



MITSUI CHEMICALS, INC.

Explanation of Financial Results

May 12, 2010

Toshikazu Tanaka

President & CEO

Contents

- 1. Financial Results for Fiscal Year 2009**
- 2. Outlook for Fiscal Year 2010**
- 3. Progress of New Growth Strategy**

Consolidated Financial Highlights

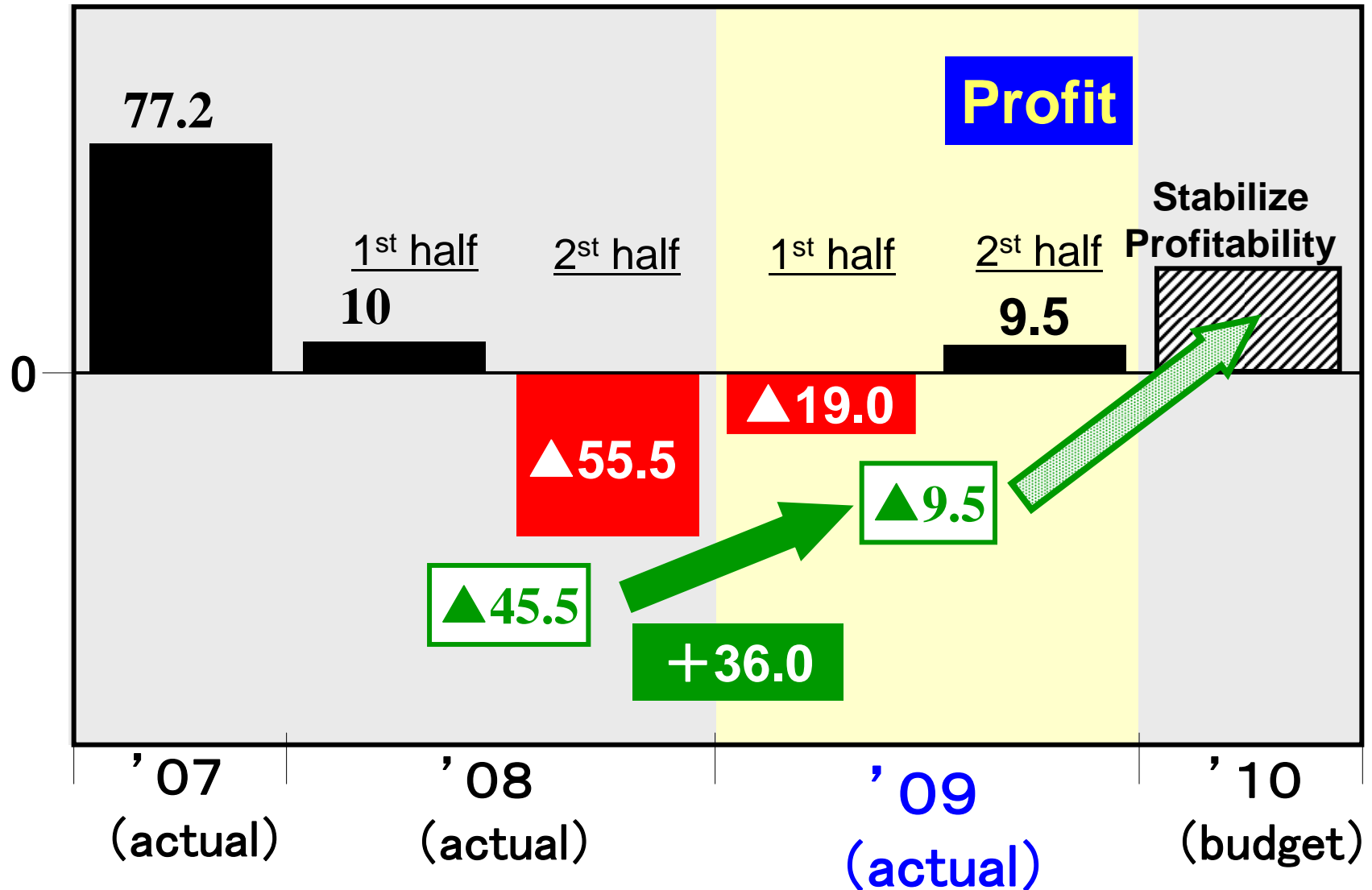
(Billions of Yen)

Items	FY2008	FY2009	Increase (Decrease)	FY2009 Previous Outlook
Sales	1,487.6	1,207.7	(279.9)	1,200.0
Operating income (loss)	(45.5)	(9.5)	36.0	(10.0)
Non-operating income/expenses	(5.3)	(3.6)	1.7	(6.0)
Ordinary income (loss)	(50.8)	(13.1)	37.7	(16.0)
Special gains/losses	(14.6)	(3.0)	11.6	(1.0)
Net income (loss) before income taxes and minority interests	(65.4)	(16.1)	49.3	(17.0)
Net income (loss)	(95.2)	(28.0)	67.2	(25.0)
Exchange Rate (Yen/US\$)	101	93	(8)	93
Domestic Standard Naphtha Price (Yen/KL)	58,930	41,200	(17,730)	41,800

Items	FY2008	FY2009	Increase (Decrease)
Interest-bearing liabilities	535.4	494.2	(41.2)
Equity	349.9	377.3	27.4
D/E Ratio	1.53	1.31	(0.22)
Dividend (Yen/Share)	9.00	3.00	(6.00)

Operating Income by Fiscal Year

Operating Income (Billions of yen)



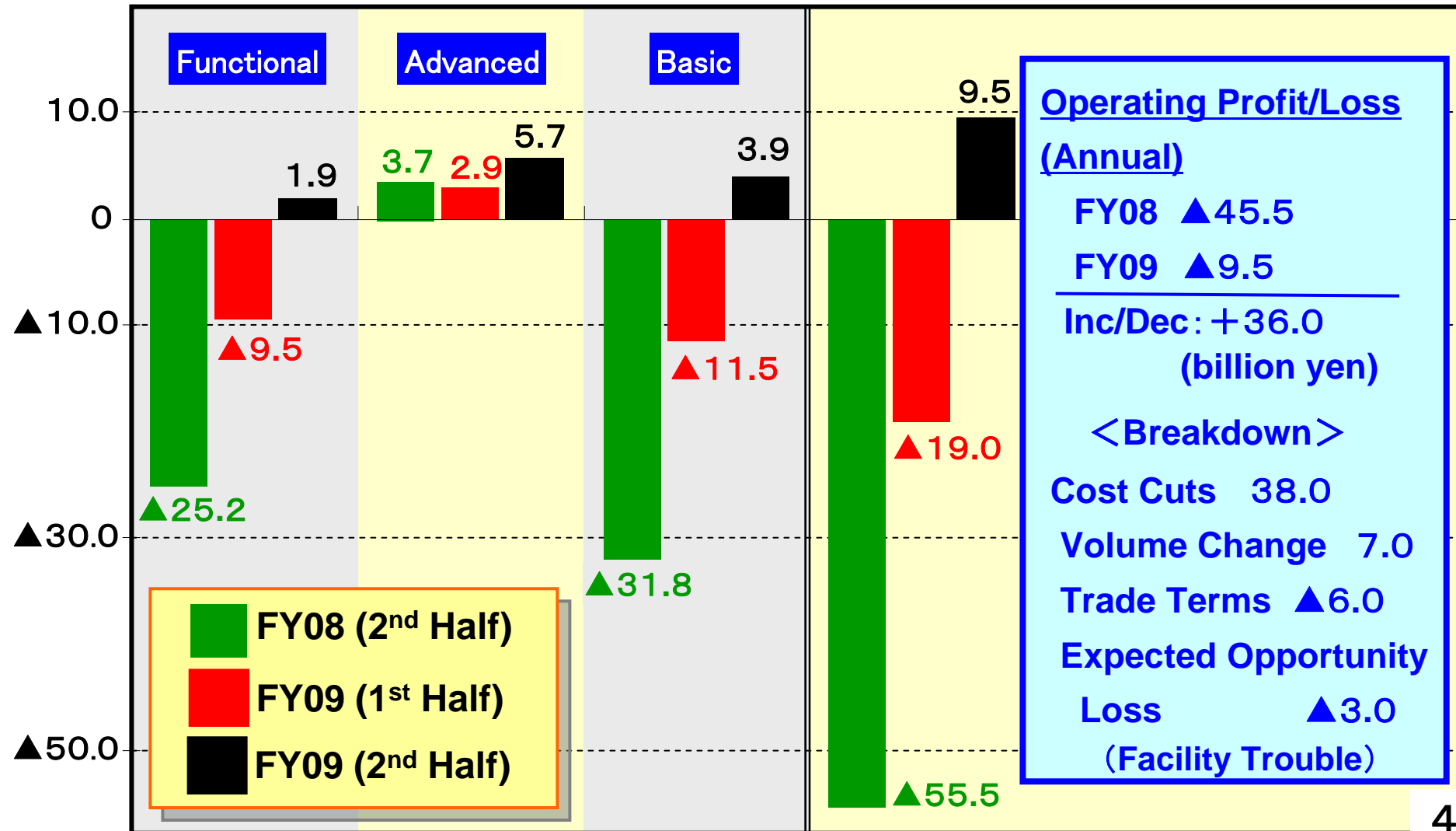
Operating Income for FY2008 (by segment)

(Unit: Billions of Yen)

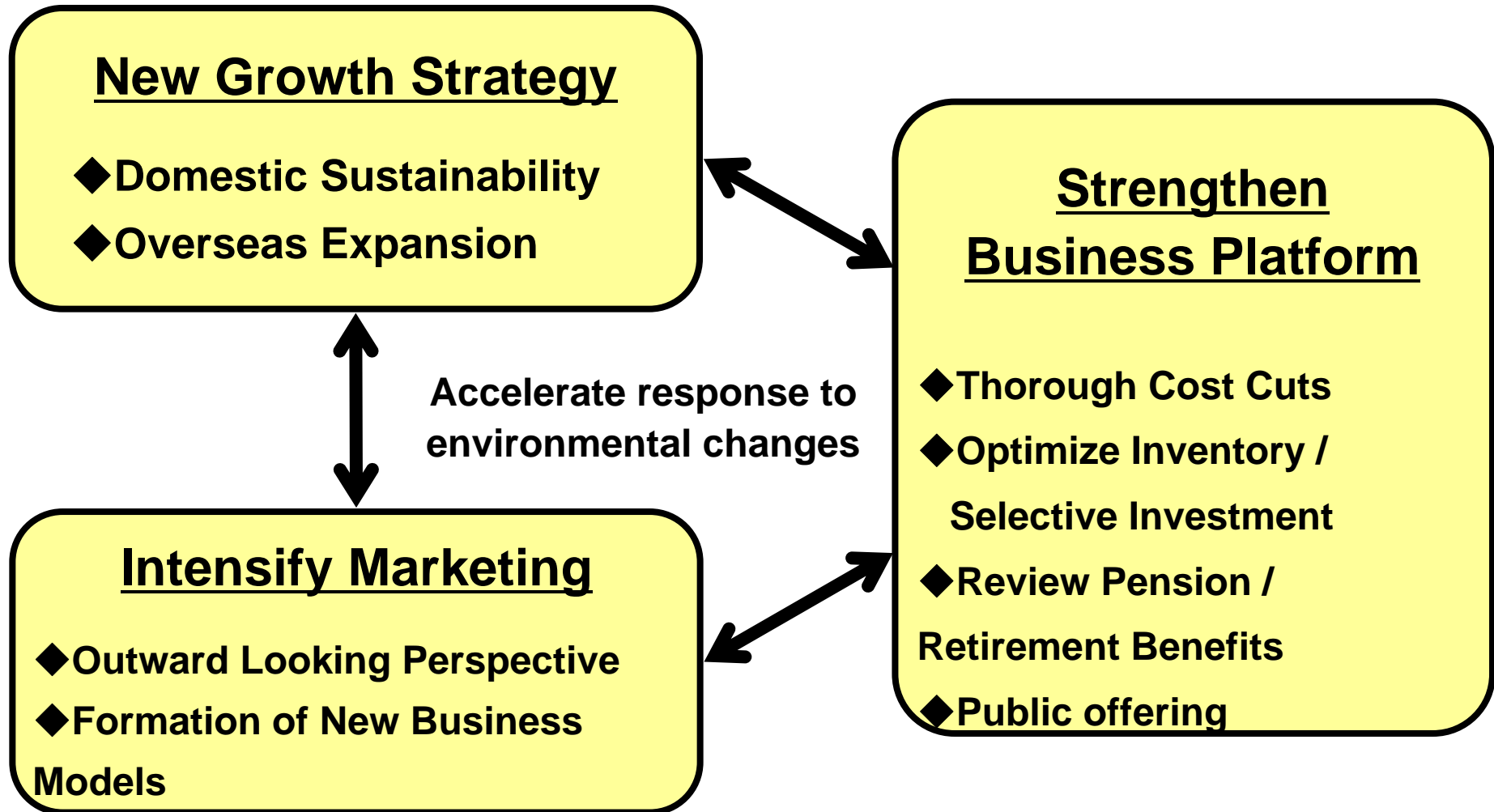
▲ Denotes a minus

Segment Operating Income/Loss

Corporate Operating Income/Loss (breakdown)



FY 2009 “New Growth Strategy”



◆ [New Growth Strategy] to be reflected in FY2010 budget

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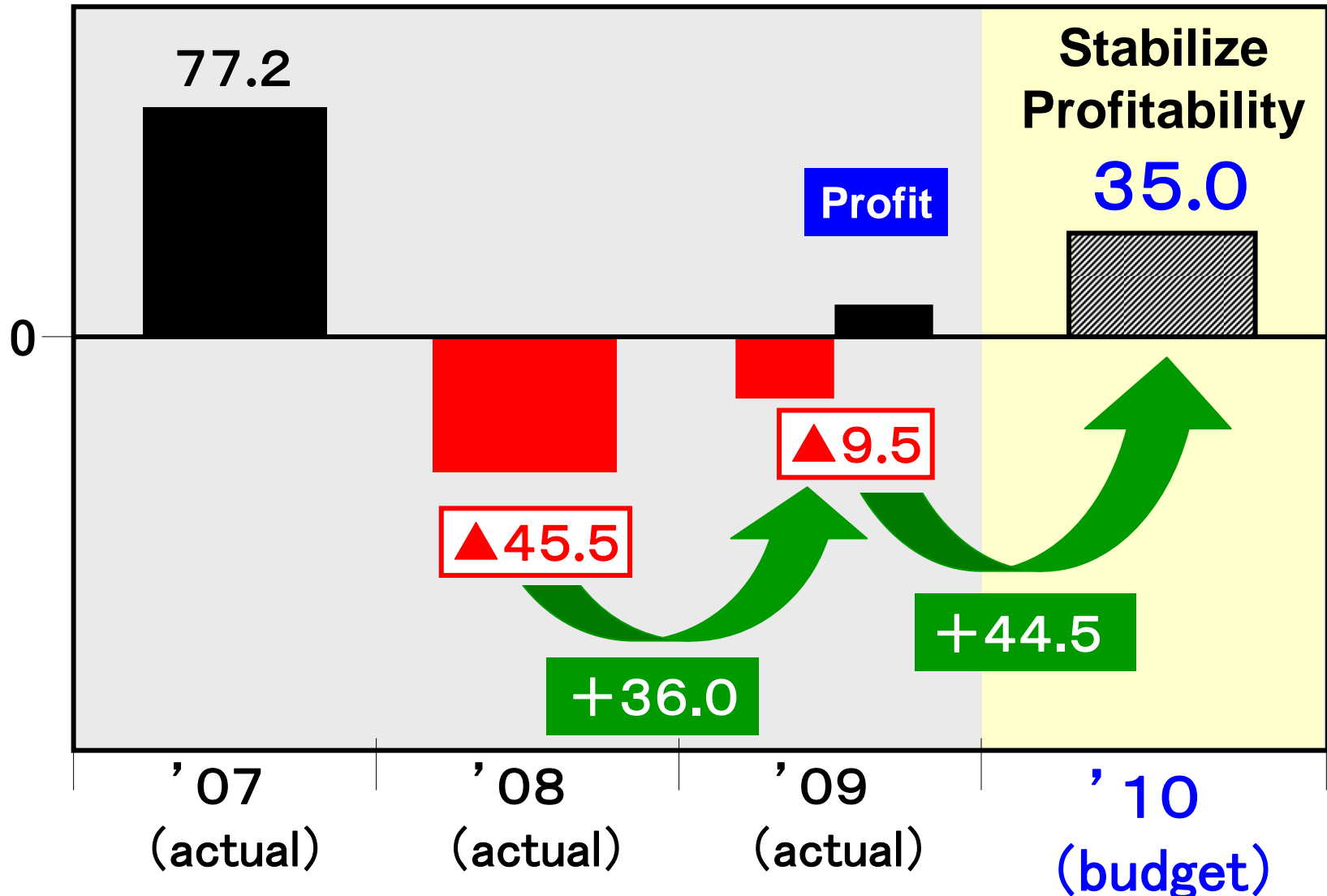
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Outlook for FY2010

- ◆ **Volume increases (operation of 5TF, intensification of Solar EVA) and improvement of trade terms (improvement of PH/PTA supply) will bolster recovery of profitability.**
- ◆ **Current fiscal year operating income forecast is 35 billion yen and is a foothold to stabilizing profitability. FY2010 will be a pivotal year in launching new growth strategies.**
- ◆ **Next midterm business plan will be compiled by end of 2010 and based on New Growth Strategies of FY09. Concrete strategies and numerical targets will be outlined.**

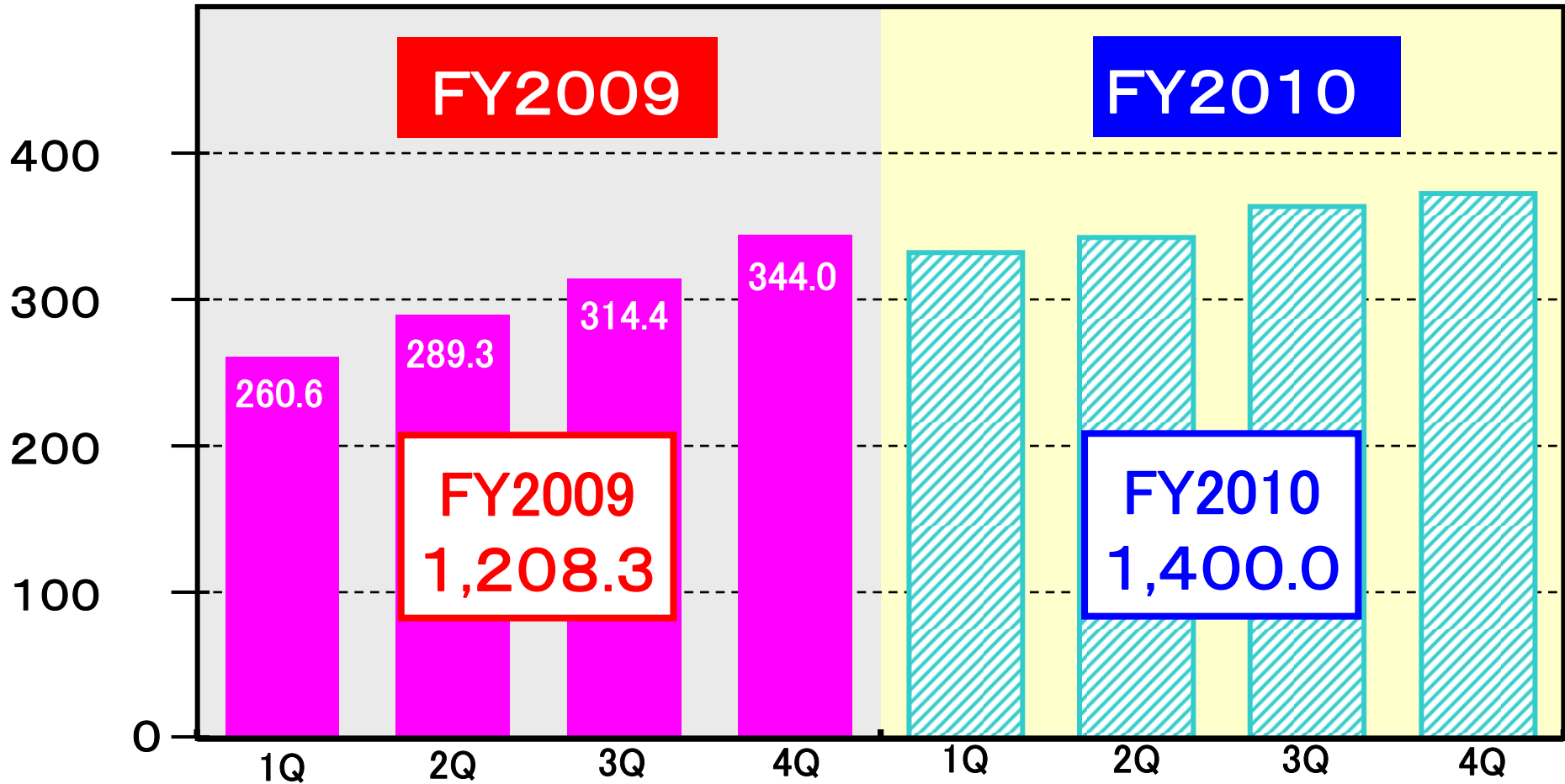
Budget for FY2010

Operating Income (Billions of yen)



Sales Forecast by Quarter

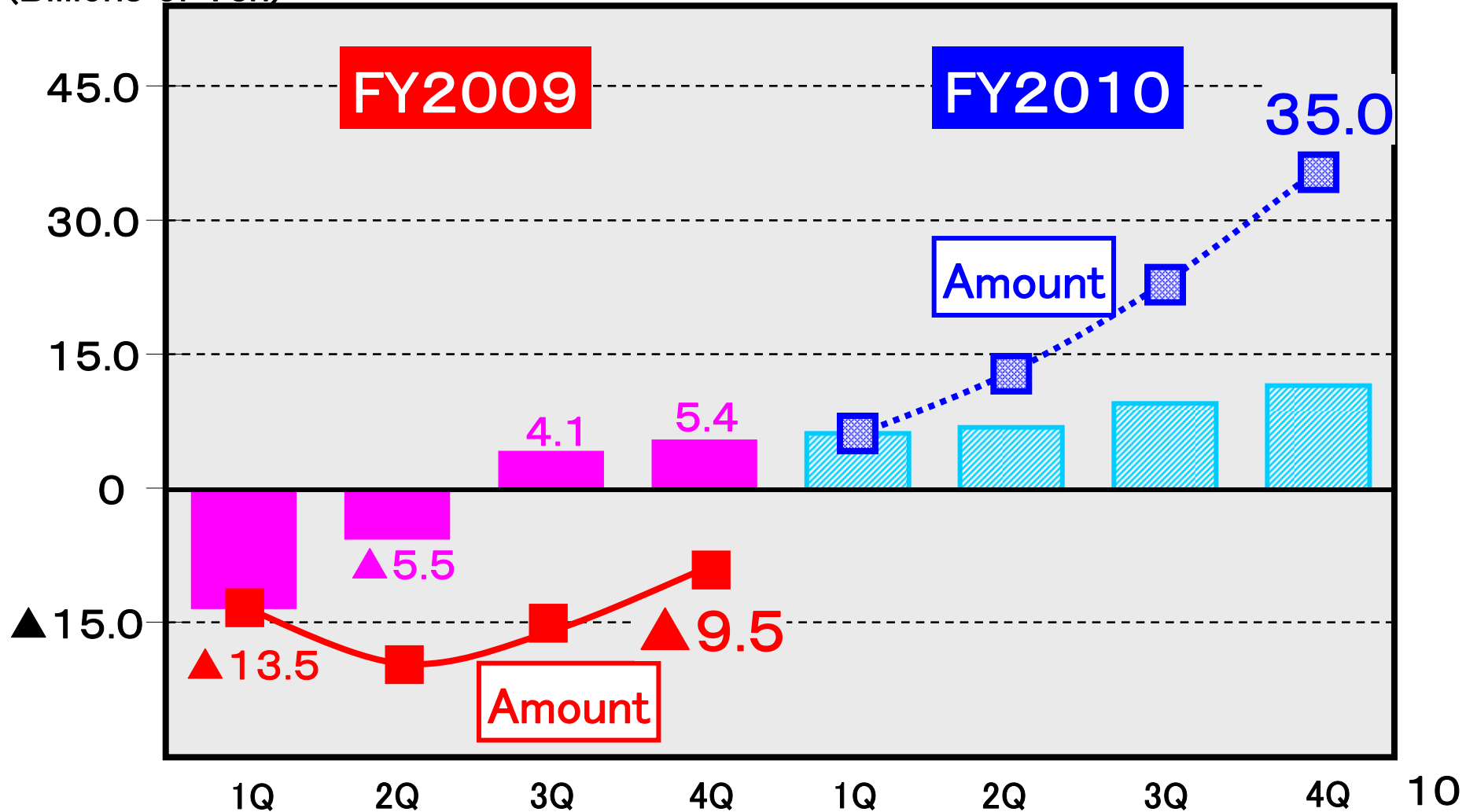
(Billions of Yen) **◆ Recovery through expansion of sales**



Operating Profit Forecast by Quarter

◆ Stabilize profitability in all quarters

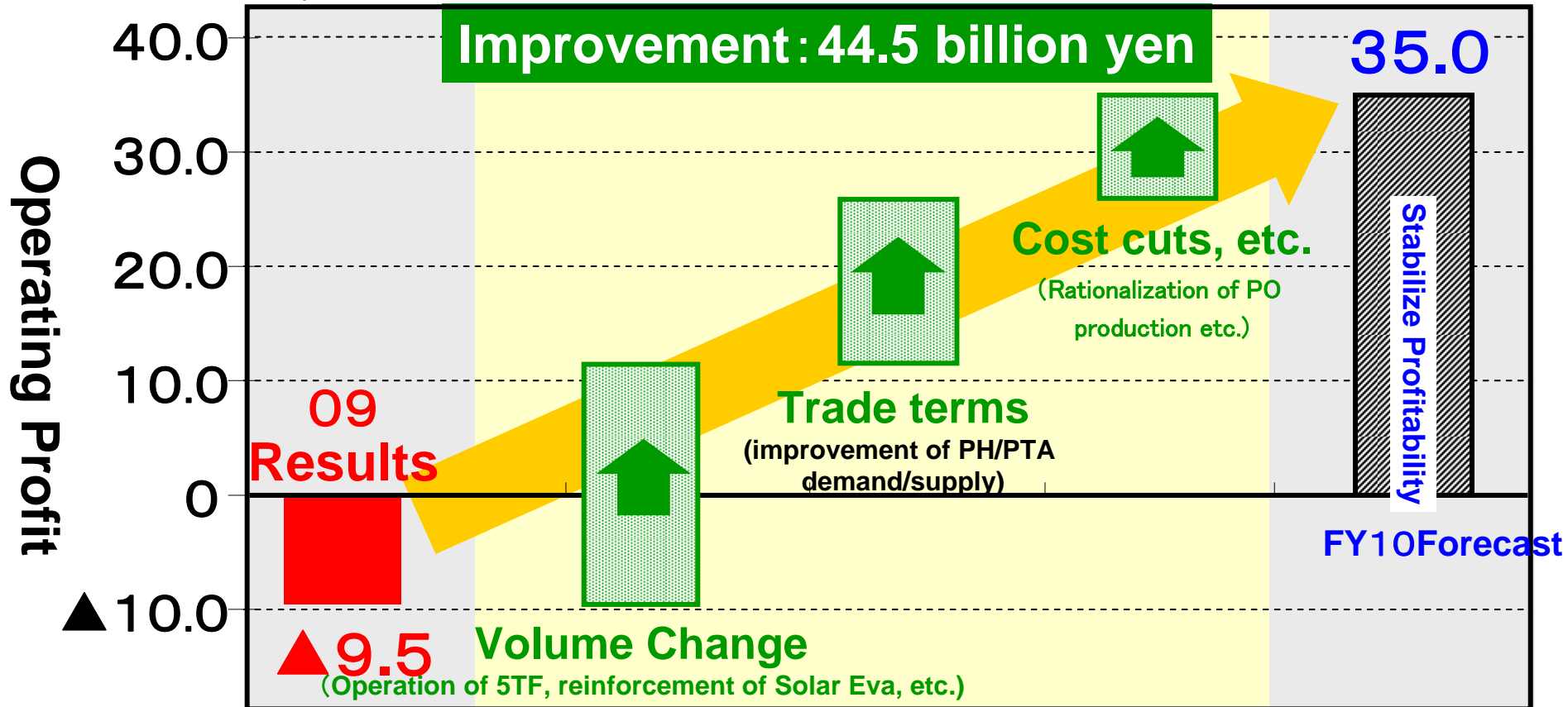
(Billions of Yen)



Breakdown of Increase/Decrease of FY2009 Results

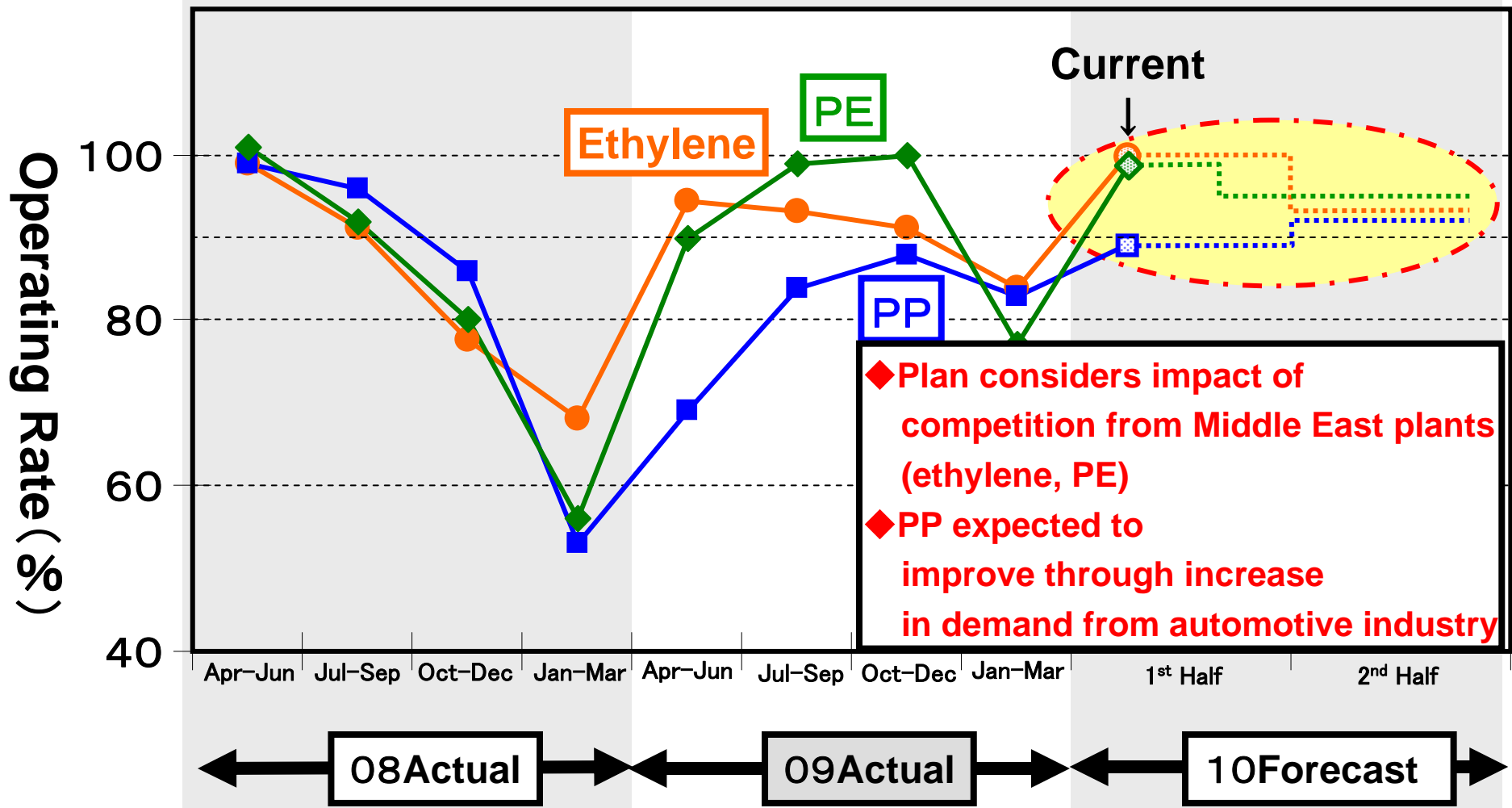
◆ Improvement in sales volume/trade terms, cost cuts to stabilize profitability

Unit: billions of yen



Volume

Works Operating Rate for Olefin Products



Volume

Operating Rate of Tafmer (5TF) Plant

Applications

◆ Resin Modifier



Strengthen
PP Bumpers



Strengthen
Easy-peel PE/PP
Lids (heat-seal)

◆ Foam



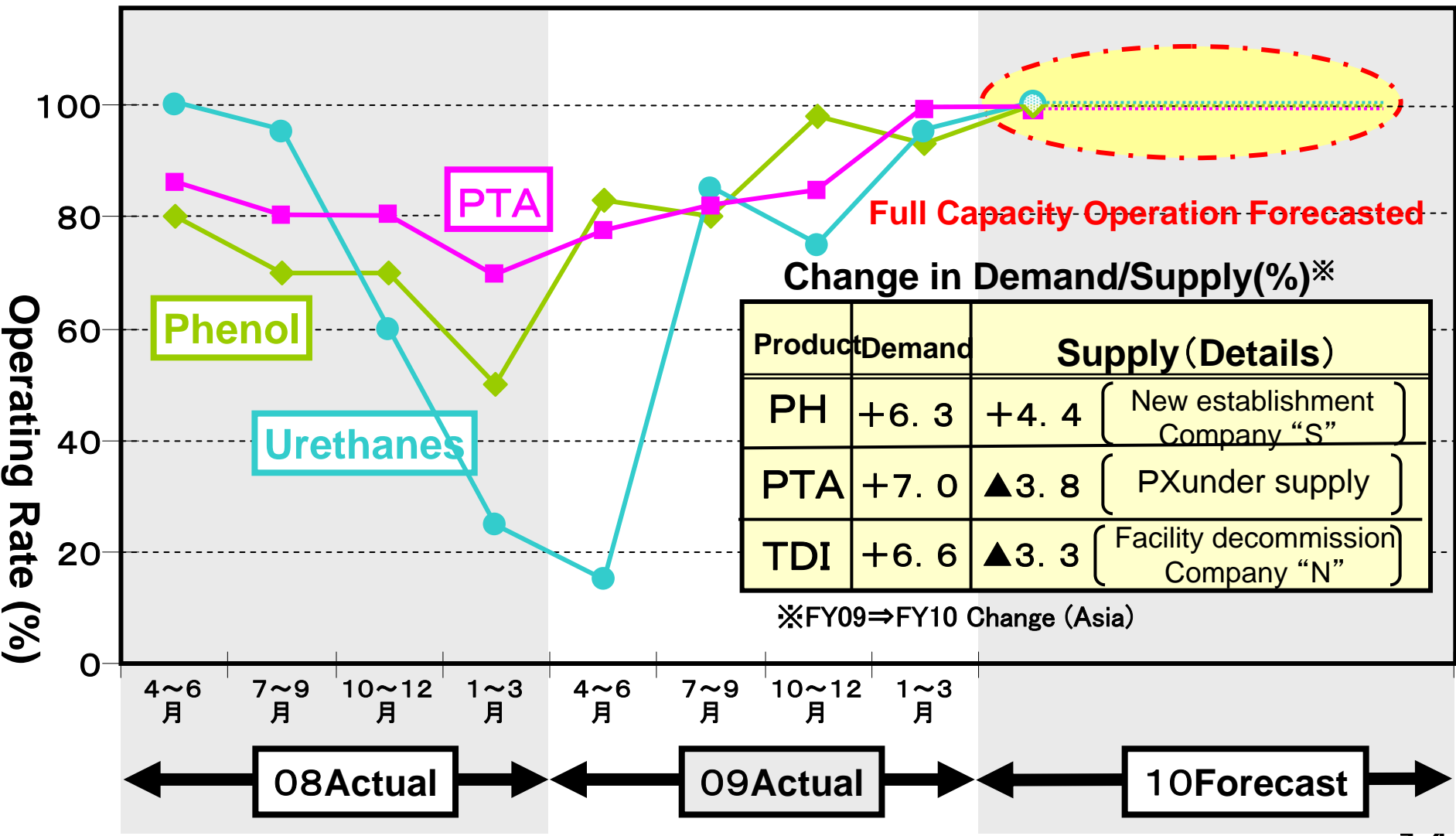
Mid-soles for
sports shoes

**2nd Singapore Plant
(100k tons : completed Dec 2009)**

**Forecast large profits
from vertical startup
to respond to
shortage in Asian markets
(FY2010 100% operating rate)**

Volume

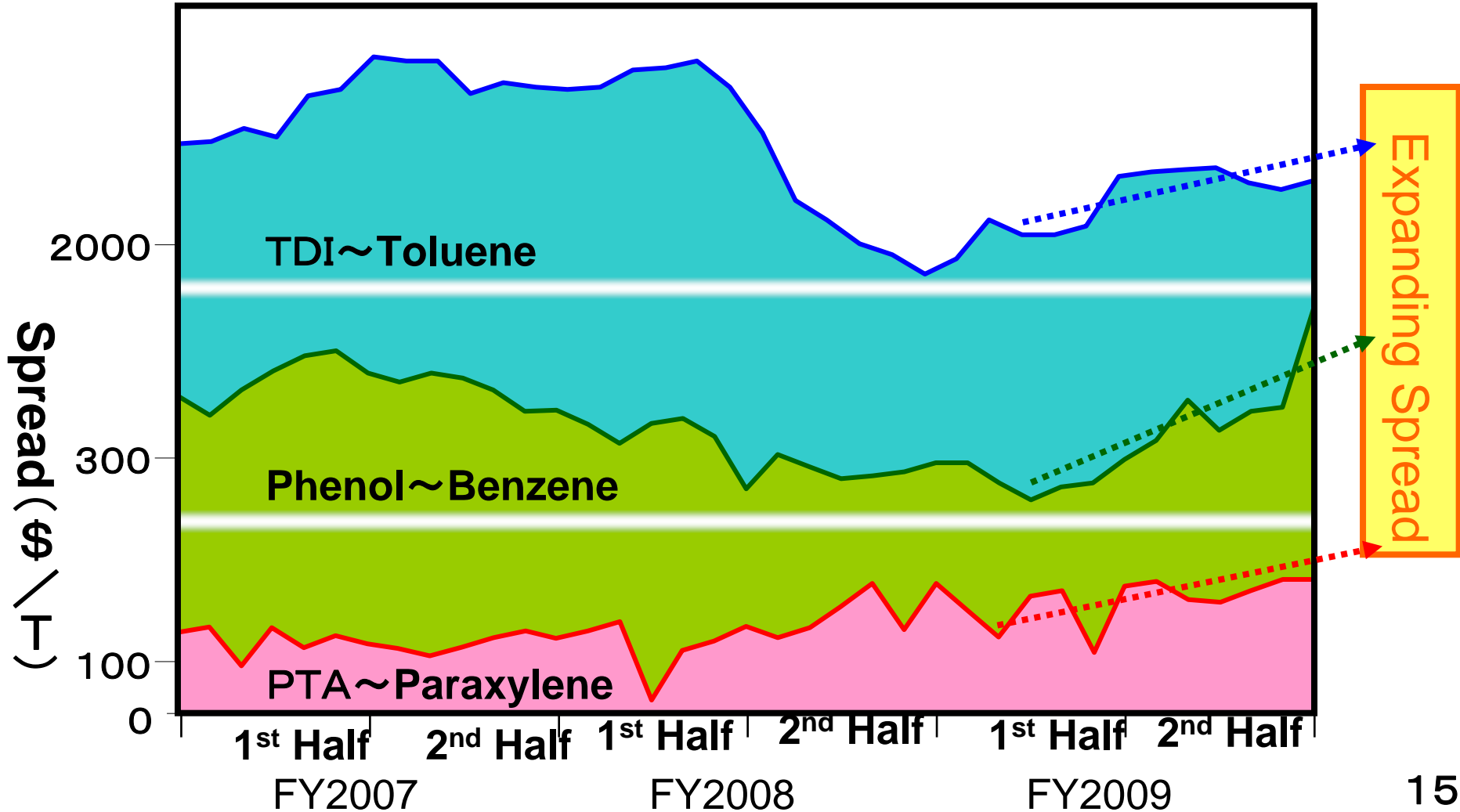
Works Operating Rate for Aromatic Products



Trade Terms

Aromatic Spread

◆ Spread expands due to healthy Asian demand



Conclusion: Operating Profit & Main Policies by Segment

(unit billions of yen)

Segment	Operating Profit	Main Policy
Petrochemicals	12.0	Strengthen competitiveness of Naphtha Crackers Strengthen profitability of poly-olefin operations
Basic Chemicals	5.5	Expand sales with a focus on Asia (PH/PTA) Increase in spread due to improvement in demand/ supply (PH/PTA)
Polyurethane	6.0	Same as above (Expand sales & increase in spread)
Functional Polymeric Materials	4.0	Expand sales of main resins (Tafmer, EPT etc.)
Fabricated Products	1.5	Expand sales in Asia (Solar Eva, etc.)
Functional Chemicals	10.0	Expand core business (vision care, agrochemicals, catalysts)

Structure to Accelerate Response to Changes in Market Environment

(1) Strengthen Response and Flexibility of Operations

◆ Review individual business segments

➤ Restructure to accelerate response

⇒ 3 Segments restructured to 6 segments

(2) Strengthen Functions in Major Markets (China/Europe)

◆ Stationing of China and Europe Representatives

➤ Response to expansion in Chinese market

➤ Response to changes in European REACH, etc. &
strengthening of marketing functions

Strengthening Marketing Capability

- ◆ Collective effort of production, sales, research to form a “organization to sell”



- ◆ New Automotive Material Development Division
(Company-wide functions)
- ◆ Marketing Meister System (strengthen training of “marketers”)

Review Structure to Reinforce Occupational Safety

◆ Reinforce “Safety First” Management Policy

➤ Works will be placed directly under the President & CEO

⇒ Strengthen autonomy of Works (bolster motivation)

➤ Strength responsibility & authority regarding safety and environmental functions

⇒ Works safety / environment:

Production & Technology Center (strengthen management based on on-site perspectives)

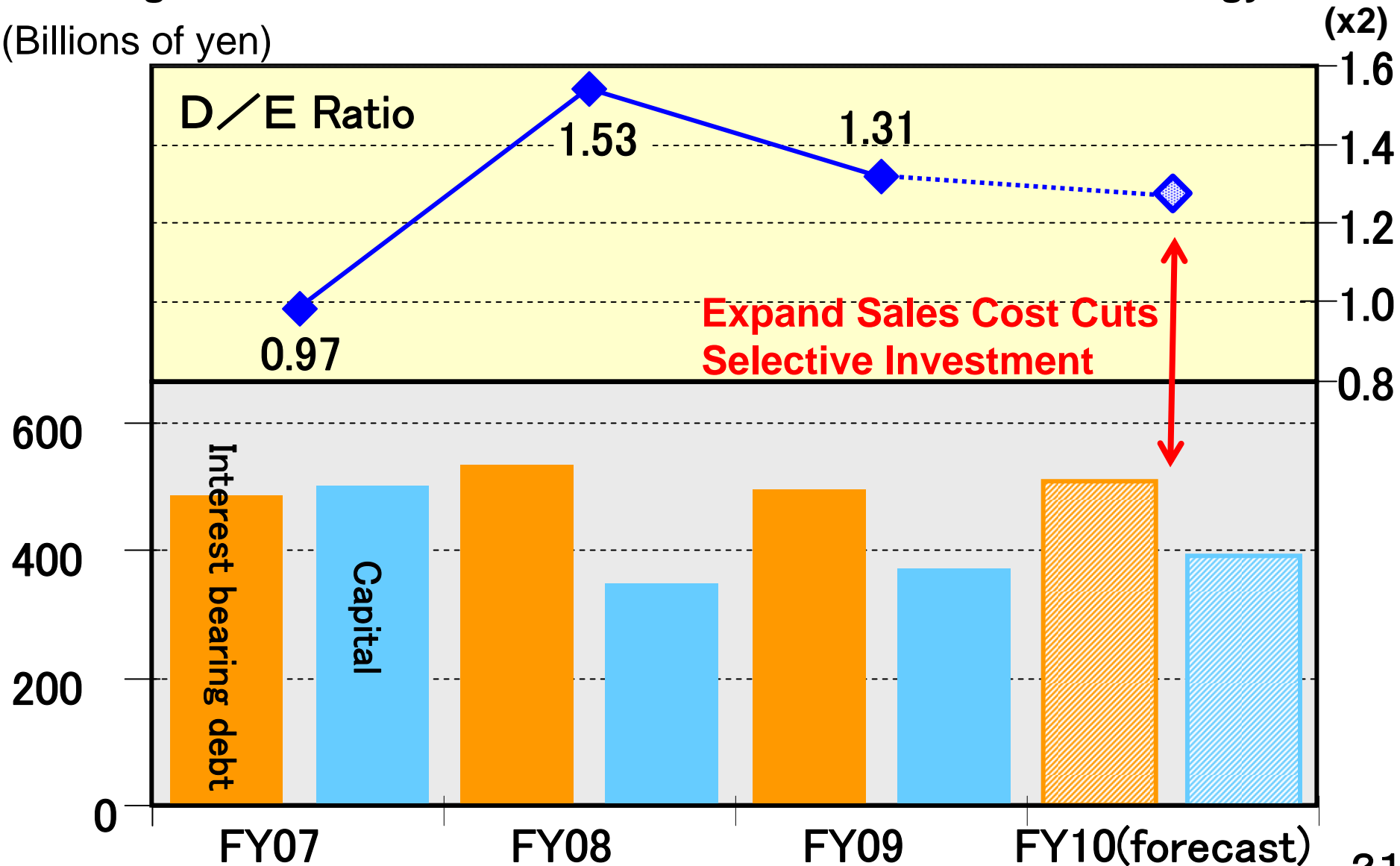
⇒ Corporate safety/hygiene/environment: Responsible Care Division

- <Operations> Routine Operations (total 12,700)
 - Emergency Safety Checks (97% completed by end of March)
 - ⇒ Problems (23% of total) are being corrected (80% completed)
- <Operations> Awareness of Material / Operation Dangers
 - ⇒ Brush-up courses / Review manuals
- <Facilities > Awareness of Facility and Equipment “Pitfalls”
 - (completed in 1st half of FY)
 - ⇒ Initiation of thorough preventive measures
- <Investments> Investments for safety (investments to update facilities & repairs)
 - ⇒ Annual 40 billion yen (not subjected to cost cuts)

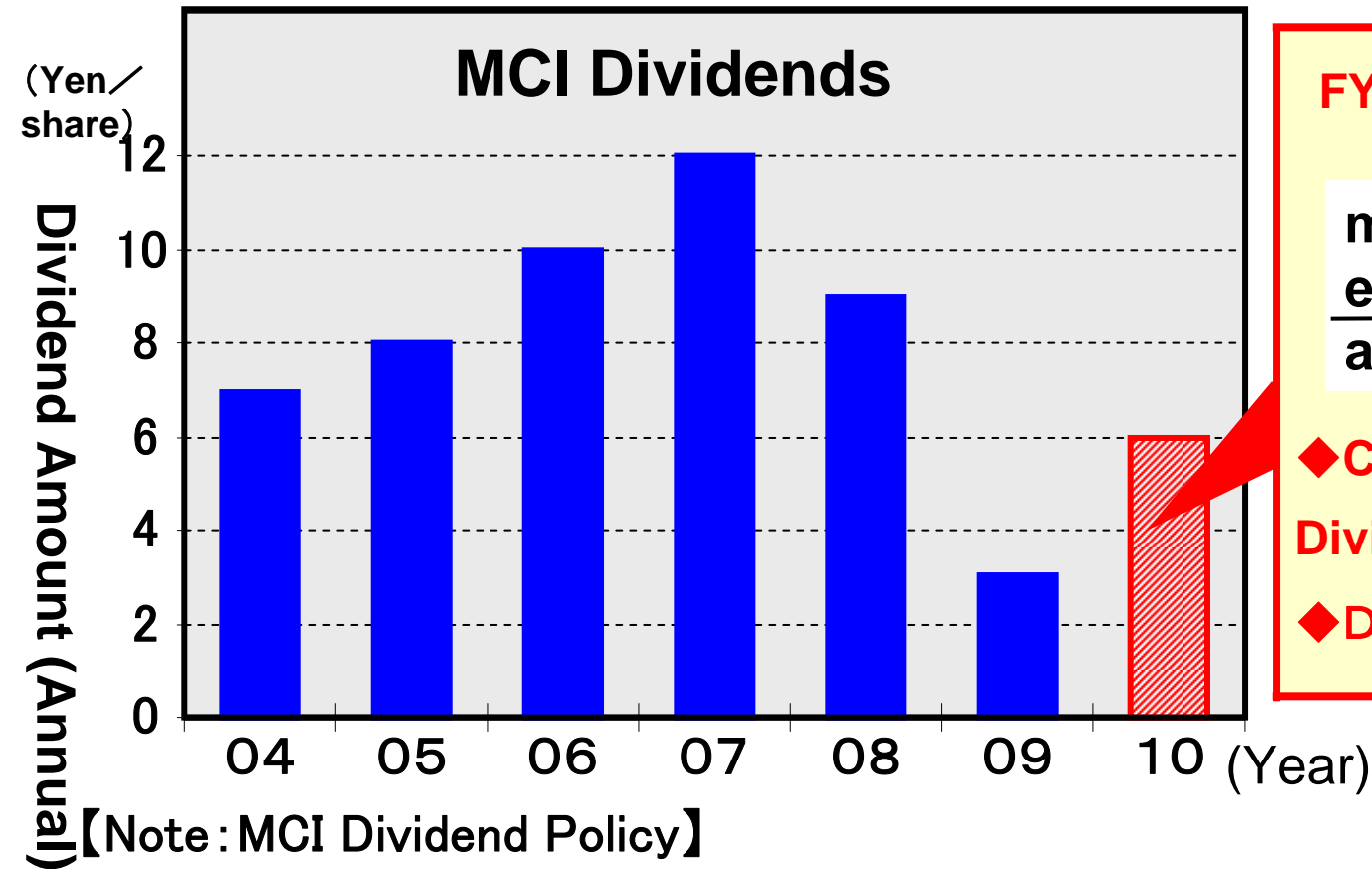
Financial Structure

◆ Strengthen financial structure to actualize “New Growth Strategy”

(Billions of yen)



FY2010 Dividend Forecast



FY10 Dividend Forecast

mid: 3 yen/share
 end: 3 yen/share

 annual: 6 yen/share

◆ Consolidated

Dividend Payout = 25.1%

◆ DOE = 1.6%

MCI recognizes the importance of returning profits to shareholders.

Taking into consideration consolidated dividend payout ratio and dividend on equity (DOE) ratio, the Group strives to provide consistent stable dividends.

Target: consolidated dividend payout ratio over 25%, DOE over 2%

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◆ Changes in Global Demand/Supply Structure

- Sluggish demand in Europe, U.S. & Japan
Expanding demand in Asia, developing economies
- Petrochemical plant startups in Middle East & China

⇒ Acceleration of restructuring of Japanese petrochemical industry

◆ Changes in Business Models (Win or Lose)

- Expanding low cost, high quality products of Asian producers
- Added-value through standardization and systematization of European and U.S. producers
- Competitive products with advanced features of Japanese producers

⇒ MCI needs to leverage its specialties & expand in areas where it holds superior competitiveness

◆ Changes in social environment

- GHG emission targets (post Kyoto Protocol)
- Management of chemical substances (REACH, etc.)
- Population increase & preservation of resources
influence on food sources

⇒ Environment, energy, health, agriculture, foodstuff sectors

Efforts to Actualize “New Growth Strategy”

New Growth Strategy

- 【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**

Accelerate response to environmental change

【4】Strengthen business platform

- ◆ Strengthen global cost competitiveness (LLP, S&B, etc.)

Enhance marketing

- ◆ Expand sales
- ◆ Form new business models

Overseas Projects: Main Activities in 2010

- ◆ **Established South China Urethane System House [Jan.]**
 - Commercial operation will start in March 2011.
- ◆ **Commenced commercial operation at new Tafmer plant in Singapore [Mar.]**
- ◆ **Assigned Executive Chief Representatives in Europe and China [Apr.]**
- ◆ **Establishing of Mitsui Chemicals Brazil [Jun.]**
 - Registered company in March 2010
- ◆ **Collaboration with Sinopec**
 - Discussions to sign JV agreements [July]
- ◆ **Decision making for NS project in Vietnam [Within 2010]**

【1】 Global expansion of highly competitive businesses

② Global Top Strategy for TAFMER

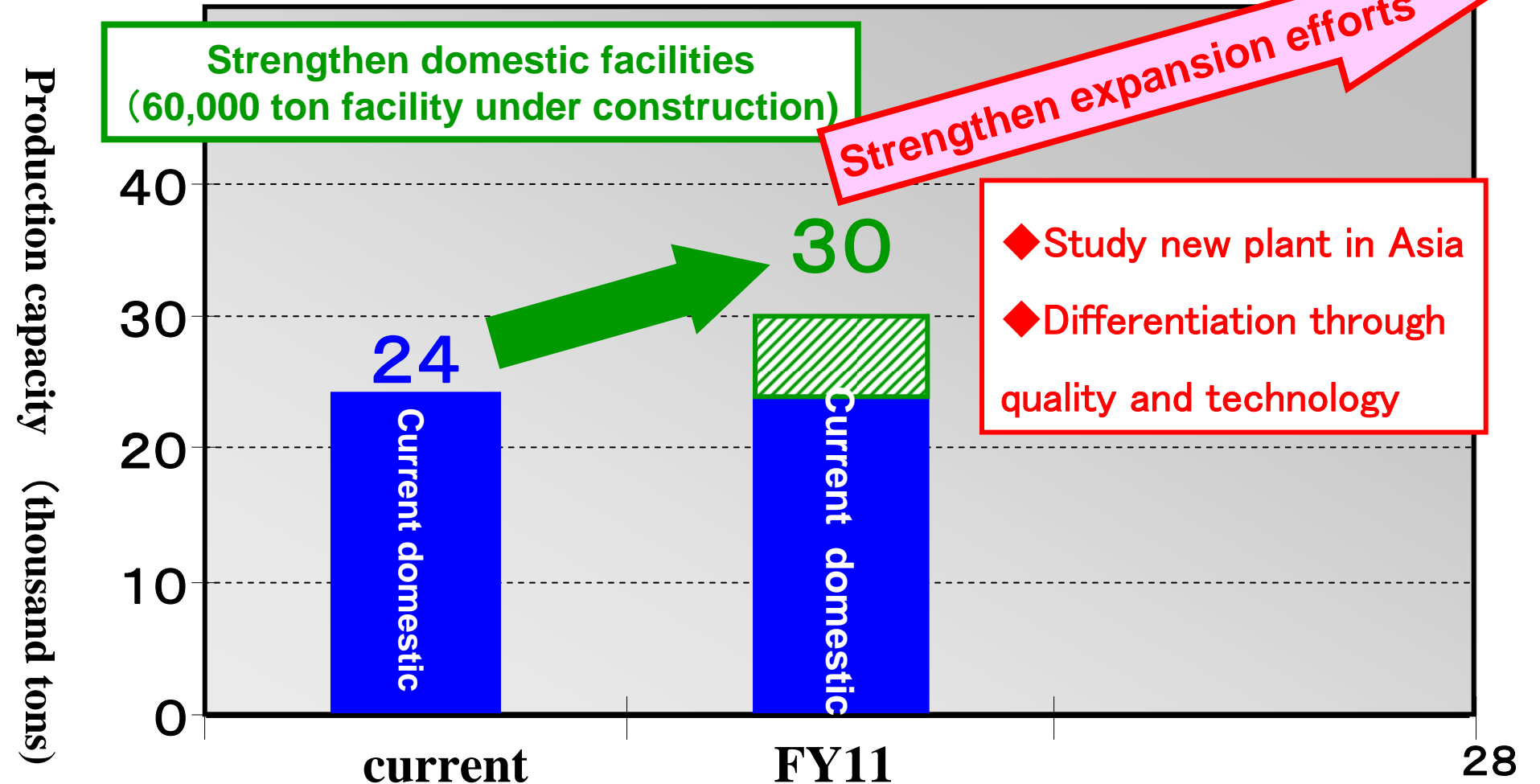
➤ **Strengthen top share position in Asia & expand share in Europe/Americas**

Global production capacities (10,000 tons)

- Global Top through vertical startup of 5TF
- Expand share through superior quality & technology/support
 - ◆ Secure share in automotive & packaging markets
 - ◆ Secure new clientele in Europe /Americas
 - ◆ 2nd position (FY09) ⇒
Top position (FY11)

③ Expansion Strategy for HAO-LL (EVOLUE)

◆ Accelerate expansion in value-added / high function packaging and container material market



④ Establishment of Brazil Base



◆ Purpose:

Sale, market development, market study etc. for MCI products

◆ Name: Mitsui Chemicals do Brasil Ltda

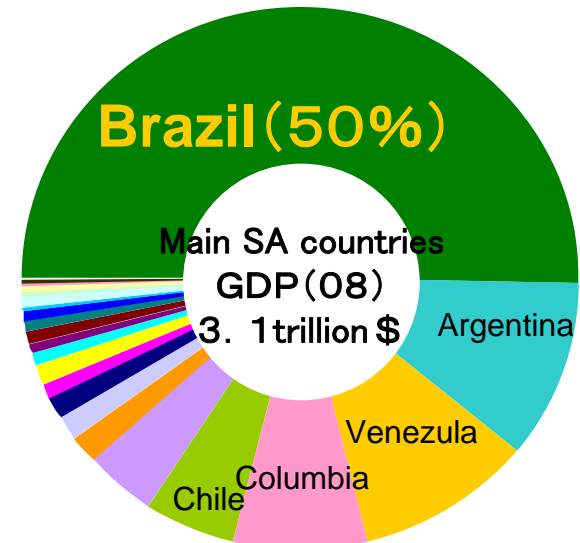
◆ Establishment: March 2010 (Opening June (tentative))

◆ Location: Sao Paulo (concentration of 30% of Brazil's GDP)

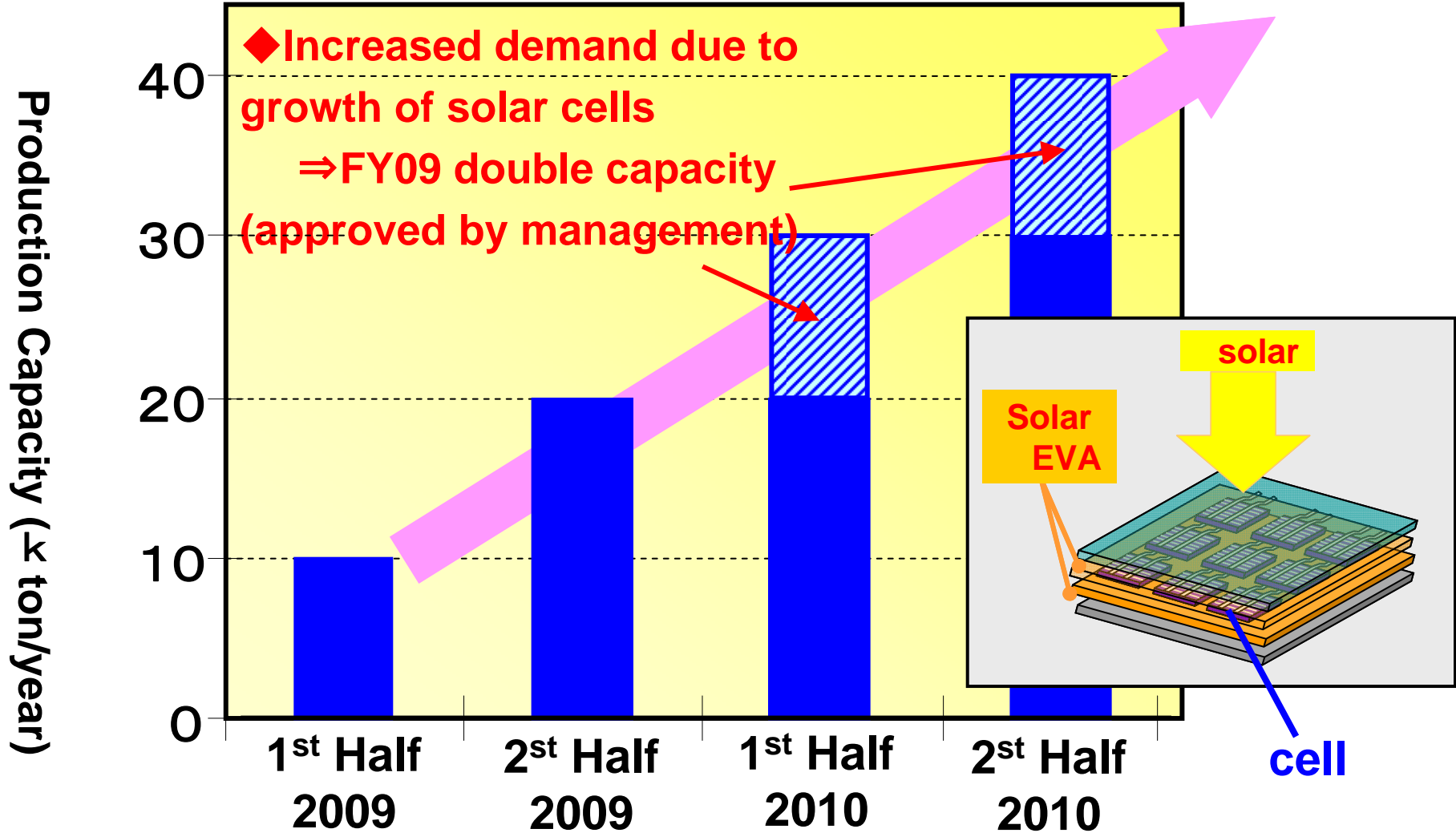
◆ MCI operations in Brazil:

Admer (adhesive resin), Elastomer,
PP compounds, agrochemicals, etc.
(sales: approx. 2 billion yen in FY08)

GDP of main SA markets



① Further Expansion of Solar EVA (film/sheet)

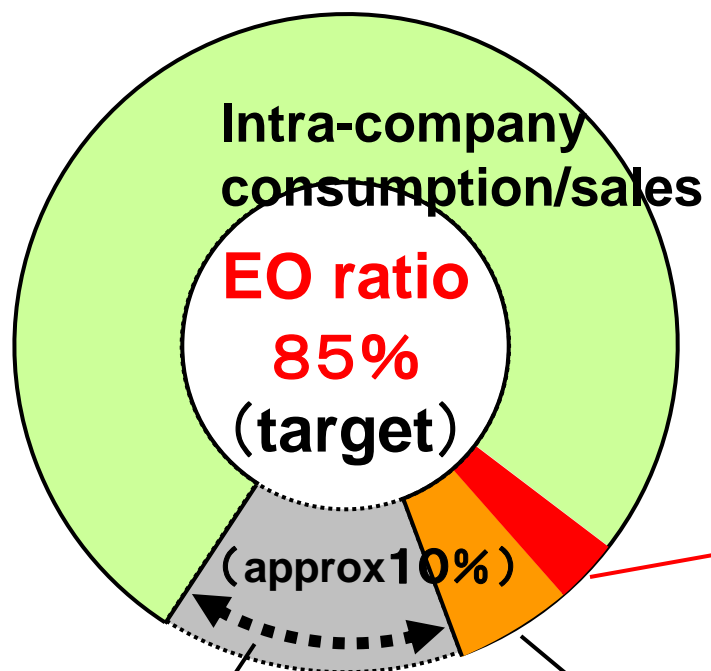


*Film/sheet material is a protective sheet used between the cell and the power generating silicon layer.



② Joint venture with Toagosei in EO derivatives

◆ Expansion of EO share by intensify added value of ethylene products



Plans to increase percentage

Joint venture for lithium ion cell material (ethylene carbonate) production (Osaka Works)

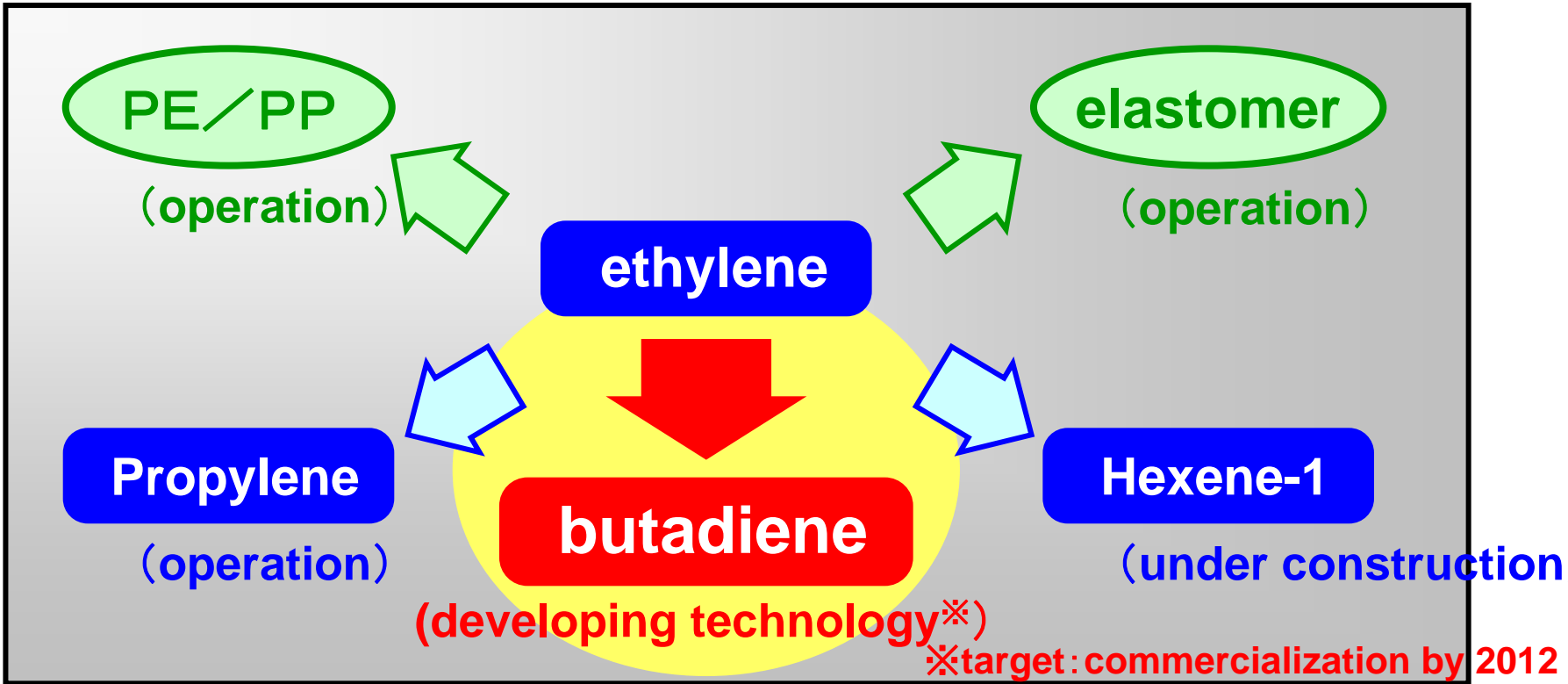
- Production capacity: 5,000T/Y (EO demand: 2,500T/Y)
- Capital: Toagosei 90%/MCI 10%
- Completion scheduled for autumn 2011

M Company (completed Nov 2008)



③ Development of Ethylene ⇒ Butadiene Process

◆ Strengthening of high added-value ethylene

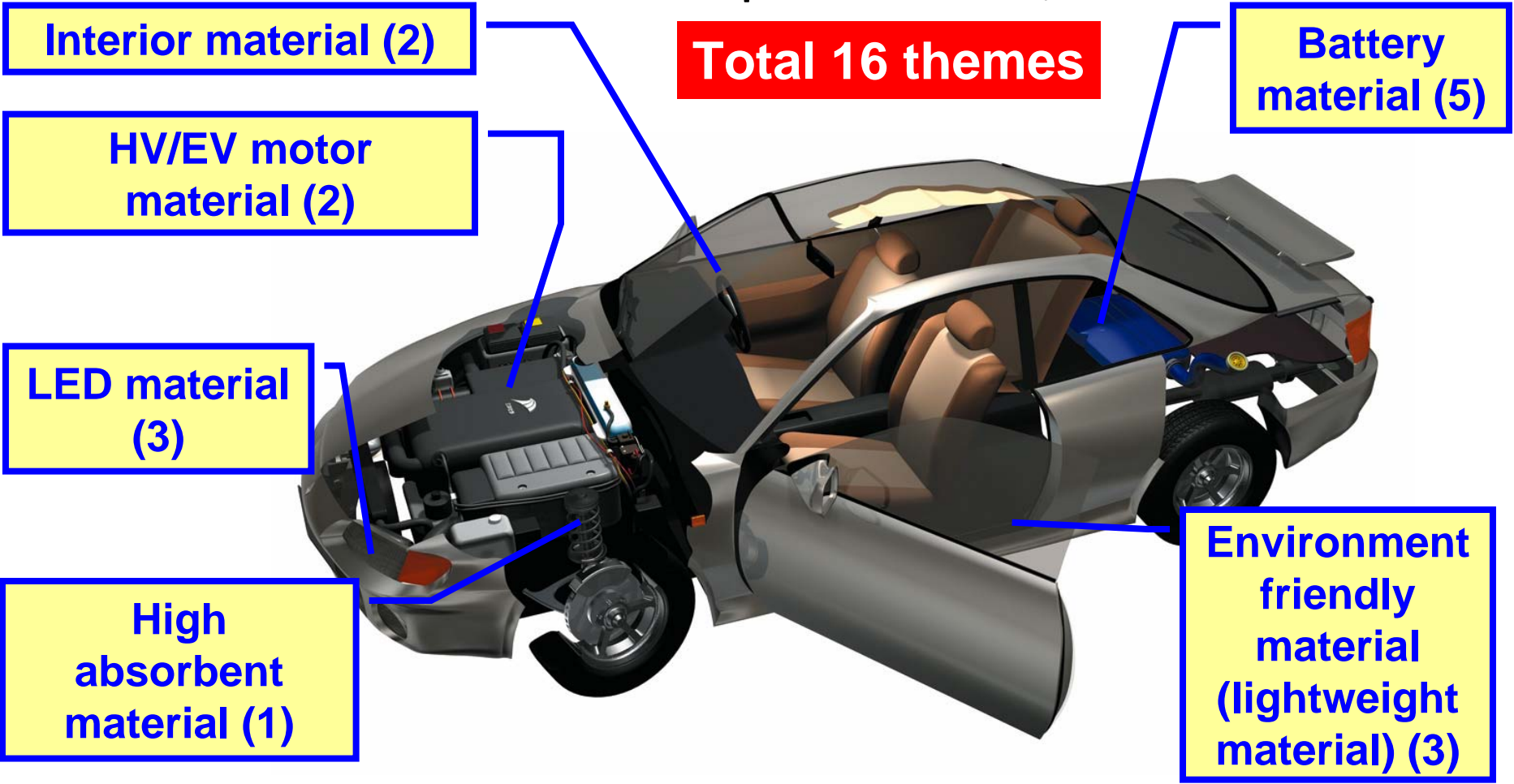


◆ Increase demand from China and Asia for automotive tires and the decrease in domestic ethylene production will result in shortage of butadiene supply

① New product development

(number of R&D themes in parentheses)

◆ Development of new materials for next generation automobiles (HV/EV) (New Materials Development Center, etc.)



➤ Other themes include LED related materials (9) and everyday materials (5), etc.

② New business models for next generation business

◆ CO₂ ⇒ methanol (GTR)

- Received over 20 inquiries from companies and official bodies in Japan, China, Asia, Europe, North & South America, South Africa, etc.
- Conducting talks with 2 potential partners

◆ Chemicals from Biomass

- Isopropyl alcohol (IPA) ⇒ propylene technology through bio-consortiums
- Information exchange with automobile, consumer goods manufacturers and other important clients

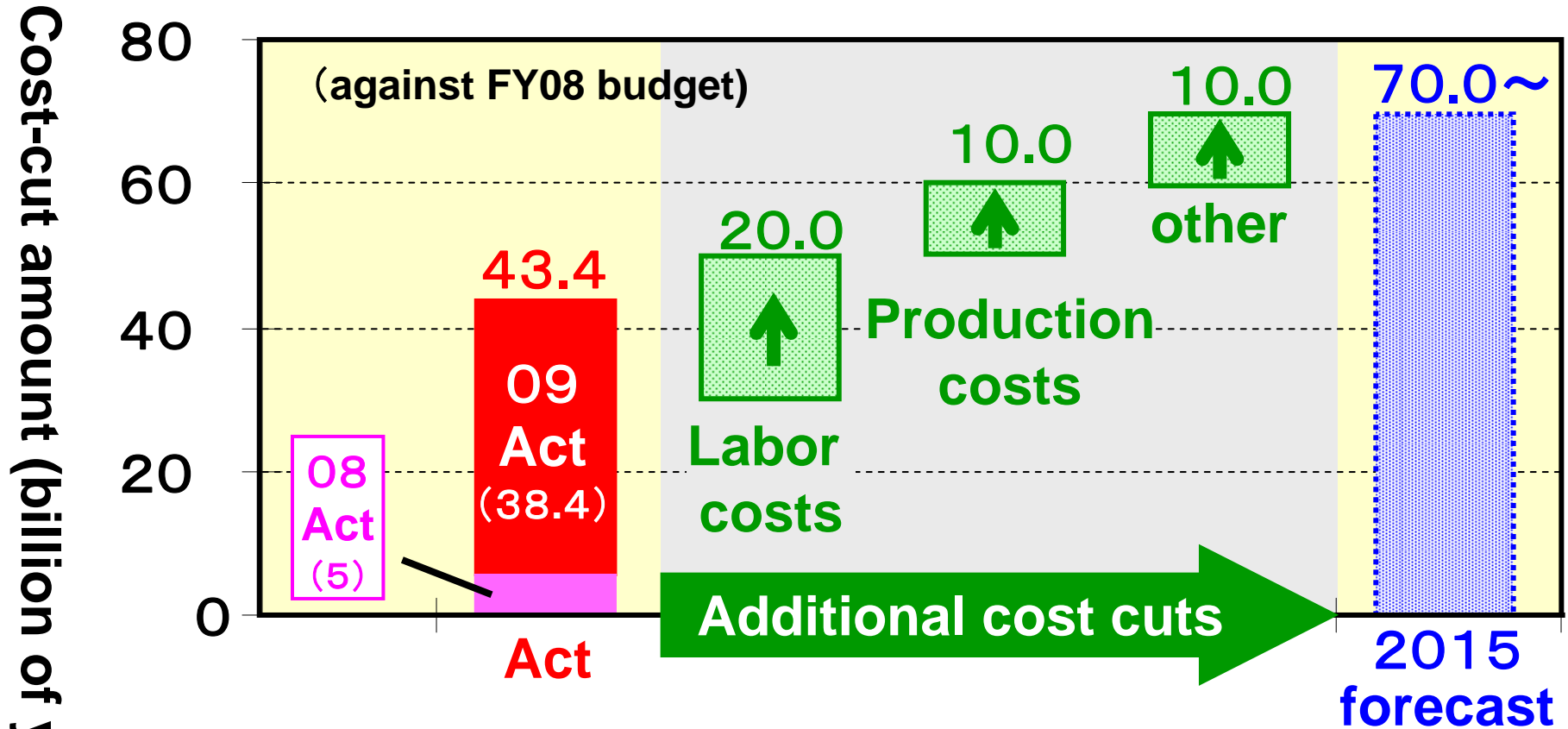
① Establishment of Chiba Chemicals Manufacturing LLP



Items	Details
Operation Area	<ul style="list-style-type: none"> ▪ Joint operation of ethylene complex in Chiba ▪ Manufacturing of ethylene, propylene, and by-products ▪ Supply of products to IKC and MCI
Role	Efforts to minimize costs of ethylene, propylene, and other petrochemical materials (target : 3 billion yen)
Capital	200 million yen (Equal investment joint venture)
Ethylene Production Capacity	920,000 tons per annum (IKC:370,000 tons/MCI 550,000tons)
Developments	Expand petrochemical integration (estimated effect 10 billion yen)

②Progress of Cost Cuts

◆ Stabilize & expand FY08, FY09 cost cut efforts (**43.4 billion yen**)



Note: FY2009 Introduced changes in retirement/pensions ⇒ estimated cost cuts approximately **15 billion yen**

Formulation of New Midterm Plan

New Growth Strategy

Review of main strategy
(Oct 2009)

Fundamental Strategies

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

New Midterm Plan

- ◆ Based on New Growth Directives of FY09. Concrete strategies and numerical targets will be outlined.
- ◆ Formulation to be completed by end of 2010.



Leveraging strengths to pursuit a new growth path and changing crisis to opportunity

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