

Notice on Special Losses and
Revision of Consolidated Financial Performance Outlook (FY2011)

Mitsui Chemicals, Inc. (Toshikazu Tanaka, President & CEO) reported special losses (see section 1) for the 3rd quarter of FY2011. Additionally, taking into account current business conditions and financial performance, Mitsui Chemicals, Inc. (MCI) revises its Consolidated Financial Performance Outlook as announced on November 2, 2011 (see section 2).

1. Special Losses (Impairment Loss for Fixed Assets)

Business conditions for polyurethane materials remained severe due to stagnant markets for TDI and MDI and yen appreciation.

Due to this further drop in demand, the remeasured recoverable amount of fixed assets which belongs to this business, was lower than their book value. As a result, according to the accounting standard of "Impairment of Assets", the impairment loss for the fixed assets was recorded in the amount of 11.415 billion yen.

MCI will continue to implement extensive structural reconstruction and severe cost cuts to improve its polyurethane materials business operations.

2. Revision of financial performance outlook on a consolidated base
(April 1, 2011 through March 31, 2012)

(¥ million)	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per share
Original Outlook (A) (announced November 2, 2011)	1,510,000	50,000	51,000	26,000	25.95yen
Revised Outlook (B)	1,430,000	25,000	23,000	(6,000)	(5.99yen)
Difference (B-A)	(80,000)	(25,000)	(28,000)	(32,000)	-
Ratio	(5.3%)	(50.0%)	(54.9%)	-	-
FY 2010 Actual (Reference) (April 1, 2010–March 31, 2011)	1,391,713	40,548	38,851	24,854	24.80yen

3. Reasons

Financial performance outlook for the fiscal period under review, thanks to the firm demand in developing markets and extensive cost cuts, was favorable in the first half of the period. In the latter half, however, despite positive effects of extensive cost cuts, conditions including European debt issues and drops in demand in China resulted in a decrease in sales volume. Additionally, in the petrochemical and basic chemicals sectors, trade terms deteriorated. As a result, both operating income and ordinary income declined from previously announced expectations.

In addition to the decline in operating income and ordinary income, net income declined from the previously announced financial performance outlook, as a result of special losses (impairment loss for fixed assets) outline in section 1.

The revised consolidated financial performance outlook is based on a 79 yen/dollar exchange rate (Jan to Mar 78 yen/dollar) and domestic standard naphtha price of 54,400 yen/KL (Jan to Mar 52,000 yen/KL).

Although MCI revises its consolidated financial performance outlook for FY2011, the company will further intensify its ongoing efforts to strengthen its high added-value and functional product selection, while undertaking structural reconstruction of large-scale low return businesses and extensive cost cuts in line with its fundamental strategy in the 2011 Mid-Term Business Plan.

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The above-mentioned outlooks are expectations, estimates, forecasts, and projections based on information available at this point in time, and therefore involve certain risks and uncertainties. As such, actual results may differ materially from those projected in the outlook and the Mitsui Chemicals Group cannot guarantee that these outlooks are accurate or will be achieved.