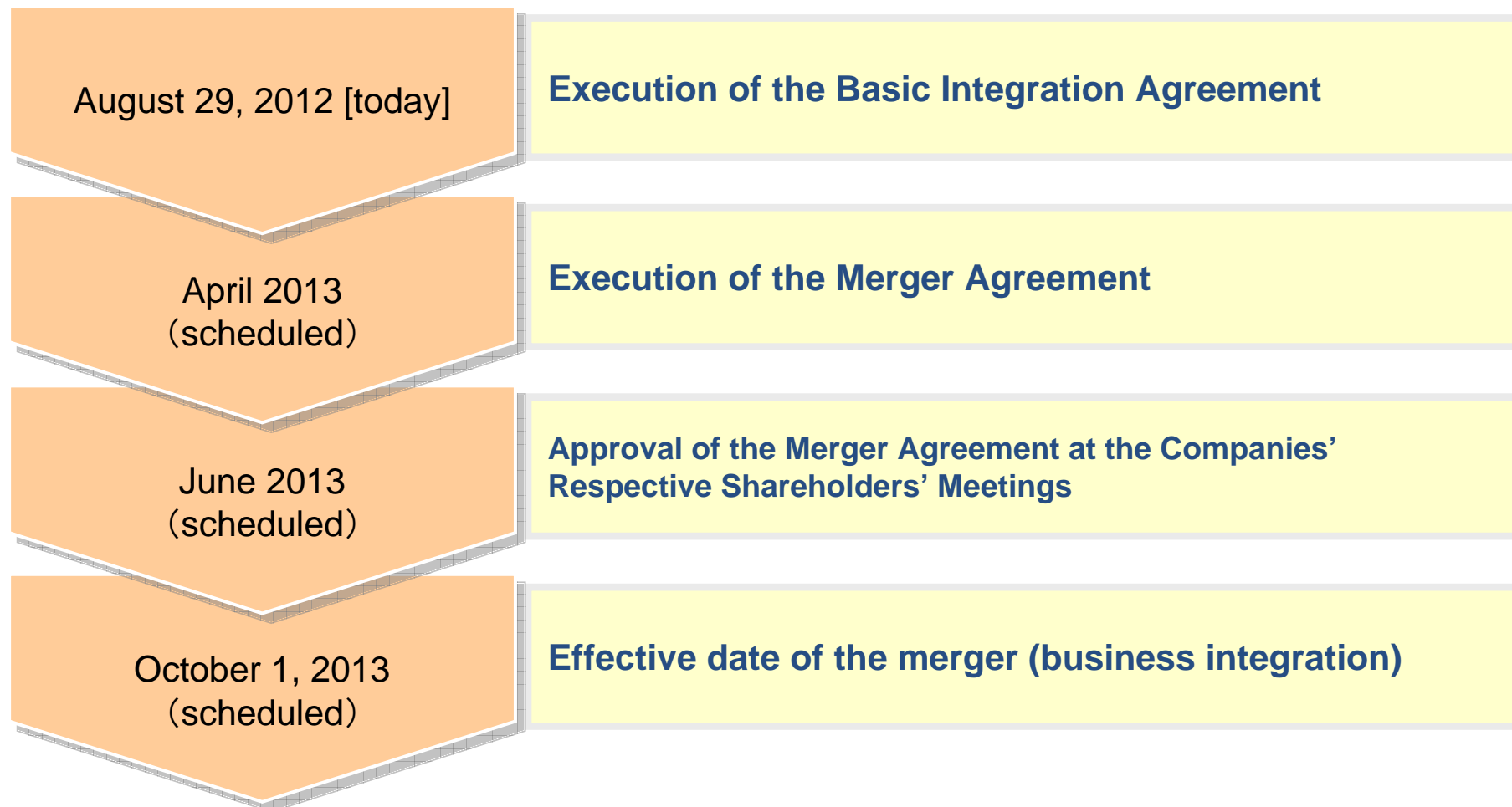
Boost ability to respond to expansion of business areas and various customer needs

Effect of Business Integration (3)

Establish a network that enables the supply of products of the highest quality to the global market

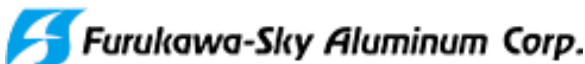



Schedule for Completion of Business Integration



※ The Business Integration is subject to authorization by the relevant authorities, and approval at the Companies' respective shareholders' meetings.

(Reference) Outline of the Companies

						
Name	Furukawa-Sky Aluminum Corp.			Sumitomo Light Metal Industries, Ltd.		
Location of Head Office	4-14-1 Sotokanda, Chiyoda-ku, Tokyo			5-11-3 Shimbashi, Minato-ku, Tokyo		
Representative	President, Mitsuru Okada			President, Shigenori Yamauchi		
Business Line	Manufacture and sales of aluminum and aluminum alloy roll products, casting products, forged products, and processed products of them.			Manufacture and sales of roll products of nonferrous metals, including aluminum and copper, and alloys, and processed products of them.		
Employees	(Non-consolidated) 1,959 (Consolidated) 3,644 (As of March 31, 2012)			(Non-consolidated) 1,522 (Consolidated) 4,536 (As of March 31, 2012)		
Financial Figures (million yen)	Fiscal Year Ended March 2010	Fiscal Year Ended March 2011	Fiscal Year Ended March 2012	Fiscal Year Ended March 2010	Fiscal Year Ended March 2011	Fiscal Year Ended March 2012
Consolidated Net Assets	59,617	69,907	71,179	28,600	35,267	53,261
Consolidated Total Assets	200,176	217,878	212,998	309,897	306,649	322,150
Consolidated Net Assets per Share (yen)	260.39	305.44	310.82	64.18	79.99	90.11
Consolidated Net Sales	185,588	207,223	193,972	233,530	259,476	258,926
Consolidated Operating Income	572	12,338	6,360	5,208	15,595	12,349
Consolidated Ordinary Income	660	11,680	6,411	3,017	11,466	10,184
Consolidated Net Income for the Period	770	11,968	3,540	6,480	7,189	8,298
Consolidated Net Income for the Period per Share (yen)	3.39	52.70	15.59	15.95	16.64	14.95
Dividend per Share (yen)	2.00	6.00	6.00			1.50

Notes Regarding Forward-looking Statements

These materials include “forward-looking statements” regarding the outcome and result of the Business Integration between Furukawa-Sky Aluminum Corp. and Sumitomo Light Metal Industries, Ltd. To the extent that statements in these materials do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and judgments of the Companies in light of the information currently available to them, and involve known and unknown risks, uncertainties, and other factors. Such risks, uncertainties, and other factors may cause the actual performance, achievements, or financial position of one or both of the Companies (or the post-transaction group) to be materially different from any future performance, achievements, or financial position expressed or implied by these forward-looking statements. The Companies undertake no obligation to publicly update any forward-looking statements after the date of this material. Investors are advised to consult any further disclosures by the Companies (or the post-transaction group) in their subsequent domestic disclosures in Japan and filings with the U.S. Securities and Exchange Commission.

The risks, uncertainties, and other factors referred to above include, but are not limited to:

- (1) economic and business conditions in and outside Japan;
- (2) changes in supply and demand of aluminum or copper materials, raw material costs, and exchange rates;
- (3) changes in interest rates on loans, bonds and other indebtedness of the Companies, as well as changes in financial markets;
- (4) changes in the value of assets (including pension assets), such as marketable securities and investment securities;
- (5) changes in laws and otherwise regulations (including environmental regulations) relating to the Companies’ business activities;
- (6) rise in tariffs, imposition of import controls, and other developments in the Companies’ main overseas markets;
- (7) interruptions in or restrictions on business activities due to natural disasters, accidents, and other causes;
- (8) the Companies being unable to complete the Business Integration; and
- (9) difficulties in realizing the synergies and benefits of the post-transaction group.

Contacts Regarding this Business Integration

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