



September 5, 2012  
Mitsui Chemicals, Inc.

## **Structural Reform of Petrochemical Operations in Chiba Area**

— Strengthen Competitiveness in the Domestic Market —

Mitsui Chemicals, Inc. (MCI, Toshikazu Tanaka, President & CEO) announced structural reform of its petrochemical operations to flexibly and effectively manage Chiba Chemicals Manufacturing LLP, a Limited Liability Partnership (LLP) formed with Idemitsu Kosan Co., Ltd. (Kazuhisa Nakano, President).

Construction of new large-scale petrochemical facilities in the Middle East and China and increased reliance on shale gas in North America have forced Japan's petrochemical industry to undertake sweeping fundamental reforms to strengthen its competitiveness in the global market.

Against this backdrop, Mitsui Chemicals integrated its ethylene operations with those of Idemitsu Kosan in the Chiba area to form a LLP in April 2010 and established an ethylene center with top-level domestic competitiveness.

Production cutbacks in ethylene, however, are forecasted in line with sluggish domestic demand resulting from an influx of derivatives and decline in exports. To overcome this situation, the LLP will implement modifications and develop high efficiency at low production runs to flexibly respond to drops in demand for introduction in August 2013.

Similarly, optimization and rationalization measures to allow flexible management of the two ethylene manufacturing units of the LLP are being implemented.

In addition, at Prime Polymer Co., Ltd. (PRM), which was established by MCI and Idemitsu Kosan for polyolefin business, a shift to high value-added products from generic product areas and thorough rationalization are underway. As a result of these measures, suspension of two manufacturing units for polypropylene was decided and PRM increased production of its high value-added polymer, Evolve™ from November 2011 (240,000 tons to 300,000tons).

To reinforce structural reform efforts, PRM recently decided the March 2013 suspension of one high-density polyethylene manufacturing unit (production capacity: 130,000 tons) in Chiba which directly competes with general purpose products and imports.

These measures will bolster the optimal operating system at the Chiba area ethylene center.

MCI will continue to undertake structural reforms in effort to strengthen its international competitive edge and support sustained competitiveness in the domestic market.