Financial Summary

Results of the First Half of FY2009
Mitsui Chemicals, Inc.

President & CEO
Toshikazu Tanaka
Nov. 2, 2009
Contents

◆ Results of the First Half of FY2009 (Business Summary)
◆ Review of Main Strategies of 2008 Medium-Term Business Plan
## Earnings Forecast Summary

### (Billions of yen)

<table>
<thead>
<tr>
<th>Items</th>
<th>FY2008</th>
<th></th>
<th>FY2009</th>
<th></th>
<th>Increase (Decrease)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1H</td>
<td>2H</td>
<td>Fiscal Year (A)</td>
<td>1H Results</td>
<td>2H Forecast</td>
<td>Full-Year Forecast (B)</td>
</tr>
<tr>
<td>Sales</td>
<td>905.6</td>
<td>582.0</td>
<td>1487.6</td>
<td>549.9</td>
<td>660.1</td>
<td>1210.0</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>10.0</td>
<td>△ 55.5</td>
<td>△ 45.5</td>
<td>△ 19.0</td>
<td>4.0</td>
<td>△ 15.0</td>
</tr>
<tr>
<td>Non-operating income (expenses)</td>
<td>3.3</td>
<td>△ 8.6</td>
<td>△ 5.3</td>
<td>△ 3.1</td>
<td>△ 4.9</td>
<td>△ 8.0</td>
</tr>
<tr>
<td>Ordinary income (loss)</td>
<td>13.3</td>
<td>△ 64.1</td>
<td>△ 50.8</td>
<td>△ 22.1</td>
<td>△ 0.9</td>
<td>△ 23.0</td>
</tr>
<tr>
<td>Special gains (losses)</td>
<td>△ 1.8</td>
<td>△ 12.8</td>
<td>△ 14.6</td>
<td>△ 5.9</td>
<td>△ 2.1</td>
<td>△ 8.0</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>7.6</td>
<td>△ 102.8</td>
<td>△ 95.2</td>
<td>△ 31.4</td>
<td>△ 7.6</td>
<td>△ 39.0</td>
</tr>
<tr>
<td>Rate (Yen/US$)</td>
<td>106</td>
<td>95</td>
<td>101</td>
<td>96</td>
<td>90</td>
<td>93</td>
</tr>
<tr>
<td>Domestic Standard</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Naphtha Price (Yen/KL)</td>
<td>78,350</td>
<td>38,900</td>
<td>58,930</td>
<td>37,250</td>
<td>42,000</td>
<td>39,600</td>
</tr>
</tbody>
</table>
Operating Income by Quarter

FY2008

1Q 2Q 3Q 4Q

FY2009

1Q 2Q 3Q 4Q

2H: △55.5

1H: △19.0

Cost-cutting (emergency measures): +17.7, volume increase: +13.0, inventory, etc.: +5.8

Cumulative performance

Cost-cutting, etc.: +8.6, volume increase: +3.5, terms of trade: +5.2, inventory valuation: +5.7
Review of Main Strategies of 2008 Medium-Term Business Plan

1. Business Vision for New Management
2. New Growth Strategy
3. Strengthen Business Foundation
4. Investment and Finance Program
5. Summary
1. Business Vision for New Management

① Recent Earnings Trends and Their Cause

<table>
<thead>
<tr>
<th></th>
<th>FY07</th>
<th></th>
<th>FY08</th>
<th></th>
<th>FY09</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1H</td>
<td>2H</td>
<td>1H</td>
<td>2H</td>
<td>1H</td>
</tr>
<tr>
<td>1H</td>
<td>42.7</td>
<td>34.5</td>
<td>10.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2H</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.0(Forecasted)</td>
</tr>
</tbody>
</table>

Operating Income

(Billions of yen)

Emergency Measures

Significant improvements in profitability underway

<Major Factors for Declining Performance>

◆ Global recession
◆ Erratic fluctuations in crude oil prices
◆ Major dependence on automotive, information and electronic materials
Mitsui Chemicals will leverage its strengths to go on a new growth path, turning crisis into opportunity.

The internal and external environments have changed completely and are impacted by sharp fluctuations worldwide.

- Developed countries economy stays stagnant, Asian countries growth continues.
- A domestic business model that depends on exports and automobile industry is declining.
- Increasing threats by Middle Eastern ethylene derivatives and Chinese petrochemical businesses.
- Resource-, environment-, energy- and employment-related problems have become major global issues.

Mitsui Chemicals will leverage its strengths to go on a new growth path, turning crisis into opportunity.
③ Initiatives to Realize a new “Growth Path”

1. Business Vision for New System

1. Improve Profit Structure
   ◆ Intensify Cost Cuts

2. Restructure Business
   ◆ Review Strategy

3. Enhance Marketing
   ◆ Keep an Extraverted Perspective
   ◆ Build a New Business Model

◆ Respond Rapidly to Environmental Changes
◆ Initiatives for Resource- and Environment-Related Problems
2. New Growth Strategy

Accelerating business expansion and the creation of new businesses through **partnerships with other companies and M&As** in order to respond to dramatic environmental changes and threats to petrochemical industries in the Middle East and China.

**Fundamental Strategies**

1. Global expansion of highly competitive businesses
2. Expand high-value-added businesses to achieve sustainable growth
3. Create new products and businesses that are in harmony with the global environment
Fundamental Strategy 1: Global Expansion of Highly Competitive Businesses

Product Lineups that Aim to be No. 1 Worldwide

- Early business expansion at overseas bases by leveraging partnerships with strong companies
- Expand businesses that do not compete directly with inexpensive general-purpose ethylene derivatives from the Middle East

* [ ] Represents the current situation

- Promote joint projects with Idemitsu Kosan

Strengthen business platforms

- Phenol Chain [No. 2 Worldwide]
- PP Compound [No. 2 Worldwide]
- TAFMER (elastomer) [No. 2 Worldwide]
- ADMER (adhesive polyolefin) [No. 1 Worldwide]
- High refraction glass lens materials [No. 1 Worldwide]

Product lineups that aim for Asian market

- EPT (elastomers) [No. 1 in Asia]
- HAO-LL EVOLUE [Asia bases under planning]
- PP Neat [Asia bases under planning]
Promote Joint Projects with Idemitsu Kosan —Optimize Production in the Chiba Area—

Formulate Japan’s Most Optimal Production Facility Smooth implementation of Step 1: The Early Establishment of a Naphtha Cracker via LLP

- LLP: Limited Liability Partnership

Progress

- Implementation is proceeding according to plan to establish LLP no later than the current fiscal year
- All the necessary checks were done for the establishment of LLP
- Preliminary consultations are underway with the FTC, under the Antimonopoly Law

*LLP: Limited Liability Partnership
Fundamental Strategy 1: Global Expansion of Highly Competitive Businesses

② Nghi Son, Vietnam Project

- **Build a new business model by linking** Kuwait (raw materials), Vietnam (markets) and Japan (technology)

- **Mitsui Chemicals’ merits**: Stable supply of aroma raw materials
- **Progress**: Steady progress being made (decision expected in mid-2010)

- **Refining capacity**: 200,000 barrels per day
- **Construction period (scheduled)**: Commencement in second half of 2010, Completion in second half of 2013

Idemitsu Kosan & Mitsui Chemicals

Kuwait Int. Oil 35.1%

Nghi Son Refinery Limited Liability Company

Petro Vietnam

Vietnam Government

39.8% 4.7%

25.1%
Roles of both companies in the partnership:
1) Rapid acquisition of expanding national demand (both companies)
2) Production technology and expertise (MCI)
3) Sales network and infrastructure (Sinopec)

The conclusion of a letter of intent has been integrated into the agenda (scheduled in December) regarding phenol and EPT.

- Capital expenditures: ¥60.0 billion
Fundamental Strategy 1: Global Expansion of Highly Competitive Businesses

④ Strategies to be Global No.1 in Phenol Chains

◆ Strengthening competitive consistency from access to raw materials and aiming to be a global leader, which includes the derivatives business (Bisphenol A and MIBK) by forming a partnership with Sinopec

Global production capacity (2009)

- **No. 1 Company**: 1.88 million tons (Europe and North America) (No phenol derivatives)
- **No. 2 Mitsui Chemicals**: 1.46 million tons (Asia) (phenol, Bisphenol A, MIBK)
- **No. 3 S Company**: 0.97 million tons (U.S.A.) (phenol [86], Bisphenol A [11])

Achieving leading global production (1.84 million tons) [Overseas production ratio: 45% ⇒ 56%] through JV expansion with Sinopec
Launch of China’s largest EPT plant in growing market and to secure Asian No.1 position by forming a partnership with Sinopec

- Maintained top production capacity (100,000 tons) in Asia through the operation of the world’s largest plant, based on our own technology (Ichihara)
- Aim to be global top class production capacity (2013 year end) by entering into China
Strategy to be Global Leader in PP Compounds

- Become a global leader by meeting Japanese automobile manufacturers’ overseas development and expanding new sites through partnerships with competitive raw materials suppliers.
- Following India, the ninth global production site is expected to be established in Brazil (2012).

Production Capacity: 730,000 tons (global/2009 year end)
Overseas production ratio: approx. 60%
Share: No.2 worldwide (No.1 share of Japanese customers)

Number of Automobiles Produced in South America (thousands of units)

- 2014: 5,500
- 2009: 3,000
- 2008: 4,000
- 2007: 3,500
Fundamental Strategy 1: Global Expansion of Highly Competitive Businesses

⑦ **Strategy to Be a Global No.1 in High-Refraction Glass Lens Materials**

- **Providing Total Solutions** by Combining Lens and Coating Materials

<table>
<thead>
<tr>
<th>MCI</th>
<th>High-Refraction Ratio Lens Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><img src="image1" alt="MCI product" /></td>
</tr>
<tr>
<td>SDC Company</td>
<td>High-Performance Coating Materials</td>
</tr>
<tr>
<td></td>
<td><img src="image2" alt="SDC product" /></td>
</tr>
</tbody>
</table>

- **Acquired in 2008**

- **Aim to strengthen MCI position as a global leader**
Counteracting Threats from Middle East

Threats From Middle East: Introduce Inexpensive, Gas-Based General-Purpose Ethylene Derivatives

MCI is steadily implementing countermeasures since five years ago

◆ Propylene Center (increase C3 demand compared to C2 demand)
◆ Expand aroma businesses
◆ Shift to differentiated ethylene derivatives business
  ➢ High performance PE (EVOLOUE) through metallocene catalysts
  ➢ Ethylene trimerigation (hexane-1)
  ➢ Ethylene glycol $\Rightarrow$ Ethylene oxide ratio increase
◆ Expand high-value-added, non-petrochemical businesses
## 2. New Growth Strategies

### Fundamental Strategy 2: Expand High-Value-Added Businesses to Achieve Sustainable Growth

#### ◆ Early Expansion by Concentrating Resources, Including M&As

<table>
<thead>
<tr>
<th>High-performance films and sheets</th>
<th>Expansion through unified management of Tohcello and Fabro Polyurethane System (House)</th>
<th>Provide the approved customer formulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-performance resins</td>
<td>Total investment: ¥8.0 billion</td>
<td></td>
</tr>
<tr>
<td>MILLION, LUCANT</td>
<td>Increase sales by expanding capacities</td>
<td></td>
</tr>
<tr>
<td>ADMER</td>
<td>Strengthen top global share (establish production site in Brazil)</td>
<td></td>
</tr>
<tr>
<td>TPX, APEL</td>
<td>Increased sales through prioritization (information and electronic materials markets .etc)</td>
<td></td>
</tr>
<tr>
<td>Agrochemicals</td>
<td>Early business expansion including alliance with other companies</td>
<td></td>
</tr>
</tbody>
</table>
Fundamental Strategy 2: High-Value Added Businesses

(1) Sales Expansion of High-Performance Film and Sheet

◆ Aiming for sales expansion of solar cell film/sheets and new products through the integration of film sheet businesses of Tohcello Co., Ltd., Mitsui Chemicals Fabro, Inc. and Mitsui Chemicals, Inc.

**SOLAR EVA (EVA sheet)**

- Increasing production capacity on the back of growing demand for solar cells (9 → 20 thousand tons)
- Additional expansion is under planning

**New Product Development**

- Commercialization of LED processing film and Liquid-crystal-display film
- Utilization of Mitsui Chemicals’ proprietary materials
  - TPX: High transparency, high heat-resistance and excellent mold release properties
  - APEL: High transparency, high degree of refraction, excellent moisture-proof properties, etc.
The Asian Network expanded to seven bases by new South China site

Fundamental Strategy 2: High-Value Added Businesses

Establishment of new base in South China
- Commercial of operations: Beginning of FY 2011
- Production capacity: 10 thousand tons
- Share of Japanese customers in Asia: Over 50%

*The size of circles indicate the degree of demand from Japanese customers (MCI assumption)
(3) Expansion of the Agrochemical Business

◆ Aiming for **early business expansion** including alliance with other companies

**Strategies for Agrochemical Business Expansion**

- **Through the integration of the active ingredient and formulation businesses,** Mitsui Chemicals aims for:
  - Reinforced product development capabilities
  - Enhanced product portfolio

- **Expansion of overseas sales based mainly on Mitsui Chemicals’ own ingredients**
  - Brazil
  - India
  - Asia (excluding India)

[Diagram showing sales (billions of yen) for years 2006 to 2015, with key milestones and strategies highlighted.]
2. New Growth Strategy

Fundamental Strategy 3
Create New Products and Businesses that are in Harmony with the Global Environment

(1) Expansion of new product lineup by leveraging Mitsui Chemicals’ unique technologies and materials

- Photovoltaic components
- Lithium-ion battery components
- New lightweight materials
- Unique Films

(2) New business creation through the establishment of new business models

- Chemical fixation of CO$_2$
- Chemicals created from biomass materials

Solar Cell & Battery Components Development Dept., etc.

New Materials Development Center (Established in October 2009)

New Business Development Division (Established in October 2009)
1. Expansion of New Product Lineup Using Mitsui Chemicals’ Unique Materials

(1) Environment and New Energy-Related Products (Including New Applications)

**Photovoltaic Components**
- Encapsulating sheets: Accelerating the development of next-generation encapsulating sheets (for thin-film solar cells)
- Monosilane gas: Developing next-generation manufacturing process jointly with Tokuyama

**Lithium-Ion Battery Materials**
- Separator: MILLION (separator material) that contributes to battery stability (Augment production capacity to 2,500 tons: completion scheduled in 2011)
- Electrolytes: Entry into the large-sized battery market, utilizing Mitsui Chemicals’ proprietary additives

**Wind Power Generation**
- Lubricant for power generators: LUCANT contributes to the long lifespan of lubricant (production capacity increase by 100,000 tons: completion scheduled in 2011)

Sales targets for the environment and new energy segments: ¥20.0 billion (2011)
Currently developing 30 different themes in three areas: Next-Generation automotive materials, high-performance films and sheets, advanced materials

Sales target: ¥30.0 billion (2013)

Development examples:

◇ New lightweight materials

➢ By switching to scratch-resistant surface materials (metallocene-type polyolefin), the surface becomes 20% thinner and lighter (approved for commercial application)

◇ Unique Film (adhesive films by nanotechnology)
Fundamental Strategy 3: Create New Products and Businesses

③ Unique Film

- **Transparent and easy pealing adhesive films by nanotechnology**

  ◇ High level of adhesiveness and transparency
  ◇ No adhesive deposits after removal and possible to reattach
  ◇ Can be used both inside and outdoors
  ◇ Color printing possible
  ◇ Thickness: 0.1mm and below

Application development: Large advertising displays, show window displays, etc.

First store to use this film (Chiba)
Aiming to create next-generation core businesses by utilizing the roles and opportunities of “chemistry” to solve resource-, environment- and energy-related problems.

Development Areas of New Businesses

(2) Create New Businesses by Formulating new Business Models
Fundamental Strategy 3: Create New Products and Businesses

① Chemical Fixation of CO₂ (Methanol)

- Aim to achieve actual commercialization of this technologies that contribute to the reduction of GHG, based on the impetus created by new environmental policy announcements by the Obama and Hatoyama governments.

- Confirm performance of high-activity catalysts*, by using actual Cracker gas.

- Having received numerous inquiries from overseas and Japan, powerful partnerships with EDB, Sinopec and others are currently being reviewed.

- Aim to formulate new business models to recycle CO₂.

*Joint R&D results of RITE’s “Chemical CO₂ Fixation Project” (1990–1999: Sponsored by NEDO)
Fundamental Strategy 3: Create New Products and Businesses

② Chemicals from Biomass

◆Aim to formulate new chemical chains that are in harmony with the global environment

- Inedible resources (cellulose, etc.)
- Plant oil

Accelerating technological development through “bio-consortiums”

- Lactic acid
- Ethanol
- IPA* (Isopropyl alcohol)

- Bio-olefins
- Polylactate
- Bio-polyolefins
- Plant-derived polyurethane
- Bio-propylene glycol

- Fatty acid (derived from castor oil)
- Glycerin (biodiesel by-products)

Formulation of new business models is under review (target within 3–5 years), including an affordable and stable supply of raw materials, by forming alliance with other companies.
3. Strengthen Business Platforms

[1] Shift to a Muscular Structure

① Progress of the “FY2009 Cost Cut-Plan”
### 3. Strengthen Business Platforms

#### [1] Shift to a Muscular Structure

#### ② Further Cost-Cut Targets

<table>
<thead>
<tr>
<th>◆ Labor cost reduction (¥20.0 billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Reduce workforce by <strong>1,270 employees (15% decrease)</strong> by spontaneous retirement by FY2015</td>
</tr>
<tr>
<td>➢ Review wages, compensation and other working conditions, pensions (under discussion)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>◆ Reduce production costs (¥10.0 billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Cost cuts by rationalizing domestic six plants</td>
</tr>
<tr>
<td>Target: <strong>¥10.0 billion per year</strong></td>
</tr>
<tr>
<td>Plant <strong>breakeven point operation ratio</strong>: 70% and below</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>◆ Other (¥10.0 billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Logistic System rationalization</td>
</tr>
<tr>
<td>(¥1.0 billion per year generated by selling own distribution companies to Third Party)</td>
</tr>
<tr>
<td>➢ Optimization of R&amp;D by prioritizing and refining themes</td>
</tr>
<tr>
<td>➢ Optimization of the production in the Chiba area with Idemitsu</td>
</tr>
</tbody>
</table>
2. Promote Consolidation and Decommission Domestic Facilities

- Decommission complete: Ethylene Glycol (Ichihara) ⇒ Hexane-1
- Polystyrene (Osaka) ⇒ Business disengagement
- Bisphenol A (Nagoya) ⇒ SSMC (China)

- Decommission this year: Plant No.2 PTA ⇒ Plant No.3 PTA (Iwakuni)
- Plant No.2 EPT ⇒ Plant No.3 EPT (Ichihara)

- Under review: Decommission two PP plants ⇒ New plant (S&B) (2011-2012) (Under planning)

- Approximate sales of ¥100.0 billion to be transferred to new and competitive edge to facilities
3. Strengthen Business Platforms

3. Strengthen Marketing Capabilities

◆ Place 70 new marketers in the Business Division and Mitsui Chemical’s bases in Asia by the first half of 2010.
3. Strengthen Business Platforms

4. Status in Achieving Cost Cuts and Future Targets

- FY2009 cost-cut forecast: ¥38.0 billion per year
- 2015 target: Approx. ¥70.0 billion per year
4. Investment Program

Mitsui Chemicals revised items of its financial investment plan from FY2008 to FY2011 (Total: ¥680.0 billion).

Mitsui Chemicals will make investments related to carefully selected items amounting to ¥320.0 billion within the amount of depreciation from FY2009 to FY2012.

Included within this, half of this amount, ¥160.0 billion, will be allotted to main growth investments.

Breakdown of main growth investments (¥160.0 billion)

- New products and businesses (¥12.0 billion) 42%
- Highly competitive businesses (¥70.0 billion) 43%
- High-value added businesses (¥67.0 billion) 8%
- Strengthen business structure (¥13.0 billion) 7%
Accelerating business expansion and the creation of new businesses through partnerships with other companies and M&As in order to respond to dramatic environmental changes and threats to petrochemical industries in the Middle East and China.

**Fundamental Strategies**

1. Global expansion of highly competitive businesses
2. Expand high-value-added businesses to achieve sustainable growth
3. Create new products and businesses that are in harmony with the global environment
Aim to increase overseas sales (ratio) to ¥1 trillion /50% in 2015 by expanding highly competitive businesses.
② Profit Image for 2010

◆ Boost profits by making efforts to further improve earnings, based on stabilizing profitability by inventory valuation, cost cuts and increased sales.
③ Mid- to Long-Term Profit Image

◆ After assessing the environmental changes in FY2009, undertake a review of new growth strategies by formulating the next mid-term plan (FY2011-FY2013) in FY2010.
Mitsui Chemicals will leverage its strengths to go on a new growth path, turning crisis into opportunity.