

October 6, 2005

## Mitsui Chemicals to Establish a New Compounding Company in Germany

Mitsui Chemicals, Inc. (MCI) notifies it has reached to the agreement with Polymer-Chemie, a leading compound manufacturer in Germany, to establish a new joint-venture company. MCI produces and sells the compounding products (polymer-blended materials) of thermoplastic olefinic elastomer (trade name: MILASTOMER™) used in automobile and construction materials and adhesive polyolefin (trade name: ADMER™) used in food-packaging materials.

### <Overview of the new joint venture>

1. Company name: Sun Alloys Europe GmbH
2. Date of establishment January, 2006  
/operation:
3. Joint-venture partner: Polymer-Chemie GmbH (Germany)
4. Place: Polymer-Chemie's premise in Bad Sobernheim  
(About 100km west-southwest from Frankfurt)
5. Capital: 2 million euro (MCI 50%, Polymer-Chemie 50%)
6. Production capacity: 15,000 metric tons per year  
(30,000 metric tons per year by 2011)

MILASTOMER™ and ADMER™ are compounded (blended and mixed) with additives to achieve properties MCI's customers require for. These products are utilized in automotive parts, construction and food packaging materials. Currently, the company has production sites of these two products in three regions worldwide, Japan, the U.S., and Europe. However, in order to cope with an anticipating surge in demand in Europe, MCI decided it is necessary for the company to reinforce a manufacturing base and form a joint venture with a major compounder in Germany.

MILASTOMER™ boasts a number of outstanding properties. Not only is it resistant to weather, and ozone as well as heat and cold, but it also possesses outstanding electrical characteristics and chemical resistance. Moreover, reflecting lightweight, recyclable features, it has been recently drawing attentions from users as one of environment-conscious materials, and, therefore, expands its applications to automotive parts, construction materials and daily necessities. Demand for MILASTOMER™ surges in a global scale. In particular, in the field of interior surface materials of automobile, MCI has succeeded in establishing de-facto standard in the environmental materials and

won a high reputation from increasingly environment-conscious European auto manufacturers.

ADMER™ is a leading-edge adhesive polyolefin MCI pioneers in development and has been sold for the applications of container, packaging, and automotive parts. MCI has been manufacturing and selling ADMER™ in Europe for about 20 years. The company will continuously differentiate the product at the newly established company based on its long-time accumulated know-how and strengthen to supply the product to the global marketplace.

In its current Medium-term Business Plan, MCI aims to expand and grow in the Performance Materials Sector, comprising Functional Polymers. MCI will accelerate a speed to expand and grow the business of Functional Polymers through providing new values to the customers. The company will further add the value of high functional resins, based on catalysis and polymerization technologies, with its proprietary compounding technology.

#### <Overview of Polymer-Chemie GmbH >

1. Business description: Selling compound products  
(production capacity:100,000 metric tons for PVC, 57,000 metric tons for polyolefin, and 20,000 metric tons for recycled materials)
2. Location: Haystrasse 7-13 Bad Sobernheim 55566
3. Production facility: the same as above
4. Year of establishment: 1973
5. Capital: 13 millions of Euro
6. President: Dr. Gerald Hauf
7. Sales: 70 millions of Euro (year 2004)
8. Number of employees: 300 staffs

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