

February 16, 2004

Mitsui to Acquire Polymer Flocculants Business from Sumitomo

Mitsui Chemicals AquaPolymer, Inc. (MAP), a wholly owned subsidiary of Japan's leading chemical company Mitsui Chemicals, Inc. (MCI), has reached agreement with another Japanese chemical major Sumitomo Chemical Co., Ltd. (SCC) on MAP's acquiring the high molecular weight (HMW) polymer flocculants business owned by SCC. MAP is principally engaged in the production and sale of water treatment chemicals.

Under the agreement, MAP will acquire the business rights to SCC's HMW polymer flocculants by March 31, 2004. At the same time, SCC's production at its Ehime Works in western Japan will be terminated, and production would thereafter be concentrated at MAP's operation in Mobara east of Tokyo, in order to strengthen the cost competitiveness of the business.

In its latest Medium-term Business Plan, MCI is pushing ahead with a basic strategy of achieving selection and focus in its business portfolio. In accordance with such a strategy, MCI has been working to establish an integrated operation of its acrylamide (AA) monomer business together with its polymer business based on using AA monomer as the principal raw material, in order to achieve a further strengthening of the two businesses.

It was in order to achieve such an integrated operation that MCI had dissolved its "Mitsui Cytec, Inc." joint venture with Cytec Industries Inc. of the U.S. in October last year, and newly established the subsidiary MAP as the successor to the JV's polymer flocculants business which reverted to MCI.

In the meantime, SCC who is also pursuing the strategy of selection and focus of its management resources, has been studying withdrawing from polymer flocculants in view of the relatively small scale and the raw materials sourcing of the business. The agreement this time came as the result of the matching of the two parties' objectives.

Even after the acquisition, MAP intends to continue employing as its agency SCC's fully owned subsidiary Sumika Alchem Co., Ltd. which has been selling SCC's polymer flocculants as principal agency.

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