“Chemistry, Innovation, Dreams”

~The Mitsui Chemicals Group is constantly pursuing innovation and materializing dreams with the wonder of chemistry~

January 18, 2008

President & CEO   Kenji Fujiyoshi
Operating Incomes During the 04MTP (FY04-FY07)

(Accumulated Operating Income)
- 04MTP (Plan) ¥320 billion
- Results (Estimate) ¥320.9 billion

Met the target of the 04MTP

FY04: 80.5
FY05: 58.7
FY06: 91.7
FY07 (Estimated): 90.0

(FY04-FY07)
1st H of FY07 Targets and Results

- Sales and Operating Income

<table>
<thead>
<tr>
<th></th>
<th>1H of FY07</th>
<th>1H of FY07</th>
<th>Incr. (Decr.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>890.0</td>
<td>881.6</td>
<td>(8.4)</td>
</tr>
<tr>
<td>Result</td>
<td>38.0</td>
<td>42.7</td>
<td>4.7</td>
</tr>
<tr>
<td>Net Sales</td>
<td>890.0</td>
<td>881.6</td>
<td>(8.4)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>38.0</td>
<td>42.7</td>
<td>4.7</td>
</tr>
</tbody>
</table>

- Overseas Sales

Record High
Business Topics
[Performance Materials and Advanced Chemicals]

◆ Completion of multipurpose semi-commercial plant
  <Iwakuni-Ohtake/Jan. 2007>

◆ Completion of high-functional film center
  <Nagoya/Mar. 2007>

◆ Decision to increase production capacity of MDI
  <Kumho Mitsui Chemicals (Korea)/Apr. 2007>
  (To be completed in June 2009)

◆ Sankyo Agro joined the MCI Group
  <Apr. 2007>
  (Oct. : Mitsui Chemicals Crop Life was integrated)

◆ Acquisition of toner resin business from Sekisui
  <Apr. 2007>
Business Topics
[Performance Materials and Advanced Chemicals②]

◆ Dissolution of JV with GE and Nagase & Co.
  <Aug. 2007> (GE Plastics Japan Ltd. and GEM PC Ltd.)

◆ Increase of production capacity of NF3
  Start of commercial production
  <Shimonoseki/Aug. 2007>
  (+400t/yr 1,300t/yr →1,700t/yr)

◆ Completion of 3EPT plant
  <Ichihara/Oct. 2007>
  (+75kt/yr 45kt/yr →120kt/yr)

◆ Increase of production capacity of nonwoven fabrics
  Start of commercial operation
  <MHM (Thailand)/Dec. 2007>
  (+16kt/yr 14kt/yr→30kt/yr)
Increase of production capacity of PP compounds
Start of commercial operation

<May 2007> (ACP, GSC, MCZ +63kt/yr  237kt/yr→300kt/yr)

Increase of production capacity of phenol
Start of commercial operation

<MPS (Singapore)/Aug. 2007> (+50kt/yr  250kt/yr→300kt/yr)

Establishment of Mitsui Prime Advanced Composites India PVT Ltd.
<Sep. 2007>
Core Businesses of Performance Materials

◆ Elastomers

- Production Capacity
  
  TAFMER™: No.2 in the world, No.1 in Asia
  ADMER™: No.1 in the world

- Expansion of 3EPT Plant
  <Ichihara/Oct. 2007> (+75kt/r)

◆ Urethane

- Production Capacity
  No.2 in Asia (492kt/yr)

- Increase of production capacity of MDI to be completed
  <Kumho Mitsui Chemicals (Korea)/Jun. 2009> (+65kt/yr)

Urethane materials used (Automobile)

MELS (Singapore)
Core Businesses of Advanced Chemicals

◆ Monomers for Optical High-index Plastic Lens
  • Market Share No.1 in the world
  • World’s highest level refractive index based on highly competitive technology

◆ Agrochemicals

  • Insecticide “STARKLE™”

Halogen-free systemic insecticide which has inventive chemical structure
Core Businesses of Basic Chemicals

◆ Phenol
  - Production Capacity  
    No.2 in the world (920kt/yr)
  - Increase of MPS/Phenol  
    Start of commercial operation  
    <Aug. 2007> (+50kt/yr)

◆ PP Automotive Materials
  - Production Capacity  No.2 in the world (600kt/yr)
  - Increase of production capacity  
    <May 2007> (ACP, GSC, MCZ +63kt/yr)
  - Establishment of a New Company in India, ACI  
    <Sep. 2007>
Grand Design* and the 08 MTP

"Chemistry, Innovation, Dreams"

Long-term Management Target (targeting around 2015)

Financial Goals [Growth]
- Operating Income: ≥ ¥150bil.
- ROA: ≥ 10%
  (Return on Asset)

Environmental Goals [Harmony]
- Index of GHG Basic Unit: ≤90
  (1990 as 100)
- Industrial Wastes “Minimization” *1
- Development of Technologies to Utilize Non-Fossil Resources

The 2008 Mid-term Business Plan
Business plan for the first 4 years until 2015 to realize the Grand Design

*Grand Design is the basic framework of the MCI Group management which sets goals with an eye on further growth in the next 10 to 15 years.
Basic Concept of the 08 MTP

“The Challenge to Create Innovative Values”

◆ Complete 3 dimensional strategy consisting of economy, environment and society

◆ Create innovative new technologies

Economy

Innovative New Technologies

Environment

Society
## Performance Base for the 08 MTP

The following table shows premises to establish our 2008 Mid-term Business Plan. All the data are based on our forecasts for the next 4 years of the 08MTP.

<table>
<thead>
<tr>
<th>Economic Growth</th>
<th>Asia</th>
<th>5.8% (Japan 1.7%, China 9.4%, India 9.0%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The U.S.</td>
<td>3.0%</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>2.0%</td>
<td></td>
</tr>
</tbody>
</table>

### Market Trend

#### Automotive
- Production: Japan Unchanged, Europe & the U.S. +1.5%, Asia +4.0%
- Technically polarized: Growth to be seen in low environmental impact and compact light-weight, low priced automobiles.

#### Flat-panel TV
- Growth to be sluggish in flat-panel TV.
- Organic Electro-Luminescence to be grow.

### Other Relevant Data

<table>
<thead>
<tr>
<th>Exchange Rate</th>
<th>Y115 / $ (Y150/EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude Oil</td>
<td>$65 / BBL</td>
</tr>
<tr>
<td>Naphtha</td>
<td>$595 / T</td>
</tr>
<tr>
<td>Domestic Naphtha</td>
<td>Y50,000 / KL</td>
</tr>
</tbody>
</table>
<Mission>
Grow & Expand to Achieve Long-term Management Target

<Basic Strategy>
- Proactive management resource investment including M&A
  - Gear up growth & expansion to achieve Long-term Financial Goals
  - Accelerate realization of targeted business portfolio
  - Create new innovative technologies
The MCI Group will aggressively invest our management resources to expand operating income, targeting achievement of our Long-term Management Target.
### Economy Mission & Basic Strategy of Business Sectors

<table>
<thead>
<tr>
<th></th>
<th>Performance Materials</th>
<th>Advanced Chemicals</th>
<th>Basic Chemicals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mission</strong></td>
<td>Establish high-profitability as a growth driver.</td>
<td>Pursue business scale to establish the third pillar.</td>
<td>Strengthen profitability.</td>
</tr>
<tr>
<td><strong>Basic Strategy</strong></td>
<td>Expand functional polymers and restructure business portfolio.</td>
<td>Expand business scale by focusing on M&amp;A.</td>
<td>Strengthen competitiveness against threat by capacity expansion in the Middle East.</td>
</tr>
<tr>
<td><strong>Approaches</strong></td>
<td>Aggressively invest management resources in functional polymers.</td>
<td>Expand agrochemicals, vision care and catalysis businesses.</td>
<td>Introduce competitive technologies to manufacture high-value-added products. Win in growing Asian market.</td>
</tr>
</tbody>
</table>
1. GHG (greenhouse gas) Basic Unit

<Management Target (2011)>
GHG Basic Unit 85 or less (1990 as 100)
(Index of Energy Basic Unit 80 or less)

<Basic Strategy>(1) Invest in energy-saving measures
(2) Develop innovative process contributing to significant reduction of GHG

2. Land-filled Industrial Wastes “Minimization”

<Management Target (2011)>
Japan: 1% or less at every site (minimization)
Overseas: 5% or less on average
<Basic Strategy>
(1) Development of transformational technology
(2) Utilization of inedible resources
◆ Achieve world-top class safety level (2011)
  - Frequency Rate of Occupational Injury (lost-time) 0.15 or less
  - Ditto (lost-time + non-lost time + light wound) 1.8 or less
◆ Eradicate violation against laws and regulations

(1) Promote motivation group-widely
(2) Establish best-suit framework to realize optimal labor safety
Management Resource Investment Plan
Investment By Organization

04 MTP

Performance Materials: 140
Advanced Chemicals: 60
Basic Chemicals: 110
Corporate Administration Divisions, etc.: 60
Total: 370

08 MTP

Performance Materials: 200
Advanced Chemicals: 80
Basic Chemicals: 200
Corporate Administration Divisions, etc.: 200
Total: 680

1.8 times greater
Management Resource Investment Plan
Investment by Objectives & Scale

Objectives

- Infrastructure development, etc.: 281.0
- Construction and expansion of production capacity: 229.0
- M&A: 170.0

Total: 680.0

Investment Scale (¥bill.)

- Corporate-level strategic investments: 100.0
- Small-scale investments: 214.0
- Large-scale investments (Overseas): 244.0
- Large-scale investments (Japan): 122.0

Total: 680.0
Management Resource Investment Plan
Human Resources

FY07

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>Overseas</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Employees</td>
<td>10,800</td>
<td>2,400</td>
<td>13,200</td>
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</tbody>
</table>

FY11

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>Overseas</th>
<th>M&amp;A</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Employees</td>
<td>11,000</td>
<td>2,800</td>
<td>1,400</td>
<td>15,200</td>
</tr>
</tbody>
</table>

20% of Generation Turnover in Japan

+2,000
The MCI Group will focus on investment in Strategic R&D Project to accelerate our growth and expansion and create innovative new technologies.
Accelerate development of innovative new technologies by focusing 80% investment in main four fields.

**Management Resource Investment Plan**

**Focus on Corporate Research**

Breakdown of Investment in Corporate Research (2011)

- **Expand functional polymers (45%)**
- **Technologies to utilize non-fossil resources (20%)**
- **Technologies to reduce GHG (10%)**
- **Innovative process (5%)**
- **Foundational technologies (20%)**

**Focused Fields = 80%**

- **Performance Materials (42%)**
- **Advanced Chemicals (20%)**
- **Basic Chemicals (16%)**
- **Strategic R&D project (12%)**
- **Corporate Research (10%)**
Creation of Innovative New Technologies
Direction

◆ Strengthening of functional polymers portfolio
◆ Development of innovative process for olefin and aroma products

◆ Development of technologies to utilize non-fossil resources
  • Plant-derived polyurethane
  • Bio-olefin products
◆ Technologies to reduce greenhouse gas
  • CO₂ immobilization

◆ Development of innovative, highly safety process
  • Non-phosgene isocyanate process
Strengthen Functional Polymers Portfolio

Expand “functions” and “application”

Performance Olefin Polymers

- Pursue utmost structural excellence
- Compound structures
- Introduction of new structures

Urethane Polymers

Polyamide-polyimide

Ethylene/Cyclic olefin Copolymeric transparent resin

Ultrahigh molecular weight Ethylene polymer

Nanocrystalline structured Elastomer

Low-resilience Polyurethane

Thio urethane polymer to optical high-index plastic lens

Ultra heat resistance Thermoplastic Polyimide

Economy

Innovative New Technologies

Society

Economy

Environment

Society

Innovative New Technologies

Economy

Environment

Society

Innovative New Technologies
Innovative New Technologies
Strengthen Competitiveness of Basic Chemicals

Target
Innovative, Competitive Process
Strengthen Competitiveness by improving productivity

The Olefins Conversion Technology (OCT) process for increasing propylene production from an ethylene plant.

➢ To introduce new catalysts*
➢ Others
    Phenol, BPA, PTA, Olefins, Aromas...etc.

*High-active metathesis catalysts
Innovative New Technologies
Development of Technologies to Utilize Non-fossil resources

- Transformation of resources
- Utilization of inedible resources

Inedible resources (Cellulose, etc.) → Mono-saccharide

Edible resources (Starch, etc.) → Edible resources (Starch, etc.)

CO2 → Methanol → Hydrogen

Water

Plant oil

Fatty Acid → Glycerin → Propylene glycol

Lactic acid → Olefins → Polyols

Polyurethane

PLA → Polyolefin

Current technology

New technology
Innovative New Technologies
Bio-based Polyurethane

【Application】
(Bio-based content: 10-70wt%)
① Low-resilience pillow
② Automotive seats
Innovative New Technologies
Development of Bio-Olefins


Inedible Resources ➔ Saccharification ➔ Monosaccharide ➔ Fermentation ➔ Bio-buthanol ➔ Bio-buthanol ➔ Bio-butene ➔ Metathesis ➔ Petro-butene

Bio-IPA※

※Isopropyl alcohol
Innovative New Technologies
Concept of Chemical Immobilization of CO2

Facility to Realize Industrialization

CO2 → CO2 → CO2 → Separation and Capture of CO2 → CO2 → Methanol Synthesis → High-activity catalysts → CH3OH → Olefins, Aromas…

- Hydrogen
- Photocatalysts
- Under Development

Innovative New Technologies
Economy
Environment
Society
Innovative New Technologies
Development of Innovative, Highly Safety Process

Innovative, Highly Safety Process
Strengthen Competitiveness by Securing Higher Safety

- Non-phosgene isocyanate process, etc.

More Difficult

Phosgene (Current Process)
Dehalogenation

Non-phosgene (Innovative Process)

Higher
Safety

Difficulty of Development
More Difficult

Economy
Innovative New Technologies
Environment
Society
Overview of the 08 MTP

“The Challenge to Create Innovative Values”

- Complete 3 dimensional strategy consisting of economy, environment and society
- Create innovative new technologies

The MCI Group will Challenge to Create “Innovative Values” To Achieve the Goals of the 08 MTP!!
This summary contains forward-looking statements about future plans, strategies, belief and performance of the Mitsui Chemicals Group as a whole and its individual consolidated companies. These forward-looking statements are not historical facts. They are expectations, estimates, forecasts and projections based on information currently available to the Mitsui Chemicals Group and are subject to a number of risks, uncertainties and assumptions, which, without limitation, include economic trends, fluctuations in foreign currency exchange rates, fluctuations in the price of raw materials, competition in markets where the Company is active, personal consumption, market demand, the tax system and other legislation. As such, actual results may differ materially from those projected and the Mitsui Chemicals Group cannot guarantee that these forward-looking statements are accurate or will be achieved.
“Chemistry, Innovation, Dreams”
~The Mitsui Chemicals Group is constantly pursuing innovation and materializing dreams with the wonder of chemistry~
(The End)