2011 Mid-Term Business Plan

November 8, 2010
Toshikazu Tanaka
President & CEO
(1) Interim Financial Results for FY2010

(2) 2011 Mid-Term Business Plan

1. Positioning of Mid-Term Business Plan
2. Vision for the Mitsui Chemicals Group
3. Mid-Term Plan Basic Strategy
4. Mid-Term Plan Management Targets
## Consolidated Financial Highlights

<table>
<thead>
<tr>
<th>Items</th>
<th>FY2009 April-Sept</th>
<th>FY2010 April-Sept</th>
<th>Increase (Decrease)</th>
<th>Percentage change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>549.9</td>
<td>672.8</td>
<td>122.9</td>
<td>22%</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>(19.0)</td>
<td>17.4</td>
<td>36.4</td>
<td>–</td>
</tr>
<tr>
<td>Non-operating income (expenses)</td>
<td>(3.1)</td>
<td>(2.8)</td>
<td>0.3</td>
<td>–</td>
</tr>
<tr>
<td>Ordinary income (loss)</td>
<td>(22.1)</td>
<td>14.6</td>
<td>36.7</td>
<td>–</td>
</tr>
<tr>
<td>Special gains/losses</td>
<td>(5.9)</td>
<td>11.0</td>
<td>16.9</td>
<td>–</td>
</tr>
<tr>
<td>Net income (loss) before income taxes and minority interest</td>
<td>(28.0)</td>
<td>25.6</td>
<td>53.6</td>
<td>–</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>(31.4)</td>
<td>17.1</td>
<td>48.5</td>
<td>–</td>
</tr>
<tr>
<td>Exchange Rate (Yen/US$)</td>
<td>96</td>
<td>89</td>
<td>(7)</td>
<td></td>
</tr>
<tr>
<td>Domestic Standard Naphtha Price (Yen/KL)</td>
<td>37,250</td>
<td>46,200</td>
<td>8,950</td>
<td></td>
</tr>
<tr>
<td>Interim dividend (Yen/share)</td>
<td>0.00</td>
<td>3.00</td>
<td>3.00</td>
<td>–</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Items</th>
<th>FY2009 April-Sept</th>
<th>FY2010 April-Sept</th>
<th>Increase (Decrease)</th>
<th>Percentage change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest-bearing liabilities</td>
<td>494.2</td>
<td>499.5</td>
<td>5.3</td>
<td>1%</td>
</tr>
<tr>
<td>Equity</td>
<td>377.3</td>
<td>380.6</td>
<td>3.3</td>
<td>1%</td>
</tr>
<tr>
<td>D/E Ratio</td>
<td>1.31</td>
<td>1.31</td>
<td>0.00</td>
<td>–</td>
</tr>
</tbody>
</table>
Consolidated Operating Income

Operating income (billion yen)

<table>
<thead>
<tr>
<th>H1 (actual) FY2009</th>
<th>H2 (budget) FY2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.5</td>
<td>17.4</td>
</tr>
<tr>
<td>19.0</td>
<td>17.6</td>
</tr>
</tbody>
</table>

△20  △19.0  △9.5  +44.5 billion yen

+44.5 billion yen
(1) Interim Financial Results for FY2010
(2) 2011 Mid-Term Business Plan

1. Positioning of Mid-Term Business Plan
2. Vision for the Mitsui Chemicals Group
3. Mid-Term Plan Basic Strategy
4. Mid-Term Plan Management Targets
**Background of 2011 Mid-Term Business Plan**

**Corporate Mission**
To contribute broadly to society by providing high-quality products and services to customers, through innovation and the creation of materials, while keeping in harmony with the global environment.

**Vision**
A Mitsui Chemicals Group with a strong global presence
Chemistry, Innovation, Dreams Mitsui Chemicals

---

**1998 Mid-Term Plan**
Harnessing effects of merger in the short term

**2001 Mid-Term Plan**
Ensuring further expansion and growth

**2004 Mid-Term Plan**
Restructuring business and reinforcing profitability

**2008 Mid-Term Plan**
Striving to create new value

---

**Long-term management targets**

**Progress up to 2008 Mid-Term Plan**
[Transition from quantitative to qualitative expansion]
Refined and targeted operations ✅
Expansion and growth in the functional materials sector ❌
Reinforced profitability in the petrochemical and basic chemical sectors ❌

[Major changes in the business environment]
Substantial deterioration in profitability
Review of key strategies (Nov 2009)

---

Reviewed

**2011 Mid-Term Plan**
Failure to Achieve Expansion and Growth in Functional Chemicals
Reasons and Measures

(1) **Insufficient marketing capabilities** to recognize and quickly react to changes in the business environment

⇒ Restructure organization to focus on marketing and build supporting corporate culture
(continuing from FY2009)

(2) **Excessive focus on specific sectors such as automotive materials** (expanding impact of the Lehman Brothers crisis)

⇒ Establish business portfolio that is more resilient to changing economic conditions
(Expand functional chemical operations in the short term)

(3) **Insufficiently targeted R&D investment** in the functional materials sector

⇒ Prioritize three lines of business

- Functional films, functional sheets and spunbonded fabrics (OPULENT, SOLAR EVA, etc.)
- Coatings and adhesive materials (system products, polyurethane materials, acrylic materials, etc.)
- Engineering plastics and compounds (APEL, TPX, LUCANT, MILLION, etc.)
Vision for New Growth of the Mitsui Chemicals Group

- Initial 10 years following the establishment of Mitsui Chemicals: Operating profit roughly doubled
- Next ten years (2008-2017): Aiming to establish new growth trajectory and double operating profit again
- Grand Design targets are two years behind schedule due to the Lehman Brothers crisis
  ⇒ Operating profit target for around 2017: Over 150 billion yen
- 2011 Mid-Term Plan positioned as “Growth Foundation Phase” to achieve targets
2011 Mid-Term Plan (FY2011-13)

“New Growth Foundation Phase”

Continuing with changes to our business portfolio and the globalization of management based on visions for the future of the Mitsui Chemicals Group

Basic Strategies

(1) Global expansion of highly competitive businesses
(2) Expansion of high value-added business for sustainable growth
(3) Development of new products/businesses in harmony with the global environment

Business platform: Sustained competitiveness in the domestic market (cutting costs, collaborating with other companies)

Review of key strategies in light of major changes in the environment (November 2009)
(1) Interim Financial Results for FY2010

(2) 2011 Mid-Term Business Plan

1. Positioning of Mid-Term Business Plan
2. Vision for the Mitsui Chemicals Group
3. Mid-Term Plan Basic Strategy
4. Mid-Term Plan Management Targets
Asia: Driving force behind the global economy, especially China and India

- Emergence one of the world’s largest consumer markets (2 billion middle-earners)
- Growing demand among new high-earners for high quality, high grade consumer goods

Advanced countries: Economic growth leveling off

- Growing markets in areas such as healthcare and measures in response to declining birthrates and aging populations

Population and environmental issues

- Dealing with population growth and issues such as food and water shortages
- Tackling environmental and energy issues on a global scale

There are new business opportunities as a result of major shifts in worldwide values. It is a time of growth for the chemical industry.
Target Markets and Sectors

Emerging countries

- Markets for middle earners and social infrastructure in rapidly growing Asia and emerging countries

- Markets for solutions to the environmental issues currently facing mankind

- Markets for high-quality consumer goods, especially in mature and advanced countries

Advanced countries

- Markets for high earners in growing China and Asia

- Markets for solutions to the environmental issues currently facing mankind

- Markets for high-quality consumer goods, especially in mature and advanced countries

- Markets for solutions to the environmental issues currently facing mankind

Type of Materials

- New energy and environmental materials
  - Solar power, biomass, etc.

- Health and high quality materials
  - Healthcare, catalysts, agrochemicals, etc.

- Convenience and functional materials
  - High grade materials, electronic and information materials, automotive materials, etc.

- Industry and everyday materials
  - Materials for clothing, food and housing
# The Mitsui Chemicals Group’s Role in Each Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Group’s Role</th>
<th>Related Products/Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial and everyday materials</td>
<td>To underpin social infrastructure provide wide-ranging support for everyday life through global product supplies</td>
<td>Aromatic products, Metalloocene polyolefins</td>
</tr>
<tr>
<td>Convenience and functional materials</td>
<td>To provide rapidly growing industries with highly functional products and support affluent lifestyles</td>
<td>Coatings and adhesive materials, Engineering plastics and compounds, Advanced processed products (films, sheets and spunbonded fabrics)</td>
</tr>
<tr>
<td>Health and high quality materials</td>
<td>To produce high quality products and contribute to society in new ways and areas such as health, aging, agriculture, and catalysts</td>
<td>Healthcare (vision care, dental materials), Catalysts, Agrochemicals</td>
</tr>
<tr>
<td>New energy and environmental materials</td>
<td>To help tackle the issues facing mankind in new growth markets (solutions to environmental issues, etc.)</td>
<td>Components for lithium ion batteries, Lightweight materials, Solar power components, Biomass chemicals</td>
</tr>
</tbody>
</table>
## Growth Drivers in Each Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Growth Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industrial and everyday materials</strong></td>
<td><em>Global expansion of highly competitive businesses</em></td>
</tr>
<tr>
<td></td>
<td>• Phenol chains (Phenols, BPA)</td>
</tr>
<tr>
<td></td>
<td>• PO compounds (PP compounds, ADMER)</td>
</tr>
<tr>
<td></td>
<td>• Elastomers (TAFMER, EPT)</td>
</tr>
<tr>
<td></td>
<td>• Metallocene polymers (EVOLUE)</td>
</tr>
<tr>
<td><strong>Convenience and functional materials</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Functional films, functional sheets and spunbonded fabrics</td>
</tr>
<tr>
<td></td>
<td>• Coatings and adhesive materials</td>
</tr>
<tr>
<td></td>
<td>• Engineering plastics and compounds</td>
</tr>
<tr>
<td><strong>Health and high quality materials</strong></td>
<td>• High refractive optical lenses (MR Series)</td>
</tr>
<tr>
<td></td>
<td>• Precision chemicals (Healthcare, catalysts)</td>
</tr>
<tr>
<td></td>
<td>• Agrochemicals</td>
</tr>
<tr>
<td><strong>New energy and environmental materials</strong></td>
<td>• Electronic and information films</td>
</tr>
<tr>
<td></td>
<td>• Next generation functional chemical products</td>
</tr>
<tr>
<td></td>
<td>• Solar power components</td>
</tr>
<tr>
<td></td>
<td>• Materials for eco-friendly vehicles (Lightweight materials, components for lithium ion batteries)</td>
</tr>
<tr>
<td></td>
<td>• Biomass chemicals</td>
</tr>
</tbody>
</table>
Direction of Growth in Each Sector

- **New energy and environmental materials** (SOLAR EVA, biomass chemicals, etc.)
  - Promoting development

- **Health and high quality materials** (Healthcare, catalysts, agrochemicals, etc.)
  - Expanding operations via M&A in the short term

- **Industry and everyday materials** (PH, PTA, packaging materials, etc.)
  - Expanding operations through globalization

- **Convenience and functional materials** (Elastomers, compounds, functional films and sheets, etc.)
  - Harnessing group-wide capabilities to expand operations

---

**Sales (billion yen)**
- 2010
- 2013
- 2017

**ROS (%)**
- 2010
- 2013
- 2017

**Operating income (billion yen)**
- 10
- 50
- 1000
Direction of Changes to our Business Portfolio

◆ Target for around 2017

Quadruple operating profit

Sales (trillion yen)

2

1

2010 (Forecast)

2013 (2011 Mid-Term Plan)

Around 2017 (Grand Design target year)

◆ Increase percentage of “health and high quality materials” and “new energy and environmental materials”

Operating profit: 18% ⇒ 30% / Sales: 7% ⇒ 20%

- New energy and environmental materials (SOLAR EVA, etc.)
- Health & quality materials (performance chemicals, agrochemicals, etc.)
- Convenience and functional materials (elastomers, compounds, etc.)
- Industry and everyday materials (PH, PTA, packaging materials, etc.)
(1) Interim Financial Results for FY2010

(2) 2011 Mid-Term Business Plan

1. Positioning of Mid-Term Business Plan
2. Vision for the Mitsui Chemicals Group
3. Mid-Term Plan Basic Strategy
4. Mid-Term Plan Management Targets
Future Direction for the Mitsui Chemicals Group

Corporate Mission
To contribute broadly to society by providing high-quality products and services to customers, through innovation and the creation of materials, while keeping in harmony with the global environment.

Vision
◆ A chemical company with a global presence, especially in Asia
◆ Building business portfolio that ensures growth potential and durability

2011 Mid-Term Plan Basic Strategies
(1) Expansion of businesses more resilient to changing economic conditions  ⇒ Five priority businesses
(2) Global expansion of highly competitive businesses  ⇒ Five world-leading businesses
(3) Creation of core businesses for the future  ⇒ Five development areas
(4) Sustained competitiveness in the domestic market
(1) Expanding Five Priority Businesses

◆ Five priority businesses

(1) Performance chemicals (healthcare, catalysts)
(2) Agrochemicals
(3) Functional films, functional sheets and spunbonded fabrics
(4) Coatings and adhesive materials
(5) Engineering plastics and compounds

◆ Policy (1)

● Early expansion of operations in the functional chemical sector (performance chemicals, agrochemicals) through strategic M&As

- Scale of M&A: 100 billion yen
- In process of active global expansion
(1) Expanding Five Priority Businesses

◆ Policy (2)
Expand operations in the functional materials sector, especially in Asian markets, by harnessing group-wide technical development capabilities and through active investment.

<table>
<thead>
<tr>
<th>Priority Businesses</th>
<th>Policies</th>
</tr>
</thead>
</table>
| **Functional films, functional sheets, and spunbonded fabrics** (SOLAR EVA, electronic and information films, etc.) | • Early achievement of synergy effect of Mitsui Chemicals Tohcello  
• Actively invest and increase sales in growth markets (solar power, etc.)  
• Expand supply capabilities by establishing bases in Asia |
| **Coatings and adhesive materials** (Polyurethane resins, acrylic resins, etc.) | • Actively expand operations in high value-added sectors  
• Expand system house operations (India base: 7th in Asia)  
• Further reinforce distinctive products and technologies |
| **Engineering plastics and compounds** (APEL, TPX, LUCANT, MILLION, ARLEN, etc.) | • Expand unique proprietary product ranges on a global scale  
• Actively roll out highly functional products and compounds overseas  
• Establish overseas technical support bases (China, Singapore) |

➢ Total investment: 55 billion yen (three years of Mid-Term Plan)
(2) Reinforcing Five World-Leading Businesses

**Policy**
- Secure share of rapidly growing demand in Asia in the short term through collaboration with leading partners
- Secure competitive raw materials

Aiming to establish an Asia leading business portfolio

Aiming to establish a world leading business portfolio

- **(1) Phenol chains**
  - Phenols, BPA
- **(2) PO compounds**
  - PP compounds, ADMER
- **(3) Elastomer**
- **(4) Metallocene polymers**
  - EVOLUE
- **(5) Highly refractive optical lenses**
  - MR Series

**Reinforce business platform**
- Chiba Chemicals Manufacturing LLP (Idemitsu Kosan)
- Local partnerships in Osaka
- Nghi Son Project in Vietnam

New growth
### (2) Strategy for Five World-Leading Businesses

<table>
<thead>
<tr>
<th>Five World-Leading Businesses</th>
<th>Policies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(1) Phenol chains (2nd in world)</strong></td>
<td>- Phenols: Joint venture with Sinopec in China</td>
</tr>
<tr>
<td></td>
<td>- (400,000 tons, construction due for completion in 2013)</td>
</tr>
<tr>
<td><strong>(2) PO compounds (1st in world)</strong></td>
<td>- PP compounds: Further increase production capacity of global bases (nine bases in seven countries), in Brazil as well as China and India</td>
</tr>
<tr>
<td></td>
<td>- ADMER: Reinforce bases in Europe and the US and establish production bases and technical support networks in growth areas (China, South America)</td>
</tr>
<tr>
<td><strong>(3) Elastomers (2nd in world)</strong></td>
<td>- TAFMER: Increase production capacity in Singapore (5TF: 100,000 tons) to boost global sales</td>
</tr>
<tr>
<td></td>
<td>- EPT: Joint venture with Sinopec in China (75,000 tons, construction due for completion in 2014)</td>
</tr>
<tr>
<td><strong>(4) Metallocene polymers (3rd in world)</strong></td>
<td>- EVOLUE: Draw up plans for new plants in Asia in order to reinforce leading share in highly functional packaging sector</td>
</tr>
<tr>
<td><strong>(5) Highly refractive glasses lenses (1st in world)</strong></td>
<td>- MR Series: Secure share of emerging markets in countries such as China</td>
</tr>
<tr>
<td></td>
<td>- Increase production capacity (domestic)</td>
</tr>
<tr>
<td></td>
<td>- Actively expand operations through additional M&amp;A</td>
</tr>
</tbody>
</table>

> Total investment: 65 billion yen (three years of Mid-Term Plan)
Focus on priority research themes to efficiently target R&D resources and establish new business models to pave the way for future core businesses.

<table>
<thead>
<tr>
<th>Five Development Areas</th>
<th>Priority Research Themes</th>
<th>Envisioned Sales (Around 2017) (billion yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Solar power</td>
<td>◆ Next generation sealant sheets, etc.</td>
<td>40</td>
</tr>
<tr>
<td>(2) Electronic and information films</td>
<td>◆ Lightweight LCD films, etc. ◆ LED/semiconductor process films (product cluster formation)</td>
<td>50</td>
</tr>
<tr>
<td>(3) Eco-friendly vehicles</td>
<td>◆ Lightweight materials (foam, heat-resistance, etc.) ◆ Materials for lithium ion batteries (electrode materials, separators, etc.)</td>
<td>50</td>
</tr>
<tr>
<td>(4) Next generation functional chemical products</td>
<td>◆ New pesticides (pesticides, disinfectants, herbicides) ◆ Dental materials (new product development through partnership with Shofu, etc.)</td>
<td>50</td>
</tr>
<tr>
<td>(5) Biomass chemicals</td>
<td>◆ Bio-based polyurethane (Polyols from castor oil, special isocyanates, etc.)</td>
<td>10</td>
</tr>
</tbody>
</table>

➢ R&D investment: 24 billion yen (three years of Mid-Term Plan)  

Total: 200
### Existing Businesses

- Sealant sheets (SOLAR EVA®)
- Cell adhesives (TAKEKATE® / TAKEKAC®)
- Electrolytes (MIReT®)
- Electrode binder (CHEMIPEARL®)
- Bio-based polyurethane (ECONICOL®)
- Bio-based acrylamide (Energy saving processes)
- AdBlue® (NOx reducing additive)

### Priority Research Themes

- Next generation sealant sheets, etc.
- Materials for lithium ion batteries (electrode materials, separators)
- Bio-based polyurethane (Polyols, isocyanates)
- Polylactic acid
- Lightweight materials (foam, heat resistance, etc.)

**Increase production capacity**

**Reinforce raw material procurement capabilities**

**Currently in license negotiations**

**Business model currently under development**
Investing R&D Resources
(Three Years of Mid-Term Plan)

◆ Prioritization and increased efficiency, focusing on growth drivers

Five development areas
- Reference: Envisioned sales
  Approx. 200 billion yen (Around 2017)

Five priority businesses
- New product sales target
  70 billion yen (FY2013)

Five world-leading businesses
- Highly competitive businesses

Comprehensively reinforcing cost competitiveness
(Even greater focus on distinctive technologies)

¥100 billion (cumulative)
(4) Sustained Competitiveness in the Domestic Market: Business Restructuring

◆ Restructuring of operations including plant decommissions
  - **General purpose PE** (accelerate transition to added-value products: EVOLUE, 1-Hexene, etc.)
  - **General purpose PP** (consolidate small-scale and aging plants)
  - **MDI** (restructure operations)

◆ Rationalization of domestic plants
  - **Cut plant costs**
    (Total reduction of 10 billion yen by FY2013 ⇔ 70% BEP)
  - **Promote collaboration with other companies**
    (Expand Chiba Chemicals Manufacturing LLP, local partnerships at Osaka Works, etc.)

◆ Streamlining back-office departments
  - Establish a leaner **Head Office structure of 7,200 employees**
    (Reduce 1,320 employees by 2015 and save 20 billion yen in labor costs)

(Reference)
Restructured Operations

Businesses with sales of 100 billion yen have been restructured

- Ethylene glycol (Ichihara)
- Polystyrene (Osaka)
- Bisphenol A (Nagoya)
- PTA 2 (Iwakuni)
- EPT 2 (Ichihara)
(1) Interim Financial Results for FY2010

(2) 2011 Mid-Term Business Plan

1. Positioning of Mid-Term Business Plan
2. Vision for the Mitsui Chemicals Group
3. Mid-Term Plan Basic Strategy
4. Mid-Term Plan Management Targets
Direction of our New Growth Trajectory (Targets for 2017)

2011 Mid-Term Plan

Ensuring growth and sustainability

Early expansion of functional chemicals

Accelerate strategic M&As

Create new businesses

Expand operations in the new energy and environmental sector

Early expansion of three priority functional material businesses

Prioritize business

Accelerate new product development

Five priority businesses

Five world-leading businesses

Five development areas

Enhance competitiveness of petrochemical and basic chemical operations

Collaborate with leading companies

Restructure unprofitable businesses

Fabricated Products

Functional Polymeric Materials

Polyurethane

Basic Chemicals

Distinctive petrochemical products

General purpose PE/PP

(1% or less)

Functional Chemicals

Coatings and functional materials

Functional products: 65%

Functional products: 54%

¥150 billion

2010 projections

¥35 billion

General purpose PE/PP (3%)

Distinctive petrochemical products

Functional Chemicals

Basic Chemicals

Fabricated Products

Polyurethane

Coatings and functional materials

Functional products: 65%

Functional products: 54%

¥150 billion

2010 projections

¥35 billion

General purpose PE/PP (3%)
2011 Mid-Term Plan
Consolidated Management Targets (2013)

Management Target

◆ **Profitability indicator:** Operating profit of 100 billion yen

**Reference indicators:**
- ROA of 6% or higher
- Sales of 1.8 trillion yen

Environmental Target

◆ **Reduction in greenhouse gas emissions by 500,000 tons compared with FY1990 (9% reduction)**

Social Targets

◆ **World-leading occupational safety standards** (frequency of accidents requiring suspension of operations: 0.15 or less)
◆ **Chemical risk assessments** (70 substances subject to disclosure)
Forecasted Investment
(Three Years of Mid-Term Plan)

- Growth investment
  including M&As: 220 billion yen (63%)

- Strategic M&A: 100 billion yen
  - Functional chemicals (performance chemicals, agrochemicals)

- Five world-leading businesses: 65 billion yen
  (Highly competitive businesses)
  - Phenol chains (phenols, bisphenol A)
  - PO compounds (PP compounds, ADMER)
  - Elastomers (TAFMER, EPT)
  - Metalloocene polymers (EVOLUE)
  - Highly refractive optical lenses (MR series)
  - Etc.

- Five priority businesses: 55 billion yen
  - Performance chemicals (healthcare, catalysts)
  - Agrochemicals
  - Functional films, functional sheets and spunbonded fabrics
  - Coatings and adhesive materials
  - Engineering plastics and compounds

Basic investment/maintenance: 130 billion yen
- Streamlining production bases, cutting costs, saving energy, maintaining facilities, etc.
Investment in growth: 120 billion yen
(Excluding strategic M&As and domestic basic investment and maintenance)

Percentage of overseas sales

- **2010**: 37% Overseas, 63% Domestic
  - 1.4 trillion yen Overseas
  - Domestic

- **2013**: 45% Overseas, 55% Domestic
  - 1.8 trillion yen Overseas
  - Domestic

- **2017**: 50% Overseas, 50% Domestic
  - 2.2 trillion yen Overseas
  - Domestic

Forecasted Investment by Region
(Three Years of Mid-Term Plan)

- **Japan**: (33%)
- **ASEAN** (Thailand, Malaysia, etc.): (23%)
- **Singapore**: (18%)
- **India**: (3%)
- **China**: (20%)
- **North/South America**: (3%)

Copyright (C) T-worldsites All Rights Reserved.
Training and Overseas Recruitment

Number of overseas bases at establishment by region

- Before 1996: 15
- 1997 to 2010: 35
- 2011 to 2013: 45
- According to region (2013):
  - Europe: 9%
  - North America: 18%
  - S. Korea: 27%
  - Taiwan: 7%
  - China: 40%
  - Southeast Asia: 40%
  - India: 15%
  - South America: 15%

Number of domestic and overseas employees

- 2009:
  - Domestic personnel: 15
  - Overseas personnel: 10
- 2013:
  - Domestic personnel: 20
  - Overseas personnel: 35
- 2015:
  - Domestic personnel: 24
  - Overseas personnel: 55

- Mid-Term Plan:
  - 2011 to 2013: 15
- Increase recruitment of talented overseas human resources in line with globalization
- Introduce two-way rotation system for overseas and domestic personnel
- Appoint local personnel to top positions at overseas affiliates
Towards Global Management

Expand overseas business, including M&As, and quickly reinforce capabilities at overseas bases

- Reinforce capabilities at regional management companies
- Establish overseas technical service bases in the functional polymeric materials sector
- Reinforce overseas R&D capabilities
- Transfer Head Office operational capabilities overseas for businesses such as TAFMER
Financial Outlook

The D/E ratio is expected to remain at 1.5 or lower at the end of FY2013 even in the event of strategic M&As, which is central in our growth strategy.
Aim to achieve cost reductions totaling 80 billion yen in 2013, based on 50 billion yen in emergency cost cutting measures, plus an additional 30 billion yen.

Forecasted Cost Reductions

- **FY2008 to FY2010**
  - 2008: 50 billion yen
  - 2009: 10 billion yen
  - 2010: 10 billion yen

- **Duration of 2011 Mid-Term Plan**
  - Restructure business, etc.: 10 billion yen
  - Streamline production: 10 billion yen
  - Back-office costs, etc.: 10 billion yen

**Total cost reduction: 30 billion yen**

**2013 target: 80 billion yen**
Breakdown of Increase in Consolidated Operating Profit

Operating income (billion yen)

- Increase in volume
- New and additional facilities, new products, M&As, etc.
- Cost reductions
- Impact of increasing international competition

2010 (Forecast)

2013 (Target)

Increase: 100
Cost reductions: 70
Impact of increasing international competition: ▲35
Increase in volume: ▲35
New and additional facilities, new products, M&As, etc.: 30
Changes to Business Portfolio (2013 Targets)

- Aim to achieve a 60% ratio of “functional products”, which are more resilient to changing economic conditions

**2007 Actual**

- Functional products: 30%
- 77.2 billion yen

**2010 Projections**

- Functional products: 30%
- 35 billion yen

**2013 Targets**

- Functional products: 60%
- 100 billion yen

- General purpose PE/PP (1% or less)
- Functional Chemicals
- Distinctive petrochemical products
- Fabricated Products
- Polyurethane
- Functional Polymeric Materials
- Coatings and functional materials

- General purpose PE/PP (5%)
- Basic Chemicals
- Functional Chemicals
- Distinctive petrochemical products
- Fabricated Products
- Polyurethane
- Functional Polymeric Materials
- Coatings and functional materials

- General purpose PE/PP (3%)
- Polyurethane
- Functional Polymeric Materials
- Coatings and functional materials
Leveraging strengths to pursue a new growth path

Statements made in this document with respect to Mitsui Chemicals' current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Mitsui Chemicals.

Information provided here, other than historical facts, refer to future prospects and performance, and has been prepared by Mitsui Chemicals management on the basis of currently available information. This covers various risks, including, but not limited to, economic conditions (especially, customer demand), foreign currency exchange rates and other factors. As a result, actual future performance may differ from any forecasts contained in this document.

Mitsui Chemicals has no responsibility for any possible damages arising from the use of this information nor does Mitsui Chemicals have any obligation to update present forward-looking statements, or release new ones, as a result of new information, future events or otherwise.

This document may not include all the information Mitsui Chemicals has disclosed to stock exchanges or made public in other ways. Please be aware that the content on this document is subject to change or deletion without advance notice.

Although Mitsui Chemicals has made careful efforts regarding the accuracy of the contents here, Mitsui Chemicals assumes no responsibility for problems including, but not limited to, incorrect information, or malicious tampering with the content of the data in this document by any third parties or problems resulting from downloading. Furthermore, this website is not an offer or a solicitation of an offer to buy or sell securities. Please be aware that decisions regarding investing are the responsibility of users themselves.