**Introduction**

The current state of our business is detailed in the “Business Report” attached to the Convocation Notice for the 16th Ordinary General Meeting of Shareholders. However, we have also prepared this document so that shareholders can understand our business more easily. We hope that you find this helpful and informative.

**Business Performance of Mitsui Chemicals in Graphs**

**Net sales**

We posted net sales of ¥1,406.2 billion for fiscal 2012, down ¥47.8 billion from the previous fiscal year. This was mainly resulted from decreased sales volume in the basic chemicals business due to the accident at the Iwakuni-Ohtake Works and sluggish market conditions for the business.

**Operating income**

We posted operating income of ¥4.3 billion for fiscal 2012, down ¥17.3 billion from the previous fiscal year. This was mainly resulted from decreased sales volume in the basic chemicals business due to the accident at the Iwakuni-Ohtake Works and further deterioration in terms of trade in the petrochemicals and basic chemicals businesses.

**Net income and loss**

We had a net loss of ¥8.1 billion for fiscal 2012, down a further ¥7.1 billion from the previous fiscal year, mainly due to losses arising from the accident at the Iwakuni-Ohtake Works and costs for business restructuring.

**Accelerating earnings recovery**

**Efforts in fiscal 2013**

In fiscal 2013, the last year of our 2011 Mid-Term Business Plan, we plan to accelerate the pace of earnings recovery by conducting business portfolio restructuring and fundamental structural reforms for underperforming businesses, which we advocated in the above plan. We will also take all other possible measures to achieve our goal.

Our performance in fiscal 2012 suffered mainly due to the sluggish global economy and the adverse impact of the accident at the Iwakuni-Ohtake Works. Under such circumstances, however, we saw strong growth in the functional chemicals business including health care and agrochemical products, as well as the functional polymeric materials business such as elastomers, for which we have been implementing business portfolio restructuring. We expect that operating income from these businesses will increase by 1.5 times in fiscal 2013 compared to the fiscal 2010 level. With respect to the polyurethane business which posted a significant loss in fiscal 2011, earnings have been gradually improving as a result of our drastic structural reforms. In fiscal 2013, we expect to achieve profit of ¥7.0 billion in the business.

With respect to underperforming large businesses, we will make our utmost effort to implement drastic structural reforms on the purified terephthalic acid (PTA) and phenol segments, as well as the restructuring of the ethylene center after the withdrawal from Keiyo Ethylene Co., Ltd.
**Utilizing Our Strengths to Launch Us onto a New Growth Trajectory**

~Efforts on Business Portfolio Restructuring~

The Mitsui Chemicals Group has been undertaking various initiatives on a global basis under its 2011 Mid-Term Business Plan. Our efforts will start to yield results from the second half of 2013, significantly contributing to income maximization.

### Basic strategies of the 2011 Mid-Term Business Plan

<table>
<thead>
<tr>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
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</thead>
<tbody>
<tr>
<td>Expansion of businesses more resilient to changing economic conditions</td>
<td>• Early expansion of functional chemicals through M&amp;As</td>
<td>• Accelerated overseas expansion by harnessing group-wide technical development capabilities</td>
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<tr>
<td>Global expansion of highly competitive businesses</td>
<td>• Secure share of rapidly growing demand in Asia in the short term through collaboration with leading partners</td>
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<tr>
<td>Creation of core businesses for the future</td>
<td>• Prioritization and increased efficiency of R&amp;D</td>
<td>• Establish new business models</td>
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<tr>
<td>Drastic cost reduction and restructuring</td>
<td>• Structural reforms for the petrochemicals business</td>
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### Future Vision for the Mitsui Chemicals Group

1. Building business portfolio that ensures growth potential and durability
2. A Chemical company with a global presence, especially in Asia

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### Expansion of businesses more resilient to changing economic conditions

- FY2012
  - Early expansion of functional chemicals through M&As
  - Accelerated overseas expansion by harnessing group-wide technical development capabilities

- FY2013
  - Expansion of functional films, sheets, nonwoven fabrics
  - Expansion of production capacity for functional films, sheets, nonwoven fabrics

- FY2014
  - Establishment of new production facilities for electrolyte solution for lithium ion batteries

- FY2015
  - Establishment of new production facilities for functional compounds (PO compounds)

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### Global expansion of highly competitive businesses

- FY2012
  - Expansion of production capacity for highly functional nonwoven fabrics

- FY2013
  - Establishment of new production facilities for functional films, sheets, nonwoven fabrics

- FY2014
  - Establishment of new production facilities for electrolyte solution for lithium ion batteries

- FY2015
  - Establishment of new production facilities for functional films, sheets, nonwoven fabrics
Topics  Expansion of the health care business through M&A

Acquisition of the dental materials business from Germany’s Heraeus Holding GmbH

In April 2013, we determined to acquire from Germany’s Heraeus Holding GmbH its dental materials business (“Heraeus Dental”). Heraeus Dental has its production bases in five countries and sales offices in 22 countries around the world, with net sales of EUR 350 million (approximately ¥40.0 billion). We aim to grow and expand Heraeus Dental as one of our core businesses, by making use of its global operation base and accelerating business expansion into the overseas dental materials market that is expected to grow steadily in the future.

Projecting a 6-7% annual growth rate driven by aging population

Since there is a shift from the use of metals to plastics in the field of dental materials, we seek further business expansion by acquiring the dental materials business from Heraeus whose strength is in precious metals processing, thus adding another advantage to our capabilities in chemical areas such as polymer technologies.

In addition, the dental materials business has stable demand and is expected to grow steadily with a 6-7% annual growth rate in light of aging population in countries worldwide. In particular, the market for CAD/CAM systems that create dentures based on 3D tooth profile data has been rapidly expanding.

Utilizing the global network

We have been engaged in the dental materials business through our subsidiary Sun Medical Co., Ltd. for more than 30 years, thus established our status mainly in the domestic market. The acquisition of Heraeus Dental will enable us to accelerate overseas expansion by making full use of its extensive global network.

Conclusion

In fiscal 2013, we will strive to implement drastic safety measures, seriously taking a lesson from the accident at the Iwakuni-Ohtake Works occurred in April last year. We also make our utmost effort to conduct business portfolio restructuring as well as fundamental structural reforms for underperforming large businesses, in order to accelerate the pace of earnings recovery. We hope that all of our shareholders will extend even greater support and encouragement to the Group.

* Statements made in this document are based on various assumptions, and we do not provide any guarantee or warranty that our projections of future performance and planned measures will be realized.